STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2018

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 100 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 Minnesota's local 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, 2018

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, 2018

			Term Expires
Elected			
Commissioners			
Chair	John Allen	District 1	January 2021
Board Member	Tim Tjosaas	District 2	January 2019
Board Member	Rodney Peterson	District 3	January 2019
Board Member	Rhonda Toquam	District 4	January 2021
Board Member	David Kenworthy	District 5	January 2021
Attorney	Paul Kiltinen		January 2019
Judge of County Court	Jodi L. Williamson		January 2021
County Sheriff	Scott Rose		January 2019
Appointed			
Director of Land Records	Ryan DeCook		Indefinite
Registrar of Titles	Ryan DeCook		Indefinite
County Administrator	Jim Elmquist		Indefinite
County Engineer	Guy Kohlnhofer		Indefinite
Coroner	Mayo Clinic		Indefinite
Finance Director	Lisa Kramer		Indefinite
Nursing Home Administrator	Jane Sheeran		Indefinite
Public Health Director	Amy Roggenbuck		Indefinite
Surveyor	Lisa Hanni, Goodhue County		Indefinite
Veteran Services Officer	Todd Nelson		Indefinite
Weed Inspector	Guy Kohlnhofer		Indefinite
Zoning Administrator	Melissa DeVetter		Indefinite

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Financial Section

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JULIE BLAHA
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County
Mantorville, Minnesota

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, 2018, 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 represents the amounts shown as the business-type activities and the major enterprise 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 also did not audit the financial statements of the South Country Health Alliance (SCHA) for the year ended December 31, 2018, in which Dodge County has an equity interest. The SCHA is a joint venture discussed in Note 4.C. to the financial statements. The County's investment in the SCHA, $1,555,213, represents 1.5 percent and 1.9 percent, respectively, of the assets and net position of the governmental activities. The financial statements of the SCHA, which were prepared in accordance with financial reporting provisions permitted by the Minnesota Department of Health, were audited by other auditors, whose report has been furnished to us. We have applied procedures on the conversion adjustments to the financial statements of the SCHA, which conform the financial reporting of the investment in joint venture to accounting principles generally accepted in the United States of

America. Our opinion, insofar as it relates to the amount included as an investment in joint venture, prior to these conversion adjustments, 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 from material misstatement. The financial statements of the SCHA were not audited in accordance with *Government Auditing Standards*.

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 reports 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, 2018, 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 – Change in Accounting Principle

As discussed in Note 1.E. to the financial statements, in 2018, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change 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 Dodge 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 Supplementary 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 December 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dodge County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dodge County's internal control over financial reporting and compliance. It does not include the Dodge County Nursing Home or the SCHA joint venture, which were audited by other auditors.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 23, 2019

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(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, 2018. 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 $82,036,284, of which $65,677,454 is the net investment in capital assets, and $4,601,052 is restricted to specific purposes.

- The business-type activities have a total net position of ($1,268,680). The net investment in capital assets represents $531,645 of the total, and $14,634 is restricted for donations.

- Dodge County's net position increased by $5,249,915 for the year ended December 31, 2018. Of the increase, $4,749,216 was in the governmental activities' net position. The business-type activities' net position increased by $500,699.

- The net cost of governmental activities increased by $472,526 to $10,997,675 for the current fiscal year. The net cost was funded by general revenues and other items.

- Governmental funds' fund balances increased by $2,578,583.

- The governmental activities' total bonded debt at the end of the year was $9,250,000.

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 9. 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 (Exhibits 10 and 11).

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 full 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 deferred outflows of resources and liabilities and deferred inflows of resources—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, conservation of natural resources, and economic development. 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 $5,249,915 from $75,517,689 as restated, to $80,767,604. 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	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 29.1	$ 28.8	$ 1.2	$ 0.7	$ 30.3	$ 29.5
Capital assets	74.8	71.6	0.6	0.7	75.4	72.3
Total Assets	$ 103.9	$ 100.4	$ 1.8	$ 1.4	$ 105.7	$ 101.8
Deferred Outflows of Resources						
Deferred OPEB outflows	$ 0.1	$ -	$ -	$ -	$ 0.1	$ -
Deferred pension outflows	3.3	4.6	0.5	0.7	3.8	5.3
Total Deferred Outflows of Resources	$ 3.4	$ 4.6	$ 0.5	$ 0.7	$ 3.9	$ 5.3
Liabilities						
Long-term liabilities	$ 19.4	$ 20.3	$ 2.6	$ 3.0	$ 22.0	$ 23.3
Other liabilities	1.2	1.0	0.3	0.2	1.5	1.2
Total Liabilities	$ 20.6	$ 21.3	$ 2.9	$ 3.2	$ 23.5	$ 24.5
Deferred Inflows of Resources						
Deferred pension inflows	$ 4.7	$ 5.0	$ 0.7	$ 0.7	$ 5.4	$ 5.7
Prepaid property taxes	-	0.2	-	-	-	0.2
Total Deferred Inflows of Resources	$ 4.7	$ 5.2	$ 0.7	$ 0.7	$ 5.4	$ 5.9
Net Position						
Net investment in capital assets	$ 65.7	$ 61.5	$ 0.5	$ 0.5	$ 66.2	$ 62.0
Restricted	4.6	5.7	-	-	4.6	5.7
Unrestricted	11.7	11.3	(1.8)	(2.3)	9.9	9.0
Total Net Position, as reported	$ 82.0	$ 78.5	$ (1.3)	$ (1.8)	$ 80.7	$ 76.7
Change in accounting principle (1)		(1.2)		-		(1.2)
Total Net Position, as restated		$ 77.3		$ (1.8)		$ 75.5

(1) Restated for change in accounting principles; see Note 1.E.

Net position of the County's governmental activities increased by 6.1 percent ($82 million compared to $77.3 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 $11.3 million at December 31, 2017, to $11.7 million at the end of 2018. The unrestricted net position of our business-type activities increased from ($2.3) million at December 31, 2017, to ($1.8) million at December 31, 2018.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Fees, charges, fines, and other	$ 3.7	$ 3.6	$ 6.2	$ 5.1	$ 9.9	$ 8.7
Operating grants and contributions	6.5	6.1	-	-	6.5	6.1
Capital grants and contributions	0.3	1.5	-	-	0.3	1.5
General revenues and transfers						
Property taxes	13.4	13.0	-	-	13.4	13.0
Unrestricted grants and contributions	1.3	1.1	-	-	1.3	1.1
Other general revenues	0.9	0.5	-	-	0.9	0.5
Total Revenues	$ 26.1	$ 25.8	$ 6.2	$ 5.1	$ 32.3	$ 30.9
Program expenses						
General government	$ 5.0	$ 5.0	$ -	$ -	$ 5.0	$ 5.0
Public safety	5.7	5.7	-	-	5.7	5.7
Highways and streets	4.4	4.9	-	-	4.4	4.9
Sanitation	2.0	2.1	-	-	2.0	2.1
Human services	2.7	2.4	-	-	2.7	2.4
Health	1.0	1.0	-	-	1.0	1.0
Culture and recreation	0.1	0.1	-	-	0.1	0.1
Conservation of natural resources	0.3	0.3	-	-	0.3	0.3
Interest	0.2	0.3	-	-	0.2	0.3
Nursing home	-	-	5.7	5.2	5.7	5.2
Total Program Expenses	$ 21.4	$ 21.8	$ 5.7	$ 5.2	$ 27.1	$ 27.0
Increase (Decrease) in Net Position	$ 4.7	$ 4.0	$ 0.5	$ (0.1)	$ 5.2	$ 3.9
Net Position – January 1, as restated	77.3*	74.5	(1.8)	(1.7)	75.5	72.8
Net Position – December 31	$ 82.0	$ 78.5	$ (1.3)	$ (1.8)	$ 80.7	$ 76.7

*Amount includes a change in accounting principles.

The County's total revenues increased by about 4.5 percent, or $1.4 million. The total cost of all programs and services increased by less than one percent, or $0.1 million. Expenses in general government, public safety, culture and recreation, conservation of natural resources, and health remained flat. Highways and streets and sanitation expenses decreased. Human services and nursing home expenses increased moderately, contributing to the overall slight increase in expenses.

Governmental Activities

Revenues for the County's governmental activities increased by 1.5 percent, from $25,770,248 in 2017 to $26,146,151 in 2018, and total expenses decreased 1.7 percent, from $21,775,427 in 2017 to $21,396,935 in 2018.

The cost of all governmental activities this year was $21,396,935, compared to $21,775,427 last year. However, as shown in the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County property taxes was $13,469,023, because some of the cost was paid by those who directly benefited from the programs ($3,658,421) or by other governments and organizations that subsidized certain programs with grants and contributions ($6,740,839). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased to $10,399,260 from $11,250,278, principally based on a decrease in grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with $15,746,891 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 (Revenue) Cost of Services	
	2018	2017	2018	2017
Public safety	$ 5.7	$ 5.7	$ 4.5	$ 4.5
General government	5.0	5.0	4.0	4.0
Highways and streets	4.3	4.9	(1.0)	(1.5)
Human services	2.7	2.4	2.7	2.4
Sanitation	2.0	2.1	0.1	0.2
All others	1.7	1.7	0.7	0.9
Total Governmental Activities	$ 21.4	$ 21.8	$ 11.0	$ 10.5

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) showed an increase of 22.5 percent ($6,265,851 in 2018 compared to $5,114,163 in 2017), and expenses increased by 9.9 percent ($5,765,152 in 2018 compared to $5,247,788 in 2017).

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Dodge County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a county's net resources available for spending at the end of the year.

At December 31, 2018, Dodge County's governmental funds (as presented in Exhibit 3) reported a combined ending fund balance of $21,765,431, which is an increase from last year's total of $19,186,848. The County is reporting an unassigned fund balance of $9,887,338 in 2018. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of Dodge County. At December 31, 2018, unassigned fund balance was $9,925,359, while total fund balance was $12,155,842. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 83.4 percent of total General Fund expenditures, while total fund balance represents 102.1 percent of the same amount. While the 2018 General Fund final budget reflected a $236,614 use of fund balance, the General Fund was still able to end the year adding $635,392 to fund balance. The majority of this increase was increased intergovernmental revenue, contingency funds not spent, and several departments with favorable budget variances.

The Road and Bridge Special Revenue Fund's fund balance increased by $1,747,236 to $4,466,882, of which $4,373,094 is assigned. The fund received a significant increase in highway construction funding from the State of Minnesota, and the County was able to complete more projects that resulted in a significant increase in infrastructure assets.

The Human Services Special Revenue Fund's fund balance decreased by $62,207, from $2,348,928 to $2,286,721, all of which is assigned for human services. The decreased fund balance in 2018 directly relates to a budgeted use of fund balance.

General Fund Budgetary Highlights

There were no amendments to the 2018 original County budget. For the year ending December 31, 2018, General Fund revenues were $370,671 more than final budget, and expenditures were $509,186 less than final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the County had $75,470,944 (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 $3,163,488 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 2.2	$ 2.1	$ -	$ -	$ 2.2	$ 2.1
Construction in progress	0.2	0.1	-	-	0.2	0.1
Land improvements	0.3	0.3	-	-	0.3	0.3
Buildings and improvements	12.6	13.1	0.6	0.6	13.2	13.7
Machinery, vehicles, furniture, and equipment	2.4	2.5	0.1	0.1	2.5	2.6
Infrastructure	57.1	53.5	-	-	57.1	53.5
Total Capital Assets, Net	$ 74.8	$ 71.6	$ 0.7	$ 0.7	$ 75.5	$ 72.3

This year's major additions were:

- Addition of $5,310,067 in infrastructure and $499,232 in equipment.

Debt

At year-end, the County had $9.3 million in bonds outstanding, versus $10.3 million last year—a decrease of 9.3 percent—as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Bonds	$ 9.2	$ 10.2	$ 0.1	$ 0.1	$ 9.3	$ 10.3

The County's general obligation bond rating carries an AA/Stable bond rating from Standard and Poor's Agency as affirmed March 31, 2015.

More detailed information about the County's long-term liabilities, including accrued vacation pay and sick leave payable, 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 2019 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County decreased, moving from 3.6 percent in 2017 to 3.0 percent in 2018 for the annual average. This is slightly worse than Minnesota's rate of 2.9 percent and considerably better than the U.S. rate of 3.9 percent.

- County General Fund expenditures for 2019 are budgeted to increase 4.7 percent over 2018.

- Dodge County's population grew by 5.4 percent from 2008 to 2018, compared to an increase of 6.46 percent in Minnesota as a whole.

- Post-retirement benefits liability and the future impact on the County have been reviewed, and the County has an actuarial report stating our postemployment benefits liability. The County has adopted a pay-as-you-go strategy to fund this liability as it comes due.

- The property tax levy has increased 4.5 percent for 2019.

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, 721 Main Street North, Department 45, Mantorville, Minnesota 55955.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	$ 21,928,920	$ 58,292	$ 21,987,212
Petty cash and change funds	3,580	400	3,980
Investments	12,500	-	12,500
Investment in joint venture	3,816,593	-	3,816,593
Taxes receivable – delinquent	194,850	-	194,850
Special assessments receivable – delinquent	17,972	-	17,972
Accounts receivable – net	176,850	719,559	896,409
Accrued interest receivable	72,861	-	72,861
Loans receivable	255,302	-	255,302
Due from other governments	2,527,520	-	2,527,520
Inventories	81,288	-	81,288
Restricted assets			
Cash and pooled investments	-	399,138	399,138
Capital assets			
Non-depreciable	2,389,573	15,600	2,405,173
Depreciable – net of accumulated depreciation	72,444,726	621,045	73,065,771
Total Assets	**$ 103,922,535**	**$ 1,814,034**	**$ 105,736,569**
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	$ 108,526	$ -	$ 108,526
Deferred pension outflows	3,325,710	483,230	3,808,940
Total Deferred Outflows of Resources	**$ 3,434,236**	**$ 483,230**	**$ 3,917,466**
Liabilities			
Cash overdraft	$ 16,533	$ -	$ 16,533
Accounts payable	141,349	139,791	281,140
Salaries payable	196,365	81,039	277,404
Contracts payable	228,681	-	228,681
Due to other governments	149,526	-	149,526
Accrued interest payable	95,516	-	95,516
Unearned revenue	64,214	-	64,214
Customer deposits	319,818	-	319,818
Interest payable from restricted assets	-	1,349	1,349
Trust and security deposits payable from restricted assets	-	1,387	1,387
Long-term liabilities			
Due within one year	1,003,295	328,397	1,331,692
Due in more than one year	9,141,091	75,000	9,216,091
Net pension liability	5,857,984	2,216,545	8,074,529
Other postemployment benefits liability	3,428,536	-	3,428,536
Total Liabilities	**$ 20,642,908**	**$ 2,843,508**	**$ 23,486,416**

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, 2018

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
<u>Deferred Inflows of Resources</u>			
Deferred pension inflows	**$ 4,677,579**	**$ 722,436**	**$ 5,400,015**
<u>Net Position</u>			
Net investment in capital assets	$ 65,677,454	$ 531,645	$ 66,209,099
Restricted for			
Debt service	1,372,148	-	1,372,148
General government	527,595	-	527,595
Public safety	232,028	-	232,028
Highways and streets	2,216,024	-	2,216,024
Sanitation	66,358	-	66,358
Conservation of natural resources	125,342	-	125,342
Economic development	61,557	-	61,557
Donations	-	14,634	14,634
Unrestricted	11,757,778	(1,814,959)	9,942,819
Total Net Position	**$ 82,036,284**	**$ (1,268,680)**	**$ 80,767,604**

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, 2018

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary government		
Governmental activities		
General government	$ 5,034,988	$ 789,072
Public safety	5,669,356	682,897
Highways and streets	4,351,151	105,607
Sanitation	2,002,558	1,752,313
Human services	2,652,632	-
Health	1,024,297	301,732
Culture and recreation	136,988	80
Conservation of natural resources	297,778	26,720
Interest	227,187	-
Total governmental activities	**$ 21,396,935**	**$ 3,658,421**
Business-type activities		
Nursing home	5,765,152	6,231,209
Total Primary Government	**$ 27,162,087**	**$ 9,889,630**

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

Total general revenues

Change in net position

Net Position – Beginning, as restated (Note 1.E.)

Net Position – Ending

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
$ 154,659	$ -	$ (4,091,257)	$ -	$ (4,091,257)
541,902	-	(4,444,557)	-	(4,444,557)
4,960,351	273,663	988,470	-	988,470
195,483	-	(54,762)	-	(54,762)
-	-	(2,652,632)	-	(2,652,632)
478,997	-	(243,568)	-	(243,568)
-	-	(136,908)	-	(136,908)
135,784	-	(135,274)	-	(135,274)
-	-	(227,187)	-	(227,187)
$ 6,467,176	**$ 273,663**	**$ (10,997,675)**	**$ -**	**$ (10,997,675)**
31,571	-	-	497,628	497,628
$ 6,498,747	**$ 273,663**	**$ (10,997,675)**	**$ 497,628**	**$ (10,500,047)**
		$ 13,469,023	$ -	$ 13,469,023
		22,987	-	22,987
		422,991	-	422,991
		23,209	-	23,209
		1,321,067	-	1,321,067
		349,303	3,071	352,374
		136,162	-	136,162
		2,149	-	2,149
		$ 15,746,891	**$ 3,071**	**$ 15,749,962**
		$ 4,749,216	**$ 500,699**	**$ 5,249,915**
		77,287,068	**(1,769,379)**	**75,517,689**
		$ 82,036,284	**$ (1,268,680)**	**$ 80,767,604**

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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, 2018

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Assets					
Cash and pooled investments	$ 12,115,366	$ 4,679,214	$ 2,275,904	$ 2,858,436	$ 21,928,920
Petty cash and change funds	3,330	-	-	250	3,580
Investments	-	12,500	-	-	12,500
Taxes receivable – delinquent	118,919	22,440	35,166	18,325	194,850
Special assessments – delinquent	-	-	-	17,972	17,972
Accounts receivable	27,760	-	-	149,090	176,850
Accrued interest receivable	72,861	-	-	-	72,861
Loans receivable	255,302	-	-	-	255,302
Due from other funds	-	3,109	-	-	3,109
Due from other governments	290,783	2,224,304	-	12,433	2,527,520
Inventories	-	81,288	-	-	81,288
Total Assets	**$ 12,884,321**	**$ 7,022,855**	**$ 2,311,070**	**$ 3,056,506**	**$ 25,274,752**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ 16,533	$ 16,533
Accounts payable	89,979	35,325	-	16,045	141,349
Salaries payable	150,617	31,518	-	14,230	196,365
Contracts payable	-	228,681	-	-	228,681
Due to other funds	3,109	-	-	-	3,109
Due to other governments	47,488	28,421	-	73,617	149,526
Unearned revenue	14,686	-	-	49,528	64,214
Customer deposits	319,818	-	-	-	319,818
Total Liabilities	**$ 625,697**	**$ 323,945**	**$ -**	**$ 169,953**	**$ 1,119,595**
Deferred Inflows of Resources					
Unavailable revenue	**$ 102,782**	**$ 2,232,028**	**$ 24,349**	**$ 30,567**	**$ 2,389,726**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)					
Fund Balances					
Nonspendable					
Long-term loans/notes receivable	$ 245,070	$ -	$ -	$ -	$ 245,070
Inventories	-	81,288	-	-	81,288
Restricted for					
Law library	71,595	-	-	-	71,595
Recorder's technology equipment	283,410	-	-	-	283,410
Recorder's compliance fund	110,086	-	-	-	110,086
Enhanced 911	133,901	-	-	-	133,901
DARE	549	-	-	-	549
Attorney forfeiture	52,504	-	-	-	52,504
Permit to carry	93,848	-	-	-	93,848
DUI assessments	4,113	-	-	-	4,113
DUI forfeiture	3,502	-	-	-	3,502
EDA revolving loan fund	61,557	-	-	-	61,557
Buffer riparian	100,138	-	-	-	100,138
Shoreland grant	2,675	-	-	-	2,675
Department of Veteran Affairs grant	10,000	-	-	-	10,000
Capital projects	-	-	-	196,745	196,745
Natural resources block grant	-	-	-	66,358	66,358
Debt service	-	-	-	1,372,148	1,372,148
Ditch maintenance and construction	-	-	-	22,529	22,529
Committed to					
Capital equipment	-	-	-	198,457	198,457
Wind tower decommission	169,831	-	-	-	169,831
Drug court	5,927	-	-	-	5,927
Public recreation	13,250	-	-	-	13,250
Veteran services van	12,673	-	-	-	12,673
Sheriff lojack safety net	334	-	-	-	334
Sheriff impound lot	22,339	-	-	-	22,339
Election equipment purchase	88,010	-	-	-	88,010
Change funds	3,330	-	-	250	3,580
Dodge-Fillmore-Olmsted Community Corrections	151,324	-	-	-	151,324
Fairview Care Center appropriations	140,000	-	-	-	140,000
Wetlands right of way	-	12,500	-	-	12,500
Landfill postclosure	-	-	-	178,240	178,240
Solar decommission	149,987	-	-	-	149,987
Comprehensive land use plan	2,464	-	-	-	2,464

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Fund Balances (Continued)					
Assigned to					
Subsequent year's appropriated budget	298,066	-	-	-	298,066
Highways and streets	-	4,373,094	-	-	4,373,094
Human services	-	-	2,286,721	-	2,286,721
Sanitation	-	-	-	859,280	859,280
Unassigned	9,925,359	-	-	(38,021)	9,887,338
Total Fund Balances	**$ 12,155,842**	**$ 4,466,882**	**$ 2,286,721**	**$ 2,855,986**	**$ 21,765,431**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 12,884,321**	**$ 7,022,855**	**$ 2,311,070**	**$ 3,056,506**	**$ 25,274,752**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Fund balances – total governmental funds (Exhibit 3)		**$ 21,765,431**
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.		74,834,299
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.		3,816,593
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.		2,389,726
Deferred outflows of resources resulting from pension and other postemployment benefits obligations are not available resources and, therefore, are not reported in the governmental funds.		3,434,236
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	$ (9,250,000)	
Bond premium	(103,590)	
Other postemployment benefits liability	(3,428,536)	
Net pension liability	(5,857,984)	
Accrued interest payable	(95,516)	
Compensated absences	(790,796)	(19,526,422)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(4,677,579)
Net Position of Governmental Activities (Exhibit 1)		**$ 82,036,284**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Road and Bridge	Human Services	Nonmajor	Total
Revenues					
Taxes	$ 8,167,661	$ 1,886,276	$ 2,513,584	$ 1,347,357	$ 13,914,878
Special assessments	14,660	6,032	-	234,531	255,223
Licenses and permits	60,105	8,425	-	26,140	94,670
Intergovernmental	2,115,133	7,748,936	220,045	357,622	10,441,736
Charges for services	1,650,439	34,440	-	1,507,813	3,192,692
Fines and forfeits	13,494	-	-	-	13,494
Gifts and contributions	1,811	3,152	-	-	4,963
Investment earnings	342,432	-	-	6,871	349,303
Miscellaneous	171,875	56,710	-	8,914	237,499
Total Revenues	**$ 12,537,610**	**$ 9,743,971**	**$ 2,733,629**	**$ 3,489,248**	**$ 28,504,458**
Expenditures					
Current					
General government	$ 4,655,834	$ -	$ -	$ -	$ 4,655,834
Public safety	5,763,879	-	-	-	5,763,879
Highways and streets	-	7,703,038	-	-	7,703,038
Sanitation	-	-	-	2,015,437	2,015,437
Human services	8,750	-	-	-	8,750
Health	1,074,166	-	-	-	1,074,166
Culture and recreation	136,988	-	-	-	136,988
Conservation of natural resources	264,750	-	-	36,053	300,803
Intergovernmental					
Highways and streets	-	290,212	-	-	290,212
Human services	-	-	2,795,836	-	2,795,836
Debt service					
Principal	-	-	-	935,000	935,000
Interest	-	-	-	241,876	241,876
Administrative (fiscal) charges	-	-	-	2,720	2,720
Total Expenditures	**$ 11,904,367**	**$ 7,993,250**	**$ 2,795,836**	**$ 3,231,086**	**$ 25,924,539**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Road and Bridge	Human Services	Nonmajor	Total
Excess of Revenues Over (Under) Expenditures	**$ 633,243**	**$ 1,750,721**	**$ (62,207)**	**$ 258,162**	**$ 2,579,919**
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	2,149	-	-	-	2,149
Change in Fund Balance	**$ 635,392**	**$ 1,750,721**	**$ (62,207)**	**$ 258,162**	**$ 2,582,068**
Fund Balance – January 1	**11,520,450**	**2,719,646**	**2,348,928**	**2,597,824**	**19,186,848**
Increase (decrease) in inventories	**-**	**(3,485)**	**-**	**-**	**(3,485)**
Fund Balance – December 31	**$ 12,155,842**	**$ 4,466,882**	**$ 2,286,721**	**$ 2,855,986**	**$ 21,765,431**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balance – total governmental funds (Exhibit 5)			**$ 2,582,068**
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			151,954
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	$	2,389,726	
Unavailable revenue – January 1		(4,753,245)	(2,363,519)
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	$	6,024,869	
Current year depreciation		(2,835,134)	3,189,735
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			935,000

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 6
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 other postemployment benefits liability	$ (139,350)	
Amortization of premiums on debt	8,632	
Change in net pension liability	1,343,172	
Change in deferred outflows of resources	(1,154,815)	
Change in deferred inflows of resources	271,900	
Change in accrued interest payable	8,777	
Change in inventories	(3,485)	
Change in compensated absences	(80,853)	253,978
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 4,749,216**

PROPRIETARY FUND

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 7

STATEMENT OF FUND NET POSITION
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2018

Assets		
Current assets		
Cash and pooled investments	$	58,292
Petty cash and change funds		400
Accounts receivable – net		719,559
Total current assets	**$**	**778,251**
Restricted assets		
Cash and pooled investments	**$**	**399,138**
Noncurrent assets		
Capital assets		
Nondepreciable	$	15,600
Depreciable – net		621,045
Total noncurrent assets	**$**	**636,645**
Total Assets	**$**	**1,814,034**
Deferred Outflows of Resources		
Deferred pension outflows	**$**	**483,230**
Liabilities		
Current liabilities		
Accounts payable	$	139,791
Salaries payable		81,039
Compensated absences payable – current		298,397
Total current liabilities	**$**	**519,227**
Current liabilities payable from restricted assets		
Interest payable	$	1,349
Resident trust and security deposits		1,387
General obligation bonds payable – current		30,000
Total current liabilities payable from restricted assets	**$**	**32,736**

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, 2018

Liabilities (Continued)		
Noncurrent liabilities		
Net pension liability	$	2,216,545
General obligation bonds payable – long-term		75,000
Total noncurrent liabilities	**$**	**2,291,545**
Total Liabilities	**$**	**2,843,508**
Deferred Inflows of Resources		
Deferred pension inflows	**$**	**722,436**
Net Position		
Net investment in capital assets	$	531,645
Restricted for donations		14,634
Unrestricted		(1,814,959)
Total Net Position	**$**	**(1,268,680)**

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, 2018

Operating Revenues		
Charges for services	$	6,223,642
Miscellaneous		7,567
Total Operating Revenues	**$**	**6,231,209**
Operating Expenses		
Employee benefits and payroll taxes	$	1,094,786
Nursing services		2,280,318
Administrative and fiscal services		412,789
Other care-related		153,219
Ancillary services		652,835
Repair and maintenance		278,360
Property and household		160,910
Laundry		95,934
Dietary		461,173
Housekeeping		118,339
Depreciation		53,176
Total Operating Expenses	**$**	**5,761,839**
Operating Income (Loss)	**$**	**469,370**
Nonoperating Revenues (Expenses)		
Interest income	$	3,071
Gifts and contributions		31,571
Interest expense		(3,313)
Total Nonoperating Revenues (Expenses)	**$**	**31,329**
Change in Net Position	**$**	**500,699**
Net Position – January 1		**(1,769,379)**
Net Position – December 31	**$**	**(1,268,680)**

EXHIBIT 9

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities		
Receipts from customers and users	$	5,982,502
Payments to suppliers and employees		(5,738,589)
Net cash provided by (used in) operating activities	**$**	**243,913**
Cash Flows from Noncapital Financing Activities		
Contributions	**$**	**31,571**
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	$	(30,000)
Interest paid on long-term debt		(3,656)
Purchase of property and equipment		(26,929)
Net cash provided by (used in) capital and related financing activities	**$**	**(60,585)**
Cash Flows from Investing Activities		
Investment earnings received	**$**	**3,272**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**218,171**
Cash and Cash Equivalents at January 1		**239,659**
Cash and Cash Equivalents at December 31	**$**	**457,830**
Cash and Cash Equivalents – Exhibit 7		
Cash and pooled investments	$	58,292
Petty cash and change funds		400
Restricted cash and pooled investments		399,138
Total Cash and Cash Equivalents	**$**	**457,830**

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, 2018
Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**469,370**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	53,176
(Increase) decrease in accounts receivable		(248,707)
Increase (decrease) in accounts payable		23,884
Increase (decrease) in salaries payable		15,950
Increase (decrease) in net pension liability		(455,016)
Increase (decrease) in compensated absences payable		70,855
(Increase) decrease in deferred pension outflows		250,897
Increase (decrease) in deferred pension inflows		63,504
Total adjustments	**$**	**(225,457)**
Net Cash Provided by (Used in) Operating Activities	**$**	**243,913**

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, 2018

	Cemetery Perpetual Care Private-Purpose Trust	Agency
Assets		
Cash and pooled investments	$ 5,505	$ 904,917
Restricted assets		
Cash and pooled investments	1,125	-
Investments	111,967	-
Total Assets	**$ 118,597**	**$ 904,917**
Liabilities		
Accounts payable	$ 5,386	$ 219,914
Due to other governments	-	685,003
Total Liabilities	**$ 5,386**	**$ 904,917**
Net Position		
Held in trust for other organizations		
Nonexpendable	**$ 113,211**	

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, 2018

	Cemetery Perpetual Care Private-Purpose Trust
Additions	
Investment earnings	
Other	$ 5,386
Net increase (decrease) in fair value of investments	(29,696)
Total Additions	**$ (24,310)**
Deductions	
Distributions to participants	5,386
Change in net position	**$ (29,696)**
Net Position – January 1	**142,907**
Net Position – December 31	**$ 113,211**

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 accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2018. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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.

Joint Ventures and Jointly-Governed Organizations

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

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

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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.

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.

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The Courthouse Improvements Debt Service Fund accounts for all financial resources restricted for the payment of principal, interest, and related costs of long-term bonded debt.

The Capital Improvement Plan Capital Projects Fund accounts for financial resources restricted for capital acquisition, construction, or improvement of capital facilities.

1. Summary of Significant Accounting Policies

   B. Basic Financial Statements

      2. Fund Financial Statements (Continued)

         The Cemetery Perpetual Care Private-Purpose Trust Fund accounts 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 full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

      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.

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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, 2018. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

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 investment in the pool is measured at the net asset value per share provided by the pool.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2018 were $342,432.

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 are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans).

         All other outstanding balances between funds are reported as "due to/from other funds." 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.

         Accounts receivable is 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.

         Special assessments receivable consist of delinquent special assessments. No provision has been made for an estimated uncollectible amount.

      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 first-in, first-out 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 and the proprietary fund 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 acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 vacation, compensatory, 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 and proprietary 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. The current portion is based on an average of the actual payout of the previous three years. For the governmental activities, compensated absences are liquidated by the General Fund and Road and Bridge and Solid Waste Special Revenue Funds. For the business-type activities, compensated absences are liquidated by the Nursing Home Enterprise Fund.

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 an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations (Continued)

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

10. Pension Plan

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

11. Deferred Outflows/Inflows of Resources

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

1. Summary of Significant Accounting Policies

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

11. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, grant receivables, and long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

12. 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)

13. Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Dodge 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 (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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

13. 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.

14. 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.

15. Use of Estimates

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

1. