STATE OF MINNESOTA
Office of the State Auditor

Rebecca Otto
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2013

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, 2013

Audit Practice Division
Office of the State Auditor
State of Minnesota

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DODGE COUNTY
MANTORVILLE, MINNESOTA

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MANTORVILLE, MINNESOTA

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Introductory Section

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DODGE COUNTY
MANTORVILLE, MINNESOTA

ORGANIZATION
DECEMBER 31, 2013

			Term Expires
Elected			
Commissioners			
Board Member	John Allen	District 1	January 2016
Chair	Lyle Tjosaas	District 2	January 2014
Board Member	Rodney Peterson	District 3	January 2014
Board Member *	David Erickson	District 4	January 2016
Board Member	Steven Gray	District 5	January 2016
Attorney	Paul Kiltinen		January 2014
Judge of County Court	Jodi L. Williamson		January 2014
County Recorder	Sue Alberts		January 2014
Registrar of Titles	Sue Alberts		January 2014
County Sheriff	Jim Jensen		January 2014

**Became Chair after the death of Lyle Tjosaas*

Appointed		
Assessor	Ryan DeCook	Indefinite
County Administrator	Jim Elmquist	Indefinite
County Engineer	Guy Kohlnhofer	May 2014
Coroner	Mayo Clinic	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	Lisa Hanni, Goodhue County	Indefinite
Veteran Services Officer	Todd Nelson	June 2015
Weed Inspector	Ken Folie	Indefinite
Zoning Administrator	Melissa DeVetter	Indefinite

Lyle Tjossas passed away in 2013. There was a special election in February 2014 and Timothy Tjosaas was appointed District 2 Commissioner after that election.

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Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge County, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dodge County Nursing Home, which represent the amounts shown as the business-type activities and the major proprietary fund. Those statements were audited by other auditors whose report 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the 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, each major fund, and the aggregate remaining fund information of Dodge County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Changes in Accounting Principles

As discussed in Note 1 to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014, 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* in considering Dodge County's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 29, 2014

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
(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, 2013. 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 position is $75,048,299, of which $54,591,478 is net investment in capital assets, and $4,765,650 is restricted to specific purposes.

- Business-type activities have total net position of $344,554. Net investment in capital assets, represents $391,889 of the total, and $5,990 is restricted for donations.

- Dodge County's net position increased by $3,451,080 for the year ended December 31, 2013. Of the increase, $3,547,155 was in the governmental activities' net position. The business-type activities' net position decreased by $96,075.

- The net cost of governmental activities increased by $1,878,077 to $8,259,672 for the current fiscal year. The net cost was funded by general revenues and other items.

- Governmental funds' fund balances decreased by $1,257,112.

- During 2013, Dodge County issued no new debt. The government activities total bonded debt at the end of the year was $3,420,000.

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 Position 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 Position and the Statement of Activities

Our analysis of the County as a whole begins on Exhibits 1 and 2. The Statement of Net Position 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 position and changes in them. You can think of the County's net position--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 position 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 Position and the Statement of Activities, we divide the County into two kinds of activities:

- Governmental activities--Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, 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.

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 Position 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 Position and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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 position increased from $71,941,773 to $75,392,853. Looking at the net position and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	$ 24.3	$ 23.6	$ 0.4	$ 0.4	$ 24.7	$ 24.0
Capital assets	57.7	55.1	0.6	0.7	58.3	55.8
Total Assets	$ 82.0	$ 78.7	$ 1.0	$ 1.1	$ 83.0	$ 79.8
Liabilities						
Long-term debt outstanding	$ 5.3	$ 5.7	$ 0.4	$ 0.5	$ 5.7	$ 6.2
Other liabilities	1.6	1.5	0.3	0.2	1.9	1.7
Total Liabilities	$ 6.9	$ 7.2	$ 0.7	$ 0.7	$ 7.6	$ 7.9
Net position						
Net investment in capital assets	$ 54.6	$ 52.7	$ 0.4	$ 0.4	$ 55.0	$ 53.1
Restricted	4.8	3.7	-	-	4.8	3.7
Unrestricted	15.7	15.1	(0.1)	-	15.6	15.1
Total Net Position	$ 75.1	$ 71.5	$ 0.3	$ 0.4	$ 75.4	$ 71.9

Net position of the County's governmental activities increased by 5.0 percent ($75.1 million compared to $71.5 million). Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from $15.1 million at December 31, 2012, to $15.7 million at the end of 2013. The unrestricted net position of our business-type activities decreased to a deficit of $0.1 million at December 31, 2013.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total Primary Government 2013	Total Primary Government 2012
Revenues						
Program revenues						
Fees, fines, charges, and other	$ 3.6	$ 3.5	$ 4.0	$ 4.2	$ 7.6	$ 7.7
Operating grants and contributions	6.4	7.2	-	-	6.4	7.2
Capital grants and contributions	2.1	2.1	-	-	2.1	2.1
General revenues						
Property taxes	10.6	10.3	-	-	10.6	10.3
Unrestricted grants and contributions	0.9	1.1	-	-	0.9	1.1
Other general revenues	0.3	0.3	-	-	0.3	0.3
Total Revenues	$ 23.9	$ 24.5	$ 4.0	$ 4.2	$ 27.9	$ 28.7
Program expenses						
General government	$ 4.1	$ 4.0	$ -	$ -	$ 4.1	$ 4.0
Public safety	4.4	4.0	-	-	4.4	4.0
Highways and streets	4.3	4.1	-	-	4.3	4.1
Sanitation	1.7	1.6	-	-	1.7	1.6
Human services	4.5	4.1	-	-	4.5	4.1
Health	0.9	0.8	-	-	0.9	0.8
Culture and recreation	0.1	0.2	-	-	0.1	0.2
Conservation of natural resources	0.3	0.3	-	-	0.3	0.3
Interest	0.1	0.1	-	-	0.1	0.1
Nursing home	-	-	4.1	4.3	4.1	4.3
Total Program Expenses	$ 20.4	$ 19.2	$ 4.1	$ 4.3	$ 24.5	$ 23.5
Revenues Over (Under) Program Expenses	$ 3.5	$ 5.3	$ (0.1)	$ (0.1)	$ 3.4	$ 5.2

The County's total revenues decreased by about 2.8 percent or $0.8 million. The total cost of all programs and services increased by 4.3 percent or $1.0 million over the previous year. Expenses in Public Safety and Human Services increased significantly contributing to the overall increase in expenses.

Governmental Activities

Revenues for the County's governmental activities decreased by 2.3 percent, from $24,493,125 in 2012 to $23,922,024 in 2013, and total expenses increased by 6.4 percent, from $19,154,442 in 2012 to $20,374,869 in 2013.

The cost of all governmental activities this year was $20,374,869 compared to $19,154,442 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 $10,561,279, because some of the cost was paid by those who directly benefited from the programs ($3,634,717) or by other governments and organizations that subsidized certain programs with grants and contributions ($8,480,480). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased slightly in 2013 to $12,115,197 from $12,772,847 principally based on a decrease in grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with $11,806,827 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	
	2013	2012	2013	2012
Human services	$ 4.5	$ 4.1	$ 2.0	$ 1.9
Public safety	4.4	4.0	3.3	3.0
Highways and streets	4.3	4.1	(0.8)	(2.2)
General government	4.1	4.0	3.0	3.1
Sanitation	1.7	1.6	0.2	0.1
All others	1.4	1.4	0.5	0.5
Total Governmental Activities	$ 20.4	$ 19.2	$ 8.2	$ 6.4

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) showed a decrease of 3.2 percent ($4,024,122 in 2013 compared to $4,155,987 in 2012), and expenses decreased by 3.8 percent ($4,120,197 in 2013 compared to $4,281,281 in 2012). The most important factor driving these results was the reimbursement rate for Medicare and Medicaid patients combined with a drop in census to (90.4 percent) for 2013.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of $17,296,882, which is a decrease from last year's total of $18,553,994. Of the 2013 combined fund balance of $17,296,882, $420,523 is nonspendable, $2,355,187 is restricted to specific purposes, $542,627 is committed to specific uses, and $6,990,055 is assigned to specific purposes.

County Fund Budgetary Highlights

There were no amendments to the 2013 original County budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the County had $58,292,182 (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 $2,481,046 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	$ 1.9	$ 1.8	$ -	$ -	$ 1.9	$ 1.8
Construction in progress	3.0	-	-	-	3.0	-
Land improvements	0.4	0.3	-	-	0.4	0.3
Building and improvements	5.2	4.8	0.6	0.6	5.8	5.4
Machinery, vehicles, furniture, and equipment	2.3	2.0	-	0.1	2.3	2.1
Infrastructure	44.9	46.2	-	-	44.9	46.2
Total Capital Assets, Net	$ 57.7	$ 55.1	$ 0.6	$ 0.7	$ 58.3	$ 55.8

This year's major additions included:

- Addition of $3,016,858 in construction in progress.
- Addition of $583,653 for a building purchase.

Debt

At year-end, the County had $3.7 million in bonds outstanding, versus $4.2 million last year--a decrease of 13 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Bonds	$ 3.4	$ 3.9	$ 0.3	$ 0.3	$ 3.7	$ 4.2

The County's general obligation bond rating carries a AA/Stable bond rating from Standard and Poor's Agency as reported in 2014.

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 2014 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County decreased, moving from 5.3 percent in 2012 to 5.0 percent in 2013 for the annual average. This still compared favorably with the Minnesota rate of 5.1 percent and the U.S. rate of 7.4 percent.

- County General Fund expenditures for 2014 are budgeted to increase 6.14 percent over 2013.

- Dodge County's population grew by 6.9 percent from 2003 to 2013, compared to an increase of 6.5 percent in Minnesota as a whole.

- Postretirement 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 2.54 percent for 2014.

