

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2009

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Year Ended December 31, 2009



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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

ORGANIZATION
DECEMBER 31, 2009

		Term Expires
Elected		
Commissioners		
Board Member	Klaus Alberts, Jr.	District 1 January 2011
Vice Chair (2010 Chair)	Lyle Tjosaas	District 2 January 2012
Board Member	David Erickson	District 3 January 2011
Board Member	Don Gray	District 4 January 2012
Chair	David Hanson	District 5 January 2011
Attorney	Paul Kiltinen	January 2011
Judge of County Court	Lawrence E. Agerter	May 2010
County Recorder	Sue Alberts	January 2011
Registrar of Titles	Sue Alberts	January 2011
County Sheriff	Jim Trihey	January 2011
Appointed		
Assessor	Wendell Engelstad	January 2012
County Administrator	David McKnight	Indefinite
County Engineer	Guy Kohlnhofer	May 2010
Coroner	Barry Dibble	Indefinite
Finance Director	Lisa Kramer	Indefinite
Social Services Director	Jane Hardwick	Indefinite
Nursing Home Administrator	Jane Sheeran	Indefinite
Public Health Director	Peggy Espey	Indefinite
Surveyor	Roger Brand	December 31, 2010
Veteran Services Officer	Todd Nelson	July 2011
Weed Inspector	Ken Folie	Indefinite
Zoning Administrator	Melissa DeVetter	Indefinite
Dodge County Four Seasons Ice Arena		
Board Members		
Terry Meyers		
Lyle Tjosaas		
Larry Schaefer		
Mark Packard		
Kevin Lubahn		

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County, Minnesota, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Dodge County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dodge County Nursing Home, which is both the enterprise fund and the business-type activities of the County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge County Nursing Home, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of

December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as listed in the table of contents and the Management's Discussion and Analysis are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dodge County's basic financial statements. The supplementary information and other schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Dodge County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of Dodge County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include the Dodge County Nursing Home, which was audited by other auditors.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009
(Unaudited)**

Dodge 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, 2009. 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 the County's financial statements.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net assets are \$61,948,776, of which \$46,693,650 are invested in capital assets, net of related debt, and \$1,598,825 are restricted to specific purposes.
- Business-type activities have total net assets of \$560,269. Invested in capital assets, net of related debt, represents \$367,024 of the total, and \$20,721 are restricted for donations.
- Dodge County's net assets increased by \$3,088,126 for the year ended December 31, 2009. Of the increase, \$3,136,325 was in the governmental activities' net assets. The business-type activities' net assets decreased by \$10,013. The net assets of the County's discretely presented component unit decreased by \$38,186.
- The net cost of governmental activities decreased by \$1,210,398 to \$7,824,849 for the current fiscal year. The net cost was funded by general revenues and other items.
- Governmental funds' fund balances increased by \$2,143,053.
- During 2009, Dodge County did not issue any general obligation bonds. The total bonded debt at the end of the year was \$1,950,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Management's Discussion and Analysis
(MD&A)
(required supplementary information)

Government-wide financial statements ← Fund financial statements
Notes to the financial statements

Required supplementary information
(other than MD&A)

There are two government-wide financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements are Exhibits 3 through 11. For governmental activities, these statements tell how these services were financed 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 funds. The remaining statements provide 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 Assets and the Statement of Activities

Our analysis of the County as a whole begins on Exhibits 1 and 2. The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. You can think of the County's net assets--the difference between assets and liabilities--as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

- Governmental activities--Most of the County's basic services are reported here, including general government, public safety, road and bridge, human services, health, environmental services, culture and recreation, and conservation of natural resources. Property taxes and state and federal grants finance most of these activities.
- Business-type activities--The County charges a fee to customers to help it cover all or most of the cost of services it provides. The County's nursing home is reported here.
- Component units--The County includes separate legal entities in its report. One of these entities, the Building Authority, is blended in with other funds of the County. The Four Seasons Ice Arena is presented in a separate column. The Economic Development Authority is not material and, therefore, is not presented. Although legally separate, these "component units" are important because the County is financially accountable for them.

Fund Financial Statements

Our analysis of Dodge County's major funds begins with Exhibit 3 and provides detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds--governmental and proprietary--use different accounting methods.

- Governmental funds--Most of the 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 using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.

- Proprietary funds--When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, over assets which can only be used for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

Dodge County's combined net assets increased from \$59,382,733 to \$62,509,045. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 17.4	\$ 16.6	\$ 0.6	\$ 0.6	\$ 18.0	\$ 17.2
Capital assets	48.6	47.3	0.5	0.6	49.1	47.9
Total Assets	\$ 66.0	\$ 63.9	\$ 1.1	\$ 1.2	\$ 67.1	\$ 65.1
Long-term debt outstanding	\$ 2.9	\$ 2.9	\$ 0.3	\$ 0.4	\$ 3.2	\$ 3.3
Other liabilities	1.2	2.2	0.2	0.2	1.4	2.4
Total Liabilities	\$ 4.1	\$ 5.1	\$ 0.5	\$ 0.6	\$ 4.6	\$ 5.7
Net Assets						
Invested in capital assets, net of debt	\$ 46.7	\$ 45.1	\$ 0.4	\$ 0.4	\$ 47.1	\$ 45.5
Restricted	1.5	1.9	-	-	1.5	1.9
Unrestricted	13.7	11.8	0.2	0.2	13.9	12.0
Total Net Assets	\$ 61.9	\$ 58.8	\$ 0.6	\$ 0.6	\$ 62.5	\$ 59.4

Net assets of the County's governmental activities increased by 5.3 percent (\$61.9 million compared to \$58.8 million). Unrestricted net assets--the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from \$11.8 million at December 31, 2008, to \$13.7 million at the end of 2009. The unrestricted net assets of our business-type activities remained the same at \$0.2 million at December 31, 2008 and 2009.

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 4.3	\$ 3.8	\$ 4.0	\$ 3.9	\$ 8.3	\$ 7.7
Operating grants and contributions	6.2	6.5	-	-	6.2	6.5
General revenues						
Property taxes	8.9	8.4	-	-	8.9	8.4
Unrestricted grants and contributions	1.8	1.6	-	-	1.8	1.6
Other general revenues	0.3	0.5	-	-	0.3	0.5
Total Revenues	<u>\$ 21.5</u>	<u>\$ 20.8</u>	<u>\$ 4.0</u>	<u>\$ 3.9</u>	<u>\$ 25.5</u>	<u>\$ 24.7</u>
Program expenses						
General government	\$ 3.7	\$ 4.4	\$ -	\$ -	\$ 3.7	\$ 4.4
Public safety	4.3	4.0	-	-	4.3	4.0
Highways and streets	4.1	4.1	-	-	4.1	4.1
Sanitation	1.4	1.5	-	-	1.4	1.5
Human services	3.7	4.1	-	-	3.7	4.1
Health	0.8	0.7	-	-	0.8	0.7
Culture and recreation	0.1	0.2	-	-	0.1	0.2
Conservation of natural resources	0.2	0.2	-	-	0.2	0.2
Interest	0.1	0.1	-	-	0.1	0.1
Nursing home	-	-	4.0	4.0	4.0	4.0
Total Program Expenses	<u>\$ 18.4</u>	<u>\$ 19.3</u>	<u>\$ 4.0</u>	<u>\$ 4.0</u>	<u>\$ 22.4</u>	<u>\$ 23.3</u>
Revenues Over (Under) Program Expenses	<u>\$ 3.1</u>	<u>\$ 1.5</u>	<u>\$ -</u>	<u>\$ (0.1)</u>	<u>\$ 3.1</u>	<u>\$ 1.4</u>

The County's total revenues increased by about 2.8 percent, or \$0.8 million. The total cost of all programs and services decreased by 4.3 percent, or \$0.9 million, over the previous year. Fees increased modestly in the governmental activities. This accounted for most of the increase in total revenues.

Governmental Activities

Revenues for the County’s governmental activities increased by 3.2 percent, from \$20,847,994 in 2008 to \$21,520,202 for 2009, while total expenses decreased by 5.1 percent, from \$19,372,311 in 2008 to \$18,383,877 in 2009.

The cost of all governmental activities this year was \$18,383,877 compared to \$19,372,311 last year. However, as shown in the Statement of Activities on Exhibit 2, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$8,932,859, because some of the cost was paid by those who directly benefited from the programs (\$4,360,124) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,198,904). Overall, the County’s governmental program revenues, including intergovernmental aid and fees for services, increased in 2009 from \$10,377,064 to \$10,559,028, principally based on an increase in fees, fines, and charges collected. The County paid for the remaining “public benefit” portion of governmental activities with \$7,824,849 in general revenues, primarily taxes (some of which could only be used for certain programs), and other revenues, such as interest and general entitlements.

Table 3 presents the cost of each of the 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 that was placed on the County’s taxpayers by each of these functions.

Table 3
Governmental Activities
(in Millions)

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Public safety	\$ 4.3	\$ 4.0	\$ 3.3	\$ 3.0
Highways and streets	4.1	4.2	(0.2)	0.7
Human services	3.7	4.1	1.5	1.4
General government	3.7	4.4	2.6	3.2
Sanitation	1.4	1.5	0.2	0.3
All others	1.2	1.2	0.4	0.4
Total	\$ 18.4	\$ 19.4	\$ 7.8	\$ 9.0

Business-Type Activities

Revenues of the County’s business-type activities (see Table 2) showed an increase of 0.8 percent (\$3,976,976 in 2009 compared to \$3,943,719 in 2008), and expenses decreased by 0.4 percent (\$3,986,989 in 2009 compared to \$4,001,678 in 2008). The most important factor driving these results is the nursing home facility operated at a good (91.2 percent) resident capacity for 2009.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of \$14,577,035, which is above last year's total of \$12,433,982. Most of the fund balance, \$12,847,181, is unreserved and available for spending at the government's discretion. Another \$1,729,854 in fund balance is reserved for specific areas and departments of the County.

County Fund Budgetary Highlights

Dodge County had \$125,756 unallotted from its County Program Aid in 2009. The original budget was not amended.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the County had \$49,116,958 (net of depreciation) invested in a broad range of capital assets, including land, buildings, highways and streets, and equipment. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$1,280,407 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 1.5	\$ 1.5	\$ -	\$ -	\$ 1.5	\$ 1.5
Construction in process	0.2	0.7	-	-	0.2	0.7
Land improvements	0.3	0.2	-	-	0.3	0.2
Building and improvements	3.7	2.3	0.5	0.5	4.2	2.8
Machinery, vehicles, furniture, and equipment	1.8	1.9	-	0.1	1.8	2.0
Infrastructure	41.1	40.7	-	-	41.1	40.7
Total Net Assets	<u>\$ 48.6</u>	<u>\$ 47.3</u>	<u>\$ 0.5</u>	<u>\$ 0.6</u>	<u>\$ 49.1</u>	<u>\$ 47.9</u>

This year's major additions included:

- construction for the Old Courthouse roof stabilization and replacement project and remodeling the Dodge Center Service Center to facilitate Public Health's move to a new location for a combined cost of \$1,476,353;

- purchase of about \$90,979 in vehicles and equipment for the Sheriff's and Highway Departments;
- purchase of about \$132,838 in equipment for the landfill and \$124,713 in equipment for the Assessor's, Recorder's, Central Services, and Building Operations Departments; and
- construction in process in the amount of \$183,578 for the 911 Back-up Center located at the Highway Department in Dodge Center.

