

# **STATE OF MINNESOTA**

## **Office of the State Auditor**



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

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**DODGE COUNTY**  
**MANTORVILLE, MINNESOTA**

**YEAR ENDED DECEMBER 31, 2008**

## **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, 2008**



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

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization		1
<b>Financial Section</b>		
Independent Auditor's Report		2
Management's Discussion and Analysis		4
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	Exhibit 1	13
Statement of Activities	Exhibit 2	15
Fund Financial Statements		
Governmental Funds		
Balance Sheet	Exhibit 3	17
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets--Governmental Activities	Exhibit 4	19
Statement of Revenues, Expenditures, and Changes in Fund Balance	Exhibit 5	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities--Governmental Activities	Exhibit 6	22
Proprietary Fund		
Nursing Home Enterprise Fund		
Statement of Net Assets	Exhibit 7	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets	Exhibit 8	25
Statement of Cash Flows	Exhibit 9	26
Fiduciary Funds		
Statement of Fiduciary Net Assets	Exhibit 10	28
Statement of Changes in Fiduciary Net Assets	Exhibit 11	29
Notes to the Financial Statements		30

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page</u>
<b>Financial Section (Continued)</b>		
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	Schedule 1	66
Road and Bridge Special Revenue Fund	Schedule 2	69
Human Services Special Revenue Fund	Schedule 3	70
Schedule of Funding Progress - Other Postemployment Benefits	Schedule 4	71
Notes to the Required Supplementary Information		72
Supplementary Information		
Nonmajor Governmental Funds		74
Combining Balance Sheet	Statement 1	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement 2	77
Budgetary Comparison Schedules		
Ditch Special Revenue Fund	Schedule 5	79
Solid Waste Special Revenue Fund	Schedule 6	80
Building Special Revenue Fund	Schedule 7	81
Courthouse Improvements Debt Service Fund	Schedule 8	82
Fiduciary Funds		
Agency Funds		83
Combining Statement of Changes in Assets and Liabilities	Statement 3	84
Component Unit		
Four Seasons Ice Arena		
Statement of Net Assets	Statement 4	86
Statement of Revenues, Expenses, and Changes in Net Assets	Statement 5	87
Statement of Cash Flows	Statement 6	88
Other Schedule		
Schedule of Intergovernmental Revenue	Schedule 9	89

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**TABLE OF CONTENTS  
(Continued)**

	<u>Reference</u>	<u>Page</u>
<b>Management and Compliance Section</b>		
Schedule of Findings and Questioned Costs	Schedule 10	91
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		101
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		104
Schedule of Expenditures of Federal Awards	Schedule 11	107
Notes to the Schedule of Expenditures of Federal Awards		109

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**ORGANIZATION  
DECEMBER 31, 2008**

			<u>Term Expires</u>
<b>Elected</b>			
Commissioners			
Chair	Klaus Alberts, Jr.	District 1	January 2011
Board Member	Lyle Tjosaas	District 2	January 2012
Board Member	David Erickson	District 3	January 2011
Board Member	Don Gray	District 4	January 2012
Vice Chair (2009 Chair)	David Hanson	District 5	January 2011
Attorney	Paul Kiltinen		January 2011
Judge of County Court	Lawrence E. Agerter		January 2011
County Recorder	Sue Alberts		January 2011
Registrar of Titles	Sue Alberts		January 2011
County Sheriff	Gary Thompson		January 2011
<b>Appointed</b>			
Assessor	Wendell Engelstad		January 2012
County Administrator	David McKnight		Indefinite
County Engineer	Guy Kohlhofer		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, 2009
Veteran Services Officer	Todd Nelson		July 2011
Weed Inspector/Planning Director	Duane Johnson		Indefinite
<b>Dodge County Four Seasons Ice Arena</b>			
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, 2008, which collectively comprise the County's basic financial statements. 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, 2008, 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.

As discussed in Note 1.E., Dodge County has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

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 January 19, 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

January 19, 2010



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

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2008  
(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, 2008. 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 \$58,812,451, of which \$45,068,637 are invested in capital assets, net of related debt, and \$1,905,253 are restricted to specific purposes.
- Business-type activities have total net assets of \$570,282. Invested in capital assets, net of related debt, represents \$382,271 of the total, and \$14,420 are restricted for donations.
- Dodge County's net assets increased by \$1,417,724 for the year ended December 31, 2008. Of the increase, \$1,475,683 was in the governmental activities' net assets. The business-type activities' net assets decreased by \$57,959. The net assets of the County's discretely presented component unit decreased by \$38,186.
- The net cost of governmental activities increased by \$5,307,636 to \$9,035,247 for the current fiscal year. The net cost was funded by general revenues and other items.
- Governmental funds' fund balances increased by \$1,743,376.
- During 2008, Dodge County issued \$1,570,000 General Obligation Capital Improvement Plan Bonds. The total bonded debt at the end of the year was \$2,400,000.

**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 \$57,965,009 to \$59,382,733. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis below 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 16.6	\$ 14.7	\$ 0.6	\$ 0.6	\$ 17.2	\$ 15.3
Capital assets	47.3	46.2	0.6	0.6	47.9	46.8
Total Assets	\$ 63.9	\$ 60.9	\$ 1.2	\$ 1.2	\$ 65.1	\$ 62.1
Long-term debt outstanding	\$ 2.9	\$ 1.5	\$ 0.4	\$ 0.5	\$ 3.3	\$ 2.0
Other liabilities	2.2	2.1	0.2	0.1	2.4	2.2
Total Liabilities	\$ 5.1	\$ 3.6	\$ 0.6	\$ 0.6	\$ 5.7	\$ 4.2
Net Assets						
Invested in capital assets, net of debt	\$ 45.1	\$ 45.3	\$ 0.4	\$ 0.4	\$ 45.5	\$ 45.7
Restricted	1.9	2.4	-	-	1.9	2.4
Unrestricted	11.8	9.6	0.2	0.2	12.0	9.8
Total Net Assets	\$ 58.8	\$ 57.3	\$ 0.6	\$ 0.6	\$ 59.4	\$ 57.9

Net assets of the County's governmental activities increased by 2.6 percent (\$58.8 million compared to \$57.3 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 \$9.6 million at December 31, 2007, to \$11.8 million at the end of 2008. The unrestricted net assets of our business-type activities had no change (\$0.2 million at December 31, 2007 and 2008).

**Table 2**  
**Changes in Net Assets**  
**(in Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 3.8	\$ 3.6	\$ 3.9	\$ 3.9	\$ 7.7	\$ 7.5
Operating grants and contributions	6.5	9.9	-	-	6.5	9.9
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	8.4	7.8	-	-	8.4	7.8
Unrestricted grants and contributions	1.6	1.8	-	-	1.6	1.8
Other general revenues	0.5	0.6	-	-	0.5	0.6
Total Revenues	<u>\$ 20.8</u>	<u>\$ 23.7</u>	<u>\$ 3.9</u>	<u>\$ 3.9</u>	<u>\$ 24.7</u>	<u>\$ 27.6</u>
Program Expenses						
General government	\$ 4.4	\$ 3.7	\$ -	\$ -	\$ 4.4	\$ 3.7
Public safety	4.0	3.9	-	-	4.0	3.9
Highways and streets	4.1	3.2	-	-	4.1	3.2
Sanitation	1.5	1.3	-	-	1.5	1.3
Human services	4.1	4.0	-	-	4.1	4.0
Health	0.7	0.6	-	-	0.7	0.6
Culture and recreation	0.2	0.2	-	-	0.2	0.2
Conservation of natural resources	0.2	0.3	-	-	0.2	0.3
Interest	0.1	0.1	-	-	0.1	0.1
Economic development	-	-	-	-	-	-
Nursing home	-	-	4.0	3.9	4.0	3.9
Total Program Expenses	<u>\$ 19.3</u>	<u>\$ 17.3</u>	<u>\$ 4.0</u>	<u>\$ 3.9</u>	<u>\$ 23.3</u>	<u>\$ 21.2</u>
Revenues Over (Under) Program Expenses	<u>\$ 1.5</u>	<u>\$ 6.4</u>	<u>\$ (0.1)</u>	<u>\$ -</u>	<u>\$ 1.4</u>	<u>\$ 6.4</u>

The County's total revenues decreased by about 10.2 percent, or \$2.9 million. The total cost of all programs and services increased by 10.4 percent, or \$2.1 million, over the previous year. Fees increased modestly in the governmental activities; however, there was a significant drop in the operating grants and contributions received by the Highway Department. This accounted for most of the decrease in total revenues.

## Governmental Activities

Revenues for the County governmental activities decreased by 12.1 percent, from \$23,720,358 in 2007 to \$20,847,994 for 2008, while total expenses increased by 11.98 percent, from \$17,299,592 in 2007 to \$19,372,311 in 2008.

The cost of all governmental activities this year was \$19,372,311 compared to \$17,299,592 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 \$8,434,183, because some of the cost was paid by those who directly benefited from the programs (\$3,842,549) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,494,515). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2008 from \$13,571,981 to \$10,377,064, principally based on a decrease in capital grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with \$9,035,247 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	
	2008	2007	2008	2007
Public safety	\$ 4.0	\$ 3.9	\$ 3.0	\$ 3.0
Highways and streets	4.2	3.2	0.7	(4.0)
Human services	4.1	4.0	1.4	1.6
General government	4.4	3.7	3.2	2.7
Sanitation	1.5	1.3	0.3	0.1
All others	1.2	1.2	0.4	0.3
Total	<u>\$ 19.4</u>	<u>\$ 17.3</u>	<u>\$ 9.0</u>	<u>\$ 3.7</u>



## Business-Type Activities

Revenues of the County's business-type activities (see Table 2) showed an increase of 1.6 percent (\$3,943,718 in 2008 compared to \$3,879,988 in 2007), and expenses increased by 3.5 percent (\$4,001,678 in 2008 compared to \$3,867,655 in 2007). The most important factor driving these results is the nursing home facility operated at a healthy (94.1 percent) resident capacity for 2008.

## THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of \$12,433,982, which is above last year's total of \$10,690,606. Most of the fund balance, \$10,221,236, is unreserved and available for spending at the government's discretion. Another \$2,212,746 in fund balance is reserved for specific areas and departments of the County.