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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and pooled investments	$ 17,782,937	$ 74,857	$ 17,857,794
Petty cash and change funds	4,080	400	4,480
Investments	12,500	-	12,500
Investment in joint venture	1,261,609	-	1,261,609
Taxes receivable			
Prior	302,010	-	302,010
Special assessments receivable			
Prior	20,124	-	20,124
Accounts receivable - net	458,097	331,979	790,076
Accrued interest receivable	58,836	-	58,836
Internal balances	175,000	(175,000)	-
Loans receivable	272,253	-	272,253
Due from other governments	3,830,755	-	3,830,755
Inventories	99,128	-	99,128
Restricted assets			
Cash and pooled investments	-	107,428	107,428
Capital assets			
Non-depreciable	4,932,014	15,600	4,947,614
Depreciable - net of accumulated depreciation	52,718,279	626,289	53,344,568
Total Assets	**$ 81,927,622**	**$ 981,553**	**$ 82,909,175**
Liabilities			
Accounts payable	$ 340,940	$ 78,824	$ 419,764
Salaries payable	397,870	110,613	508,483
Contracts payable	287,742	-	287,742
Due to other governments	186,547	-	186,547
Accrued interest payable	42,141	-	42,141
Unearned revenue	131,381	-	131,381
Customer deposits	163,207	-	163,207
Interest payable from restricted assets	-	2,835	2,835
Trust and security deposits from restricted assets	-	1,602	1,602
Long-term liabilities			
Due within one year	652,124	69,708	721,832
Due in more than one year	4,677,371	373,417	5,050,788
Total Liabilities	**$ 6,879,323**	**$ 636,999**	**$ 7,516,322**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net Position			
Net investment in capital assets	$ 54,591,478	$ 391,889	$ 54,983,367
Restricted for			
Debt service	746,921	-	746,921
General government	469,989	-	469,989
Public safety	296,857	-	296,857
Highways and streets	2,827,614	-	2,827,614
Sanitation	44,307	-	44,307
Human services	230,798	-	230,798
Health	32,554	-	32,554
Economic development	36,548	-	36,548
Conservation of natural resources	80,062	-	80,062
Donations	-	5,990	5,990
Unrestricted	15,691,171	(53,325)	15,637,846
Total Net Position	**$ 75,048,299**	**$ 344,554**	**$ 75,392,853**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary government		
Governmental activities		
General government	$ 4,084,023	$ 675,707
Public safety	4,361,412	663,737
Highways and streets	4,263,237	187,482
Sanitation	1,746,803	1,553,077
Human services	4,504,238	196,874
Health	900,144	348,017
Culture and recreation	144,881	-
Conservation of natural resources	276,386	9,823
Interest	93,745	-
Total governmental activities	**$ 20,374,869**	**$ 3,634,717**
Business-type activities		
Nursing Home	4,120,197	4,025,021
Total Primary Government	**$ 24,495,066**	**$ 7,659,738**

General Revenues
Property taxes
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 position

Net Position - Beginning

Net Position - Ending

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

EXHIBIT 2

Program Revenues				Net (Expense) Revenue and Changes in Net Position					
				Primary Government					
Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities		Business-Type Activities		Total	
$	446,457	$	-	$	(2,961,859)	$	-	$	(2,961,859)
	364,620		-		(3,333,055)		-		(3,333,055)
	2,820,040		2,042,481		786,766		-		786,766
	600		-		(193,126)		-		(193,126)
	2,294,246		-		(2,013,118)		-		(2,013,118)
	347,625		-		(204,502)		-		(204,502)
	-		-		(144,881)		-		(144,881)
	164,411		-		(102,152)		-		(102,152)
	-		-		(93,745)		-		(93,745)
$	**6,437,999**	**$**	**2,042,481**	**$**	**(8,259,672)**	**$**	**-**	**$**	**(8,259,672)**
	(1,356)		-		-		(96,532)		(96,532)
$	**6,436,643**	**$**	**2,042,481**	**$**	**(8,259,672)**	**$**	**(96,532)**	**$**	**(8,356,204)**
				$	10,561,279	$	-	$	10,561,279
					20,807		-		20,807
					914,044		-		914,044
					76,720		457		77,177
					171,868		-		171,868
					62,109		-		62,109
				$	**11,806,827**	**$**	**457**	**$**	**11,807,284**
				$	**3,547,155**	**$**	**(96,075)**	**$**	**3,451,080**
					71,501,144		**440,629**		**71,941,773**
				$	**75,048,299**	**$**	**344,554**	**$**	**75,392,853**

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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, 2013

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Assets					
Cash and pooled investments	$ 8,579,112	$ 1,851,696	$ 5,073,033	$ 2,279,096	$ 17,782,937
Petty cash and change funds	3,330	-	600	150	4,080
Investments	-	12,500	-	-	12,500
Taxes receivable					
Prior	190,144	39,879	52,673	19,314	302,010
Special assessments					
Prior	-	-	-	20,124	20,124
Accounts receivable	27,187	-	324,961	105,949	458,097
Loans receivable	272,253	-	-	-	272,253
Accrued interest receivable	58,836	-	-	-	58,836
Due from other funds	5,542	855	-	-	6,397
Due from proprietary funds	175,000	-	-	-	175,000
Due from other governments	127,218	3,435,854	264,636	3,047	3,830,755
Inventories	-	99,128	-	-	99,128
Advances to other funds	-	-	60,840	-	60,840
Total Assets	**$ 9,438,622**	**$ 5,439,912**	**$ 5,776,743**	**$ 2,427,680**	**$ 23,082,957**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 91,287	$ 89,567	$ 112,577	$ 47,509	$ 340,940
Salaries payable	247,359	44,947	83,659	21,905	397,870
Contracts payable	-	287,742	-	-	287,742
Due to other funds	823	25	5,517	32	6,397
Due to other governments	87,575	7,883	38,688	52,401	186,547
Unearned revenue	62,553	-	-	68,828	131,381
Customer deposits	163,207	-	-	-	163,207
Advances from other funds	60,840	-	-	-	60,840
Total Liabilities	**$ 713,644**	**$ 430,164**	**$ 240,441**	**$ 190,675**	**$ 1,574,924**
Deferred Inflows of Resources					
Unavailable revenue	**$ 182,445**	**$ 3,447,337**	**$ 546,742**	**$ 34,627**	**$ 4,211,151**
Fund Balances					
Nonspendable					
Long-term loans/notes receivable	$ 260,555	$ -	$ -	$ -	$ 260,555
Advances to other funds	-	-	60,840	-	60,840
Inventories	-	99,128	-	-	99,128

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Fund Balances (Continued)					
Restricted for					
Law library	56,568	-	-	-	56,568
Recorder's technology equipment	181,442	-	-	-	181,442
Recorder's compliance fund	134,531	-	-	-	134,531
Enhanced 911	224,234	-	-	-	224,234
Conceal and carry	66,518	-	-	-	66,518
Sheriff DUI forfeiture	1,992	-	-	-	1,992
Attorney forfeiture	57,736	-	-	-	57,736
Sheriff DUI assessments	4,113	-	-	-	4,113
EDA loan receivable	36,548	-	-	-	36,548
2012 Clearwater legacy grant	9,713	-	-	-	9,713
UCARE grant	32,554	-	-	-	32,554
Conservation drainage biofilter grant	-	-	-	2,242	2,242
Capital project funds	-	-	-	417,151	417,151
Health	-	-	230,798	-	230,798
Natural resources block grant	-	-	-	42,065	42,065
Feedlot Performance	29,999	-	-	-	29,999
Debt service	-	-	-	746,921	746,921
Ditch maintenance and repairs	-	-	-	80,062	80,062
Committed to					
Wetlands R-O-W	-	12,500	-	-	12,500
Wind tower decommission	163,207	-	-	-	163,207
Drug court	3,922	-	-	-	3,922
Public recreation	13,250	-	-	-	13,250
Veteran service van	10,000	-	-	-	10,000
Sheriff lojack safety net	334	-	-	-	334
Sheriff impound fee	4,165	-	-	-	4,165
Change funds	3,330	-	600	150	4,080
Capital equipment	-	-	-	216,329	216,329
Landfill postclosure	-	-	-	114,840	114,840
Assigned to					
Subsequent year's appropriated budget	259,332	-	-	-	259,332
Road and bridge	-	1,450,783	-	-	1,450,783
Human services	-	-	4,697,322	-	4,697,322
Environmental quality	-	-	-	582,618	582,618
Unassigned	6,988,490	-	-	-	6,988,490
Total Fund Balances	**$ 8,542,533**	**$ 1,562,411**	**$ 4,989,560**	**$ 2,202,378**	**$ 17,296,882**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 9,438,622**	**$ 5,439,912**	**$ 5,776,743**	**$ 2,427,680**	**$ 23,082,957**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Fund balances - total governmental funds (Exhibit 3)		**$ 17,296,882**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		57,650,293
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.		1,261,609
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.		4,211,151
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	$ (3,420,000)	
Capital leases	(55,966)	
Net OPEB obligation	(1,151,671)	
Accrued interest payable	(42,141)	
Compensated absences	(701,858)	(5,371,636)
Net Position of Governmental Activities (Exhibit 1)		**$ 75,048,299**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Revenues					
Taxes	$ 6,658,588	$ 1,301,448	$ 1,830,401	$ 763,527	$ 10,553,964
Special assessments	-	-	-	188,708	188,708
Licenses and permits	45,782	8,525	-	23,850	78,157
Intergovernmental	1,757,604	3,454,512	2,251,560	224,981	7,688,657
Charges for services	1,540,013	105,463	-	1,312,542	2,958,018
Fines and forfeits	1,675	-	-	-	1,675
Gifts and contributions	4,513	-	-	-	4,513
Investment earnings	76,241	-	-	479	76,720
Miscellaneous	270,073	73,494	301,410	40,188	685,165
Total Revenues	**$ 10,354,489**	**$ 4,943,442**	**$ 4,383,371**	**$ 2,554,275**	**$ 22,235,577**
Expenditures					
Current					
General government	$ 3,701,223	$ -	$ -	$ -	$ 3,701,223
Public safety	4,427,836	-	-	-	4,427,836
Highways and streets	-	5,776,158	-	-	5,776,158
Sanitation	-	-	-	1,860,806	1,860,806
Human services	8,865	-	4,788,464	-	4,797,329
Health	900,394	-	-	-	900,394
Culture and recreation	144,881	-	-	-	144,881
Conservation of natural resources	212,440	-	-	63,640	276,080
Intergovernmental					
Highways and streets	-	218,442	-	-	218,442
Capital outlay					
General government	-	-	-	753,265	753,265
Debt service					
Principal	-	-	-	537,565	537,565
Interest	-	-	-	112,557	112,557
Administrative (fiscal) charges	-	-	-	1,000	1,000
Total Expenditures	**$ 9,395,639**	**$ 5,994,600**	**$ 4,788,464**	**$ 3,328,833**	**$ 23,507,536**
Excess of Revenues Over (Under) Expenditures	**$ 958,850**	**$ (1,051,158)**	**$ (405,093)**	**$ (774,558)**	**$ (1,271,959)**
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	12,579	-	-	21,400	33,979
Change in Fund Balance	**$ 971,429**	**$ (1,051,158)**	**$ (405,093)**	**$ (753,158)**	**$ (1,237,980)**
Fund Balance - January 1	**7,571,104**	**2,632,701**	**5,394,653**	**2,955,536**	**18,553,994**
Increase (decrease) in inventories	**-**	**(19,132)**	**-**	**-**	**(19,132)**
Fund Balance - December 31	**$ 8,542,533**	**$ 1,562,411**	**$ 4,989,560**	**$ 2,202,378**	**$ 17,296,882**

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

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, 2013

Net change in fund balances - total governmental funds (Exhibit 5)		**$ (1,237,980)**
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 position, an asset is reported for the equity interest in the joint venture, and increases or decreases in joint venture equity are reported in the statement of activities. The change in net position differs from the change in fund balance by the increases or decreases in the investment in joint venture.		
Increase in investment in joint venture		285,039
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Unavailable revenue - December 31	$ 4,211,151	
Unavailable revenue - January 1	(2,587,471)	1,623,680
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 position differs from the change in fund balance by the net book value of assets disposed.		
Expenditures for general capital assets and infrastructure	$ 4,605,927	
Net book value of disposed capital assets	(28,705)	
Current year depreciation	(2,057,328)	2,519,894
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.		
Principal repayments		
General obligation bonds	$ 530,000	
Capital lease	7,565	537,565
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	$ (218,060)	
Amortization of premiums on debt	41,975	
Deferred charges not previously expensed	(28,031)	
Change in accrued interest payable	5,868	
Change in inventories	(19,132)	
Change in compensated absences	36,337	(181,043)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 3,547,155**

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

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PROPRIETARY FUND

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 7

STATEMENT OF FUND NET POSITION
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2013

Assets		
Current assets		
Cash and pooled investments	$	74,857
Petty cash and change funds		400
Accounts receivable - net		331,979
Total current assets	**$**	**407,236**
Restricted assets		
Cash and pooled investments	**$**	**107,428**
Noncurrent assets		
Capital assets		
Nondepreciable	$	15,600
Depreciable - net		626,289
Total noncurrent assets	**$**	**641,889**
Total Assets	**$**	**1,156,553**
Liabilities		
Current liabilities		
Accounts payable	$	78,824
Salaries payable		110,613
Compensated absences payable - current		44,708
Due to other funds		175,000
Total current liabilities	**$**	**409,145**
Current liabilities payable from restricted assets		
Interest payable	$	2,835
Resident trust and security deposits		1,602
General obligation bonds payable - current		25,000
Total current liabilities payable from restricted assets	**$**	**29,437**
Noncurrent liabilities		
Compensated absences payable - long-term	$	148,417
General obligation bonds payable - long-term		225,000
Total noncurrent liabilities	**$**	**373,417**
Total Liabilities	**$**	**811,999**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 7
(Continued)

STATEMENT OF FUND NET POSITION
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2013

Net Position

Net investment in capital assets	$	391,889
Restricted for donations		5,990
Unrestricted		(53,325)
Total Net Position	**$**	**344,554**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

Operating Revenues		
Charges for services	$	4,021,769
Miscellaneous		3,252
Total Operating Revenues	**$**	**4,025,021**
Operating Expenses		
Employee benefits and payroll taxes	$	769,378
Nursing services		1,566,371
Administrative and fiscal services		332,137
Other care-related		134,396
Ancillary services		381,176
Repair and maintenance		175,598
Property and household		160,478
Laundry		86,523
Dietary		369,549
Housekeeping		98,882
Depreciation		38,848
Total Operating Expenses	**$**	**4,113,336**
Operating Income (Loss)	**$**	**(88,315)**
Nonoperating Revenues (Expenses)		
Interest income	$	457
Gifts and contributions		(1,356)
Interest expense		(6,861)
Total Nonoperating Revenues (Expenses)	**$**	**(7,760)**
Change in Net Position	**$**	**(96,075)**
Net Position - January 1		**440,629**
Net Position - December 31	**$**	**344,554**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities		
Receipts from customers and users	$	3,997,753
Payments to suppliers and employees		(4,101,974)
Net cash provided by (used in) operating activities	**$**	**(104,221)**
Cash Flows from Noncapital Financing Activities		
Advance from Dodge County	$	514,500
Return of advance		(339,500)
Contributions		(1,356)
Net cash provided by (used in) noncapital financing activities	**$**	**173,644**
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	$	(25,000)
Interest paid on long-term debt		(7,069)
Bond issue cost, discount, and premium		(362)
Net cash provided by (used in) capital and related financing activities	**$**	**(32,431)**
Cash Flows from Investing Activities		
Investment earnings received	**$**	**457**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**37,449**
Cash and Cash Equivalents at January 1		**145,236**
Cash and Cash Equivalents at December 31	**$**	**182,685**
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	$	74,857
Petty cash and change funds		400
Restricted cash and pooled investments		107,428
Total Cash and Cash Equivalents	**$**	**182,685**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9
(Continued)

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**(88,315)**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	38,848
(Increase) decrease in accounts receivable		(27,268)
Increase (decrease) in accounts payable		5,350
Increase (decrease) in salaries payable		(2,739)
Increase (decrease) in compensated absences payable		(30,097)
Total adjustments	**$**	**(15,906)**
Net Cash Provided by (Used in) Operating Activities	**$**	**(104,221)**

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

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FIDUCIARY FUNDS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Cemetery Perpetual Care Private-Purpose Trust		Agency	
Assets				
Cash and pooled investments	$	5,731	$	1,602,868
Restricted assets				
Cash and pooled investments		1,125		-
Investments		130,979		-
Interest receivable		15		-
Total Assets	**$**	**137,850**	**$**	**1,602,868**
Liabilities				
Accounts payable	$	4,918	$	102,037
Due to other governments		-		1,500,831
Total Liabilities	**$**	**4,918**	**$**	**1,602,868**
Net Position				
Held in trust for other organizations				
Nonexpendable	**$**	**132,932**		

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Cemetery Perpetual Care Private-Purpose Trust
Additions	
Investment earnings	
Interest	$ 4,903
Other	19
Net increase (decrease) in fair value of investments	4,164
Total Additions	**$ 9,086**
Deductions	
Distributions to participants	4,075
Change in net position	**$ 5,011**
Net Position - January 1	**127,921**
Net Position - December 31	**$ 132,932**

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

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, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Changes in Accounting Principles

During 2013, Dodge County adopted new accounting guidance by implementing the provisions of GASB Statement 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources and inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.10. for additional information regarding the County's deferred outflows/inflows of resources.

Restatements of December 31, 2012, net position or fund balance were not required as a result of adopting these changes in accounting principles.

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. 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.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, 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 position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct 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. The County does not allocate indirect expenses to functions within the financial statements.

1. Summary of Significant Accounting Policies

   B. Basic Financial Statements (Continued)

      2. Fund Financial Statements

         The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, 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 funds are aggregated and reported as nonmajor funds.

         The County reports the following major governmental funds:

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

            The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

            The Human Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as committed property tax revenues used 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:

            Capital projects funds account for financial resources committed for capital acquisition, construction, or improvement of capital facilities.

1. Summary of Significant Accounting Policies

   B. Basic Financial Statements

      2. Fund Financial Statements (Continued)

         Debt service funds are used to account for all financial resources restricted for the payment of principal, interest, and related costs of long-term bonded debt.

         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.

   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.

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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, Deferred Outflows/Inflows of Resources, and Net Position 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.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2013, 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 2013 were $76,241.

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.

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

Activities 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 nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables 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. The County uses the FIFO method for inventory withdrawals.

1. Summary of Significant Accounting Policies

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

5. Restricted Assets

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

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.

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 are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	20 - 40
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	3 - 20

1. Summary of Significant Accounting Policies

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

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.

8. Unearned Revenue

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

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

1. Summary of Significant Accounting Policies

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

      10. Deferred Outflow/Inflows of Resources

      In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. Currently, the County has no items that qualify for reporting in this category.

      In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

      11. Classification of Net Position

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

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

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

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

1. Summary of Significant Accounting Policies

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

12. Classifications of Fund Balances

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

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

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

Committed - amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

Assigned - amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board.

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

1. Summary of Significant Accounting Policies

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

12. Classifications of Fund Balances (Continued)

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

13. Minimum Fund Balance

Dodge County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund and other special revenue funds that are heavily reliant on property tax revenues to fund current operations. However, property tax revenues are not available for distribution until June. Therefore, the County Board has determined the need to maintain a minimum unassigned fund balance in the General Fund and an unrestricted fund balance in the remaining special revenue funds until the tax revenues are distributed. The County Board has determined this amount to be approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenses.

14. Use of Estimates

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

2. Stewardship, Compliance and Accountability

Excess of Expenditures Over Budget

The Solid Waste Special Revenue Fund expenditures of $2,007,442 exceeded the final budget of $1,751,611 by $255,831.

2. Stewardship, Compliance and Accountability

Excess of Expenditures Over Budget (Continued)

The Ditch Special Revenue Fund expenditures of $2,252 exceeded the final budget of $1,680 by $572.

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 position	
Governmental activities	
Cash and pooled investments	$ 17,782,937
Petty cash and change funds	4,080
Investments	12,500
Business-type activities	
Cash and pooled investments	74,857
Petty cash and change funds	400
Cash and pooled investments - restricted assets	107,428
Statement of fiduciary net position	
Cash and pooled investments	1,608,599
Investments	130,979
Cash and pooled investments - restricted assets	1,125
Total Cash and Investments	$ 19,722,905

		Carrying (Fair) Value
Deposits		$ 5,604,984
Petty cash		4,480
Investments		
Equity investments (stock) AT&T		130,979
Investment pools/mutual funds		
MAGIC Fund	$ 10,228,191	
Federated Treasury Cash Series Money Market	3,434	10,231,625
Negotiable certificates of deposit		3,750,837
Total Deposits and Investments		$ 19,722,905

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 and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution 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, 2013, the County does not have any deposits exposed to custodial credit risk.

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.

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 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.

Maturity Date	Interest Rate (%)	Amount
January 06, 2014	1.00	$ 100,850
January 15, 2015	0.55	247,000
March 5, 2015	0.60	99,959
April 30, 2015	0.95	100,266
May 28, 2014	2.50	40,000
June 3, 2014	0.70	247,000
October 7, 2015	0.75	246,000
October 13, 2015	0.65	114,867
October 20, 2016	1.10	242,000
November 7, 2014	0.70	246,000
November 9, 2015	1.00	242,000
November 28, 2014	0.63	246,000
November 28, 2014	1.00	245,000
December 1, 2014	0.60	247,000
December 1, 2014	0.75	246,000
December 2, 2014	0.55	248,000
December 4, 2014	0.60	247,000
December 4, 2014	0.65	246,000
December 12, 2014	0.35	99,895
Total Negotiable Certificates of Deposit		$ 3,750,837

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:

	Credit Rating	Rating Agency
MAGIC Fund	Not rated	-
Federated Treasury Cash Series Money Market	Not rated	-

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. Per the Dodge County investment policy, the County is aware of custodial credit risk and invests in such a way as to minimize exposure to custodial credit risk, as defined, by investing the highest percentage of its available cash in deposits or investments that fall within category 1 or 2 within GASB Statement 40. As of December 31, 2013, the County does not have any investments exposed to custodial credit risk.

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 states that the County will try to minimize the risk by investing with multiple issuers, but will concentrate funds with an issuer if it maximizes the interest return for the County. Investments that represent five percent or more of Dodge County's investments include only the MAGIC Fund at 72 percent.

2. Receivables

Receivables as of December 31, 2013, for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable, gross	$ 527,526	$ 336,152
Less: allowance for uncollectible	(69,429)	(4,173)
Net Accounts Receivable	$ 458,097	$ 331,979

Net receivables for governmental activities and business-type activities are collectible within the year.

Of the loans receivable, $124,084 were made with funding through the State of Minnesota to help qualified businesses directly and adversely affected by the 2007 and 2010 floods. Part of the loans may be written off if the business meets qualifications for a period of time, and part of the loans will be paid back by the businesses. The loans receivable balance includes $64,954 in flood loans not scheduled for collection in the subsequent year.

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in progress	$ -	$ 3,016,858	$ -	$ 3,016,858
Non-depreciable land improvements	19,284	-	-	19,284
Land	1,785,176	110,696	-	1,895,872
Total capital assets not depreciated	$ 1,804,460	$ 3,127,554	$ -	$ 4,932,014
Capital assets depreciated				
Land improvements	$ 468,190	$ 110,987	$ -	$ 579,177
Buildings	8,144,065	583,653	-	8,727,718
Machinery, furniture, and equipment	6,290,952	783,733	193,998	6,880,687
Infrastructure	62,738,252	-	-	62,738,252
Total capital assets depreciated	$ 77,641,459	$ 1,478,373	$ 193,998	$ 78,925,834
Less: accumulated depreciation for				
Land improvements	$ 150,263	$ 24,797	$ -	$ 175,060
Buildings	3,312,444	224,198	-	3,536,642
Machinery, furniture, and equipment	4,285,367	518,028	165,293	4,638,102
Infrastructure	16,567,446	1,290,305	-	17,857,751
Total accumulated depreciation	$ 24,315,520	$ 2,057,328	$ 165,293	$ 26,207,555
Total capital assets depreciated, net	$ 53,325,939	$ (578,955)	$ 28,705	$ 52,718,279
Governmental Activities Capital Assets, Net	$ 55,130,399	$ 2,548,599	$ 28,705	$ 57,650,293

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 15,600	$ -	$ -	$ 15,600
Capital assets depreciated				
Buildings	$ 1,545,323	$ -	$ -	$ 1,545,323
Improvements other than buildings	68,588	-	-	68,588
Machinery, furniture, and equipment	569,986	-	4,375	565,611
Total capital assets depreciated	$ 2,183,897	$ -	$ 4,375	$ 2,179,522
Less: accumulated depreciation for				
Buildings	$ 939,072	$ 28,708	$ -	$ 967,780
Improvements other than buildings	68,588	-	-	68,588
Machinery, furniture, and equipment	511,100	10,140	4,375	516,865
Total accumulated depreciation	$ 1,518,760	$ 38,848	$ 4,375	$ 1,553,233
Total capital assets depreciated, net	$ 665,137	$ (38,848)	$ -	$ 626,289
Business-Type Activities Capital Assets, Net	$ 680,737	$ (38,848)	$ -	$ 641,889

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

Governmental Activities	
General government	$ 265,491
Public safety	158,869
Highways and streets, including depreciation of infrastructure assets	1,474,390
Human services	5,001
Sanitation	153,577
Total Depreciation Expense - Governmental Activities	$ 2,057,328
Business-Type Activities	
Nursing home	$ 38,848

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Road and Bridge	$ 25
	Human Services	5,517
Total due to General Fund		$ 5,542
Road and Bridge	General	$ 823
	Solid Waste, Nonmajor	32
Total due to Road and Bridge Fund		$ 855
Total Due To/From Other Funds		$ 6,397

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.

Advances To/From Other Funds

The General Fund has made advances to the Nursing Home Enterprise Fund to assist with cash flows. The balance of the advances at December 31, 2013 is $175,000.

C. Liabilities

1. Capital Leases/Installment Purchases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2013:

3. Detailed Notes on All Funds

C. Liabilities

1. Capital Leases/Installment Purchases (Continued)

Lease	Maturity	Installment	Payment Amount	Original	Balance
Governmental Activities					
Loader	2014	Monthly	$ 995	$ 85,075	$ 55,966

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

Total minimum lease payments due in 2014	$ 57,895
Less: amount representing interest	(1,929)
Present Value of Minimum Lease Payments	$ 55,966

2. Bonded Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2013
General obligation bonds					
2008A CIP G.O. Bonds	2016	$190,000 - $250,000	3.00 - 4.20	$ 1,570,000	$ 725,000
2011A CIP G.O. Bonds	2021	$210,000 - $260,000	2.00 - 3.125	2,085,000	1,875,000
2011A Hwy Equipment Certificates	2021	$35,000 - $45,000	2.00 - 3.125	350,000	315,000
2011A Solid Waste Equipment	2021	$45,000 - $55,000	2.00 - 3.125	435,000	390,000
2011A Solid Waste Refunding Bonds	2020	$15,000 - $20,000	2.00 - 3.125	145,000	115,000
Total General Obligation Bonds				$ 4,585,000	$ 3,420,000

3. Detailed Notes on All Funds

C. Liabilities

2. Bonded Debt

Governmental Activities (Continued)

The 2008A CIP G.O. Bonds are paid from the Debt Service Fund. All 2011A bonds are paid from the Debt Service Fund and the Solid Waste Special Revenue Fund.

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2013
2011A G.O. Nursing Home Bonds	2021	$25,000 - $40,000	2.00 - 3.128	$ 275,000	$ 250,000

Payments on the 2011A G.O. Nursing Home Bonds are being made from the Nursing Home Enterprise Fund.

3. Debt Service Requirements

Debt service requirements at December 31, 2013, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds Principal	Interest
2014	$ 545,000	$ 94,440
2015	555,000	78,531
2016	575,000	60,875
2017	335,000	46,956
2018	340,000	37,675
2019 - 2021	1,070,000	50,250
Total	$ 3,420,000	$ 368,727

3. Detailed Notes on All Funds

C. Liabilities

3. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	General Obligation Bonds Principal	Interest
2014	$ 25,000	$ 6,569
2015	30,000	5,981
2016	30,000	5,269
2017	30,000	4,481
2018	30,000	3,656
2019 - 2021	105,000	5,216
Total	$ 250,000	$ 31,172

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 3,950,000	$ -	$ 530,000	$ 3,420,000	$ 545,000
Plus: deferred amounts for premiums	41,975	-	41,975	-	-
Total bonds payable	$ 3,991,975	-	$ 571,975	$ 3,420,000	$ 545,000
Capital leases	63,531	-	7,565	55,966	55,966
Net OPEB obligation	933,611	218,060	-	1,151,671	-
Compensated absences	738,195	747,317	783,654	701,858	51,158
Governmental Activities Long-Term Liabilities	$ 5,727,312	$ 965,377	$ 1,363,194	$ 5,329,495	$ 652,124

3. Detailed Notes on All Funds

C. Liabilities

4. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
2011A G.O. Nursing Home Bonds	275,000	-	25,000	250,000	25,000
Plus: deferred amounts for premium	4,035	-	4,035	-	-
Total bonds payable	$ 279,035	$ -	$ 29,035	$ 250,000	$ 25,000
Compensated absences	223,222	236,390	266,487	193,125	44,708
Business-Type Activities Long-Term Liabilities	$ 502,257	$ 236,390	$ 295,522	$ 443,125	$ 69,708

D. Deferred Outflows/Inflows of Resources

1. Deferred Outflows

There were no deferred outflows of resources for the year ended December 31, 2013 for governmental activities or business-type activities.

2. Deferred Inflows

As of December 31, 2013, there were various components of unavailable revenue for governmental funds as follows:

Delinquent property taxes	$ 234,452
Special assessment property taxes	20,124
Intergovernmental	3,956,575
Total Unavailable Revenue	$ 4,211,151

There were no deferred inflows of resources for the year ended December 31, 2013, for business-type activities.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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. 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 General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. 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 remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for 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 General 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 General Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

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. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2013:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	2013	2012	2011
General Employees Retirement Fund	$ 589,957	$ 582,374	$ 567,156
Public Employees Police and Fire Fund	196,542	195,343	186,097

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

Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and

4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

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, 2013, were:

	Employee	Employer
Contribution amount	$ 1,816	$ 1,816
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

C. Other Postemployment Benefits (OPEB)

The County 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 40 retirees on this plan in 2011. 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 and 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, 2013, there were two retirees receiving health benefits from the County's health plan. As of year-end, the County has one participant on the County's active employee insurance plan.

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 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 accrued liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	$ 346,751
Interest on net OPEB obligations	42,012
Adjustment to ARC	(57,738)
Annual OPEB cost	$ 331,025
Contribution during the year	(112,965)
Increase in net OPEB obligation	$ 218,060
Net OPEB - Beginning of Year	933,611
Net OPEB - End of Year	$ 1,151,671

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 years ended December 31, 2011, 2012, and 2013, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2011	$ 366,822	$ 166,349	45.35%	$ 674,562
December 31, 2012	345,254	86,205	22.86	933,611
December 31, 2013	331,025	112,965	34.13	1,151,671

Funded Status

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

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, 2012	-	$ 3,050,912	$ 3,050,912	0.0%	$ 7,957,336	38.30%

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.

4. Employee Retirement Systems and Pension Plans

   C. Other Postemployment Benefits (OPEB) (Continued)

      Actuarial Methods and Assumptions

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

      In the January 1, 2012, actuarial valuation, the Projected Unit Credit Actuarial Method was used. The actuarial assumptions included a 4.5 percent discount rate (net of expenses) and an annual health care cost rate of 8.0 initially, reduced incrementally to an ultimate rate of 5.0 percent in 2019. The initial unfunded actuarial accrued liability is being amortized as a level dollar amount over an open 30-year period beginning in 2012.

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 Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County participates in a service cooperative pool for health and dental insurance. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year.

      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 $470,000 per claim in 2013 and $480,000 in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

5. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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

B. Contingent Liabilities

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

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

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

In 2006, the Dodge County Mechanical and Agricultural Society entered into a loan agreement with Kasson State Bank for $150,000. The County co-signed this loan as guarantors for the life of the loan. This loan was refinanced in 2011 for $147,812 to extend to 2016. The terms of the refinanced loan is level annual payments of $11,378 from 2012 to 2015 with a final balloon payment of $133,421 in 2016. The County remains the guarantor for the loan. The principal outstanding as of December 31, 2013, is $138,158.

C. Subsequent Events

Beginning January 1, 2015, the Dodge County's Human Services Department will combine with staff from Steele County and Waseca County to form a new entity called Minnesota Prairie County Alliance. This is a service delivery authority with a governing board of two Commissioners from each county. It will be responsible for its own

5. Summary of Significant Contingencies and Other Items

   C. Subsequent Events (Continued)

budgeting and operations, but does not have independent levy authority. The Minnesota Prairie County Alliance is contracting with Steele County to provide IT support and employee relations, and with Dodge County to be the fiscal host and provide payroll services.

Throughout the year Dodge County provides short-term advances to the County nursing home to assist with cash flow. These funds are repaid as possible throughout the year and any amounts that remain outstanding at the close of the year are appropriated and expensed by the County. At the close of 2013, $175,000 was remaining and was subsequently appropriated by the County Board in 2014.

   D. 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.

Control is vested in a Joint Powers Board, comprised of two representatives of each County Board of Commissioners. During the year, Dodge County paid $27,000 for contracted services.

Financial statements are available at South Central Human Relations Center, Inc., 610 Florence Avenue, Owatonna, Minnesota 55060.

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.

5. Summary of Significant Contingencies and Other Items

D. 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 2013, 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. As of December 31, 2010, Cass, Freeborn, and Crow Wing Counties withdrew from the Joint Powers. 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.

5. Summary of Significant Contingencies and Other Items

D. 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, 2013, was $1,261,609. The equity interest is reported as an investment in joint venture on the government-wide statement of net position. 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 Brian V. Hicks, SCHA Chief Fiscal Officer, at 2300 Park Drive, Suite 100, Owatonna, Minnesota 55060.

Southeastern Minnesota Multi-County HRA

Wabasha and Goodhue Counties formed the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (HRA) for the purposes of providing housing and redevelopment services to Southeastern Minnesota counties pursuant to Minn. Stat. § 471.59. Winona and Dodge Counties later joined the HRA. The governing body consists of an eight-member Board of Commissioners. Two Commissioners were appointed by each of the County Boards. The HRA adopts its own budget.

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 2013.

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

Minnesota Counties Information System (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

5. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Minnesota Counties Information System (MCIS) (Continued)

MCIS is governed by a 13-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved.

Separate financial information can be obtained from Minnesota Counties Information System, 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.

Southeast Minnesota Emergency Communications Board

The Southeast Minnesota Emergency Communications Board was established April 16, 2008, as provided by Minn. Stat. §§ 403.39 and 471.59. This joint powers between Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties and the City of Rochester serves to provide regional administration of enhancement to the Allied Radio Matrix for Emergency Response (ARMER) system owned and operated by the State of Minnesota and enhance and improve interoperable public safety communications.

Control of the Southeast Minnesota Emergency Communications Board is vested in a Joint Powers Board that is composed of one County Commissioner from each of the participating counties and one City Council member from each participating city.

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, the County paid $1,000 to the Emergency Communications Board.

Southeast Minnesota Narcotics Task Force

The Southeast Minnesota Narcotics Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona Counties along with the Cities of Winona, Red Wing, Kasson, and Austin. The Task Force's mission is to disrupt and destroy illegal narcotic operations in Southeastern Minnesota and provide drug investigation services for member organizations.

5. Summary of Significant Contingencies and Other Items

   D. Joint Ventures

   Southeast Minnesota Narcotics Task Force (Continued)

   The task force is governed by a governing board with members consisting of the Chief Law Enforcement Officer from each member, or his or her designee and an attorney appointed by the governing board.

   During the year, the County paid $6,000 to the Task Force.

   Separate financial information can be obtained from Southeast Minnesota Narcotics and Gang Task Force, 101 - 4th Street S.E., Rochester, Minnesota 55904.

   E. 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 (MCCC) was established under the Minnesota Joint Powers Law, Minn. Stat. § 471.59. Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, the County expended $107,673 to the MCCC.

   The Minnesota Workforce Development (MWD) provides various job training services for member organizations. Dodge County provided $75,063 to this organization in 2013.

   The Southeast Minnesota Emergency Medical Services (SEEMS) Joint Powers Board consists of Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties. The purpose of SEEMS is to ensure quality patient care is available throughout the eleven-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each member county appoints one member for the Joint Powers Board. During the year, the County did not contribute to SEEMS.

5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

The Southeast Minnesota Water Resource Board was formed by Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties. The purpose of this joint powers board is to receive and expend state and nonprofit grants and other related funds for the purpose of comprehensive water management planning. The governing body consists of 18 members. Two Commissioners were appointed from each of the participating County Boards, except for Mower and Wabasha Counties who each appoint one member. Olmsted County acts as the fiscal agent. During the year, the County paid $4,020 to the Water Resource Board.

Complete financial statements for the Water Resource Board can be obtained at P. O. Box 5838, Winona, Minnesota 55987.

The Southeastern Minnesota Library (SELCO) provides regional library services to counties and cities in southeastern Minnesota. During the year, the County contributed $118,381 to SELCO.

The Southeastern Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. SEMCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, the County made payments of $8,865 to SEMCAC.

The Southeast Services Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of $250 to the Cooperative.

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the SEMIC during 2013.

The Southeast Minnesota Recyclers' Exchange (SEMREX) is a joint powers board made up of the City of Red Wing and Blue Earth, Dodge, Freeborn, Mower, Olmsted, Rice, Steele, and Waseca Counties. It is organized to promote regional waste reduction activities through recycling, cooperative marketing ventures,

5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

market development strategies, materials exchange efforts, public education, and other projects to protect the environment of southeast Minnesota. During the year, the County made payments of $900 to SEMREX.

The Region One - Southeast Minnesota Security Emergency Management Organization (SERHSEM) was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the SERHSEM region. There are 16 counties participating, with one member from each entity being represented on the Joint Powers Board. Dodge County's responsibility does not extend beyond making this appointment.

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, the County made no payments to the joint powers.

Dodge County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Dodge County has no operational or financial control over the STS program. Dodge County does not budget for this program.

The Zumbro Watershed Partnership is governed by a 25 member Board of Directors who work to address both rural and urban water quality issues to find the best solutions for all the residents of the watershed. 12 are elected officials, including a county commissioner and Soil and Water Conservation District Supervisor from each of the six counties of the watershed. Thirteen are citizen members who are elected each year at the annual meeting. The six counties included in the Partnership are Dodge, Goodhue, Olmsted, Rice, Steele, and Wabasha Counties. The County did not contribute to the Partnership during 2013.

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REQUIRED SUPPLEMENTARY INFORMATION

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 6,756,043	$ 6,756,043	$ 6,658,588	$ (97,455)
Licenses and permits	18,355	18,355	45,782	27,427
Intergovernmental	1,129,227	1,129,227	1,757,604	628,377
Charges for services	1,732,204	1,732,204	1,540,013	(192,191)
Fines and forfeits	-	-	1,675	1,675
Gifts and contributions	-	-	4,513	4,513
Investment earnings	50,000	50,000	76,241	26,241
Miscellaneous	205,550	205,550	270,073	64,523
Total Revenues	**$ 9,891,379**	**$ 9,891,379**	**$ 10,354,489**	**$ 463,110**
Expenditures				
Current				
General government				
Commissioners	$ 229,324	$ 229,324	$ 265,207	$ (35,883)
Courts	103,214	103,214	100,348	2,866
County assessor	358,404	358,404	351,303	7,101
Elections	9,878	9,878	10,709	(831)
Finance	528,027	528,027	538,543	(10,516)
Central services	112,280	112,280	88,169	24,111
Personnel	146,036	146,036	131,266	14,770
Information services	351,790	351,790	211,591	140,199
Attorney	338,161	338,161	351,948	(13,787)
Law library	17,000	17,000	1,312	15,688
Recorder	427,715	427,715	232,460	195,255
Surveyor	94,450	94,450	64,293	30,157
Planning and zoning	282,690	282,690	231,465	51,225
Buildings and plant	529,290	529,290	333,773	195,517
Veterans service officer	57,668	57,668	64,809	(7,141)
County administrator	199,489	199,489	200,471	(982)
Other general government	335,500	335,500	523,556	(188,056)
Total general government	**$ 4,120,916**	**$ 4,120,916**	**$ 3,701,223**	**$ 419,693**
Public safety				
Sheriff	$ 4,004,138	$ 4,004,138	$ 3,647,855	$ 356,283
Coroner	50,000	50,000	33,397	16,603
E-911 system	93,000	93,000	63,725	29,275
Community corrections	403,677	403,677	402,971	706
Drug court	158,674	158,674	157,943	731
DARE program	-	-	4,891	(4,891)
Emergency management	107,227	107,227	96,919	10,308
Other public safety	-	-	20,135	(20,135)
Total public safety	**$ 4,816,716**	**$ 4,816,716**	**$ 4,427,836**	**$ 388,880**

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

EXHIBIT A-1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Human services				
Other	**$ 3,658**	**$ 3,658**	**$ 8,865**	**$ (5,207)**
Health				
Nursing services	$ 877,693	$ 877,693	$ 815,191	$ 62,502
WIC	99,728	99,728	85,203	14,525
Total health	**$ 977,421**	**$ 977,421**	**$ 900,394**	**$ 77,027**
Culture and recreation				
Historical society	$ 5,500	$ 5,500	$ 5,500	$ -
Senior citizens	1,620	1,620	13,987	(12,367)
County/regional library	118,381	118,381	118,381	-
Ice arena	14,000	14,000	6,663	7,337
Other culture and recreation	350	350	350	-
Total culture and recreation	**$ 139,851**	**$ 139,851**	**$ 144,881**	**$ (5,030)**
Conservation of natural resources				
County extension	$ 118,017	$ 118,017	$ 112,440	$ 5,577
Soil and water conservation	100,000	100,000	100,000	-
Agriculture society/County fair	1,000	1,000	-	1,000
Total conservation of natural resources	**$ 219,017**	**$ 219,017**	**$ 212,440**	**$ 6,577**
Total Expenditures	**$ 10,277,579**	**$ 10,277,579**	**$ 9,395,639**	**$ 881,940**
Excess of Revenues Over (Under) Expenditures	**$ (386,200)**	**$ (386,200)**	**$ 958,850**	**$ 1,345,050**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	8,500	8,500	12,579	4,079
Change in Fund Balance	**$ (377,700)**	**$ (377,700)**	**$ 971,429**	**$ 1,349,129**
Fund Balance - January 1	**7,571,104**	**7,571,104**	**7,571,104**	**-**
Fund Balance - December 31	**$ 7,193,404**	**$ 7,193,404**	**$ 8,542,533**	**$ 1,349,129**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,244,207	$ 1,244,207	$ 1,301,448	$ 57,241
Licenses and permits	4,769	4,769	8,525	3,756
Intergovernmental	4,685,335	4,685,335	3,454,512	(1,230,823)
Charges for services	261,216	261,216	105,463	(155,753)
Miscellaneous	485,000	485,000	73,494	(411,506)
Total Revenues	**$ 6,680,527**	**$ 6,680,527**	**$ 4,943,442**	**$ (1,737,085)**
Expenditures				
Current				
Highways and streets				
Administration	$ 490,678	$ 490,678	$ 488,986	$ 1,692
Maintenance	1,619,593	1,619,593	1,524,033	95,560
Construction	3,410,984	3,410,984	2,751,494	659,490
Equipment maintenance and shop	939,272	939,272	1,010,473	(71,201)
Other	-	-	1,172	(1,172)
Total highways and streets	**$ 6,460,527**	**$ 6,460,527**	**$ 5,776,158**	**$ 684,369**
Intergovernmental				
Highways and streets	220,000	220,000	218,442	1,558
Total Expenditures	**$ 6,680,527**	**$ 6,680,527**	**$ 5,994,600**	**$ 685,927**
Change in Fund Balance	**$ -**	**$ -**	**$ (1,051,158)**	**$ (1,051,158)**
Fund Balance - January 1	**2,632,701**	**2,632,701**	**2,632,701**	**-**
Increase (decrease) in inventories	**-**	**-**	**(19,132)**	**(19,132)**
Fund Balance - December 31	**$ 2,632,701**	**$ 2,632,701**	**$ 1,562,411**	**$ (1,070,290)**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-3

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 1,825,472	$ 1,825,472	$ 1,830,401	$ 4,929
Intergovernmental	2,123,535	2,123,535	2,251,560	128,025
Miscellaneous	300,000	300,000	301,410	1,410
Total Revenues	**$ 4,249,007**	**$ 4,249,007**	**$ 4,383,371**	**$ 134,364**
Expenditures				
Current				
Human services				
Income maintenance	$ 1,771,709	$ 1,771,709	$ 1,917,354	$ (145,645)
Social services	3,190,644	3,190,644	2,871,110	319,534
Total Expenditures	**$ 4,962,353**	**$ 4,962,353**	**$ 4,788,464**	**$ 173,889**
Excess of Revenues Over (Under) Expenditures	**$ (713,346)**	**$ (713,346)**	**$ (405,093)**	**$ 308,253**
Other Financing Sources (Uses)				
Transfers in	20,820	20,820	-	(20,820)
Change in Fund Balance	**$ (692,526)**	**$ (692,526)**	**$ (405,093)**	**$ 287,433**
Fund Balance - January 1	**5,394,653**	**5,394,653**	**5,394,653**	**-**
Fund Balance - December 31	**$ 4,702,127**	**$ 4,702,127**	**$ 4,989,560**	**$ 287,433**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-4

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2013

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%
January 1, 2010	-	3,866,838	3,866,838	0.0	7,207,144	53.65
January 1, 2012	-	3,050,912	3,050,912	0.0	7,957,336	38.30

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

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 Administrator so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

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

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

2. Other Postemployment Benefits

   See Note 4.C. to the financial statements for more information on the County's other postemployment benefits.

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SUPPLEMENTARY INFORMATION

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DODGE COUNTY
MANTORVILLE, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

DEBT SERVICE FUNDS

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Revenue Funds		Capital Improvement Plan Capital	Courthouse Improvements Debt Service	Total Nonmajor Governmental Funds
	Ditch	**Solid Waste**	**Projects Fund**	**Fund**	**(Exhibit 3)**
Assets					
Cash and pooled investments	$ 79,776	$ 1,001,582	$ 454,410	$ 743,328	$ 2,279,096
Petty cash and change funds	-	150	-	-	150
Taxes receivable					
Prior	-	5,389	-	13,925	19,314
Special assessments receivable					
Prior	52	20,072	-	-	20,124
Accounts receivable	-	105,949	-	-	105,949
Due from other governments	922	2,125	-	-	3,047
Total Assets	**$ 80,750**	**$ 1,135,267**	**$ 454,410**	**$ 757,253**	**$ 2,427,680**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 10,250	$ 37,259	$ -	$ 47,509
Salaries payable	-	21,905	-	-	21,905
Due to other funds	-	32	-	-	32
Due to other governments	636	51,765	-	-	52,401
Unearned revenue	-	68,828	-	-	68,828
Total Liabilities	**$ 636**	**$ 152,780**	**$ 37,259**	**$ -**	**$ 190,675**
Deferred Inflows of Resources					
Unavailable revenue	**$ 52**	**$ 24,243**	**$ -**	**$ 10,332**	**$ 34,627**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1
(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Special Revenue Funds		Capital Improvement Plan Capital Projects Fund	Courthouse Improvements Debt Service Fund	Total Nonmajor Governmental Funds (Exhibit 3)
	Ditch	Solid Waste			
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)					
Fund Balances					
Restricted for					
Capital projects	$ -	$ -	$ 417,151	$ -	$ 417,151
Natural resources block grant	-	42,065	-	-	42,065
Conservation drainage biofilter grant	-	2,242	-	-	2,242
Debt service	-	-	-	746,921	746,921
Ditch maintenance and repairs	80,062	-	-	-	80,062
Committed to					
Capital equipment	-	216,329	-	-	216,329
Change funds	-	150	-	-	150
Landfill post closure	-	114,840	-	-	114,840
Assigned to					
Environmental quality	-	582,618	-	-	582,618
Total Fund Balances	**$ 80,062**	**$ 958,244**	**$ 417,151**	**$ 746,921**	**$ 2,202,378**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 80,750**	**$ 1,135,267**	**$ 454,410**	**$ 757,253**	**$ 2,427,680**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds		Capital Improvement Plan Capital Projects Fund	Courthouse Improvements Debt Service Fund	Total Nonmajor Governmental Funds (Exhibit 5)
	Ditch	Solid Waste			
Revenues					
Taxes	$ -	$ 192,934	$ -	$ 570,593	$ 763,527
Special assessments	2,065	186,643	-	-	188,708
Licenses and permits	-	23,850	-	-	23,850
Intergovernmental	468	176,163	-	48,350	224,981
Charges for services	-	1,312,542	-	-	1,312,542
Investment earnings	-	283	-	196	479
Miscellaneous	5,000	35,188	-	-	40,188
Total Revenues	**$ 7,533**	**$ 1,927,603**	**$ -**	**$ 619,139**	**$ 2,554,275**
Expenditures					
Current					
Sanitation	$ -	$ 1,860,806	$ -	$ -	$ 1,860,806
Conservation of natural resources	2,252	61,388	-	-	63,640
Capital outlay					
General government	-	-	753,265	-	753,265
Debt service					
Principal	-	67,565	-	470,000	537,565
Interest	-	17,683	-	94,874	112,557
Administrative - fiscal charges	-	-	-	1,000	1,000
Total Expenditures	**$ 2,252**	**$ 2,007,442**	**$ 753,265**	**$ 565,874**	**$ 3,328,833**
Excess of Revenues Over (Under) Expenditures	**$ 5,281**	**$ (79,839)**	**$ (753,265)**	**$ 53,265**	**$ (774,558)**
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	21,400	-	-	21,400
Net Change in Fund Balance	**$ 5,281**	**$ (58,439)**	**$ (753,265)**	**$ 53,265**	**$ (753,158)**
Fund Balance - January 1	**74,781**	**1,016,683**	**1,170,416**	**693,656**	**2,955,536**
Fund Balance - December 31	**$ 80,062**	**$ 958,244**	**$ 417,151**	**$ 746,921**	**$ 2,202,378**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 2,000	$ 2,000	$ 2,065	$ 65
Intergovernmental	-	-	468	468
Miscellaneous	-	-	5,000	5,000
Total Revenues	**$ 2,000**	**$ 2,000**	**$ 7,533**	**$ 5,533**
Expenditures				
Current				
Conservation of natural resources				
Other	1,680	1,680	2,252	(572)
Change in Fund Balance	**$ 320**	**$ 320**	**$ 5,281**	**$ 4,961**
Fund Balance - January 1	**74,781**	**74,781**	**74,781**	**-**
Fund Balance - December 31	**$ 75,101**	**$ 75,101**	**$ 80,062**	**$ 4,961**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-4

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 190,261	$ 190,261	$ 192,934	$ 2,673
Special assessments	184,999	184,999	186,643	1,644
Licenses and permits	24,000	24,000	23,850	(150)
Intergovernmental	117,742	117,742	176,163	58,421
Charges for services	1,231,694	1,231,694	1,312,542	80,848
Investment earnings	265	265	283	18
Miscellaneous	2,650	2,650	35,188	32,538
Total Revenues	**$ 1,751,611**	**$ 1,751,611**	**$ 1,927,603**	**$ 175,992**
Expenditures				
Current				
Sanitation				
Solid waste	$ 1,178,386	$ 1,178,386	$ 1,360,557	$ (182,171)
Recycling	330,379	330,379	354,442	(24,063)
Hazardous waste	23,666	23,666	20,848	2,818
Wastewater treatment	133,928	133,928	124,959	8,969
Total sanitation	**$ 1,666,359**	**$ 1,666,359**	**$ 1,860,806**	**$ (194,447)**
Conservation of natural resources				
Water planning	-	-	61,388	(61,388)
Debt service				
Principal	67,565	67,565	67,565	-
Interest	17,687	17,687	17,683	4
Total Expenditures	**$ 1,751,611**	**$ 1,751,611**	**$ 2,007,442**	**$ (255,831)**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ (79,839)**	**$ (79,839)**
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	21,400	21,400
Change in Fund Balance	**$ -**	**$ -**	**$ (58,439)**	**$ (58,439)**
Fund Balance - January 1	**1,016,683**	**1,016,683**	**1,016,683**	**-**
Fund Balance - December 31	**$ 1,016,683**	**$ 1,016,683**	**$ 958,244**	**$ (58,439)**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-5

BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS PLAN DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 569,931	$ 569,931	$ 570,593	$ 662
Intergovernmental	24,719	24,719	48,350	23,631
Interest on investment	-	-	196	196
Total Revenues	**$ 594,650**	**$ 594,650**	**$ 619,139**	**$ 24,489**
Expenditures				
Debt service				
Principal	$ 493,500	$ 493,500	$ 470,000	$ 23,500
Interest	99,650	99,650	94,874	4,776
Administrative - fiscal charges	1,500	1,500	1,000	500
Total Expenditures	**$ 594,650**	**$ 594,650**	**$ 565,874**	**$ 28,776**
Change in Fund Balance	**$ -**	**$ -**	**$ 53,265**	**$ 53,265**
Fund Balance - January 1	**693,656**	**693,656**	**693,656**	**-**
Fund Balance - December 31	**$ 693,656**	**$ 693,656**	**$ 746,921**	**$ 53,265**

FIDUCIARY FUNDS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

AGENCY FUNDS

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

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

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

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

The Minnesota Prairie County Alliance Fund accounts for transactions of the Service Delivery Authority for which the 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

EXHIBIT C-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
EDA/HRA				
Assets				
Cash and pooled investments	**$ 82,393**	**$ 41,554**	**$ 33,638**	**$ 90,309**
Liabilities				
Accounts payable	**$ 82,393**	**$ 41,554**	**$ 33,638**	**$ 90,309**
SETTLEMENT				
Assets				
Cash and pooled investments	**$ 210,304**	**$ 26,776,839**	**$ 26,837,416**	**$ 149,727**
Liabilities				
Accounts payable	$ 20,192	$ 11,728	$ 20,192	$ 11,728
Due to other funds	-	10,805,922	10,805,922	-
Due to other governments	190,112	15,959,189	16,011,302	137,999
Total Liabilities	**$ 210,304**	**$ 26,776,839**	**$ 26,837,416**	**$ 149,727**
REVOLVING				
Assets				
Cash and pooled investments	**$ 146,290**	**$ 3,009,644**	**$ 3,039,436**	**$ 116,498**
Liabilities				
Due to other governments	**$ 146,290**	**$ 3,009,644**	**$ 3,039,436**	**$ 116,498**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
AGENCY CLUSTER				
Assets				
Cash and pooled investments	$ 562	$ -	$ -	$ 562
Liabilities				
Due to other governments	$ 562	$ -	$ -	$ 562
MINNESOTA PRAIRIE COUNTY ALLIANCE				
Assets				
Cash and pooled investments	$ 160,000	$ 1,060,000	$ 195,935	$ 1,024,065
Liabilities				
Due to other governments	$ 160,000	$ 1,060,000	$ 195,935	$ 1,024,065
FAMILY SERVICES COLLABORATIVE				
Assets				
Cash and pooled investments	$ 154,584	$ 130,082	$ 62,959	$ 221,707
Liabilities				
Due to other governments	$ 154,584	$ 130,082	$ 62,959	$ 221,707

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	**$ 754,133**	**$ 31,018,119**	**$ 30,169,384**	**$ 1,602,868**
Liabilities				
Accounts payable	$ 102,585	$ 53,282	$ 53,830	$ 102,037
Due to other funds	-	10,805,922	10,805,922	-
Due to other governments	651,548	20,158,915	19,309,632	1,500,831
Total Liabilities	**$ 754,133**	**$ 31,018,119**	**$ 30,169,384**	**$ 1,602,868**

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OTHER SCHEDULES

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Funds
Shared Revenue	
State	
Highway users tax	$ 1,862,813
PERA rate reimbursement	30,670
Disparity reduction aid	151,770
Police aid	158,642
County program aid	601,780
Performance aid	2,815
Market value credit	46,153
Market value credit - residential	78,033
Market value credit - agricultural	154
Disaster credit	895
Enhanced 911	94,194
Total shared revenue	**$ 3,027,919**
Reimbursement for Services	
State	
Minnesota Department of Human Services	**$ 400,866**
Payments	
Local	
Other contributions	$ 1,774
Household hazardous waste	600
Local contributions	40,878
Payments in lieu of taxes	20,807
Total payments	**$ 64,059**
Grants	
State	
Minnesota Department/Board of	
Employment and Economic Development	$ 194,323
Health	76,953
Human Services	641,833
Natural Resources	55,541
Public Safety	5,495
Transportation	12,882
Trial Courts	36,000
Veterans Affairs	15,098
Water and Soil Resources	184,192
Pollution Control Agency	22,300
Peace Officer Standards and Training Board	9,911
Total state	**$ 1,254,528**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013

		Governmental Funds
Grants (Continued)		
Federal		
Department of		
Agriculture	$	207,386
Justice		6,395
Transportation		1,474,842
Environmental Protection Agency		4,340
Education		1,000
Health and Human Services		1,213,231
Homeland Security		34,091
Total federal	**$**	**2,941,285**
Total state and federal grants	**$**	**4,195,813**
Total Intergovernmental Revenue	**$**	**7,688,657**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	$ 82,516
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	141,663
Total U.S. Department of Agriculture		**$ 224,179**
U.S. Department of Justice		
Passed Through Southeast Minnesota Narcotics and Gang Task Force		
Joint Law Enforcement Operations	16.111	$ 554
Direct		
Bullet Proof Vest Partnership Program	16.607	5,841
Total U.S. Department of Justice		**$ 6,395**
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	$ 1,774,136
Passed Through Minnesota Department of Public Safety		
State and Community Highway Safety	20.600	19,847
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	5,373
Total U.S. Department of Transportation		**$ 1,799,356**
U.S. Environmental Protection Agency		
Passed Through Southeast Minnesota Water Resources Board		
Nonpoint Source Implementation Grants	66.460	**$ 4,340**
U.S. Department of Education		
Passed Through Zumbro Education District		
Special Education - Grants for Infants and Families	84.181	**$ 1,000**
U.S. Department of Health and Human Services		
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	$ 4,000

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-2
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	21,628
Universal Newborn Hearing Screening	93.251	150
Temporary Assistance for Needy Families	93.558	9,868
(Total Temporary Assistance for Needy Families 93.558 $126,498)		
Maternal and Child Health Services Block Grant to the States	93.994	18,138
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	6,291
Temporary Assistance for Needy Families	93.558	116,630
(Total Temporary Assistance for Needy Families 93.558 $126,498)		
Child Support Enforcement	93.563	441,938
Refugee and Entrant Assistance - State Administered Programs	93.566	330
Child Care and Development Block Grant	93.575	12,350
Stephanie Tubbs Jones Child Welfare Services Program	93.645	3,145
Foster Care Title IV-E	93.658	114,712
Social Services Block Grant	93.667	104,195
Chafee Foster Care Independence Program	93.674	1,594
Children's Health Insurance Program	93.767	101
Medical Assistance Program	93.778	528,284
Total U.S. Department of Health and Human Services		**$ 1,383,354**
U.S. Department of Homeland Security		
Passed Through Southeastern Minnesota Regional Emergency Communications Board		
Homeland Security Grant Program	97.067	$ 32,288
Passed Through Southeast Region One Homeland Security and Emergency Management		
Homeland Security Grant Program	97.067	1,803
Total U.S. Department of Homeland Security		**$ 34,091**
Total Federal Awards		**$ 3,452,715**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Reporting Entity

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

2. Basis of Presentation

   The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dodge County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Dodge County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dodge County.

3. Summary of Significant Accounting Policies

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

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$ 2,941,285
Grants received more than 60 days after year-end, deferred in 2013	
Child Support Enforcement (CFDA #93.563)	57,632
Temporary Assistance for Needy Families - Human Services (CFDA #93.558)	18,511
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	23,691
Public Health Emergency Preparedness (CFDA #93.069)	4,614
Medical Assistance Program (CFDA #93.778)	78,045
Child Care and Development Block Grant (CFDA #93.575)	579
Foster Care Title IV-E (CFDA #93.658)	14,224
Highway Planning and Construction (CFDA #20.205)	324,514

4. Reconciliation to Schedule of Intergovernmental Revenue (Continued)

Deferred in 2012, recognized as revenue in 2013	
Foster Care Title IV-E (CFDA #93.658)	(1,828)
Special Supplemental Nutrition Program For Women, Infants, and Children (CFDA #10.557)	(6,898)
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program (CFDA #93.714)	(1,156)
Child Care and Development Block Grant (CFDA #93.575)	(466)
Medical Assistance Program (CFDA #93.778)	(32)
Expenditures Per Schedule of Expenditures of Federal Awards	$ 3,452,715

5. Subrecipients

During 2013, Dodge County passed $487 (CFDA #20.600) and $759 (CFDA #20.608) to the Kasson Police Department, a subrecipient of Dodge County.

**Management and
Compliance Section**

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DODGE COUNTY
MANTORVILLE, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **No**

The major program is:

Highway Planning and Construction	CFDA #20.205

The threshold for distinguishing between Types A and B programs was $300,000.

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

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 2006-002

Audit Adjustments

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

Condition: During our audit, we identified material adjustments which resulted in significant changes to the County's financial statements.

Context: The County provides trial balances which convert the cash basis general ledger to the modified accrual basis necessary for preparing fund level and government-wide financial statements. The inability to detect significant misstatements in the financial statements increases the likelihood the financial statements would not be fairly presented.

Effect: Audit adjustments were necessary to increase due from other governments and increase unavailable revenue in the Road and Bridge Special Revenue Fund by $588,276; reclassify expenditures in the Road and Bridge Special Revenue Fund of $218,442; and reclassify fund balance in the Road and Bridge Special Revenue Fund of $350,000.

Cause: County staff did not have the time to properly review the trial balances necessary to provide accurate financial statements.

Recommendation: We recommend County staff review internal control procedures over trial balance and financial statement preparation to ensure the County's financial statements are reported in accordance with generally accepted accounting principles.

Client's Response:

County staff will schedule audit preparation earlier and track staff to verify that the preparation is progressing steadily. This will allow the Finance Director adequate time to review the trial balance against underlying workpapers to verify the amounts are correct and in proper accounts.

Finding 2012-002

Investment Oversight

Criteria: Internal controls should provide adequate segregation of functions and responsibilities so no one person has incompatible duties that would permit the perpetration and concealment of material irregularities.

Condition: The Finance Director and Accounting Services Director are able to exchange, renew, purchase, and sell investments. The County's investment policy indicates the investment committee is to review the County's investment activity. That committee did not convene in 2013 to review the investment activity.

Context: The duties of purchasing investments and selling/exchanging investments are considered incompatible duties because it provides an opportunity for errors or irregularities to occur without being detected in a timely basis. A review of the investment activity by the investment committee would allow oversight of the investing process.

Effect: Investment activity was not reviewed, providing an opportunity for errors or irregularities to occur without being detected in a timely manner.

Cause: The County indicated the investment committee did not meet during 2013 due to the majority of investments being certificates of deposit.

Recommendation: We recommend Dodge County follow its investment policy by having the investment committee review investments made by the Finance Director and Accounting Services Director.

Client's Response:

The investment committee did meet September 24, 2013, to review the County's investment schedule. In order to secure better interest rates, the County's investments have a maturity timeline of 1 to 4 years and as such the investment portfolio is rather static. To stay in line with the stable nature of the investments, the investment policy will be amended to state that meeting frequency is annual or more often at the discretion of the Finance Director and County Board Chair.

ITEM ARISING THIS YEAR

Finding 2013-001

Segregation of Duties/Disbursements

Criteria: Controls in place over operations should be designed to provide reasonable assurance material errors will be prevented or detected in a timely basis. Check Register Reports should be reviewed to the original invoice to ensure payments are for approved County expenditures. These procedures should be performed by an employee independent of the vendor payment process in a timely manner.

Condition: The County did not have a control in place to prevent employees who process vendor payments into the accounting system from adding and paying unapproved expenditures via County check.

Context: County procedures indicate vendor invoices are to be approved at the departmental level prior to payment. Approved vendor invoices are sent to the Finance Department to be paid. Personnel within the Finance Department enter the information from these approved invoices into the accounting system and issue checks to vendors.

Effect: The absence of internal control procedures increases the risk errors or irregularities will not be detected in a timely manner.

Cause: The County indicated it did not realize the importance of reviewing Check Register Reports to the original invoices to ensure payments are for approved County expenditures.

Recommendation: We recommend an employee independent of the vendor payment process review the Check Register Report to original invoices to ensure payments are for approved County expenditures. This review should be documented.

Client's Response:

This issue has been resolved. The Taxpayer Services Director, who does not have access to process vendor payments, prints an auditor list once the batch of payments is entered into accounts payable and verifies that listing against the actual invoices then initials the register. This register is then filed with each batch of invoices.

PREVIOUSLY REPORTED ITEM RESOLVED

IFS-General Ledger System Security Controls (2012-001)

Internal controls should provide adequate segregation of functions and responsibilities so no one person has incompatible duties which would permit the perpetration and concealment of material irregularities. We noted the individual assigned to the general ledger security access user maintenance function was also involved in the County general ledger accounting function.

Resolution

The personnel assigned to the County general ledger security access user maintenance function are now segregated from personnel assigned to the general ledger accounting function.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM RESOLVED

Identification of Federal Awards (CFDA #20.205) (2012-003)

OMB Circular A-133, Subpart C, § .300, indicates auditee responsibilities include the identification of all federal awards received and expended and the federal programs under which they were received and preparation of the Schedule of Expenditures of Federal Awards (SEFA). The County did not adequately identify amounts received and expended for federal awards on the SEFA in the previous audit.

Resolution

The County properly identified amounts received and expended for federal awards on the Schedule Expenditures of Federal Awards for the current audit.

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

Independent Auditor's Report

Board of County Commissioners
Dodge County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 29, 2014. Other auditors audited the financial statements of the Dodge County Nursing Home, 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 of the financial statements, we considered Dodge County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2006-002 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-002 and 2013-001 to be significant deficiencies.

Compliance and Other Matters

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

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because Dodge County has no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Dodge County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Dodge County's Response to Findings

Dodge County's responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

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

September 29, 2014

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

Independent Auditor's Report

Board of County Commissioners
Dodge County

Report on Compliance for Each Major Federal Program

We have audited Dodge County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. Dodge County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for Dodge County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Dodge County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

September 29, 2014