Debt

At year-end, the County had \$2.0 million in bonds and notes outstanding, versus \$2.4 million last year--a decrease of 16.7 percent--as shown in Table 5.

Table 5
Outstanding Debt at Year-End
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Bonds	\$ 1.8	\$ 1.9	\$ 0.2	\$ 0.2	\$ 2.0	\$ 2.1
Certificates of participation	-	0.3	-	-	-	0.3
Totals	\$ 1.8	\$ 2.2	\$ 0.2	\$ 0.2	\$ 2.0	\$ 2.4

The County's general obligation bond rating carries a AA-/Stable bond rating from Standard and Poor's Agency as reported in 2008.

Other obligations include accrued vacation pay and sick leave payable. More detailed information about the County's long-term liabilities is presented in Note 2.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County increased, moving from 5.2 percent in 2008 to 7.5 percent in 2009 for the annual average. This still compared favorably with the Minnesota rate of 8.0 percent and the U.S. rate of 9.3 percent.
- County General Fund expenditures for 2010 are budgeted to decrease 2.4 percent from 2009.

- Dodge County's population grew by 11.4 percent from 2000 to 2009, compared to an increase of 7.8 percent in Minnesota as a whole.
- Postemployment benefits liability and the future impact on the County have been reviewed, and the County has an actuarial report stating our postemployment benefit liability. The County is beginning to plan on how to fund this liability.
- The property tax levy has increased 1.04 percent for 2010.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Dodge County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Dodge County Finance Department, 22 - 6th Street East, Department 45, Mantorville, Minnesota 55955.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Primary Government			Four Seasons Ice Arena Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 14,389,506	\$ 122,768	\$ 14,512,274	\$ 142,244
Petty cash and change funds	3,480	400	3,880	-
Investments	12,500	-	12,500	-
Investment in joint venture	412,642	-	412,642	-
Taxes receivable				
Prior - net	333,582	-	333,582	-
Special assessments receivable - net				
Prior - net	17,181	-	17,181	-
Accounts receivable - net	578,265	366,780	945,045	34,126
Accrued interest receivable	52,334	-	52,334	-
Loan receivable	349,636	-	349,636	-
Due from other governments	1,046,200	-	1,046,200	6,846
Due from primary government	-	-	-	6,846
Advance to component unit	170,212	-	170,212	-
Inventories	103,943	-	103,943	-
Restricted assets				
Cash and pooled investments	-	76,403	76,403	-
Deferred charges	5,925	921	6,846	-
Capital assets				
Non-depreciable	1,692,668	15,600	1,708,268	-
Depreciable - net of accumulated depreciation	46,908,836	499,854	47,408,690	655,135
Total Assets	\$ 66,076,910	\$ 1,082,726	\$ 67,159,636	\$ 845,197

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Primary Government			Four Seasons Ice Arena Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	\$ 252,662	\$ 106,744	\$ 359,406	\$ 14,324
Salaries payable	266,740	92,572	359,312	-
Contracts payable	106,165	-	106,165	-
Due to other governments	205,402	-	205,402	5,526
Due to component unit	6,846	-	6,846	-
Accrued interest payable	25,372	-	25,372	-
Unearned revenue	180,675	-	180,675	-
Customer deposits	158,283	-	158,283	-
Advance from primary government	-	-	-	170,212
Interest payable from restricted assets	-	2,474	2,474	-
Trust and security deposits from restricted assets	-	1,815	1,815	-
Long-term liabilities				
Due within one year	297,045	78,193	375,238	-
Due in more than one year	2,628,944	240,659	2,869,603	-
Total Liabilities	\$ 4,128,134	\$ 522,457	\$ 4,650,591	\$ 190,062
<u>Net Assets</u>				
Invested in capital assets - net of related debt	\$ 46,693,650	\$ 367,024	\$ 47,060,674	\$ 655,135
Restricted for				
General government	456,081	-	456,081	-
Public safety	65,406	-	65,406	-
Highways and streets	600,842	-	600,842	-
Human services	230,798	-	230,798	-
Conservation of natural resources	109,265	-	109,265	-
Economic development	39,431	-	39,431	-
Ditch	97,002	-	97,002	-
Donations	-	20,721	20,721	-
Unrestricted	13,656,301	172,524	13,828,825	-
Total Net Assets	\$ 61,948,776	\$ 560,269	\$ 62,509,045	\$ 655,135

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Expenses	Program Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary government		
Governmental activities		
General government	\$ 3,709,712	\$ 1,047,800
Public safety	4,271,579	601,919
Highways and streets	4,045,712	851,373
Sanitation	1,380,555	1,158,082
Human services	3,735,513	289,275
Health	768,356	349,450
Culture and recreation	142,343	-
Conservation of natural resources	236,759	62,225
Economic development	15,877	-
Interest	77,471	-
	\$ 18,383,877	\$ 4,360,124
Total governmental activities		
Business-type activities		
Nursing Home	3,986,989	3,968,531
	\$ 22,370,866	\$ 8,328,655
Total Primary Government		
	\$ 280,790	\$ 228,912

General Revenues

Property taxes
Gravel tax
Payments in lieu of tax
Grants and contributions not restricted to
specific programs
Unrestricted investment earnings
Miscellaneous
Gain on sale of capital assets

Total general revenues

Change in net assets

Net Assets - Beginning

Net Assets - Ending

EXHIBIT 2

Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Four Seasons Ice Arena Component Unit
	Governmental Activities	Primary Government Business-Type Activities	Total	
\$ 78,202	\$ (2,583,710)	\$ -	\$ (2,583,710)	
319,776	(3,349,884)	-	(3,349,884)	
3,409,396	215,057	-	215,057	
600	(221,873)	-	(221,873)	
1,918,183	(1,528,055)	-	(1,528,055)	
284,144	(134,762)	-	(134,762)	
25,300	(117,043)	-	(117,043)	
163,303	(11,231)	-	(11,231)	
-	(15,877)	-	(15,877)	
-	(77,471)	-	(77,471)	
\$ 6,198,904	\$ (7,824,849)	\$ -	\$ (7,824,849)	
6,346	-	(12,112)	(12,112)	
\$ 6,205,250	\$ (7,824,849)	\$ (12,112)	\$ (7,836,961)	
\$ 13,692				\$ (38,186)
	\$ 8,932,859	\$ -	\$ 8,932,859	\$ -
	1,340	-	1,340	-
	11,373	-	11,373	-
	1,755,153	-	1,755,153	-
	133,424	2,099	135,523	-
	122,998	-	122,998	-
	4,027	-	4,027	-
	\$ 10,961,174	\$ 2,099	\$ 10,963,273	\$ -
	\$ 3,136,325	\$ (10,013)	\$ 3,126,312	\$ (38,186)
	58,812,451	570,282	59,382,733	693,321
	\$ 61,948,776	\$ 560,269	\$ 62,509,045	\$ 655,135

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Assets</u>					
Cash and pooled investments	\$ 6,262,779	\$ 2,456,961	\$ 4,538,567	\$ 1,131,199	\$ 14,389,506
Petty cash and change funds	3,330	-	-	150	3,480
Investments	-	12,500	-	-	12,500
Taxes receivable					
Prior	215,744	56,398	55,633	5,807	333,582
Special assessments					
Prior	-	-	-	17,181	17,181
Accounts receivable	20,546	-	490,550	67,169	578,265
Accrued interest receivable	52,334	-	-	-	52,334
Loans receivable	349,636	-	-	-	349,636
Due from other funds	4,275	1,242	25	-	5,542
Due from other governments	179,424	657,353	188,616	20,807	1,046,200
Inventories	-	103,943	-	-	103,943
Advances to component unit	170,212	-	-	-	170,212
Total Assets	<u>\$ 7,258,280</u>	<u>\$ 3,288,397</u>	<u>\$ 5,273,391</u>	<u>\$ 1,242,313</u>	<u>\$ 17,062,381</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 83,628	\$ 54,689	\$ 100,711	\$ 13,634	\$ 252,662
Salaries payable	166,155	37,102	49,638	13,845	266,740
Contracts payable	-	65,699	-	40,466	106,165
Due to other funds	1,160	-	4,275	107	5,542
Due to component unit	6,846	-	-	-	6,846
Due to other governments	120,393	7,804	21,261	55,944	205,402
Deferred revenue - unavailable	167,609	638,793	475,556	21,073	1,303,031
Deferred revenue - unearned	180,675	-	-	-	180,675
Customer deposits	158,283	-	-	-	158,283
Total Liabilities	<u>\$ 884,749</u>	<u>\$ 804,087</u>	<u>\$ 651,441</u>	<u>\$ 145,069</u>	<u>\$ 2,485,346</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Liabilities and Fund Balances</u>					
(Continued)					
Fund Balances					
Reserved for					
Advances to component unit	\$ 170,212	\$ -	\$ -	\$ -	\$ 170,212
Inventories	-	103,943	-	-	103,943
Health	-	-	230,798	-	230,798
Loans receivable	148,169	-	-	-	148,169
Natural resource block grant	-	-	-	92,592	92,592
Debt service	-	-	-	402,429	402,429
Law library	36,549	-	-	-	36,549
Recorder's equipment purchases	177,639	-	-	-	177,639
Recorder's unallocated land based	184,958	-	-	-	184,958
Enhanced 911	54,192	-	-	-	54,192
DARE	8,182	-	-	-	8,182
Sheriff's forfeited property	3,032	-	-	-	3,032
Attorney's forfeited property	56,935	-	-	-	56,935
EDA loan receivable	20,793	-	-	-	20,793
Economic development	39,431	-	-	-	39,431
Unreserved					
Designated for cash flows	3,211,042	324,521	842,000	-	4,377,563
Designated for compensated absences	389,816	155,893	100,852	-	646,561
Undesignated	1,872,581	1,899,953	3,448,300	-	7,220,834
Unreserved, reported in nonmajor					
Special revenue funds	-	-	-	447,937	447,937
Capital project funds	-	-	-	154,286	154,286
Total Fund Balances	\$ 6,373,531	\$ 2,484,310	\$ 4,621,950	\$ 1,097,244	\$ 14,577,035
Total Liabilities and Fund Balances	\$ 7,258,280	\$ 3,288,397	\$ 5,273,391	\$ 1,242,313	\$ 17,062,381

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

Fund balances - total governmental funds (Exhibit 3)		\$	14,577,035
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			48,601,504
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.			412,642
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.			1,303,031
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	\$	(1,800,000)	
Certificates of participation		(107,854)	
Net OPEB obligation		(293,982)	
Deferred debt issuance charges		5,925	
Accrued interest payable		(25,372)	
Compensated absences		(724,153)	
		<u> </u>	<u>(2,945,436)</u>
Net Assets of Governmental Activities (Exhibit 1)			<u><u>\$ 61,948,776</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 5,561,034	\$ 1,518,371	\$ 1,435,699	\$ 369,551	\$ 8,884,655
Special assessments	-	-	-	221,962	221,962
Licenses and permits	25,033	8,100	-	42,145	75,278
Intergovernmental	1,850,331	3,960,429	2,169,962	204,254	8,184,976
Charges for services	1,909,349	125,513	-	948,230	2,983,092
Fines and forfeits	4,723	-	-	-	4,723
Gifts and contributions	3,585	-	-	-	3,585
Investment earnings	137,062	-	-	6,939	144,001
Miscellaneous	182,503	717,760	371,649	8,854	1,280,766
Total Revenues	\$ 9,673,620	\$ 6,330,173	\$ 3,977,310	\$ 1,801,935	\$ 21,783,038
Expenditures					
Current					
General government	\$ 3,829,405	\$ -	\$ -	\$ -	\$ 3,829,405
Public safety	4,230,242	-	-	-	4,230,242
Highways and streets	-	4,406,028	-	-	4,406,028
Sanitation	-	-	-	1,438,040	1,438,040
Human services	4,785	-	3,602,925	-	3,607,710
Health	743,137	-	-	-	743,137
Culture and recreation	142,343	-	-	-	142,343
Conservation of natural resources	200,839	-	-	35,936	236,775
Economic development	15,877	-	-	-	15,877
Capital outlay	-	-	-	626,868	626,868
Debt service					
Principal	-	-	-	417,221	417,221
Interest	-	-	-	63,001	63,001
Administrative (fiscal) charges	-	-	-	450	450
Total Expenditures	\$ 9,166,628	\$ 4,406,028	\$ 3,602,925	\$ 2,581,516	\$ 19,757,097
Excess of Revenues Over (Under) Expenditures	\$ 506,992	\$ 1,924,145	\$ 374,385	\$ (779,581)	\$ 2,025,941

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

*EXHIBIT 5
(Continued)*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Other Financing Sources (Uses)					
Transfers in	\$ 409,315	\$ -	\$ -	\$ 852,824	\$ 1,262,139
Transfers out	(401,805)	-	-	(860,334)	(1,262,139)
Capital lease purchase	-	-	-	125,075	125,075
Proceeds from sale of capital assets	4,027	-	-	-	4,027
Total Other Financing Sources (Uses)	<u>\$ 11,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,565</u>	<u>\$ 129,102</u>
Change in Fund Balance	\$ 518,529	\$ 1,924,145	\$ 374,385	\$ (662,016)	\$ 2,155,043
Fund Balance - January 1	5,855,002	572,155	4,247,565	1,759,260	12,433,982
Increase (decrease) in reserved for inventories	<u>-</u>	<u>(11,990)</u>	<u>-</u>	<u>-</u>	<u>(11,990)</u>
Fund Balance - December 31	<u><u>\$ 6,373,531</u></u>	<u><u>\$ 2,484,310</u></u>	<u><u>\$ 4,621,950</u></u>	<u><u>\$ 1,097,244</u></u>	<u><u>\$ 14,577,035</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 2,155,043

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

In the funds, under modified accrual accounting, distributions of joint venture equity interest are recorded as revenue. In the statement of net assets, an asset is reported for the equity interest in the joint venture, and the increases and decreases in joint venture equity are reported in the statement of activities. The change in net assets differs from the change in fund balance by the increases and decreases in the investment in joint venture.

Decrease in investment in joint venture		(95,537)
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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 deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Deferred revenue - December 31	\$ 1,303,031	
Deferred revenue - January 1	<u>(1,569,894)</u>	(266,863)

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

Expenditures for general capital assets and infrastructure	\$ 3,106,473	
Net book value of disposed capital assets	(44,824)	
Current year depreciation	<u>(1,716,745)</u>	1,344,904

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 assets. Also, governmental funds report the net effect of issuance costs, 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 net assets.

Proceeds of new debt		
Capital lease		(125,075)

Principal repayments		
General obligation bonds	\$ 90,000	
Certificates of participation	310,000	
Capital lease	<u>17,221</u>	417,221

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

***EXHIBIT 6
(Continued)***

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 OPEB obligation	\$ (136,459)	
Amortization of discounts on bonds	(1,383)	
Amortization of deferred debt issuance costs	(4,729)	
Change in accrued interest payable	(7,908)	
Change in inventories	(11,990)	
Change in compensated absences	(130,899)	<u>(293,368)</u>
Change in Net Assets of Governmental Activities (Exhibit 2)		<u><u>\$ 3,136,325</u></u>

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PROPRIETARY FUND

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2009**

Assets

Current assets

Cash and pooled investments	\$	122,768
Petty cash and change funds		400
Accounts receivable - net		366,780
		366,780

Total current assets **\$ 489,948**

Restricted assets

Cash and pooled investments	\$	76,403
		76,403

Noncurrent assets

Deferred debt issuance costs	\$	921
Capital assets		
Nondepreciable		15,600
Depreciable - net		499,854
		499,854

Total noncurrent assets **\$ 516,375**

Total Assets **\$ 1,082,726**

Liabilities

Current liabilities

Accounts payable	\$	106,744
Salaries payable		92,572
Compensated absences payable - current		28,193
		28,193

Total current liabilities **\$ 227,509**

Current liabilities payable from restricted assets

Interest payable	\$	2,474
Resident trust and security deposits		1,815
General obligation bonds payable - current		50,000
		50,000

Total current liabilities payable from restricted assets **\$ 54,289**

Noncurrent liabilities

Compensated absences payable - long-term	\$	142,229
General obligation bonds payable - long-term		98,430
		98,430

Total noncurrent liabilities **\$ 240,659**

Total Liabilities **\$ 522,457**

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

***EXHIBIT 7
(Continued)***

**STATEMENT OF FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2009**

Net Assets

Invested in capital assets - net of related debt	\$	367,024
Restricted for donations		20,721
Unrestricted		<u>172,524</u>
Total Net Assets	\$	<u><u>560,269</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Operating Revenues	
Charges for services	\$ 3,965,431
Miscellaneous	3,100
	<hr/>
Total Operating Revenues	\$ 3,968,531
Operating Expenses	
Employee benefits and payroll taxes	\$ 676,994
Nursing services	1,523,570
Administrative and fiscal services	352,756
Other care-related	134,148
Ancillary services	375,337
Repair and maintenance	146,659
Property and household	160,288
Laundry	81,645
Dietary	357,601
Housekeeping	106,204
Depreciation	64,497
	<hr/>
Total Operating Expenses	\$ 3,979,699
Operating Income (Loss)	\$ (11,168)
Nonoperating Revenues (Expenses)	
Interest income	\$ 2,099
Gifts and contributions	6,346
Interest expense	(7,290)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 1,155
Change in Net Assets	\$ (10,013)
Net Assets - January 1	570,282
	<hr/>
Net Assets - December 31	\$ 560,269
	<hr/> <hr/>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 4,009,268
Payments to suppliers and employees	<u>(3,926,986)</u>
Net cash provided by (used in) operating activities	<u>\$ 82,282</u>
Cash Flows from Noncapital Financing Activities	
Advance from Dodge County	\$ 237,000
Return of advance	(237,000)
Contributions	<u>6,100</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 6,100</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (50,000)
Interest paid on long-term debt	(8,017)
Bond issue cost and discount	<u>1,192</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (56,825)</u>
Cash Flows from Investing Activities	
Investment earnings received	<u>\$ 2,099</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 33,656
Cash and Cash Equivalents at January 1	<u>165,915</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 199,571</u></u>
Cash and Cash Equivalents - Exhibit 7	
Cash and pooled investments	\$ 122,768
Petty cash and change funds	400
Restricted cash and pooled investments	<u>76,403</u>
Total Cash and Cash Equivalents	<u><u>\$ 199,571</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

***EXHIBIT 9
(Continued)***

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009
Increase (Decrease) in Cash and Cash Equivalents**

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	<u>\$ (11,168)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 64,497
(Increase) decrease in accounts receivable	40,737
Increase (decrease) in accounts payable	(8,455)
Increase (decrease) in salaries payable	5,500
Increase (decrease) in compensated absences payable	<u>(8,829)</u>
Total adjustments	<u>\$ 93,450</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 82,282</u></u>

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FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	Cemetery Perpetual Care Private-Purpose Trust	Agency
<u>Assets</u>		
Cash and pooled investments	\$ 5,575	\$ 447,853
Investments	111,226	-
Interest receivable	50	-
Total Assets	\$ 116,851	\$ 447,853
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 40,285
Due to other governments	-	407,568
Total Liabilities	\$ -	\$ 447,853
<u>Net Assets</u>		
Held in trust for other organizations		
Nonexpendable	\$ 111,226	
Expendable	5,625	
Total Net Assets	\$ 116,851	

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 11

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Cemetery Perpetual Care Private-Purpose Trust <hr style="border: 0.5px solid black;"/>
<u>Additions</u>	
Investment earnings	
Interest	\$ 5,118
Net increase (decrease) in fair value of investments	<u>(1,236)</u>
Total Additions	\$ 3,882
<u>Deductions</u>	
Distributions to participants	<u>6,288</u>
Change in net assets	\$ (2,406)
Net Assets - January 1	<u>119,257</u>
Net Assets - December 31	<u>\$ 116,851</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2009. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Dodge County was established February 20, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Dodge County (primary government) and its component units for which the County is financially accountable. 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, appointed by the Board, serves as the clerk of the Board of Commissioners, but has no vote.

Blended Component Units

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Dodge County has two blended component units.

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Dodge County Building Authority	County Commissioners are Building Authority Board.	No separate financial statements were prepared. This component unit was dissolved December 22, 2009.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Blended Component Units (Continued)

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Dodge County Regional Railroad Authority	County Commissioners are Regional Railroad Authority Board.	No financial activity so no statements are prepared.

Discretely Presented Component Units

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

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Four Seasons Ice Arena	County must approve all debt of the Ice Arena.	Separate financial statements are not prepared.

The Dodge County Economic Development Authority (EDA) is not presented discretely on the financial statements because it is not material to the financial statements of Dodge County.

Joint Ventures

The County participates in several joint ventures which are described in Note 4.C. The County also participates in jointly-governed organizations which are described in Note 4.D.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government and its component units. 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) 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 assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise 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 required to be 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 County reports the following major enterprise fund:

The Nursing Home Fund is used to account for the operations of the County nursing home.

Additionally, the County reports the following fund types:

Private-purpose trust funds are used to account for resources legally held in trust for others.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Dodge 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 general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2009, 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 2009 were \$137,062.

Dodge County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Receivables and Payables (Continued)

All receivables, including those of the discretely presented component unit, are shown net of an allowance for uncollectibles.

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.

4. Inventories

The supplies inventory in the Road and Bridge Special Revenue Fund is valued at cost using the weighted moving average method. It consists of expendable supplies held for consumption. The cost of the inventory is recorded as an expenditure when purchased rather than when consumed. At the government-wide level, inventories are recorded as expenses when consumed.

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net assets 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.

6. Capital Assets

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Building improvements	20
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	2 - 35

7. 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, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured, for example, as a result of employee resignations and retirements.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Deferred Revenue

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

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 another 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.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

11. Use of Estimates

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

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments to the basic financial statements follows:

Government-wide statement of net assets	
Governmental activities	
Cash and pooled investments	\$ 14,389,506
Petty cash and change funds	3,480
Investments	12,500
Business-type activities	
Cash and pooled investments	122,768
Petty cash and change funds	400
Cash and pooled investments - restricted assets	76,403
Discretely presented component unit	
Cash and pooled investments	142,244
Statement of fiduciary net assets	
Cash and pooled investments	453,428
Investments	<u>111,226</u>
 Total Cash and Investments	 <u>\$ 15,311,955</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

		Carrying (Fair) Value
Deposits		\$ 5,440,191
Petty cash		3,880
Investments		
Equity investments (stock)		
AT&T	\$ 80,502	
Qwest Communications	724	81,226
Investment pools/mutual funds		
MAGIC Fund	\$ 7,291,453	
Dreyfus - General Government Security Money		
Market	3,743	7,295,196
Negotiable certificates of deposit		2,491,462
Total Deposits and Investments		\$ 15,311,955

a. Deposits

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.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better or 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 not owned or controlled by the financial institution furnishing the collateral.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. Per the County investment policy, Dodge County is aware of custodial credit risk and attempts to reduce exposure to custodial credit risk by investing the highest percentage of its available cash in deposits or in investments in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2009, the County does not have any deposits exposed to custodial credit risk.

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Interest rates that are fixed for long periods subject investments to variability in their fair value as a result of future changes in interest rates. The negotiable certificates of deposit have fixed interest rates. Following is a list of interest rates and maturity dates of the negotiable certificates.

<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
January 21, 2010	2.250	\$ 97,000
January 21, 2010	2.230	97,000
January 21, 2010	2.400	97,000
January 21, 2010	2.300	97,000
January 21, 2010	2.400	97,000
February 17, 2010	2.180	97,858
March 23, 2010	1.640	98,386
April 8, 2011	1.450	100,000
June 4, 2010	1.950	245,000
June 4, 2010	1.750	245,000
August 27, 2010	1.000	37,000
September 30, 2010	1.350	246,000
October 22, 2010	1.250	246,000
November 5, 2010	1.140	247,000
November 5, 2010	3.907	247,000
December 2, 2010	1.440	98,575
December 23, 2010	1.390	98,643
Total Negotiable Certificates of Deposit		<u>\$ 2,491,462</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy, as set by Dodge County's investment policy, to invest only in securities that meet the ratings requirements set by state statute.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Credit Risk (Continued)

The County is required to disclose the credit quality ratings of investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed income securities. Dodge County invests in the following investment pools/mutual funds:

	<u>Credit Rating</u>	<u>Rating Agency</u>
MAGIC Fund	Not rated	-
Dreyfus - General Government Security Money Market	Not rated	-

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Per the Dodge County investment policy, the County is aware of custodial credit risk and invests the highest percentage of its investments in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2009, the County does not have any investments exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's investment policy states that the County will try to minimize the risk by investing with multiple issuers, but will concentrate funds with an issuer if it maximizes the interest return for the County. Investments that represent 5 percent or more of Dodge County's investments include only the MAGIC Fund at 41 percent.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2009, for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable, gross	\$ 790,381	\$ 373,580
Less: allowance for uncollectible social services and nursing services	(212,116)	(6,800)
Net Accounts Receivable	\$ 578,265	\$ 366,780
Due From Other Governments	\$ 1,046,200	\$ -

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in process	\$ 703,952	\$ 183,578	\$ 703,952	\$ 183,578
Non-depreciable land improvements	-	19,284	-	19,284
Land	1,489,806	-	-	1,489,806
Total capital assets not depreciated	\$ 2,193,758	\$ 202,862	\$ 703,952	\$ 1,692,668
Capital assets depreciated				
Land improvements	\$ 279,369	\$ 119,200	\$ -	\$ 398,569
Buildings	5,059,504	1,476,353	-	6,535,857
Machinery, furniture, and equipment	4,907,340	516,315	287,085	5,136,570
Infrastructure	52,819,933	1,495,695	-	54,315,628
Total capital assets depreciated	\$ 63,066,146	\$ 3,607,563	\$ 287,085	\$ 66,386,624

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Governmental Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Land improvements	\$ 71,253	\$ 18,935	\$ -	\$ 90,188
Buildings	2,718,535	132,727	-	2,851,262
Machinery, furniture, and equipment	3,052,928	513,667	242,261	3,324,334
Infrastructure	12,160,588	1,051,416	-	13,212,004
Total accumulated depreciation	<u>\$ 18,003,304</u>	<u>\$ 1,716,745</u>	<u>\$ 242,261</u>	<u>\$ 19,477,788</u>
Total capital assets depreciated, net	<u>\$ 45,062,842</u>	<u>\$ 1,890,818</u>	<u>\$ 44,824</u>	<u>\$ 46,908,836</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 47,256,600</u></u>	<u><u>\$ 2,093,680</u></u>	<u><u>\$ 748,776</u></u>	<u><u>\$ 48,601,504</u></u>

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 15,600	\$ -	\$ -	\$ 15,600
Capital assets depreciated				
Buildings	\$ 1,291,514	\$ -	\$ -	\$ 1,291,514
Improvements other than buildings	68,588	-	-	68,588
Machinery, furniture, and equipment	552,836	-	13,095	539,741
Total capital assets depreciated	<u>\$ 1,912,938</u>	<u>\$ -</u>	<u>\$ 13,095</u>	<u>\$ 1,899,843</u>
Less: accumulated depreciation for				
Buildings	\$ 777,601	\$ 46,713	\$ -	\$ 824,314
Improvements other than buildings	68,588	-	-	68,588
Machinery, furniture, and equipment	502,398	17,784	13,095	507,087
Total accumulated depreciation	<u>\$ 1,348,587</u>	<u>\$ 64,497</u>	<u>\$ 13,095</u>	<u>\$ 1,399,989</u>
Total capital assets depreciated, net	<u>\$ 564,351</u>	<u>\$ (64,497)</u>	<u>\$ -</u>	<u>\$ 499,854</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 579,951</u></u>	<u><u>\$ (64,497)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 515,454</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities		
General government	\$	220,005
Public safety		80,395
Highways and streets, including depreciation of infrastructure assets		1,281,906
Human services		12,143
Sanitation		<u>122,296</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,716,745</u>
Business-Type Activities		
Nursing home	\$	<u>64,497</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2009, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 4,275
Road and Bridge Special Revenue Fund	General Fund	\$ 1,135
	Solid Waste Nonmajor Special Revenue Fund	<u>107</u>
Total due to Road and Bridge Special Revenue Fund		\$ <u>1,242</u>
Human Services Special Revenue Fund	General Fund	\$ <u>25</u>
Total Due To/From Other Funds		\$ <u>5,542</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

2. Due To/From Primary Government and Component Units

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Component Unit - Four Seasons Ice Arena	Primary Government - General Fund	\$ 6,846	To cover operating deficit.

3. Advances From Primary Government to Component Units

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Primary Government - General Fund	Component Unit - Four Seasons Ice Arena	\$ 170,212	To cover operating deficit.

4. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Courthouse Improvement Debt Service Fund	Close department in Debt Service Fund \$ 7,510
	Building Nonmajor Special Revenue Fund	Close fund 401,805
Total Transfer in to General Fund		<u>\$ 409,315</u>
Dodge County Corporation Debt Service Fund	Building Special Revenue Fund	Provide funds for debt service payments \$ 314,084

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

4. Interfund Transfers (Continued)

<u>Transfer In</u>	<u>Transfer Out</u>		<u>Amount</u>
Building Special Revenue Fund	Dodge County Corporation Debt Service Fund	Close fund	<u>\$ 94,346</u>
Courthouse Improvement Debt Service Fund	Building Special Revenue Fund	Provide funds for debt service payments	\$ 42,589
	General Fund	Establish new debt service payments	<u>401,805</u>
Total Courthouse Improvement Debt Service Fund			<u>\$ 444,394</u>

C. Liabilities

1. Capital Leases/Installment Purchases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2009:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
Governmental Activities					
Loader	2014	Monthly	\$ 995	\$ 85,075	\$ 85,075
Trailer	2011	Monthly	1,870	40,000	<u>22,779</u>
Total Governmental Activities Capital Leases					<u>\$ 107,854</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

1. Capital Leases/Installment Purchases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2010	\$ 32,504
2011	15,674
2012	11,934
2013	11,934
2014	<u>54,973</u>
Total minimum lease payments	\$ 127,019
Less: amount representing interest	<u>(19,165)</u>
Present Value of Minimum Lease Payments	<u>\$ 107,854</u>

2. Bonded Debt

Governmental Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2009</u>
General obligation bonds					
1999 Solid Waste General Crossover Refunding Bonds	2012	\$15,000 - \$25,000	3.80 - 4.80	\$ 215,000	\$ 70,000
2004B G.O. Solid Waste Bonds	2019	\$10,000 - \$20,000	3.00 - 4.75	210,000	160,000
2008A CIP G.O. Bonds	2016	\$190,000 - \$250,000	3.00 - 4.20	<u>1,570,000</u>	<u>1,570,000</u>
Total General Obligation Bonds				<u>\$ 1,995,000</u>	<u>\$ 1,800,000</u>

The Solid Waste Bonds are being paid from the Solid Waste Special Revenue Fund.
The 2008A CIP G.O. Bonds will be paid from the Debt Service Fund.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

2. Bonded Debt (Continued)

Business-Type Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2009</u>
2004 G.O. Nursing Home Bonds	2012	\$52,075 - \$57,700	2.500 - 4.150	<u>\$ 335,000</u>	\$ 150,000
Less: unamortized discount					<u>(1,570)</u>
2004 G.O. Nursing Home Bonds, Net					<u>\$ 148,430</u>

Payments on the 2004 Nursing Home Bonds are being made from the Nursing Home Enterprise Fund.

3. Debt Service Requirements

Debt service requirements at December 31, 2009, were as follows:

Governmental Activities

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 225,000	\$ 64,278
2011	250,000	56,420
2012	260,000	47,532
2013	240,000	38,468
2014	250,000	29,277
2015 - 2019	<u>575,000</u>	<u>33,375</u>
Total	<u>\$ 1,800,000</u>	<u>\$ 269,350</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2010	\$ 50,000	\$ 5,013
2011	50,000	3,075
2012	50,000	1,038
Total	<u>\$ 150,000</u>	<u>\$ 9,126</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 1,890,000	\$ -	\$ 90,000	\$ 1,800,000	\$ 225,000
Certificate of participation	310,000	-	310,000	-	-
Less: deferred amounts for issuance discounts	(1,383)	-	(1,383)	-	-
Total bonds payable	\$ 2,198,617	\$ -	\$ 398,617	\$ 1,800,000	\$ 225,000
Capital leases	-	125,075	17,221	107,854	26,323
Net OPEB obligation	157,523	136,459	-	293,982	-
Compensated absences	593,254	130,899	-	724,153	45,722
Governmental Activities Long-Term Liabilities	<u>\$ 2,949,394</u>	<u>\$ 392,433</u>	<u>\$ 415,838</u>	<u>\$ 2,925,989</u>	<u>\$ 297,045</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

4. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
G.O. Nursing Home Bonds	\$ 200,000	\$ -	\$ 50,000	\$ 150,000	\$ 50,000
Less: unamortized discount	(2,320)	-	(750)	(1,570)	-
Total bonds payable	\$ 197,680	\$ -	\$ 49,250	\$ 148,430	\$ 50,000
Compensated absences	179,251	-	8,829	170,422	28,193
Business-Type Activities Long-Term Liabilities	<u>\$ 376,931</u>	<u>\$ -</u>	<u>\$ 58,079</u>	<u>\$ 318,852</u>	<u>\$ 78,193</u>

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Dodge County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plans

Plan Description (Continued)

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

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

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

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plans (Continued)

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members were required to contribute 9.4 percent of their annual covered salary in 2009.

The County is required to contribute the following percentages of annual covered payroll in 2009:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.75
Public Employees Police and Fire Fund	14.10

The County's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Employees Retirement Fund	\$ 492,093	\$ 460,474	\$ 421,177
Public Employees Police and Fire Fund	181,265	165,820	146,813

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

B. Defined Contribution Pension Plan

Three Commissioners of Dodge County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA in accordance with Minn. Stat. ch. 353D. 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.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

B. Defined Contribution Pension Plan (Continued)

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 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. 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 2.00 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 County during the year ended December 31, 2009, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 2,682	\$ 2,682
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

C. Other Postemployment Benefits (OPEB)

The County, which includes the Four Seasons Ice Area component unit, provides health insurance benefits for qualifying retired employees under a Blue Cross and Blue Shield Medicare Co-Insurance Plan through the Southeast Service Cooperative. Blue Cross and Blue Shield of Minnesota (BCBSM), under contract with the Southeast Service Cooperative, is the claims administrator. There were 35 retirees on this plan in 2009. The retirees on this plan are a separate group from the active plan participants, and the rates for the retiree Medicare Co-Insurance Plan are based on the claims experience of the retirees on the plan only. This plan receives no implicit rate subsidy from the active employees. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Active employees between the ages of 62 to 65, who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program.

Retirees are required to pay 100 percent of the total group rate. The premium is a blended rate determined on the entire active and retiree population. The retirees, whose cost is statistically higher than the group average, are receiving an implicit rate "subsidy." As of January 1, 2009, there were four retirees receiving health benefits from the County's health plan. As of year-end, the County has three participants on the County's active employee insurance plan.

The County provides postemployment health insurance for qualified employees for life. Qualified employees consist of:

- employees hired prior to 1983 and employees hired from 1984 through 1986 who have eight years of service at retirement who receive County-paid health insurance on the County's plan,
- employees hired from 1987 through 1991 who receive up to \$50 per month of County-paid health insurance, and
- employees hired after 1991 who receive no paid insurance benefits.

Annual OPEB Cost and Net OPEB Obligations

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligations (Continued)

The following table shows the components of the County's annual OPEB cost for 2009, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	\$	316,707
Interest on net OPEB obligations		7,153
Adjustment to ARC		<u>(10,169)</u>
Annual OPEB cost	\$	313,691
Contribution during the year		<u>(177,232)</u>
Increase in net OPEB obligation	\$	136,459
Net OPEB - Beginning of Year		<u>157,523</u>
Net OPEB - End of Year	\$	<u><u>293,982</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2009, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$ 315,270	\$ 157,747	49.81%	\$ 157,523
December 31, 2009	313,691	177,232	56.39	293,982

Funded Status and Funding Progress

The County finances the plan on a pay-as-you-go basis.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
January 1, 2007	\$ -	\$ 3,231,449	\$ 3,231,449	0.0%	\$ 6,172,265	52.35%

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Funded Status and Funding Progress (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the January 1, 2007, actuarial valuation, the Projected Unit Credit Actuarial Method was used. The actuarial assumptions included a 4.5 percent discount rate (net of expenses), including an inflation assumption of 2.5 percent and an annual health care cost rate of 9.0 initially, reduced incrementally to an ultimate rate of 5.0 percent in 2015. The initial unfunded actuarial accrued liability is being amortized at a level dollar amount over an open 30-year period beginning in 2008.

4. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT), formerly the Minnesota Counties Insurance Trust. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

employee health and dental coverage. For other risk, the County carries commercial insurance. 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.

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 \$430,000 per claim in 2009 and \$450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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 against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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

C. Joint Ventures

South Central Human Relations Center, Inc.

The South Central Human Relations Center, Inc., is a joint venture between Dodge, Steele, and Waseca Counties. The Center provides community mental health services to the counties' residents. Each individual county's interest in the Center is based on contractual requirements.

Financial statements are available at South Central Human Relations Center, Inc., 610 Florence Avenue, Owatonna, Minnesota 55060. During the year, Dodge County paid \$36,542 for contracted services.

Family Services Collaborative

The Dodge County Family Services Collaborative was established in 1999 under the authority of Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Dodge County and approximately seven other human services-related agencies serving Dodge County residents. The governing board consists of seven members, of which four represent the legally required participants of a collaborative (a school district, the county, public health, and a community action agency). The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention so as to ensure success of every child.

Control of the Collaborative is vested in a Board of Directors. Dodge County Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2009, Dodge County did not provide any funding. Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of the termination, shall be distributed by the Dodge County Family Services Collaborative Board of Directors.

Currently, the Collaborative does not prepare complete financial statements. Financial information can be obtained by contacting Amy Kunkel, Coordinator, Dodge County Family Services Collaborative.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

South Country Health Alliance

The South Country Health Alliance (SCHA) was created by a Joint Powers Agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn. In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties joined in the joint venture. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a Board of Directors to operate, control, and manage all matters concerning the participating member counties' health care functions, referred to as county-based purchasing.

The purpose of the SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordinating social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the above-listed member counties.

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. Dodge County's equity interest in the SCHA at December 31, 2009, was \$412,642. The equity interest is reported as an investment in joint venture on the government-wide statement of net assets. Changes in equity are included in the government-wide statement of activities as Human Services program expenses or revenues.

Complete financial statements for the SCHA can be obtained from its fiscal agent at 630 Florence Avenue, P. O. Box 890, Owatonna, Minnesota 55060-0890.

Southeastern Minnesota Multi-County HRA

Dodge County is a member of the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (HRA), which provides housing and redevelopment services to member counties. The governing body consists of a Board of Commissioners appointed by the member counties. In 1994, the Dodge County Board of Commissioners appointed

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Southeastern Minnesota Multi-County HRA (Continued)

a member to the HRA Board for a five-year term expiring in 1999. The County has not appointed a member for the vacancy starting in 1999. Dodge County has requested to be released from this HRA. Dodge County made no contributions to the operations of the HRA in 2009.

Financial statements for the HRA may be obtained at its office at 134 East 2nd Street, Wabasha, Minnesota 55981.

D. Jointly-Governed Organizations

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

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During the year, the County expended \$53,681 to the Cooperative.

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. During the year, the County paid \$86,994 to the MWD.

The Southeast Minnesota Emergency Management Services (EMS) provides various health services to several counties. During the year, the County did not contribute any money to the EMS.

The Southeast Minnesota Water Resource Board provides regional water quality services to several counties. During the year, the County paid \$4,045 to the Water Resource Board.

The Southeastern Minnesota Library (SELCO) provides library services within the County. During the year, the County contributed \$123,579 to SELCO.

The Southeastern Minnesota Narcotics Task Force provides drug investigation services for member organizations. During the year, the County paid \$6,000 to the Task Force.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

The Southeastern Minnesota Recyclers' Exchange (SEMREX) provides recycled materials sales services for member organizations. During the year, the County paid \$900 to SEMREX.

The Southeast Minnesota Regional Radio Board serves to provide regional administration of enhancements to the allied Radio Matrix for Emergency Response (ARMER) system owned and operated by the State of Minnesota and to improve and enhance interoperable public safety communications. During the year, the County paid \$500 to the Radio Board.

E. Subsequent Event

Four Seasons Agreement

The Four Seasons Ice Arena Joint Powers Agreement between Dodge County and the cities of Kasson, Dodge Center, and Mantorville was dissolved at the end of 2009. A new agreement was made in 2010 with the City of Kasson, giving the City majority control of the Four Seasons Ice Arena.

5. Dodge County Four Seasons Ice Arena Component Unit Disclosures

In addition to those identified, the Ice Arena has the following significant disclosures.

A. Summary of Significant Accounting Policies

Reporting Entity

The Four Seasons Ice Arena is a discretely presented component unit in the County's financial statements. The Ice Arena is governed by a six-member Board of Directors: one member is appointed by each of the Cities of Kasson, Mantorville, and Dodge Center; two members are appointed by the County Board; and one member is appointed on a rotating basis by the Hayfield, Kasson-Mantorville, and Triton School Districts. Dodge County is responsible for half of the Ice Arena's operating losses. The remainder of the operating loss is the responsibility of the three member cities.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Dodge County Four Seasons Ice Arena Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Four Seasons Ice Arena does not prepare separate financial statements. The Ice Arena presents its operations as an enterprise fund.

Basis of Accounting

The Four Seasons Ice Arena is accounted for on the full accrual basis of accounting.

Cash and Pooled Investments

All cash of the Ice Arena is on deposit with the Dodge County Treasurer and included with its pooled cash and investments. The Ice Arena's equity in the investment pool is treated as a cash equivalent because it can deposit or effectively withdraw cash at any time without prior notice or penalty.

B. Detailed Notes

1. Assets

Capital Assets

Component unit capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Buildings	\$ 920,950	\$ -	\$ -	\$ 920,950
Machinery, furniture, and equipment	208,236	-	-	208,236
Total capital assets depreciated	<u>\$ 1,129,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,186</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Dodge County Four Seasons Ice Arena Component Unit Disclosures

B. Detailed Notes

1. Assets

Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Buildings	\$ 299,310	\$ 23,024	\$ -	\$ 322,334
Machinery, furniture, and equipment	136,555	15,162	-	151,717
Total accumulated depreciation	<u>\$ 435,865</u>	<u>\$ 38,186</u>	<u>\$ -</u>	<u>\$ 474,051</u>
Total Capital Assets, Net	<u>\$ 693,321</u>	<u>\$ (38,186)</u>	<u>\$ -</u>	<u>\$ 655,135</u>

Depreciation expense of \$38,186 was charged to the operations of the Ice Arena.

2. Liabilities

Long-Term Debt

Changes in Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Ice Arena for the year ended December 31, 2009.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net OPEB obligation	\$ 1,437	\$ -	\$ 1,437	\$ -	\$ -
Compensated absences	13,306	-	13,306	-	-
Total Long-Term Liabilities	<u>\$ 14,743</u>	<u>\$ -</u>	<u>\$ 14,743</u>	<u>\$ -</u>	<u>\$ -</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,539,007	\$ 5,539,007	\$ 5,561,034	\$ 22,027
Licenses and permits	28,085	28,085	25,033	(3,052)
Intergovernmental	1,891,695	1,891,695	1,850,331	(41,364)
Charges for services	1,806,593	1,806,593	1,909,349	102,756
Fines and forfeits	900	900	4,723	3,823
Gifts and contributions	-	-	3,585	3,585
Investment earnings	245,000	245,000	137,062	(107,938)
Miscellaneous	107,997	107,997	182,503	74,506
Total Revenues	\$ 9,619,277	\$ 9,619,277	\$ 9,673,620	\$ 54,343
Expenditures				
Current				
General government				
Commissioners	\$ 228,621	\$ 228,621	\$ 149,326	\$ 79,295
Courts	97,641	97,641	76,024	21,617
County administrator	184,313	184,313	170,559	13,754
County assessor	347,409	347,409	351,999	(4,590)
Elections	-	-	485	(485)
Finance	377,098	377,098	370,197	6,901
Data processing	348,462	348,462	398,645	(50,183)
Central services	117,925	117,925	123,697	(5,772)
Personnel	97,643	97,643	87,785	9,858
Attorney	300,876	300,876	302,678	(1,802)
Law library	17,000	17,000	5,322	11,678
Recorder	413,990	413,990	337,308	76,682
Surveyor	113,560	113,560	108,734	4,826
Planning and zoning	263,341	263,341	229,716	33,625
Buildings and plant	558,507	558,507	595,153	(36,646)
Veterans service officer	50,750	50,750	55,004	(4,254)
Other general government	386,927	386,927	466,773	(79,846)
Total general government	\$ 3,904,063	\$ 3,904,063	\$ 3,829,405	\$ 74,658

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,893,291	\$ 3,893,291	\$ 3,559,864	\$ 333,427
Emergency services	81,721	81,721	121,192	(39,471)
Coroner	24,000	24,000	22,777	1,223
E-911 system	93,000	93,000	142,966	(49,966)
Community corrections	211,792	211,792	199,618	12,174
Drug court	148,785	148,785	136,300	12,485
DARE program	-	-	10,044	(10,044)
Other public safety	-	-	37,481	(37,481)
Total public safety	\$ 4,452,589	\$ 4,452,589	\$ 4,230,242	\$ 222,347
Human services				
Other	\$ 5,500	\$ 5,500	\$ 4,785	\$ 715
Health				
Nursing services	\$ 821,091	\$ 821,091	\$ 658,685	\$ 162,406
Maternal and child health	70,123	70,123	84,452	(14,329)
Total health	\$ 891,214	\$ 891,214	\$ 743,137	\$ 148,077
Culture and recreation				
Historical society	\$ 11,000	\$ 11,000	\$ 9,570	\$ 1,430
Senior citizens	2,450	2,450	2,132	318
County/regional library	123,579	123,579	123,579	-
Ice arena	6,305	6,305	6,846	(541)
Other culture and recreation	600	600	216	384
Total culture and recreation	\$ 143,934	\$ 143,934	\$ 142,343	\$ 1,591
Conservation of natural resources				
County extension	\$ 104,927	\$ 104,927	\$ 109,489	\$ (4,562)
Soil and water conservation	100,000	100,000	87,000	13,000
Agriculture society/County fair	5,000	5,000	4,350	650
Total conservation of natural resources	\$ 209,927	\$ 209,927	\$ 200,839	\$ 9,088

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Economic development				
Community development	\$ 27,050	\$ 27,050	\$ 15,877	\$ 11,173
Total Expenditures	<u>\$ 9,634,277</u>	<u>\$ 9,634,277</u>	<u>\$ 9,166,628</u>	<u>\$ 467,649</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 506,992</u>	<u>\$ 521,992</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	\$ 15,000	\$ 15,000	\$ 4,027	\$ (10,973)
Transfer in	-	-	409,315	409,315
Transfer out	-	-	(401,805)	(401,805)
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 11,537</u>	<u>\$ (3,463)</u>
Change in Fund Balance	\$ -	\$ -	\$ 518,529	\$ 518,529
Fund Balance - January 1	<u>5,855,002</u>	<u>5,855,002</u>	<u>5,855,002</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 5,855,002</u></u>	<u><u>\$ 5,855,002</u></u>	<u><u>\$ 6,373,531</u></u>	<u><u>\$ 518,529</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,541,722	\$ 1,541,722	\$ 1,518,371	\$ (23,351)
Licenses and permits	-	-	8,100	8,100
Intergovernmental	3,885,873	3,885,873	3,960,429	74,556
Charges for services	195,000	195,000	125,513	(69,487)
Miscellaneous	85,000	85,000	717,760	632,760
Total Revenues	\$ 5,707,595	\$ 5,707,595	\$ 6,330,173	\$ 622,578
Expenditures				
Current				
Highways and streets				
Administration	\$ 447,659	\$ 447,659	\$ 435,450	\$ 12,209
Maintenance	1,545,364	1,545,364	1,499,469	45,895
Construction	2,850,835	2,850,835	1,843,953	1,006,882
Equipment maintenance and shop	975,737	975,737	627,156	348,581
Total highways and streets	\$ 5,819,595	\$ 5,819,595	\$ 4,406,028	\$ 1,413,567
Excess of Revenues Over (Under) Expenditures	\$ (112,000)	\$ (112,000)	\$ 1,924,145	\$ 2,036,145
Fund Balance - January 1	572,155	572,155	572,155	-
Increase (decrease) in reserved for inventories	-	-	(11,990)	(11,990)
Fund Balance - December 31	\$ 460,155	\$ 460,155	\$ 2,484,310	\$ 2,024,155

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,438,720	\$ 1,438,720	\$ 1,435,699	\$ (3,021)
Intergovernmental	1,932,431	1,932,431	2,169,962	237,531
Miscellaneous	150,000	150,000	371,649	221,649
Total Revenues	\$ 3,521,151	\$ 3,521,151	\$ 3,977,310	\$ 456,159
Expenditures				
Current				
Human services				
Income maintenance	\$ 898,131	\$ 898,131	\$ 1,047,049	\$ (148,918)
Social services	3,098,020	3,098,020	2,510,375	587,645
Other	-	-	45,501	(45,501)
Total Expenditures	\$ 3,996,151	\$ 3,996,151	\$ 3,602,925	\$ 393,226
Excess of Revenues Over (Under) Expenditures	\$ (475,000)	\$ (475,000)	\$ 374,385	\$ 849,385
Fund Balance - January 1	4,247,565	4,247,565	4,247,565	-
Fund Balance - December 31	\$ 3,772,565	\$ 3,772,565	\$ 4,621,950	\$ 849,385

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 4

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2007	\$ -	\$ 3,231,449	\$ 3,231,449	0.0%	\$ 6,172,265	52.35%

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the County Coordinator 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 (that is, the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no supplemental budgetary appropriations.

Encumbrance accounting is employed in governmental funds. Encumbrances (such as purchase orders or contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

2. Other Postemployment Benefits

Beginning in 2008, Dodge County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Currently, only one actuarial valuation is available. Future reports will provide additional trend analysis to meet the three-year funding status requirements as the information becomes available. See Note 3.C. to the financial statements for more information.

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SUPPLEMENTARY INFORMATION

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Ditch Fund accounts for construction, reconstruction, and maintenance of both County and joint County drainage systems. These public improvements and services are deemed to benefit the properties against which special assessments are levied.

The Solid Waste Fund accounts for the financial activities of the solid waste landfill/recycling operations.

The Building Fund accounts for the expenditures to maintain capital assets used in County operations.

CAPITAL PROJECTS FUNDS

The Capital Improvements Plan Fund accounts for capital improvements on the Courthouse Building.

DEBT SERVICE FUNDS

The Dodge County Corporation Fund accounts for the accumulation of resources for and the payment of principal, interest, and related costs of the 1996 Certificates of Participation.

The Courthouse Improvements Fund accounts for the accumulation of resources for and the payment of principal, interest, and related costs of the 2002 General Obligation Courthouse Bonds.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	Special Revenue Funds	
	Ditch	Solid Waste
<u>Assets</u>		
Cash and pooled investments	\$ 97,813	\$ 436,829
Petty cash and change funds	-	150
Taxes receivable		
Prior	-	3,822
Special assessments receivable		
Prior	826	16,355
Accounts receivable	-	67,169
Due from other governments	6,057	14,750
	\$ 104,696	\$ 539,075
<u>Liabilities and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 3,627	\$ 10,007
Salaries payable	-	13,845
Contracts payable	-	-
Due to other funds	-	107
Due to other governments	3,240	52,704
Deferred revenue - unavailable	826	18,886
	\$ 7,693	\$ 95,549
Fund Balances		
Reserved for natural resource block grant	\$ -	\$ 92,592
Reserved for debt service	-	-
Designated for		
Future expenditures	-	256,668
Compensated absences	-	77,592
Capital improvements	-	-
Undesignated	97,003	16,674
	\$ 97,003	\$ 443,526
Total Liabilities and Fund Balances	\$ 104,696	\$ 539,075

Statement 1

<u>Building</u>	<u>Capital Improvement Plan Capital Projects Fund</u>	<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds (Exhibit 3)</u>
		<u>Dodge County Corporation</u>	<u>Courthouse Improvements</u>	
\$ -	\$ 194,752	\$ -	\$ 401,805	\$ 1,131,199
-	-	-	-	150
-	-	-	1,985	5,807
-	-	-	-	17,181
-	-	-	-	67,169
-	-	-	-	20,807
<u>\$ -</u>	<u>\$ 194,752</u>	<u>\$ -</u>	<u>\$ 403,790</u>	<u>\$ 1,242,313</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,634
-	-	-	-	13,845
-	40,466	-	-	40,466
-	-	-	-	107
-	-	-	-	55,944
-	-	-	1,361	21,073
<u>\$ -</u>	<u>\$ 40,466</u>	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ 145,069</u>
\$ -	\$ -	\$ -	\$ -	\$ 92,592
-	-	-	402,429	402,429
-	-	-	-	256,668
-	-	-	-	77,592
-	154,286	-	-	154,286
-	-	-	-	113,677
<u>\$ -</u>	<u>\$ 154,286</u>	<u>\$ -</u>	<u>\$ 402,429</u>	<u>\$ 1,097,244</u>
<u>\$ -</u>	<u>\$ 194,752</u>	<u>\$ -</u>	<u>\$ 403,790</u>	<u>\$ 1,242,313</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Special Revenue Funds</u>	
	<u>Ditch</u>	<u>Solid Waste</u>
Revenues		
Taxes	\$ -	\$ 108,115
Special assessments	54,685	167,277
Licenses and permits	-	42,145
Intergovernmental	4,453	147,510
Charges for services	-	948,230
Investment earnings	-	1,312
Miscellaneous	5,000	3,854
	<hr/>	<hr/>
Total Revenues	\$ 64,138	\$ 1,418,443
Expenditures		
Current		
Sanitation	\$ -	\$ 1,438,040
Conservation of natural resources	33,936	2,000
Capital outlay		
General government	-	-
Debt service		
Principal	-	47,221
Interest	-	14,757
Administrative - fiscal charges	-	-
	<hr/>	<hr/>
Total Expenditures	\$ 33,936	\$ 1,502,018
Excess of Revenues Over (Under)		
Expenditures	\$ 30,202	\$ (83,575)
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ -
Transfers out	-	-
Capital lease purchase	-	125,075
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ -	\$ 125,075
Net Change in Fund Balance	\$ 30,202	\$ 41,500
Fund Balance - January 1	66,801	402,026
	<hr/>	<hr/>
Fund Balance - December 31	\$ 97,003	\$ 443,526
	<hr/>	<hr/>

Statement 2

<u>Building</u>	<u>Capital Improvement Plan Capital Projects Fund</u>	<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds (Exhibit 5)</u>
		<u>Dodge County Corporation</u>	<u>Courthouse Improvements</u>	
\$ 210,770	\$ -	\$ -	\$ 50,666	\$ 369,551
-	-	-	-	221,962
-	-	-	-	42,145
42,211	-	-	10,080	204,254
-	-	-	-	948,230
1,180	4,419	12	16	6,939
-	-	-	-	8,854
<u>\$ 254,161</u>	<u>\$ 4,419</u>	<u>\$ 12</u>	<u>\$ 60,762</u>	<u>\$ 1,801,935</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,438,040
-	-	-	-	35,936
-	626,868	-	-	626,868
-	-	310,000	60,000	417,221
-	-	4,650	43,594	63,001
-	-	-	450	450
<u>\$ -</u>	<u>\$ 626,868</u>	<u>\$ 314,650</u>	<u>\$ 104,044</u>	<u>\$ 2,581,516</u>
<u>\$ 254,161</u>	<u>\$ (622,449)</u>	<u>\$ (314,638)</u>	<u>\$ (43,282)</u>	<u>\$ (779,581)</u>
\$ 94,346	\$ -	\$ 314,084	\$ 444,394	\$ 852,824
(758,478)	-	(94,346)	(7,510)	(860,334)
-	-	-	-	125,075
<u>\$ (664,132)</u>	<u>\$ -</u>	<u>\$ 219,738</u>	<u>\$ 436,884</u>	<u>\$ 117,565</u>
\$ (409,971)	\$ (622,449)	\$ (94,900)	\$ 393,602	\$ (662,016)
<u>409,971</u>	<u>776,735</u>	<u>94,900</u>	<u>8,827</u>	<u>1,759,260</u>
<u>\$ -</u>	<u>\$ 154,286</u>	<u>\$ -</u>	<u>\$ 402,429</u>	<u>\$ 1,097,244</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 53,193	\$ 53,193	\$ 54,685	\$ 1,492
Intergovernmental	-	-	4,453	4,453
Miscellaneous	-	-	5,000	5,000
Total Revenues	\$ 53,193	\$ 53,193	\$ 64,138	\$ 10,945
Expenditures				
Current				
Conservation of natural resources				
Other	64,193	64,193	33,936	30,257
Excess of Revenues Over (Under) Expenditures	\$ (11,000)	\$ (11,000)	\$ 30,202	\$ 41,202
Fund Balance - January 1	66,801	66,801	66,801	-
Fund Balance - December 31	\$ 55,801	\$ 55,801	\$ 97,003	\$ 41,202

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 6

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 106,839	\$ 106,839	\$ 108,115	\$ 1,276
Special assessments	161,000	161,000	167,277	6,277
Licenses and permits	41,200	41,200	42,145	945
Intergovernmental	137,112	137,112	147,510	10,398
Charges for services	1,111,087	1,111,087	948,230	(162,857)
Investment earnings	9,796	9,796	1,312	(8,484)
Miscellaneous	2,300	2,300	3,854	1,554
Total Revenues	\$ 1,569,334	\$ 1,569,334	\$ 1,418,443	\$ (150,891)
Expenditures				
Current				
Sanitation				
Solid waste	\$ 1,088,666	\$ 1,088,666	\$ 1,079,615	\$ 9,051
Recycling	330,919	330,919	232,763	98,156
Hazardous waste	25,073	25,073	18,371	6,702
Wastewater treatment	105,043	105,043	107,291	(2,248)
Total sanitation	\$ 1,549,701	\$ 1,549,701	\$ 1,438,040	\$ 111,661
Conservation of natural resources				
Water planning	-	-	2,000	(2,000)
Debt service				
Principal	58,000	58,000	47,221	10,779
Interest	11,033	11,033	14,757	(3,724)
Total Expenditures	\$ 1,618,734	\$ 1,618,734	\$ 1,502,018	\$ 116,716
Excess of Revenues Over (Under) Expenditures	\$ (49,400)	\$ (49,400)	\$ (83,575)	\$ (34,175)
Other Financing Sources (Uses)				
Capital lease purchase	-	-	125,075	125,075
Change in Fund Balance	\$ (49,400)	\$ (49,400)	\$ 41,500	\$ 90,900
Fund Balance - January 1	402,026	402,026	402,026	-
Fund Balance - December 31	\$ 352,626	\$ 352,626	\$ 443,526	\$ 90,900

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 7

**BUDGETARY COMPARISON SCHEDULE
BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 213,608	\$ 213,608	\$ 210,770	\$ (2,838)
Intergovernmental	45,042	45,042	42,211	(2,831)
Interest on investment	-	-	1,180	1,180
Total Revenues	\$ 258,650	\$ 258,650	\$ 254,161	\$ (4,489)
Expenditures				
Debt service				
Principal	\$ 310,000	\$ 310,000	\$ -	\$ 310,000
Interest	4,650	4,650	-	4,650
Total Expenditures	\$ 314,650	\$ 314,650	\$ -	\$ 314,650
Excess of Revenues Over (Under) Expenditures	\$ (56,000)	\$ (56,000)	\$ 254,161	\$ 310,161
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 94,346	\$ 94,346
Transfers out	-	-	(758,478)	(758,478)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (664,132)	\$ (664,132)
Change in Fund Balance	\$ (56,000)	\$ (56,000)	\$ (409,971)	\$ (353,971)
Fund Balance - January 1	409,971	409,971	409,971	-
Fund Balance - December 31	\$ 353,971	\$ 353,971	\$ -	\$ (353,971)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 8

**BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS PLAN DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 50,752	\$ 50,752	\$ 50,666	\$ (86)
Intergovernmental	10,703	10,703	10,080	(623)
Interest on investment	-	-	16	16
Total Revenues	\$ 61,455	\$ 61,455	\$ 60,762	\$ (693)
Expenditures				
Debt service				
Principal	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest	1,455	1,455	43,594	(42,139)
Administrative - fiscal charges	-	-	450	(450)
Total Expenditures	\$ 61,455	\$ 61,455	\$ 104,044	\$ (42,589)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (43,282)	\$ (43,282)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 444,394	\$ 444,394
Transfers out	-	-	(7,510)	(7,510)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 436,884	\$ 436,884
Change in Fund Balance	\$ -	\$ -	\$ 393,602	\$ 393,602
Fund Balance - January 1	8,827	8,827	8,827	-
Fund Balance - December 31	\$ 8,827	\$ 8,827	\$ 402,429	\$ 393,602

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FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

AGENCY FUNDS

The EDA/HRA Fund accounts for transactions of the Dodge County Economic Development Authority for which the County is the fiscal agent.

The Settlement Fund accounts for the collection and distribution of all property taxes to County funds and local towns, cities, and school districts.

The Revolving Fund accounts for the transfer of fines through various local governments and transfers of the following items to the state: assurance, fines and surcharges, licenses, and sales tax.

The Agency Cluster Fund accounts for the transactions for the regional/agency cluster for which Dodge County is the fiscal agent.

The Family Services Collaborative Fund accounts for monies received and expended by the Family Services Collaborative.

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1	Additions	Deductions	Balance December 31
<u>EDA/HRA</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 20,801	\$ 14,724	\$ 1,785	\$ 33,740
<u>Liabilities</u>				
Accounts payable	\$ 20,801	\$ 14,724	\$ 1,785	\$ 33,740
 <u>SETTLEMENT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 128,811	\$ 23,326,353	\$ 23,297,401	\$ 157,763
<u>Liabilities</u>				
Accounts payable	\$ 7,127	\$ 6,545	\$ 7,127	\$ 6,545
Due to other funds	-	9,090,522	9,090,522	-
Due to other governments	121,684	14,229,286	14,199,752	151,218
Total Liabilities	\$ 128,811	\$ 23,326,353	\$ 23,297,401	\$ 157,763
 <u>REVOLVING</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 83,708	\$ 2,758,959	\$ 2,749,492	\$ 93,175
<u>Liabilities</u>				
Due to other governments	\$ 83,708	\$ 2,758,959	\$ 2,749,492	\$ 93,175

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1	Additions	Deductions	Balance December 31
<u>AGENCY CLUSTER</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>562</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>562</u>
<u>Liabilities</u>				
Due to other governments	\$ <u>562</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>562</u>
 <u>FAMILY SERVICES COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>201,235</u>	\$ <u>57,432</u>	\$ <u>96,054</u>	\$ <u>162,613</u>
<u>Liabilities</u>				
Due to other governments	\$ <u>201,235</u>	\$ <u>57,432</u>	\$ <u>96,054</u>	\$ <u>162,613</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ <u>435,117</u>	\$ <u>26,157,468</u>	\$ <u>26,144,732</u>	\$ <u>447,853</u>
<u>Liabilities</u>				
Accounts payable	\$ 27,928	\$ 21,269	\$ 8,912	\$ 40,285
Due to other funds	-	9,090,522	9,090,522	-
Due to other governments	<u>407,189</u>	<u>17,045,677</u>	<u>17,045,298</u>	<u>407,568</u>
Total Liabilities	\$ <u>435,117</u>	\$ <u>26,157,468</u>	\$ <u>26,144,732</u>	\$ <u>447,853</u>

COMPONENT UNIT

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 4

**STATEMENT OF NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
DECEMBER 31, 2009**

Assets

Cash and pooled investments	\$ 142,244
Accounts receivable	34,126
Due from other governments	6,846
Due from primary government	6,846
Capital assets	
Depreciable - net	655,135
	<hr/>
Total Assets	\$ 845,197

Liabilities

Accounts payable	\$ 14,324
Due to other governments	5,526
Long-term liabilities	
Due in more than one year	170,212
	<hr/>
Total Liabilities	\$ 190,062

Net Assets

Invested in capital assets	\$ 655,135
----------------------------	-------------------

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 5

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Operating Revenues	
Charges for services	\$ 219,984
Resale	1,509
Miscellaneous operating	<u>7,419</u>
Total Operating Revenues	<u>\$ 228,912</u>
Operating Expenses	
Personal services	\$ 157,207
Professional services	7,037
Other service and charges	32,658
Supplies	4,540
Utilities	41,162
Depreciation	<u>38,186</u>
Total Operating Expenses	<u>\$ 280,790</u>
Operating Income (Loss)	\$ (51,878)
Nonoperating Revenues (Expenses)	
Local grants	<u>13,692</u>
Change in Net Assets	\$ (38,186)
Net Assets - January 1	<u>693,321</u>
Net Assets - December 31	<u><u>\$ 655,135</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 6

**STATEMENT OF CASH FLOWS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2009
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 224,592
Payments to suppliers	(74,117)
Payments to employees	<u>(173,944)</u>
Net cash provided by (used in) operating activities	\$ (23,469)
Cash Flows from Noncapital Financing Activities	
Operating subsidies from other governments	<u>20,765</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (2,704)
Cash and Cash Equivalents at January 1	<u>144,948</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 142,244</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	<u>\$ (51,878)</u>
 Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 38,186
(Increase) decrease in accounts receivable	(4,320)
Increase (decrease) in accounts payable	9,623
Increase (decrease) in salaries payable	(4,053)
Increase (decrease) in compensated absences payable	(13,306)
Increase (decrease) in due to other governments	3,716
Increase (decrease) in net other postemployment benefits obligation	<u>(1,437)</u>
Total adjustments	<u>\$ 28,409</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (23,469)</u></u>

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OTHER SCHEDULE

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 9

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Funds	Component Unit
Shared Revenue		
State		
Highway users tax	\$ 3,140,165	\$ -
PERA rate reimbursement	30,670	-
Disparity reduction aid	164,945	-
Police aid	153,589	-
County program aid	833,563	-
Market value credit	725,254	-
Enhanced 911	92,944	-
	\$ 5,141,130	\$ -
Reimbursement for Services		
State		
Minnesota Department of Human Services	\$ 362,419	\$ -
	\$ 362,419	\$ -
Payments		
Local		
Other contributions	\$ 721	\$ -
Household hazardous waste	600	-
Local contributions	4,453	-
Local grants	-	13,692
Payments in lieu of taxes	11,373	-
	\$ 17,147	\$ 13,692
	\$ 17,147	\$ 13,692
Grants		
State		
Minnesota Department/Board of		
Corrections	\$ 6,550	\$ -
Employment and Economic Development	19,079	-
Health	143,879	-
Human Services	634,136	-
Natural Resources	28,063	-
Transportation	509,080	-
Trial Courts	17,733	-
Veterans Affairs	2,800	-
Water and Soil Resources	89,183	-
Pollution Control Agency	58,266	-
Peace Officer Standards and Training Board	10,703	-
	\$ 1,519,472	\$ -
	\$ 1,519,472	\$ -

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 9
(Continued)

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Funds</u>	<u>Component Unit</u>
Grants (Continued)		
Federal		
Department of		
Agriculture	\$ 157,764	\$ -
Transportation	6,750	-
Health and Human Services	912,222	-
Homeland Security	52,218	-
Environmental Protection Agency	15,854	-
	<hr/>	<hr/>
Total federal	\$ 1,144,808	\$ -
	<hr/>	<hr/>
Total state and federal grants	\$ 2,664,280	\$ -
	<hr/>	<hr/>
Total Intergovernmental Revenue	\$ 8,184,976	\$ 13,692
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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Dodge County.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Dodge County and are reported in the "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*." One of the significant deficiencies is a material weakness.
- C. No instances of noncompliance material to the financial statements of Dodge County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Dodge County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:
 - Child Support Enforcement Cluster
 - Child Support Enforcement CFDA #93.563
 - Child Support Enforcement - ARRA CFDA #93.563
 - Medical Assistance Program CFDA #93.778
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Dodge County was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

06-2 Audit Adjustments

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Statement on Auditing Standards 115 defines a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

During our audit, we proposed material audit adjustments, which were reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

We recommend that the County design and implement procedures to establish internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

Client's Response:

The County continues to train and mentor staff to improve their audit preparation skills. For 2009 Dodge County had a significant drop in the number of audit adjustments, so definite progress has been and we intend to continue this to resolve this finding.

06-4 Investment Oversight

In Dodge County, the Finance Director and Accounting Services Director exchange, renew, or purchase investments and also have access to these investments. The County's investment policy establishes an investment committee to review the County's investment activity. That committee did not convene in 2009 to review the investment activity. We also noted that the investment policy does not include call back procedures. Good internal controls over investments segregate investment purchasing duties from access to the investments.

We recommend Dodge County follow its investment policy by having the investment committee review investments made by the Finance Director and Accounting Services Director. The County should also consider incorporating call back procedures in the investment policy.

Client's Response:

The County investment committee will meet to review investments and balances. Dodge County will establish call back procedures for Certificate of Deposit purchases.

07-3 Cash and Investment Balances

While reviewing the cash and investments for Dodge County at year-end, we noted the general ledger system did not balance with the County cash book. Good internal controls over the general ledger and cash systems would include balancing the cash book and general ledger system regularly.

We recommend the County balance cash and investments between the Integrated Financial System (IFS), the County's cash book, and the cash and investments held by banks and brokers for the County regularly.

Client's Response:

The Cash Book, the IFS System, and the cash and investments held by Banks and Brokers for the County is balanced on a monthly basis.

08-1 Segregation of Duties - Disbursements

The Finance Director has the capability of performing all disbursement functions for the general disbursement transaction cycle. The Finance Director also approves disbursements for the Finance Department and performs the review of the Auditor's warrants. The Auditor's warrants are not reviewed by the County Board or any other employee independent of the disbursement process. In order to reduce the possibility of errors or irregularities, good internal controls dictate that these duties be segregated so that no one employee has control over the entire transaction cycle.

We recommend the Finance Director either not have the ability to perform disbursement functions or have another employee review the Auditor's warrant registers for the Finance Director's entries and indicate this review by initialing the warrant register.

Client's Response:

The Accounting Services Director reviews Auditor warrant registers. The Accounting Services Director does not have access to performing disbursements. This change was made in 2010.

08-2 Departmental Internal Accounting Controls

One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and be responsible for custody of the asset resulting from the transaction.

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

We recommend the County Board segregate accounting duties as much as possible. When it is not feasible to segregate certain duties, Dodge County management should be aware of the lack of segregation of the accounting functions and, if possible, implement oversight procedures to ensure that the internal control policies and procedures are being followed by staff.

Client's Response:

The County Board recognizes the importance of segregation of incompatible duties, and strives to separate these duties when possible, and has established procedures for internal controls when separation is not possible based on having a limited number of staff. Oversight is provided by department heads and the County Administrator with monthly general ledger report review.

ITEMS ARISING THIS YEAR

09-1 **Data Processing Policies and Procedures**

All major policies and procedures related to the information technology systems should be documented so that employees are aware of the County's policies and procedures. The County does not have written policies and procedures in place to address the following for their information technology systems: information security, operations development, termination of employees, and email encryption methods.

We recommend the County Information Systems Department establish policies and procedures to address the information technology systems.

Client's Response:

The Information Systems Department has deleted inactive profiles from the County's systems and is developing a department protocol for terminating employees in a timely manner.

09-2 **Social Services Information System (SSIS) Access**

Good internal controls require adequate segregation of duties among those who are administering information technology security and those processing accounting transactions. Security access for the SSIS was granted to accounting personnel. Because of this access, Human Service accounting personnel have the ability to create payments, modify payments, post payments, determine eligibility, approve service arrangements, and submit payment batch requests. Employees who have the ability to process accounting transactions should not have security access.

We recommend the County implement segregation of duties between those who are administering information technology security and those processing accounting transactions for the SSIS.

Client's Response:

Human Services will restrict the processing ability to two employees in the department and a third employee who is familiar with SSIS, but does not have processing access to SSIS will review and initial the transaction record/warrant register.

PREVIOUSLY REPORTED ITEM RESOLVED

Financial Statement Preparation (06-1)

We noted that Dodge County did not have knowledgeable financial management staff and clearly documented procedures for executing accounting and financial reporting activities.

Resolution

The County now has assigned the financial statement preparation to the Finance Director who prepares the trial balances, notes, and the Management's Discussion and Analysis. The County needs to establish procedures for executing account and financial reporting activities as noted in finding 06-2.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

Child Care Development Block Grant (CFDA #93.575/93.596) (07-4)

While reviewing Child Care files, we found vouchers paid did not have the correct co-payment amount for the client.

Resolution

The County now enters information into a State of Minnesota child care system which calculates co-payments.

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM RESOLVED

Child Care Development Block Grant (CFDA #93.575/93.596) Internal Controls (07-5)

While reviewing the internal controls over the Child Care Program, we found four of the claims paid the provider more than the maximum rate allowed by the Department of Human Services. We also noted three claims were not properly calculated by the financial worker.

Resolution

The County now enters information into a State of Minnesota child care system which calculates co-payments.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

Declaration Statement in Accordance with Minn. Stat. §§ 471.38 and 471.391 (08-3)

While reviewing the County's disbursement claims and check stock, we noticed the declaration statement required by Minn. Stat. §§ 471.38 and 471.391 was not present.

Resolution

The declaration statement required by Minn. Stat. §§ 471.38 and 471.391 is now present.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

Investment Policy (08-4)

While reviewing the investment note disclosures for compliance with Governmental Accounting Standards Board (GASB) Statement 40, we noticed the County investment policy does not address the various risks identified in GASB Statement 40.

Resolution

The County has updated its investment policy to include the various risks identified in GASB 40.

C. OTHER ITEM FOR CONSIDERATION

GASB Statement 54

GASB recently issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of this standard is to enhance the usefulness of information included in the financial report about fund balance through clearer fund balance classifications that can be more consistently applied, as well as to clarify existing governmental fund type definitions.

Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance reserved, unreserved, designated, and undesignated are being replaced by nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as the corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Schedule 10
(Continued)

- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.
- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in Statement 54. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of GASB Statement 54 are effective for the County for the year ending December 31, 2011.

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REBECCA OTTO
STATE AUDITOR

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

Board of County Commissioners
Dodge County

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 28, 2010. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Dodge County Nursing Home, presented as the enterprise fund and the business-type activities of the County, as described in our report on Dodge County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings Questioned Costs as item 06-2 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 06-4, 07-3, 08-1, 08-2, 09-1, and 09-2 to be significant deficiencies.

Compliance and Other Matters

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

Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except that we did not test for compliance in tax increment financing because the County did not have any.

The results of our tests indicate that, for the items tested, Dodge County complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe the information to be of benefit to the County, and it is reported for that purpose.

Dodge County's written responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Dodge County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 28, 2010

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Dodge County

Compliance

We have audited the compliance of Dodge County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Dodge County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dodge County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Dodge County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of Dodge County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2009, and have issued our report thereon dated September 28, 2010. Our audit was performed for the purpose of forming opinions on Dodge County's financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 28, 2010

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 11

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 83,909
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster		
State Administrative Matching Grants for SNAP	10.561	71,496
State Administrative Matching Grants for SNAP - ARRA	10.561	<u>2,359</u>
Total U.S. Department of Agriculture		<u>\$ 157,764</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	\$ 4,163
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>2,587</u>
Total U.S. Department of Transportation		<u>\$ 6,750</u>
U.S. Environmental Protection Agency		
Passed Through Southeast Water Resource Board Nonpoint Source Implementation Grants	66.460	<u>\$ 15,854</u>
U.S. Department of Health and Human Services		
Passed Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	\$ 10,000
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	31,060
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	18,000
Temporary Assistance for Needy Families	93.558	9,869
Maternal and Child Health Services Block Grant to the States	93.994	18,230

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**Schedule 11
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Human Services		
Temporary Assistance for Needy Families	93.558	91,482
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	245,577
Child Support Enforcement - ARRA	93.563	56,901
Refugee and Entrant Assistance - State-Administered Programs	93.566	198
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	10,926
Child Welfare Services - State Grants	93.645	14,008
Foster Care Title IV-E Cluster		
Foster Care Title IV-E	93.658	34,053
Foster Care Title IV-E - ARRA	93.658	990
Social Services Block Grant	93.667	100,846
Chafee Foster Care Independence Program	93.674	2,858
Medical Assistance Program	93.778	300,901
Block Grants for Community Mental Health Services	93.958	298
Total U.S. Department of Health and Human Services		\$ 946,197
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 8,976
Hazard Mitigation Grant	97.039	43,242
Total U.S. Department of Homeland Security		\$ 52,218
Total Federal Awards		\$ 1,178,783

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dodge County under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Dodge County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dodge County.

3. Summary of Significant Accounting Policies

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

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,144,808
Grants received more than 60 days after year-end, deferred in 2009	
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CFDA #93.596)	3,306
Foster Care Title IV-E (CFDA #93.658)	1,488
Foster Care Title IV-E - ARRA (CFDA #93.658)	93
Medical Assistance Program (CFDA #93.778)	47,746
Deferred in 2008, recognized as revenue in 2009	
Temporary Assistance for Needy Families (CFDA #93.558)	(4,511)
Child Support Enforcement (CFDA #93.563)	(10,098)
Medical Assistance Program (CFDA #93.778)	(4,049)
	(4,049)
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 1,178,783

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Subrecipients

During 2009, Dodge County did not pass any federal money to subrecipients.

5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.