## General Fund Budgetary Highlights

The original budget was not amended. The General Fund's expenditures exceeded what was budgeted, mostly due to the purchase of two properties near the courthouse and significantly higher unemployment costs than historically expected.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2008, the County had \$47,836,551 (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 \$952,557 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 1.5	\$ 1.3	\$ -	\$ -	\$ 1.5	\$ 1.3
Construction in process	0.7	-	-	-	0.7	-
Land improvements	0.2	0.2	-	-	0.2	0.2
Building and improvements	2.3	2.5	0.5	0.5	2.8	3.0
Machinery, vehicles, furniture and equipment	1.9	2.1	0.1	0.1	2.0	2.2
Infrastructure	40.7	40.1	-	-	40.7	40.1
Total Net Assets	<u>\$ 47.3</u>	<u>\$ 46.2</u>	<u>\$ 0.6</u>	<u>\$ 0.6</u>	<u>\$ 47.9</u>	<u>\$ 46.8</u>

This year's major additions included:

- purchase of about \$263,524 in equipment for Highway, Landfill, Information Systems, and other departments;
- purchase of about \$111,321 in vehicles for the Sheriff's and Highway Departments;
- purchase of about \$156,656 in land for the Landfill and General Government Departments; and
- construction in process in the amount of \$703,952 for the Courthouse Roof Project and the remodeling of the Dodge County Service Center building in Dodge Center.

## Debt

At year-end, the County had \$2.4 million in bonds and notes outstanding, versus \$1.1 million last year--an increase of 218 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Bonds	\$ 1.9	\$ 0.4	\$ 0.2	\$ 0.2	\$ 2.1	\$ 0.6
Certificates of participation	0.3	0.5	-	-	0.3	0.5
Totals	<u>\$ 2.2</u>	<u>\$ 0.9</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ 2.4</u>	<u>\$ 1.1</u>

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 3.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 2009 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County increased, moving from 4.3 percent in 2007 to 5.2 percent in 2008 for the annual average. This still compared favorably with the Minnesota rate of 5.5 percent and the U.S. rate of 5.8 percent.
- County General Fund expenditures for 2009 are budgeted to increase 1.81 percent over 2008.
- Dodge County population grew by 11.4 percent from 2000 to 2008, compared to an increase of 6.1 percent in Minnesota as a whole.
- Post-retirement 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 4.75 percent for 2009.

## **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, 2008**

	<b>Primary Government</b>			<b>Four Seasons Ice Arena Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 12,908,551	\$ 98,159	\$ 13,006,710	\$ 144,948
Petty cash and change funds	3,590	400	3,990	-
Investments	107,400	-	107,400	-
Investment in joint venture	508,179	-	508,179	-
Taxes receivable				
Prior - net	276,444	-	276,444	-
Special assessments receivable - net				
Prior - net	15,971	-	15,971	-
Accounts receivable - net	610,197	407,517	1,017,714	29,806
Accrued interest receivable	68,994	-	68,994	-
Loan receivable	350,012	-	350,012	-
Due from other governments	1,541,600	-	1,541,600	11,412
Due from primary government	-	-	-	9,353
Advance to component unit	170,212	-	170,212	-
Inventories	115,933	-	115,933	-
Restricted assets				
Cash and pooled investments	-	67,356	67,356	-
Deferred charges	10,654	1,363	12,017	-
Capital assets				
Non-depreciable	2,193,758	15,600	2,209,358	-
Depreciable - net of accumulated depreciation	45,062,842	564,351	45,627,193	693,321
<b>Total Assets</b>	<b>\$ 63,944,337</b>	<b>\$ 1,154,746</b>	<b>\$ 65,099,083</b>	<b>\$ 888,840</b>



**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

	<b>Primary Government</b>			<b>Four Seasons Ice Arena Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Liabilities</u></b>				
Accounts payable	\$ 333,010	\$ 115,199	\$ 448,209	\$ 4,701
Salaries payable	226,928	87,072	314,000	4,053
Contracts payable	536,789	-	536,789	-
Due to other governments	264,675	-	264,675	1,810
Due to component unit	9,353	-	9,353	-
Accrued interest payable	17,464	-	17,464	-
Unearned revenue	199,754	-	199,754	-
Advance from other governments	438,803	-	438,803	-
Customer deposits	155,716	-	155,716	-
Advance from primary government	-	-	-	170,212
Interest payable from restricted assets	-	3,201	3,201	-
Trust and security deposits from restricted assets	-	2,061	2,061	-
Long-term liabilities				
Due within one year	434,269	80,024	514,293	-
Due in more than one year	2,515,125	296,907	2,812,032	14,743
<b>Total Liabilities</b>	<b>\$ 5,131,886</b>	<b>\$ 584,464</b>	<b>\$ 5,716,350</b>	<b>\$ 195,519</b>
<b><u>Net Assets</u></b>				
Invested in capital assets - net of related debt	\$ 45,068,637	\$ 382,271	\$ 45,450,908	\$ 693,321
Restricted for				
General government	385,871	-	385,871	-
Public safety	202,553	-	202,553	-
Highways and streets	849,667	-	849,667	-
Human services	230,798	-	230,798	-
Conservation of natural resources	118,850	-	118,850	-
Economic development	51,433	-	51,433	-
Ditch	66,081	-	66,081	-
Donations	-	14,420	14,420	-
Unrestricted	11,838,561	173,591	12,012,152	-
<b>Total Net Assets</b>	<b>\$ 58,812,451</b>	<b>\$ 570,282</b>	<b>\$ 59,382,733</b>	<b>\$ 693,321</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Revenues	
		Fees, Charges, Fines, and Other	Operating Grants and Contributions
	Expenses		
<b><u>Functions/Programs</u></b>			
<b>Primary government</b>			
<b>Governmental activities</b>			
General government	\$ 4,407,648	\$ 996,850	\$ 226,449
Public safety	3,956,400	647,312	309,463
Highways and streets	4,165,486	241,213	3,213,980
Sanitation	1,536,818	1,233,452	1,491
Human services	4,095,351	407,236	2,298,825
Health	683,117	288,108	240,297
Culture and recreation	189,678	-	45,046
Conservation of natural resources	235,921	28,378	158,964
Economic development	24,907	-	-
Interest	76,985	-	-
<b>Total governmental activities</b>	<b>\$ 19,372,311</b>	<b>\$ 3,842,549</b>	<b>\$ 6,494,515</b>
<b>Business-type activities</b>			
Nursing Home	4,001,678	3,935,428	6,013
<b>Total Primary Government</b>	<b>\$ 23,373,989</b>	<b>\$ 7,777,977</b>	<b>\$ 6,500,528</b>
<b>Component unit</b>			
Four Seasons Ice Arena	\$ 283,626	\$ 225,142	\$ 20,298

**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**

Net (Expense) Revenue and Changes in Net Assets			Four Seasons Ice Arena Component Unit
Governmental Activities	Primary Government Business-Type Activities	Total	
\$ (3,184,349)	\$ -	\$ (3,184,349)	
(2,999,625)	-	(2,999,625)	
(710,293)	-	(710,293)	
(301,875)	-	(301,875)	
(1,389,290)	-	(1,389,290)	
(154,712)	-	(154,712)	
(144,632)	-	(144,632)	
(48,579)	-	(48,579)	
(24,907)	-	(24,907)	
(76,985)	-	(76,985)	
<b>\$ (9,035,247)</b>	<b>\$ -</b>	<b>\$ (9,035,247)</b>	
-	(60,237)	(60,237)	
<b>\$ (9,035,247)</b>	<b>\$ (60,237)</b>	<b>\$ (9,095,484)</b>	
			<b>\$ (38,186)</b>
\$ 8,434,183	\$ -	\$ 8,434,183	\$ -
11,621	-	11,621	-
8,472	-	8,472	-
1,610,393	-	1,610,393	-
307,687	2,278	309,965	-
122,932	-	122,932	-
15,642	-	15,642	-
<b>\$ 10,510,930</b>	<b>\$ 2,278</b>	<b>\$ 10,513,208</b>	<b>\$ -</b>
<b>\$ 1,475,683</b>	<b>\$ (57,959)</b>	<b>\$ 1,417,724</b>	<b>\$ (38,186)</b>
<b>57,336,768</b>	<b>628,241</b>	<b>57,965,009</b>	<b>731,507</b>
<b>\$ 58,812,451</b>	<b>\$ 570,282</b>	<b>\$ 59,382,733</b>	<b>\$ 693,321</b>

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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, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 5,884,997	\$ 909,073	\$ 4,182,516	\$ 1,931,965	\$ 12,908,551
Petty cash and change funds	3,440	-	-	150	3,590
Investments	-	12,500	-	94,900	107,400
Taxes receivable					
Prior	175,762	43,325	47,000	10,357	276,444
Special assessments					
Prior	-	-	-	15,971	15,971
Accounts receivable	27,119	-	489,571	93,507	610,197
Accrued interest receivable	68,994	-	-	-	68,994
Loans receivable	350,012	-	-	-	350,012
Due from other funds	1,712	2,410	412	-	4,534
Due from other governments	143,241	1,171,864	219,830	6,665	1,541,600
Inventories	-	115,933	-	-	115,933
Advances to other funds	15,000	-	-	-	15,000
Advances to component unit	170,212	-	-	-	170,212
<b>Total Assets</b>	<b>\$ 6,840,489</b>	<b>\$ 2,255,105</b>	<b>\$ 4,939,329</b>	<b>\$ 2,153,515</b>	<b>\$ 16,188,438</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 198,415	\$ 15,867	\$ 51,007	\$ 67,721	\$ 333,010
Salaries payable	141,512	26,711	45,693	13,012	226,928
Contracts payable	-	316,802	-	219,987	536,789
Due to other funds	2,485	-	1,712	337	4,534
Due to component unit	9,353	-	-	-	9,353
Due to other governments	130,752	7,202	77,066	49,655	264,675
Deferred revenue - unavailable	147,500	877,565	516,286	28,543	1,569,894
Deferred revenue - unearned	199,754	-	-	-	199,754
Customer deposits	155,716	-	-	-	155,716
Advances from other funds	-	-	-	15,000	15,000
Advance from other governments	-	438,803	-	-	438,803
<b>Total Liabilities</b>	<b>\$ 985,487</b>	<b>\$ 1,682,950</b>	<b>\$ 691,764</b>	<b>\$ 394,255</b>	<b>\$ 3,754,456</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 3  
(Continued)**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b><u>Liabilities and Fund Balances</u></b>					
<b>(Continued)</b>					
<b>Fund Balances</b>					
Reserved for					
Advances to other funds	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Advances to component unit	170,212	-	-	-	170,212
Inventories	-	115,933	-	-	115,933
Health	-	-	230,798	-	230,798
Loans receivable	148,195	-	-	-	148,195
Natural resource block grant	-	-	-	118,850	118,850
Debt service	-	-	-	323,477	323,477
Law library	28,818	-	-	-	28,818
Recorder's equipment purchases	148,638	-	-	-	148,638
Recorder's unallocated land based	155,761	-	-	-	155,761
Enhanced 911	166,269	-	-	-	166,269
Sheriff's contingency	1,178	-	-	-	1,178
DARE	13,873	-	-	-	13,873
Sheriff's forfeited property	20,055	-	-	-	20,055
Attorney's forfeited property	52,654	-	-	-	52,654
Sheriff's donations	1,178	-	-	-	1,178
EDA loan receivable	47,547	-	-	-	47,547
Economic development	3,886	-	-	-	3,886
Encumbrances	-	-	-	450,424	450,424
Unreserved					
Designated for cash flows	3,264,184	324,521	842,000	-	4,430,705
Designated for compensated absences	322,480	131,701	87,665	-	541,846
Designated for capital improvements	-	-	-	-	-
Undesignated	1,295,074	-	3,087,102	-	4,382,176
Unreserved, reported in nonmajor Special revenue funds	-	-	-	866,509	866,509
<b>Total Fund Balances</b>	<b>\$ 5,855,002</b>	<b>\$ 572,155</b>	<b>\$ 4,247,565</b>	<b>\$ 1,759,260</b>	<b>\$ 12,433,982</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,840,489</b>	<b>\$ 2,255,105</b>	<b>\$ 4,939,329</b>	<b>\$ 2,153,515</b>	<b>\$ 16,188,438</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008**

<b>Fund balances - total governmental funds (Exhibit 3)</b>		<b>\$ 12,433,982</b>
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.		47,256,600
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.		508,179
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		1,569,894
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	\$ (1,890,000)	
Certificates of participation	(308,617)	
Net OPEB obligation	(157,523)	
Deferred debt issuance charges	10,654	
Accrued interest payable	(17,464)	
Compensated absences	(593,254)	(2,956,204)
<b>Net Assets of Governmental Activities (Exhibit 1)</b>		<b>\$ 58,812,451</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 5,364,215	\$ 1,305,521	\$ 1,393,591	\$ 333,292	\$ 8,396,619
Special assessments	-	-	-	186,036	186,036
Licenses and permits	29,092	5,900	-	135,391	170,383
Intergovernmental	1,883,449	3,660,378	2,598,533	195,898	8,338,258
Charges for services	1,819,710	225,994	-	908,740	2,954,444
Fines and forfeits	15,801	-	-	-	15,801
Gifts and contributions	8,825	-	-	-	8,825
Investment earnings	289,706	-	-	15,136	304,842
Miscellaneous	185,493	9,319	239,343	13,860	448,015
<b>Total Revenues</b>	<b>\$ 9,596,291</b>	<b>\$ 5,207,112</b>	<b>\$ 4,231,467</b>	<b>\$ 1,788,353</b>	<b>\$ 20,823,223</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 4,136,660	\$ -	\$ -	\$ -	\$ 4,136,660
Public safety	3,956,935	-	-	-	3,956,935
Highways and streets	-	4,555,570	-	-	4,555,570
Sanitation	-	-	-	1,554,677	1,554,677
Human services	5,500	-	4,226,441	-	4,231,941
Health	675,074	-	-	-	675,074
Culture and recreation	189,678	-	-	-	189,678
Conservation of natural resources	204,655	-	-	31,415	236,070
Economic development	24,907	-	-	-	24,907
<b>Capital outlay</b>	-	-	-	759,755	759,755
<b>Debt service</b>					
Principal	-	-	-	305,000	305,000
Interest	-	-	-	29,159	29,159
Bond issuance costs	-	-	-	26,562	26,562
Administrative (fiscal) charges	-	-	-	1,500	1,500
<b>Total Expenditures</b>	<b>\$ 9,193,409</b>	<b>\$ 4,555,570</b>	<b>\$ 4,226,441</b>	<b>\$ 2,708,068</b>	<b>\$ 20,683,488</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 402,882</b>	<b>\$ 651,542</b>	<b>\$ 5,026</b>	<b>\$ (919,715)</b>	<b>\$ 139,735</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 5  
(Continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Other Financing Sources</b>					
<b>(Uses)</b>					
Transfers in	\$ -	\$ -	\$ -	\$ 223,123	\$ 223,123
Transfers out	-	-	-	(223,123)	(223,123)
Bonds issued	-	-	-	1,570,000	1,570,000
Discount on bonds issued	-	-	-	(8,902)	(8,902)
Proceeds from sale of capital assets	11,565	-	-	34,448	46,013
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 11,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,546</u>	<u>\$ 1,607,111</u>
<b>Change in Fund Balance</b>	<b>\$ 414,447</b>	<b>\$ 651,542</b>	<b>\$ 5,026</b>	<b>\$ 675,831</b>	<b>\$ 1,746,846</b>
<b>Fund Balance - January 1</b>	<b>5,440,555</b>	<b>(75,917)</b>	<b>4,242,539</b>	<b>1,083,429</b>	<b>10,690,606</b>
<b>Increase (decrease) in reserved for inventories</b>	<u>-</u>	<u>(3,470)</u>	<u>-</u>	<u>-</u>	<u>(3,470)</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 5,855,002</u></u>	<u><u>\$ 572,155</u></u>	<u><u>\$ 4,247,565</u></u>	<u><u>\$ 1,759,260</u></u>	<u><u>\$ 12,433,982</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, 2008**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,746,846**

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.

Increase in investment in joint venture	130,436
---	---------

In the fund, 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	\$ 1,569,894	
Deferred revenue - January 1	<u>(1,560,765)</u>	9,129

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	\$ 2,814,333	
Net book value of disposed capital assets	(58,049)	
Current year depreciation	<u>(1,737,297)</u>	1,018,987

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	
General obligation bonds issued	(1,570,000)

Principal repayments		
General obligation bonds	\$ 90,000	
Certificates of participation	<u>215,000</u>	305,000

**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, 2008**

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	\$	(157,523)	
Amortization of discounts on bonds		(1,383)	
Amortization of deferred debt issuance costs		(4,729)	
Change in accrued interest payable		(4,750)	
Change in inventories		(3,470)	
Change in compensated absences		7,140	(164,715)
<b>Change in Net Assets of Governmental Activities (Exhibit 2)</b>			<b><u><u>\$ 1,475,683</u></u></b>

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**PROPRIETARY FUND**

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 7**

**STATEMENT OF NET ASSETS  
NURSING HOME ENTERPRISE FUND  
DECEMBER 31, 2008**

**Assets**

**Current assets**

Cash and pooled investments	\$ 98,159
Petty cash and change funds	400
Accounts receivable - net	<u>407,517</u>

<b>Total current assets</b>	<b>\$ <u>506,076</u></b>
-----------------------------	--------------------------

**Restricted assets**

Cash and pooled investments	<b>\$ <u>67,356</u></b>
-----------------------------	-------------------------

**Noncurrent assets**

Deferred debt issuance costs	\$ 1,363
Capital assets	
Nondepreciable	15,600
Depreciable - net	<u>564,351</u>

<b>Total noncurrent assets</b>	<b>\$ <u>581,314</u></b>
--------------------------------	--------------------------

<b>Total Assets</b>	<b>\$ <u>1,154,746</u></b>
---------------------	----------------------------

**Liabilities**

**Current liabilities**

Accounts payable	\$ 115,199
Salaries payable	87,072
Compensated absences payable - current	<u>30,024</u>

<b>Total current liabilities</b>	<b>\$ <u>232,295</u></b>
----------------------------------	--------------------------

**Current liabilities payable from restricted assets**

Interest payable	\$ 3,201
Resident trust and security deposits	2,061
General obligation bonds payable - current	<u>50,000</u>

<b>Total current liabilities payable from restricted assets</b>	<b>\$ <u>55,262</u></b>
---	-------------------------

**Noncurrent liabilities**

Compensated absences payable - long-term	\$ 149,227
General obligation bonds payable - long-term	<u>147,680</u>

<b>Total noncurrent liabilities</b>	<b>\$ <u>296,907</u></b>
-------------------------------------	--------------------------

<b>Total Liabilities</b>	<b>\$ <u>584,464</u></b>
--------------------------	--------------------------

**Net Assets**

Invested in capital assets - net of related debt	\$ 382,271
Restricted for donations	14,420
Unrestricted	<u>173,591</u>

<b>Total Net Assets</b>	<b>\$ <u><u>570,282</u></u></b>
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**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, 2008**

<b>Operating Revenues</b>	
Charges for services	\$ 3,934,503
Miscellaneous	<u>925</u>
<b>Total Operating Revenues</b>	<b><u>\$ 3,935,428</u></b>
<b>Operating Expenses</b>	
Employee benefits and payroll taxes	\$ 632,401
Nursing services	1,513,719
Administrative and fiscal services	339,821
Other care-related	129,819
Ancillary services	364,484
Repair and maintenance	217,774
Property and household	160,288
Laundry	79,579
Dietary	384,165
Housekeeping	104,343
Depreciation	<u>66,430</u>
<b>Total Operating Expenses</b>	<b><u>\$ 3,992,823</u></b>
<b>Operating Income (Loss)</b>	<b><u>\$ (57,395)</u></b>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	\$ 2,278
Gifts and contributions	6,013
Interest expense	<u>(8,855)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>\$ (564)</u></b>
<b>Change in Net Assets</b>	<b>\$ (57,959)</b>
<b>Net Assets - January 1</b>	<b><u>628,241</u></b>
<b>Net Assets - December 31</b>	<b><u><u>\$ 570,282</u></u></b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

***EXHIBIT 9***

**STATEMENT OF CASH FLOWS  
NURSING HOME ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 3,933,149
Payments to suppliers and employees	<u>(3,884,867)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 48,282</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Advance from Dodge County	\$ 103,500
Return of advance	(103,500)
Contributions	<u>6,040</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ 6,040</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal paid on long-term debt	\$ (45,000)
Interest paid on long-term debt	(9,612)
Bond issuance cost and discount	<u>1,192</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (53,420)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	<u>\$ 2,278</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 3,180</b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>162,735</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 165,915</u></u></b>
<b>Cash and Cash Equivalents - Exhibit 7</b>	
Cash and pooled investments	\$ 98,559
Restricted cash and pooled investments	<u>67,356</u>
<b>Total Cash and Cash Equivalents</b>	<b><u><u>\$ 165,915</u></u></b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

***EXHIBIT 9***  
***(Continued)***

**STATEMENT OF CASH FLOWS  
NURSING HOME ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008  
Increase (Decrease) in Cash and Cash Equivalents**

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

<b>Operating income (loss)</b>	<b>\$ <u>(57,395)</u></b>
--------------------------------	---------------------------

**Adjustments to reconcile operating income (loss) to net cash provided by  
(used in) operating activities**

Depreciation expense	\$ 66,430
(Increase) decrease in accounts receivable	(2,279)
Increase (decrease) in accounts payable	16,018
Increase (decrease) in salaries payable	13,138
Increase (decrease) in compensated absences payable	<u>12,370</u>

<b>Total adjustments</b>	<b>\$ <u>105,677</u></b>
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<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ <u><u>48,282</u></u></b>
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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, 2008**

	<b>Cemetery Perpetual Care Private-Purpose Trust</b>	<b>Agency</b>
	<hr/>	<hr/>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 6,660	\$ 435,117
Investments	112,507	-
Interest receivable	90	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 119,257</b>	<b>\$ 435,117</b>
	<hr/>	<hr/>
<b><u>Liabilities</u></b>		
Accounts payable	\$ -	\$ 27,928
Due to other governments	-	407,189
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 435,117</b>
	<hr/>	<hr/>
<b><u>Net Assets</u></b>		
Held in trust for other organizations		
Nonexpendable	\$ 112,507	
Expendable	6,750	
	<hr/>	
<b>Total Net Assets</b>	<b>\$ 119,257</b>	
	<hr/>	

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**EXHIBIT 11**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Cemetery Perpetual Care Private-Purpose Trust</u>
<b><u>Additions</u></b>	
Investment earnings	
Interest	\$ 5,284
Net increase (decrease) in fair value of investments	<u>(35,712)</u>
<b>Total Additions</b>	<b>\$ (30,428)</b>
<b><u>Deductions</u></b>	
Distributions to participants	<u>12,946</u>
<b>Change in net assets</b>	<b>\$ (43,374)</b>
<b>Net Assets - January 1</b>	<b><u>162,631</u></b>
<b>Net Assets - December 31</b>	<b><u><u>\$ 119,257</u></u></b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

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**1. Summary of Significant Accounting Policies**

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2008. 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 are prepared.
Dodge County Regional Railroad Authority	County Commissioners are Regional Railroad Authority Board.	Inactive--no financial statements are prepared.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

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 5.C. The County also participates in jointly-governed organizations which are described in Note 5.D.

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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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 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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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**

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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**

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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, 2008, 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 2008 were \$289,706.

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**

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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**

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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**

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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 an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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**

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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.

E. New Accounting Pronouncement Implemented

Beginning in 2008, Dodge County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement required the County to calculate and record a net other postemployment benefits obligation (OPEB) at December 31, 2008. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since the actuarial valuation date of January 1, 2008.

2. Stewardship, Compliance, and Accountability

Expenditures in Excess of Budget

The following is a summary of the individual special revenue funds that had expenditures in excess of budget for the year ended December 31, 2008.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Human Services	\$ 4,226,441	\$ 3,814,029	\$ 412,412
Solid Waste	1,607,996	1,604,646	3,350

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. 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	\$	12,908,551
Petty cash and change funds		3,590
Investments		107,400
Business-type activities		
Cash and pooled investments		98,159
Petty cash and change funds		400
Cash and pooled investments - restricted assets		67,356
Discretely presented component unit		
Cash and pooled investments		144,948
Statement of fiduciary net assets		
Cash and pooled investments		441,777
Investments		112,507
		<hr/>
Total Cash and Investments	\$	13,884,688
		<hr/>
		Carrying
		(Fair)
		Value
		<hr/>
Deposits	\$	5,956,258
Petty cash		3,990
Investments		
Equity investments (stock)		
AT&T	\$	81,852
Qwest Communications		626
		<hr/>
		82,478
Investment pools/mutual funds		
MAGIC Fund	\$	5,681,996
Scottrade Mutual Fund		11
Dreyfus - General Government Security Money		
Market		1,692
First American Treasury Obligations Fund		94,900
		<hr/>
Negotiable certificates of deposit		2,063,363
		<hr/>
Total Deposits and Investments	\$	13,884,688
		<hr/>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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.

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, 2008, the County does not have any deposits exposed to custodial credit risk.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

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

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

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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.

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, 2009	4.00	\$ 96,000
January 21, 2009	4.00	96,000
January 21, 2009	4.00	96,000
January 21, 2009	4.00	96,000
January 21, 2009	4.10	96,000
February 17, 2009	3.229	99,776
March 23, 2009	3.65	99,601
March 24, 2009	3.50	99,596
March 30, 2009	4.934	99,567
June 2, 2009	3.50	96,000
June 2, 2009	3.55	96,000
June 2, 2009	3.55	96,000
June 2, 2009	3.63	96,000
June 2, 2009	3.73	96,000
August 20, 2009	3.907	98,893
August 24, 2009	Variable/LIBOR	29,522
October 22, 2009	4.25	239,000
October 22, 2009	4.50	239,000
December 2, 2009	3.416	98,408
Total Negotiable Certificates of Deposit		<u>\$ 2,063,363</u>



**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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.

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	-
Scottrade Mutual Fund	Not rated	-
Dreyfus - General Government Security		
Money Market	Not rated	-
First American Treasury Obligations Fund	AAA	Standard & Poor's

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 County investment policy, Dodge County is aware of custodial credit risk and invests in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2008, the County does not have any investments exposed to custodial credit risk.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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 does not currently address this risk. Investments that represent five percent or more of Dodge County's investments include only the MAGIC Fund at 41 percent.

2. Receivables

Receivables as of December 31, 2008, for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable, gross	\$ 717,307	\$ 412,183
Less: allowance for uncollectible social services and nursing services	<u>(107,110)</u>	<u>(4,666)</u>
Net Accounts Receivable	<u>\$ 610,197</u>	<u>\$ 407,517</u>
 Due From Other Governments	 <u>\$ 1,541,600</u>	 <u>\$ -</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in process	\$ -	\$ 703,952	\$ -	\$ 703,952
Land	1,333,150	156,656	-	1,489,806
Total capital assets not depreciated	\$ 1,333,150	\$ 860,608	\$ -	\$ 2,193,758
Capital assets depreciated				
Land improvements	\$ 279,369	\$ -	\$ -	\$ 279,369
Buildings	5,059,504	-	-	5,059,504
Machinery, furniture, and equipment	4,843,017	416,461	352,138	4,907,340
Infrastructure	51,241,053	1,578,880	-	52,819,933
Total capital assets depreciated	\$ 61,422,943	\$ 1,995,341	\$ 352,138	\$ 63,066,146
Less: accumulated depreciation for				
Land improvements	\$ 57,284	\$ 13,969	\$ -	\$ 71,253
Buildings	2,592,651	125,884	-	2,718,535
Machinery, furniture, and equipment	2,729,777	575,624	252,473	3,052,928
Infrastructure	11,138,768	1,021,820	-	12,160,588
Total accumulated depreciation	\$ 16,518,480	\$ 1,737,297	\$ 252,473	\$ 18,003,304
Total capital assets depreciated, net	\$ 44,904,463	\$ 258,044	\$ 99,665	\$ 45,062,842
Governmental Activities Capital Assets, Net	\$ 46,237,613	\$ 1,118,652	\$ 99,665	\$ 47,256,600

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 15,600	\$ -	\$ -	\$ 15,600
Capital assets depreciated				
Buildings	\$ 1,305,534	\$ -	\$ 14,020	\$ 1,291,514
Improvements other than buildings	68,588	-	-	68,588
Machinery, furniture, and equipment	557,863	-	5,027	552,836
Total capital assets depreciated	\$ 1,931,985	\$ -	\$ 19,047	\$ 1,912,938

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Business-Type Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Buildings	\$ 744,825	\$ 46,796	\$ 14,020	\$ 777,601
Improvements other than buildings	68,514	74	-	68,588
Machinery, furniture, and equipment	487,865	19,560	5,027	502,398
Total accumulated depreciation	\$ 1,301,204	\$ 66,430	\$ 19,047	\$ 1,348,587
Total capital assets depreciated, net	\$ 630,781	\$ (66,430)	\$ -	\$ 564,351
Business-Type Activities Capital Assets, Net	<u>\$ 646,381</u>	<u>\$ (66,430)</u>	<u>\$ -</u>	<u>\$ 579,951</u>

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

Governmental Activities	
General government	\$ 230,914
Public safety	95,315
Highways and streets, including depreciation of infrastructure assets	1,265,340
Human services	13,212
Sanitation	132,516
Total Depreciation Expense - Governmental Activities	<u>\$ 1,737,297</u>
Business-Type Activities	
Nursing home	<u>\$ 66,430</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Special Revenue Fund	\$ 1,712
Road and Bridge Special Revenue Fund	General Fund	\$ 2,073
	Solid Waste Nonmajor Special Revenue Fund	337
Total due to Road and Bridge Special Revenue Fund		\$ 2,410
Human Services Special Revenue Fund	General Fund	\$ 412
Total Due To/From Other Funds		\$ 4,534

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. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Solid Waste Nonmajor Special Revenue Fund	\$ 15,000	To cover bond costs.

3. 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	\$ 9,353	To cover operating deficit.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

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

4. 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	<u>\$ 170,212</u>	To cover operating deficit.

5. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, consisted of the following:

Transfers to Dodge County Corporation Nonmajor Debt Service Fund from Building Nonmajor Special Revenue Fund	<u>\$ 223,123</u>	Provide funds for debt service payments.
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C. Liabilities

1. Long-Term Debt

Governmental Activities

Bonds and Certificates

<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, 2008</u>
General obligation bonds					
1999 Solid Waste General Crossover Refunding Bonds	2012	\$15,000 - \$25,000	3.80 - 4.80	\$ 215,000	\$ 90,000
2002 G.O. Courthouse Improvement Bonds	2009	\$50,000 - \$60,000	2.75 - 4.85	385,000	60,000
2004B G.O. Solid Waste Bonds	2019	\$10,000 - \$20,000	3.00 - 4.75	210,000	170,000
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>\$ 2,380,000</u>	<u>\$ 1,890,000</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Long-Term Debt

Governmental Activities

Bonds and Certificates (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2008
2004 Certificate of Participation	2009	\$195,000 - \$310,000	2.25 - 3.00	<u>\$ 930,000</u>	<u>\$ 310,000</u>

The Solid Waste Bonds are being paid from the Solid Waste Special Revenue Fund, the 2002 G.O. Courthouse Improvement Bonds are being paid from the Courthouse Improvements Debt Service Fund, and the Certificate of Participation is being paid from the Dodge County Corporation Debt Service Fund. The 2008A CIP G.O. Bonds will be paid from the Building Special Revenue Fund.

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2008
2004 G.O. Nursing Home Bonds	2012	\$52,075 - \$57,700	2.500 - 4.150	<u>\$ 335,000</u>	\$ 200,000
Less: unamortized discount					<u>(2,320)</u>
2004 G.O. Nursing Home Bonds, Net					<u>\$ 197,680</u>

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

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2008, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2009	\$ 90,000	\$ 55,001	\$ 310,000	\$ 4,650
2010	225,000	64,278	-	-
2011	250,000	56,420	-	-
2012	260,000	47,533	-	-
2013	240,000	38,468	-	-
2014 - 2018	805,000	61,702	-	-
2019	20,000	950	-	-
Total	<u>\$ 1,890,000</u>	<u>\$ 324,352</u>	<u>\$ 310,000</u>	<u>\$ 4,650</u>

Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2009	\$ 50,000	\$ 6,825
2010	50,000	5,013
2011	50,000	3,075
2012	50,000	1,038
Total	<u>\$ 200,000</u>	<u>\$ 15,951</u>



**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 410,000	\$ 1,570,000	\$ 90,000	\$ 1,890,000	\$ 90,000
Certificate of participation	525,000	-	215,000	310,000	310,000
Less: deferred amounts for issuance discounts	(2,766)	-	(1,383)	(1,383)	-
Total bonds payable	\$ 932,234	\$ 1,570,000	\$ 303,617	\$ 2,198,617	\$ 400,000
Net OPEB obligation	-	315,270	157,747	157,523	-
Compensated absences	600,394	-	7,140	593,254	34,269
Governmental Activities Long-Term Liabilities	<u>\$ 1,532,628</u>	<u>\$ 1,885,270</u>	<u>\$ 468,504</u>	<u>\$ 2,949,394</u>	<u>\$ 434,269</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
G.O. Nursing Home Bonds	\$ 245,000	\$ -	\$ 45,000	\$ 200,000	\$ 50,000
Less: unamortized discount	(3,070)	-	(750)	(2,320)	-
Total bonds payable	\$ 241,930	\$ -	\$ 44,250	\$ 197,680	\$ 50,000
Compensated absences	166,881	12,370	-	179,251	30,024
Business-Type Activities Long-Term Liabilities	<u>\$ 408,811</u>	<u>\$ 12,370</u>	<u>\$ 44,250</u>	<u>\$ 376,931</u>	<u>\$ 80,024</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. 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.

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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plans

Plan Description (Continued)

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](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

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 8.6 percent of their annual covered salary in 2008. That rate increased to 9.4 percent in 2009.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Pension Plans

Funding Policy (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75
Public Employees Police and Fire Fund	12.90	14.10

The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Employees Retirement Fund	\$ 460,474	\$ 421,177	\$ 386,581
Public Employees Police and Fire Fund	165,820	146,813	117,600

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.

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 5.0 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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Pension Plan (Continued)

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, 2008, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 2,645	\$ 2,645
Percentage of covered payroll	5%	5%

Required contribution rates were 5.0 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 Southeast Service Cooperative, is the claims administrator. There were 35 retirees on this plan in 2008. 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 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, 2008, there were four retirees receiving health benefits from the County's health plan. As of year-end, the County has four participants on the County's active employee insurance plan.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

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, which includes the Four Seasons Ice Arena component unit, annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	\$ 316,707
Interest on net OPEB obligations	-
Adjustment to ARC	-
	<hr/>
Annual OPEB cost	\$ 316,707
Contribution during the year	(157,747)
	<hr/>
Increase in net OPEB obligation	\$ 158,960
Net OPEB - Beginning of Year	-
	<hr/>
Net OPEB - End of Year	<u>\$ 158,960</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligations (Continued)

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, 2008, 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	\$ 316,707	\$ 157,747	49.81%	\$ 158,960

Funding Status

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%

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 that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions (Continued)

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 as a level dollar amount over an open 30-year period beginning in 2008.

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for 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 \$410,000 and \$500,000 per claim in 2008 and 2009, respectively. 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.



**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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

B. Contingent Liabilities

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

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

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

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 \$46,125 for contracted services and \$37,175 for other 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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Family Services Collaborative (Continued)

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 2008, 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.

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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

South Country Health Alliance (Continued)

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. The County's equity interest in the SCHA at December 31, 2008, was \$508,179. 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 which is appointed by the member counties. In 1994, the Dodge County Commissioners appointed 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 2008.

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

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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

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 \$38,739 to the Cooperative.

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. During the year, the County paid \$83,956 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 \$4,000 to the Water Resource Board.

The Southeastern Minnesota Library (SELCO) provides library services within the County. During the year, the County contributed \$121,241 to SELCO.

The Southeastern Minnesota Narcotics Task Force provides drug investigation services for member organizations. During the year, the County paid \$8,330 to the Task Force.

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

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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6. 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.

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.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures (Continued)

B. Detailed Notes

1. Assets

Capital Assets

Component unit capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	\$ 920,950	\$ -	\$ -	\$ 920,950
Machinery, furniture, and equipment	208,236	-	-	208,236
Total capital assets depreciated	\$ 1,129,186	\$ -	\$ -	\$ 1,129,186
Less: accumulated depreciation for				
Buildings	\$ 276,286	\$ 23,024	\$ -	\$ 299,310
Machinery, furniture, and equipment	121,393	15,162	-	136,555
Total accumulated depreciation	\$ 397,679	\$ 38,186	\$ -	\$ 435,865
Total Capital Assets, Net	\$ 731,507	\$ (38,186)	\$ -	\$ 693,321

Depreciation expense of \$35,186 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, 2008.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net OPEB obligation	\$ -	\$ 1,437	\$ -	\$ 1,437	\$ -
Compensated absences	11,524	1,782	-	13,306	-
Total Long-Term Liabilities	\$ 11,524	\$ 3,219	\$ -	\$ 14,743	\$ -

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 5,410,753	\$ 5,410,753	\$ 5,364,215	\$ (46,538)
Licenses and permits	28,475	28,475	29,092	617
Intergovernmental	1,722,493	1,722,493	1,883,449	160,956
Charges for services	1,792,085	1,792,085	1,819,710	27,625
Fines and forfeits	900	900	15,801	14,901
Gifts and contributions	-	-	8,825	8,825
Investment earnings	230,000	230,000	289,706	59,706
Miscellaneous	99,369	99,369	185,493	86,124
<b>Total Revenues</b>	<b>\$ 9,284,075</b>	<b>\$ 9,284,075</b>	<b>\$ 9,596,291</b>	<b>\$ 312,216</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 209,120	\$ 209,120	\$ 170,378	\$ 38,742
Courts	40,840	40,840	29,847	10,993
County administrator	177,655	177,655	176,122	1,533
County assessor	320,750	320,750	313,096	7,654
Elections	31,150	31,150	30,264	886
Finance	358,739	358,739	352,700	6,039
Data processing	415,622	415,622	478,450	(62,828)
Central services	100,350	100,350	103,377	(3,027)
Personnel	96,695	96,695	78,963	17,732
Attorney	281,290	281,290	279,336	1,954
Law library	17,000	17,000	14,187	2,813
Recorder	402,814	402,814	329,443	73,371
Surveyor	118,283	118,283	109,194	9,089
Planning and zoning	259,720	259,720	248,510	11,210
Buildings and plant	523,238	523,238	596,572	(73,334)
Veterans service officer	43,002	43,002	48,879	(5,877)
Other general government	410,800	410,800	777,342	(366,542)
<b>Total general government</b>	<b>\$ 3,807,068</b>	<b>\$ 3,807,068</b>	<b>\$ 4,136,660</b>	<b>\$ (329,592)</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 3,726,348	\$ 3,726,348	\$ 3,397,766	\$ 328,582
Emergency services	76,618	76,618	59,738	16,880
Coroner	24,000	24,000	27,719	(3,719)
E-911 system	95,000	95,000	117,355	(22,355)
Community corrections	205,755	205,755	200,815	4,940
Drug court	130,902	130,902	126,059	4,843
DARE program	-	-	10,652	(10,652)
Other public safety	-	-	16,831	(16,831)
<b>Total public safety</b>	<b>\$ 4,258,623</b>	<b>\$ 4,258,623</b>	<b>\$ 3,956,935</b>	<b>\$ 301,688</b>
<b>Human services</b>				
Other	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
<b>Health</b>				
Nursing services	\$ 777,513	\$ 777,513	\$ 604,173	\$ 173,340
Maternal and child health	67,643	67,643	70,901	(3,258)
Health center	60,000	60,000	-	60,000
<b>Total health</b>	<b>\$ 905,156</b>	<b>\$ 905,156</b>	<b>\$ 675,074</b>	<b>\$ 230,082</b>
<b>Culture and recreation</b>				
Historical society	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Senior citizens	2,450	2,450	2,000	450
County/regional library	121,241	121,241	121,241	-
Ice arena	8,700	8,700	10,074	(1,374)
Other culture and recreation	600	600	45,363	(44,763)
<b>Total culture and recreation</b>	<b>\$ 143,991</b>	<b>\$ 143,991</b>	<b>\$ 189,678</b>	<b>\$ (45,687)</b>
<b>Conservation of natural resources</b>				
County extension	\$ 101,585	\$ 101,585	\$ 99,655	\$ 1,930
Soil and water conservation	100,000	100,000	100,000	-
Agriculture society/County fair	5,000	5,000	5,000	-
<b>Total conservation of natural resources</b>	<b>\$ 206,585</b>	<b>\$ 206,585</b>	<b>\$ 204,655</b>	<b>\$ 1,930</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Economic development</b>				
Community development	\$ 25,601	\$ 25,601	\$ 24,907	\$ 694
<b>Total Expenditures</b>	<b>\$ 9,352,524</b>	<b>\$ 9,352,524</b>	<b>\$ 9,193,409</b>	<b>\$ 159,115</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (68,449)</b>	<b>\$ (68,449)</b>	<b>\$ 402,882</b>	<b>\$ 471,331</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 11,565	\$ 11,565
Transfer in	68,449	68,449	-	(68,449)
<b>Total Other Financing Sources</b>	<b>\$ 68,449</b>	<b>\$ 68,449</b>	<b>\$ 11,565</b>	<b>\$ (56,884)</b>
<b>(Uses)</b>				
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 414,447</b>	<b>\$ 414,447</b>
<b>Fund Balance - January 1</b>	<b>5,440,555</b>	<b>5,440,555</b>	<b>5,440,555</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,440,555</b>	<b>\$ 5,440,555</b>	<b>\$ 5,855,002</b>	<b>\$ 414,447</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 2**

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 1,431,193	\$ 1,431,193	\$ 1,305,521	\$ (125,672)
Licenses and permits	-	-	5,900	5,900
Intergovernmental	3,978,868	3,978,868	3,660,378	(318,490)
Charges for services	305,000	305,000	225,994	(79,006)
Miscellaneous	-	-	9,319	9,319
<b>Total Revenues</b>	<b>\$ 5,715,061</b>	<b>\$ 5,715,061</b>	<b>\$ 5,207,112</b>	<b>\$ (507,949)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 435,775	\$ 435,775	\$ 431,309	\$ 4,466
Maintenance	1,296,667	1,296,667	1,515,039	(218,372)
Construction	3,264,646	3,264,646	2,036,450	1,228,196
Equipment maintenance and shop	717,973	717,973	572,772	145,201
<b>Total highways and streets</b>	<b>\$ 5,715,061</b>	<b>\$ 5,715,061</b>	<b>\$ 4,555,570</b>	<b>\$ 1,159,491</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ -	\$ 651,542	\$ 651,542
<b>Fund Balance - January 1</b>	(75,917)	(75,917)	(75,917)	-
<b>Increase (decrease) in reserved for inventories</b>	-	-	(3,470)	(3,470)
<b>Fund Balance - December 31</b>	<b>\$ (75,917)</b>	<b>\$ (75,917)</b>	<b>\$ 572,155</b>	<b>\$ 648,072</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 3**

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 1,420,190	\$ 1,420,190	\$ 1,393,591	\$ (26,599)
Intergovernmental	1,733,539	1,733,539	2,598,533	864,994
Miscellaneous	210,300	210,300	239,343	29,043
<b>Total Revenues</b>	<b>\$ 3,364,029</b>	<b>\$ 3,364,029</b>	<b>\$ 4,231,467</b>	<b>\$ 867,438</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 843,842	\$ 843,842	\$ 1,004,330	\$ (160,488)
Social services	2,970,187	2,970,187	2,743,344	226,843
Other	-	-	478,767	(478,767)
<b>Total Expenditures</b>	<b>\$ 3,814,029</b>	<b>\$ 3,814,029</b>	<b>\$ 4,226,441</b>	<b>\$ (412,412)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (450,000)</b>	<b>\$ (450,000)</b>	<b>\$ 5,026</b>	<b>\$ 455,026</b>
<b>Fund Balance - January 1</b>	<b>4,242,539</b>	<b>4,242,539</b>	<b>4,242,539</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 3,792,539</b>	<b>\$ 3,792,539</b>	<b>\$ 4,247,565</b>	<b>\$ 455,026</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 4**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2008**

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%

See Note 4.C., Other Postemployment Benefits, for more information.

Multi-year trend information is not available at this time, as Governmental Accounting Standards Board Statement 45 was implemented in 2008.

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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**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. Excess of Expenditures Over Budget**

The following is a summary of the major funds that had expenditures in excess of budget for the year ended December 31, 2008.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Human Service Special Revenue Fund	\$ 4,226,441	\$ 3,814,029	\$ 412,412

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

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3. 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 year's worth of data is available. Future reports will provide additional trend analysis to meet the three-year funding status requirements as the information becomes available.



## **SUPPLEMENTARY INFORMATION**

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**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, 2008**

	<b>Special Revenue Funds</b>	
	<b>Ditch</b>	<b>Solid Waste</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 69,222	\$ 419,711
Petty cash and change funds	-	150
Investments	-	-
Taxes receivable		
Prior	-	2,131
Special assessments receivable		
Prior	1,859	14,112
Accounts receivable	-	93,507
Due from other governments	4,452	2,213
<b>Total Assets</b>	<b>\$ 75,533</b>	<b>\$ 531,824</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,302	\$ 34,004
Salaries payable	-	13,012
Contracts payable	-	-
Due to other funds	-	337
Due to other governments	3,571	46,084
Deferred revenue - unavailable	1,859	21,361
Advances from other funds	-	15,000
<b>Total Liabilities</b>	<b>\$ 8,732</b>	<b>\$ 129,798</b>
<b>Fund Balances</b>		
Reserved for natural resource block grant	\$ -	\$ 118,850
Reserved for debt service	-	-
Reserved for encumbrances	-	-
Designated for		
Future expenditures	-	231,768
Compensated absences	-	51,408
Capital improvements	-	-
Undesignated	66,801	-
<b>Total Fund Balances</b>	<b>\$ 66,801</b>	<b>\$ 402,026</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 75,533</b>	<b>\$ 531,824</b>

**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>	
\$ 407,670	\$ 1,027,137	\$ -	\$ 8,225	\$ 1,931,965
-	-	-	-	150
-	-	94,900	-	94,900
6,952	-	-	1,274	10,357
-	-	-	-	15,971
-	-	-	-	93,507
-	-	-	-	6,665
<u>\$ 414,622</u>	<u>\$ 1,027,137</u>	<u>\$ 94,900</u>	<u>\$ 9,499</u>	<u>\$ 2,153,515</u>
\$ -	\$ 30,415	\$ -	\$ -	\$ 67,721
-	-	-	-	13,012
-	219,987	-	-	219,987
-	-	-	-	337
-	-	-	-	49,655
4,651	-	-	672	28,543
-	-	-	-	15,000
<u>\$ 4,651</u>	<u>\$ 250,402</u>	<u>\$ -</u>	<u>\$ 672</u>	<u>\$ 394,255</u>
\$ -	\$ -	\$ -	\$ -	\$ 118,850
219,750	-	94,900	8,827	323,477
-	450,424	-	-	450,424
-	-	-	-	231,768
-	-	-	-	51,408
-	326,311	-	-	326,311
190,221	-	-	-	257,022
<u>\$ 409,971</u>	<u>\$ 776,735</u>	<u>\$ 94,900</u>	<u>\$ 8,827</u>	<u>\$ 1,759,260</u>
<u>\$ 414,622</u>	<u>\$ 1,027,137</u>	<u>\$ 94,900</u>	<u>\$ 9,499</u>	<u>\$ 2,153,515</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Special Revenue Funds</b>	
	<b>Ditch</b>	<b>Solid Waste</b>
<b>Revenues</b>		
Taxes	\$ -	\$ 90,561
Special assessments	20,017	166,019
Licenses and permits	-	135,391
Intergovernmental	3,397	146,388
Charges for services	-	908,740
Investment earnings	-	11,706
Miscellaneous	5,000	8,860
<b>Total Revenues</b>	<b>\$ 28,414</b>	<b>\$ 1,467,665</b>
<b>Expenditures</b>		
<b>Current</b>		
Sanitation	\$ -	\$ 1,554,677
Conservation of natural resources	20,694	10,721
<b>Capital outlay</b>		
Conservation of natural resources	-	-
<b>Debt service</b>		
Principal	-	30,000
Interest	-	12,598
Bond issuance costs	-	-
Administrative - fiscal charges	-	-
<b>Total Expenditures</b>	<b>\$ 20,694</b>	<b>\$ 1,607,996</b>
<b>Excess of Revenues Over (Under)</b>		
<b>Expenditures</b>	<b>\$ 7,720</b>	<b>\$ (140,331)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ -	\$ -
Transfers out	-	-
Proceeds from sale of assets	-	34,448
Bonds issued	-	-
Discount on bonds issued	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 34,448</b>
<b>Net Change in Fund Balance</b>	<b>\$ 7,720</b>	<b>\$ (105,883)</b>
<b>Fund Balance - January 1</b>	<b>59,081</b>	<b>507,909</b>
<b>Fund Balance - December 31</b>	<b>\$ 66,801</b>	<b>\$ 402,026</b>

**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>	
\$ 189,525	\$ -	\$ -	\$ 53,206	\$ 333,292
-	-	-	-	186,036
-	-	-	-	135,391
35,995	-	-	10,118	195,898
-	-	-	-	908,740
-	1,954	1,476	-	15,136
-	-	-	-	13,860
<u>\$ 225,520</u>	<u>\$ 1,954</u>	<u>\$ 1,476</u>	<u>\$ 63,324</u>	<u>\$ 1,788,353</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,554,677
-	-	-	-	31,415
-	759,755	-	-	759,755
-	-	215,000	60,000	305,000
-	-	12,256	4,305	29,159
-	26,562	-	-	26,562
1,500	-	-	-	1,500
<u>\$ 1,500</u>	<u>\$ 786,317</u>	<u>\$ 227,256</u>	<u>\$ 64,305</u>	<u>\$ 2,708,068</u>
<u>\$ 224,020</u>	<u>\$ (784,363)</u>	<u>\$ (225,780)</u>	<u>\$ (981)</u>	<u>\$ (919,715)</u>
\$ -	\$ -	\$ 223,123	\$ -	\$ 223,123
(223,123)	-	-	-	(223,123)
-	-	-	-	34,448
-	1,570,000	-	-	1,570,000
-	(8,902)	-	-	(8,902)
<u>\$ (223,123)</u>	<u>\$ 1,561,098</u>	<u>\$ 223,123</u>	<u>\$ -</u>	<u>\$ 1,595,546</u>
\$ 897	\$ 776,735	\$ (2,657)	\$ (981)	\$ 675,831
<u>409,074</u>	<u>-</u>	<u>97,557</u>	<u>9,808</u>	<u>1,083,429</u>
<u>\$ 409,971</u>	<u>\$ 776,735</u>	<u>\$ 94,900</u>	<u>\$ 8,827</u>	<u>\$ 1,759,260</u>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 5**

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Special assessments	\$ 21,850	\$ 21,850	\$ 20,017	\$ (1,833)
Intergovernmental	-	-	3,397	3,397
Miscellaneous	-	-	5,000	5,000
<b>Total Revenues</b>	<b>\$ 21,850</b>	<b>\$ 21,850</b>	<b>\$ 28,414</b>	<b>\$ 6,564</b>
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources				
Other	31,770	31,770	20,694	11,076
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (9,920)</b>	<b>\$ (9,920)</b>	<b>\$ 7,720</b>	<b>\$ 17,640</b>
<b>Fund Balance - January 1</b>	<b>59,081</b>	<b>59,081</b>	<b>59,081</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 49,161</b>	<b>\$ 49,161</b>	<b>\$ 66,801</b>	<b>\$ 17,640</b>



**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 6**

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 98,408	\$ 98,408	\$ 90,561	\$ (7,847)
Special assessments	156,280	156,280	166,019	9,739
Licenses and permits	133,000	133,000	135,391	2,391
Intergovernmental	128,589	128,589	146,388	17,799
Charges for services	1,029,434	1,029,434	908,740	(120,694)
Investment earnings	19,500	19,500	11,706	(7,794)
Miscellaneous	2,400	2,400	8,860	6,460
<b>Total Revenues</b>	<b>\$ 1,567,611</b>	<b>\$ 1,567,611</b>	<b>\$ 1,467,665</b>	<b>\$ (99,946)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 1,016,016	\$ 1,016,016	\$ 1,012,024	\$ 3,992
Recycling	385,864	385,864	419,503	(33,639)
Hazardous waste	22,868	22,868	19,697	3,171
Wastewater treatment	106,445	106,445	103,453	2,992
<b>Total sanitation</b>	<b>\$ 1,531,193</b>	<b>\$ 1,531,193</b>	<b>\$ 1,554,677</b>	<b>\$ (23,484)</b>
<b>Conservation of natural resources</b>				
Water planning	-	-	10,721	(10,721)
<b>Debt service</b>				
Principal	60,000	60,000	30,000	30,000
Interest	13,453	13,453	12,598	855
<b>Total Expenditures</b>	<b>\$ 1,604,646</b>	<b>\$ 1,604,646</b>	<b>\$ 1,607,996</b>	<b>\$ (3,350)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (37,035)</b>	<b>\$ (37,035)</b>	<b>\$ (140,331)</b>	<b>\$ (103,296)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from the sale of assets	-	-	34,448	34,448
<b>Change in Fund Balance</b>	<b>\$ (37,035)</b>	<b>\$ (37,035)</b>	<b>\$ (105,883)</b>	<b>\$ (68,848)</b>
<b>Fund Balance - January 1</b>	<b>507,909</b>	<b>507,909</b>	<b>507,909</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 470,874</b>	<b>\$ 470,874</b>	<b>\$ 402,026</b>	<b>\$ (68,848)</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 7**

**BUDGETARY COMPARISON SCHEDULE  
BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 189,165	\$ 189,165	\$ 189,525	\$ 360
Intergovernmental	39,592	39,592	35,995	(3,597)
<b>Total Revenues</b>	<b>\$ 228,757</b>	<b>\$ 228,757</b>	<b>\$ 225,520</b>	<b>\$ (3,237)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 215,000	\$ 215,000	\$ -	\$ 215,000
Interest	12,257	12,257	-	12,257
Administrative - fiscal charges	1,500	1,500	1,500	-
<b>Total Expenditures</b>	<b>\$ 228,757</b>	<b>\$ 228,757</b>	<b>\$ 1,500</b>	<b>\$ 227,257</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ -	\$ 224,020	\$ 224,020
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(223,123)	(223,123)
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 897</b>	<b>\$ 897</b>
<b>Fund Balance - January 1</b>	<b>409,074</b>	<b>409,074</b>	<b>409,074</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 409,074</b>	<b>\$ 409,074</b>	<b>\$ 409,971</b>	<b>\$ 897</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 8**

**BUDGETARY COMPARISON SCHEDULE  
COURTHOUSE IMPROVEMENTS DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 53,174	\$ 53,174	\$ 53,206	\$ 32
Intergovernmental	11,131	11,131	10,118	(1,013)
<b>Total Revenues</b>	<b>\$ 64,305</b>	<b>\$ 64,305</b>	<b>\$ 63,324</b>	<b>\$ (981)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest	4,305	4,305	4,305	-
<b>Total Expenditures</b>	<b>\$ 64,305</b>	<b>\$ 64,305</b>	<b>\$ 64,305</b>	<b>\$ -</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ -	\$ (981)	\$ (981)
<b>Fund Balance - January 1</b>	<b>9,808</b>	<b>9,808</b>	<b>9,808</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,808</b>	<b>\$ 9,808</b>	<b>\$ 8,827</b>	<b>\$ (981)</b>

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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 townships, 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, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>EDA/HRA</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 24,374	\$ 3,875	\$ 7,448	\$ 20,801
<b><u>Liabilities</u></b>				
Accounts payable	\$ 24,374	\$ 3,875	\$ 7,448	\$ 20,801
 <b><u>SETTLEMENT</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 74,234	\$ 21,380,501	\$ 21,325,924	\$ 128,811
<b><u>Liabilities</u></b>				
Accounts payable	\$ 6,148	\$ 7,127	\$ 6,148	\$ 7,127
Due to other funds	-	8,537,183	8,537,183	-
Due to other governments	68,086	12,836,191	12,782,593	121,684
<b>Total Liabilities</b>	<b>\$ 74,234</b>	<b>\$ 21,380,501</b>	<b>\$ 21,325,924</b>	<b>\$ 128,811</b>
 <b><u>REVOLVING</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 83,515	\$ 2,553,879	\$ 2,553,686	\$ 83,708
<b><u>Liabilities</u></b>				
Due to other governments	\$ 83,515	\$ 2,553,879	\$ 2,553,686	\$ 83,708

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Statement 3**  
**(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>AGENCY CLUSTER</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>562</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>562</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>562</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>562</u>
<b><u>FAMILY SERVICES COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>261,593</u>	\$ <u>97,127</u>	\$ <u>157,485</u>	\$ <u>201,235</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>261,593</u>	\$ <u>97,127</u>	\$ <u>157,485</u>	\$ <u>201,235</u>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>444,278</u>	\$ <u>24,035,382</u>	\$ <u>24,044,543</u>	\$ <u>435,117</u>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 30,522	\$ 11,002	\$ 13,596	\$ 27,928
Due to other funds	-	8,537,183	8,537,183	-
Due to other governments	<u>413,756</u>	<u>15,487,197</u>	<u>15,493,764</u>	<u>407,189</u>
<b>Total Liabilities</b>	<b>\$ <u>444,278</u></b>	<b>\$ <u>24,035,382</u></b>	<b>\$ <u>24,044,543</u></b>	<b>\$ <u>435,117</u></b>

## **COMPONENT UNIT**

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Statement 4**

**STATEMENT OF NET ASSETS  
FOUR SEASONS ICE ARENA COMPONENT UNIT  
DECEMBER 31, 2008**

**Assets**

Cash and pooled investments	\$ 144,948
Accounts receivable	29,806
Due from other governments	11,412
Due from primary government	9,353
Capital assets	
Depreciable - net	<u>693,321</u>
<b>Total Assets</b>	<b><u>\$ 888,840</u></b>

**Liabilities**

Accounts payable	\$ 4,701
Salaries payable	4,053
Due to other governments	1,810
Long-term liabilities	
Due in more than one year	<u>184,955</u>
<b>Total Liabilities</b>	<b><u>\$ 195,519</u></b>

**Net Assets**

Invested in capital assets	<b><u><u>\$ 693,321</u></u></b>
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**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, 2008**

<b>Operating Revenues</b>	
Charges for services	\$ 212,973
Resale	5,892
Miscellaneous operating	<u>6,277</u>
<b>Total Operating Revenues</b>	<b><u>\$ 225,142</u></b>
<b>Operating Expenses</b>	
Personal services	\$ 151,148
Professional services	5,386
Other service and charges	41,971
Supplies	3,354
Utilities	43,581
Depreciation	<u>38,186</u>
<b>Total Operating Expenses</b>	<b><u>\$ 283,626</u></b>
<b>Operating Income (Loss)</b>	<b><u>\$ (58,484)</u></b>
<b>Nonoperating Revenues (Expenses)</b>	
Gifts and bequests	\$ 150
Local grants	<u>20,148</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>\$ 20,298</u></b>
<b>Change in Net Assets</b>	<b>\$ (38,186)</b>
<b>Net Assets - January 1</b>	<b><u>731,507</u></b>
<b>Net Assets - December 31</b>	<b><u><u>\$ 693,321</u></u></b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Statement 6**

**STATEMENT OF CASH FLOWS  
FOUR SEASONS ICE ARENA COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 219,790
Payments to suppliers	(97,769)
Payments to employees	<u>(146,553)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ (24,532)</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating subsidies from other governments	\$ 86,984
Restricted gifts and bequests	<u>150</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ 87,134</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b><u>\$ 62,602</u></b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>82,346</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 144,948</u></u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
<b>Operating income (loss)</b>	<b><u>\$ (58,484)</u></b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 38,186
(Increase) decrease in accounts receivable	(12,322)
(Increase) decrease in due from other governments	6,970
Increase (decrease) in accounts payable	(3,230)
Increase (decrease) in salaries payable	1,376
Increase (decrease) in compensated absences payable	1,782
Increase (decrease) in due to other governments	(247)
Increase (decrease) in net other postemployment benefits obligation	<u>1,437</u>
<b>Total adjustments</b>	<b><u>\$ 33,952</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u><u>\$ (24,532)</u></u></b>

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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, 2008**

	<u>Governmental Funds</u>	<u>Component Unit</u>
<b>Shared Revenue</b>		
<b>State</b>		
Highway users tax	\$ 2,928,636	\$ -
PERA rate reimbursement	30,670	-
Disparity reduction aid	164,506	-
Police aid	147,147	-
County program aid	690,073	-
Market value credit	722,334	-
Market value credit - agricultural	112	-
Disaster credit	2,698	-
Enhanced 911	92,944	-
<b>Total Shared Revenue</b>	<b>\$ 4,779,120</b>	<b>\$ -</b>
<b>Reimbursement for Services</b>		
<b>State</b>		
Minnesota Department of Human Services	<b>\$ 285,168</b>	<b>\$ -</b>
<b>Payments</b>		
<b>Local</b>		
Household hazardous waste	\$ 1,491	\$ -
Local contributions	4,647	-
Local grants	-	20,148
Payments in lieu of taxes	8,472	-
<b>Total Payments</b>	<b>\$ 14,610</b>	<b>\$ 20,148</b>
<b>Grants</b>		
<b>State</b>		
Minnesota Department/Board of		
Corrections	\$ 27,781	\$ -
Employment and Economic Development	57,246	-
Health	138,015	-
Human Services	905,538	-
Natural Resources	45,046	-
Public Safety	3,000	-
Transportation	390,462	-
Trial Courts	79,806	-
Veterans Affairs	7,921	-
Water and Soil Resources	81,851	-
Pollution Control Agency	55,000	-
Peace Officer Standards and Training Board	11,616	-
<b>Total State</b>	<b>\$ 1,803,282</b>	<b>\$ -</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 9  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b><u>Governmental Funds</u></b>	<b><u>Component Unit</u></b>
<b>Grants (Continued)</b>		
<b>Federal</b>		
Department of		
Agriculture	\$ 142,607	\$ -
Transportation	104,984	-
Health and Human Services	1,177,846	-
Homeland Security	8,528	-
Environmental Protection Agency	22,113	-
	<hr/>	<hr/>
<b>Total Federal</b>	<b><u>\$ 1,456,078</u></b>	<b><u>\$ -</u></b>
<b>Total State and Federal Grants</b>	<b><u>\$ 3,259,360</u></b>	<b><u>\$ -</u></b>
<b>Total Intergovernmental Revenue</b>	<b><u><u>\$ 8,338,258</u></u></b>	<b><u><u>\$ 20,148</u></u></b>



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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 10**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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. A significant deficiency relating to the audit of the major federal award programs is 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." It was not a material weakness.
- E. The Auditor's Report on Compliance for the major federal award programs for Dodge County expresses an unqualified opinion.
- F. A finding relative to a major federal award program for Dodge County was reported as required by Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Child Support Enforcement	CFDA #93.563
Child Care Cluster	
Child Care Development Block Grant	CFDA #93.575
Child Care Mandatory and Matching Funds of the	
Child Care and Development Fund	CFDA #93.596
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**

**06-1 Financial Statement Preparation**

Dodge County is required to have knowledgeable financial management staff and clearly documented procedures for executing accounting and financial reporting activities. The preparation of the financial statements is the responsibility of the County's management. Financial statement preparation in accordance with generally accepted accounting principles requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

The County had the Office of the State Auditor assist in the preparation of the draft financial statements and notes without the controls of clearly documented procedures for executing accounting and financial reporting activities. Significant changes within County financial management staff limited its ability to conduct the annual financial statement preparation process and contributed to lax procedures and controls for preparing and safeguarding financial data. Uniform policies and procedures for the financial statement preparation process are critical for ensuring that accounting personnel can produce complete, accurate, and consistent financial statements in a timely manner. In order for the Office of the State Auditor to assist in the preparation of the draft financial statements and notes, and maintain its independence, Dodge County must take responsibility for the statements and notes.

We recommend Dodge County make sure it has at least one employee that possesses the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes drafted by the auditor. Also the County should have clearly documented procedures for executing accounting and financial reporting activities.



Client's Response:

*The County will continue to develop a policy for Financial Statement Preparation. The County continues to provide training and mentoring for staff in draft financial statement preparation using the OSA package. The County has staff in place with adequate accounting knowledge to prepare the draft financial statements and notes. The County will provide adequate oversight to reduce the possibility of material misstatement. The County will continue to have the State Auditor's Office prepare the government-wide statements.*

06-2 Audit Adjustments

A control deficiency 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 misstatements of the financial statements on a timely basis. Statement on Auditing Standards 112 states that one control deficiency that shall be regarded as at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

Adjustments were made to the General Fund for the following:

- increased loans receivable by \$205,703 and increased deferred revenue by \$199,754 for flood loans,
- increased interest receivable by \$10,327 for interest on loans,
- increased deferred revenue by \$34,645 for unrecorded items,
- increased due from other governments by \$20,386 for unrecorded items, and
- increased payables by \$15,279 to adjust customer deposits.

Adjustments were made to the Road and Bridge Special Revenue Fund for the following:

- decreased inventories by \$36,766 for improperly recorded inventory,
- decreased contracts payable by \$59,001,

**Schedule 10**  
**(Continued)**

- increased due from other governments by \$675,739 and decreased deferred revenue by \$303,309 to adjust allotments, and
- decreased advances from other governments by \$39,258.

Adjustments were made to the Social Services Special Revenue Fund for the following:

- increased deferred revenue by \$475,727 for additional items,
- decreased accounts receivable by \$313,793, and
- decreased due from other governments by \$25,066.

Adjustments were made to the Solid Waste Special Revenue Fund for the following:

- increased deferred revenue by \$6,125.

Adjustments were made to the Four Seasons Component Unit for the following:

- increased due from primary government by \$719 and
- increased due from other governments by \$2,417.

Reclassification entries were also made within:

- General Fund revenues (\$385,674), fund balance (\$51,433), and expenditures (\$9,675);
- Road and Bridge Special Revenue Fund revenues (\$189,762), expenditures (\$234,029), and fund balance (\$456,222);
- Social Services Special Revenue Fund revenues (\$1,408,096);
- Solid Waste Special Revenue Fund revenues (\$18,046) and fund balance (\$84,785);
- fund balance of the Building Special Revenue Fund (\$190,061);
- Four Seasons Component Unit expenditures (\$1,273) and fund balance (\$1,338); and
- fund balance of the Cemetery Perpetual Care Private Purpose Trust (\$35,773).

Proposed audit adjustments are 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.

We recommend the County establish internal procedures to ensure the financial statements are correct.

Client's Response:

*The County is providing ongoing training and mentoring to financial staff in draft financial statement preparation and proper classification. Financial statements will be reviewed for accuracy by the finance director prior to submission to the auditor's office.*

06-4 Investment Oversight

In Dodge County, the Finance Director and Accounting Services Director are doing the exchanging, renewing, or purchasing of investments as well as having access to these investments. We noted there is no review of the investment transactions by anyone other than those making the investments.

We recommend someone other than those persons making the investment purchases, exchanges, and renewals, review the investments. The investments should be reviewed for both appropriateness and legality. Local certificates of deposit should also be stored in a place not accessible to those renewing, exchanging, or purchasing them.

Client's Response:

*Investments will be presented to the Board quarterly for review. Local CDs are kept in a safe deposit box at a local bank. Neither employee who can make investments has direct access to this safety deposit box. It is controlled by another department. No one in that department has authority to exchange, purchase, or renew a CD.*

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.

Cash and investments should be balanced between the Integrated Financial System (IFS), the County's cash book, and the cash and investments held by banks and brokers for the County on a monthly basis.

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.*

ITEMS ARISING THIS YEAR

08-1 Segregation of Duties - Disbursements

The Finance Director has the capability of performing all disbursement functions for the general disbursement area. 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.

We recommend that 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.

Client's Response:

*The Accounting Services Director reviews Auditor warrant registers. The Accounting Services Director does not have access to performing disbursements.*

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.*

**PREVIOUSLY REPORTED ITEMS RESOLVED**

**Controls over Disbursements and Receipts (06-3)**

During our review of the receipting and disbursing process, we noted concerns over internal controls.

**Resolution**

The client has implemented controls over disbursements and receipts.

**Payroll Encryption (07-1)**

As part of the payroll process, the payroll disk was brought to Citizens State Bank without having the floppy disk encrypted. The disk contains private data information taken off the payroll system that needs to be communicated to the bank for the direct deposit for the County employees.

**Resolution**

The County now encrypts all private data information taken off the payroll system that needs to be communicated to the bank for the direct deposit for County employees.

**Prior Period Adjustment (07-2)**

The January 1, 2007, fund balance of the Human Services Special Revenue Fund was restated to recognize deferred revenue not previously reported.

**Resolution**

The County did not have any prior period adjustments for 2008.

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

#### COMPLIANCE

##### PREVIOUSLY REPORTED ITEM NOT RESOLVED

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

While reviewing Child Care files, we found 24 of the 33 vouchers paid did not have the correct co-payment amount for the client.

The Social Services Department in Dodge County should follow and maintain the participant files with the required information in order to comply with program requirements. The financial workers should review all vouchers to make sure the correct rates were charged by each vendor and the participant pays the proper copayment.

##### Corrective Action Plan:

###### Name of Contact Person Responsible for Corrective Action:

*Jane M. Wilcox Hardwick, Director*

###### Corrective Action Planned and Anticipated Completion Date:

*Effective November 1, 2008, the State's automated payment system for the Child Care Assistance Program (MEC2) began making payment and co-payment calculations based on case data entered by the County into the system. (The internal corrective action steps help assure the integrity of the data entered into MEC2.) Maximum provider rates are automatically verified and set by the system.*

#### INTERNAL CONTROL

##### PREVIOUSLY REPORTED ITEM NOT RESOLVED

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

Again, 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 (DHS). We also noted three claims were not properly calculated by the financial worker.

We recommend the financial workers follow the DHS Schedule for Child Care rates and also verify all claims before disbursement is made.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*Jane M. Wilcox Hardwick, Director*

Corrective Action Planned and Anticipated Completion Date:

*Following the October 2008 identification of similar negative findings for 2007, Dodge County Human Services implemented a series of corrective actions, including worker self-review on all cases using forms DHS-5316 and DH-5312E. In addition, effective November 1, 2008, the State's automated payment system for the Child Care Assistance Program (MEC2) began making payment and co-payment calculations based on case data entered by the County into the system. (The internal corrective action steps help assure the integrity of the data entered into MEC2.) Maximum provider rates are automatically verified and set by the system.*

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

**A. MINNESOTA LEGAL COMPLIANCE**

**ITEM ARISING THIS YEAR**

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

While we were 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. The statutes require every person, or the person's agent claiming payment, put such claim in writing (which includes an electronic transaction record) by items. The County should ensure that each declaration for payment has been signed to the effect that such account, claim, or demand is just and correct and that no part of it has been paid. Pursuant to Minn. Stat. § 471.291, the declaration may be printed on the back of County checks, above the space for endorsement.

We recommend the County either add the declaration statement to the back of the check stock or put the declaration statement on each claim along with the signature of claimant.

Client's Response:

*The declaration statement is printed on the back of the County check stock.*

B. MANAGEMENT PRACTICES

ITEM ARISING THIS YEAR

08-4 Investment Policy

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 indentified in GASB Statement 40.

We recommend the County update its investment policy to address the risks listed in GASB Statement 40.

Client's Response:

*The County will update its investment policy to comply with GASB 40.*





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE 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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 19, 2010. Our report was modified to include 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 of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 06-1, 06-2, 06-4, 07-3, 08-1, and 08-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 06-2 to be a material weakness.

### 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 six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Dodge County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as item 08-3.

Also included in the Schedule of Findings and Questioned Costs is a management practices comment. We believe the recommendation and information to be of benefit to Dodge County and they are reported for that purpose.

Dodge County's written responses to the significant deficiencies, material weakness, and legal compliance finding identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements 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

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

January 19, 2010

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REBECCA OTTO  
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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, 2008. 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, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-4.

#### Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in Dodge County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-5 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Dodge County's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

## 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, 2008, and have issued our report thereon dated January 19, 2010. We did not audit the financial statements of the Dodge County Nursing Home, reported as the business-type activities and the enterprise fund of the County. Those financial statements were audited by other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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.

Dodge County's corrective action plans to the federal award findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's corrective action plans 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 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

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

January 19, 2010

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**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 11**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 70,757
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561	<u>71,850</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>\$ 142,607</u></b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	\$ 5,499
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	4,469
Passed Through Minnesota Department of Transportation State and Community Highway Safety	20.600	<u>95,016</u>
<b>Total U.S. Department of Transportation</b>		<b><u>\$ 104,984</u></b>
<b>U.S. Environmental Protection Agency</b>		
Southeast Water Resource Board Nonpoint Source Implementation Grants	66.460	\$ 14,763
Hiawatha Valley Resource Conservation and Development Area Nonpoint Source Implementation Grants	66.460	<u>7,350</u>
<b>Total U.S. Environmental Protection Agency</b>		<b><u>\$ 22,113</u></b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	\$ 35,592
Temporary Assistance for Needy Families (TANF)	93.558	9,870
Maternal and Child Health Services Block Grant	93.994	18,607

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**Schedule 11  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services (Continued)</b>		
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	45,541
Temporary Assistance for Needy Families (TANF)	93.558	93,166
Child Support Enforcement (Title IV-D)	93.563	319,901
Refugee and Entrant Assistance	93.566	180
Child Care Cluster		
Child Care and Development Block Grant	93.575	175,962
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	46,700
Foster Care Title IV-E	93.658	34,563
Social Services Block Grant (Title XX)	93.667	101,301
Chafee Foster Care Independence Program	93.674	691
Children's Health Insurance Program	93.767	209
Medical Assistance Program	93.778	273,003
Community Mental Health Services Block Grant	93.958	6,189
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 1,161,475</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	<b>\$ 8,528</b>
<b>Total Federal Awards</b>		<b>\$ 1,439,707</b>

**DODGE COUNTY  
MANTORVILLE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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1. 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. The accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

3. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 1,439,707
Temporary Assistance for Needy Families (TANF) grant deferred in 2008 (CFDA #93.558)	(4,511)
Child Support Enforcement grant deferred in 2008 (CFDA #93.563)	(10,098)
Medical Assistance Program grant deferred in 2008 (CFDA #93.778)	(4,049)
Promoting Safe and Stable Families grant deferred in 2007 (CFDA #93.556)	11,744
Foster Care Title IV-E grant deferred in 2007 (CFDA #93.658)	3,868
Temporary Assistance for Needy Families (TANF) grant deferred in 2007 (CFDA #93.558)	<u>19,417</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,456,078</u>

4. During 2008, Dodge County did not pass any federal money to subrecipients.
5. Pass-through grant numbers were not assigned by the pass-through agencies.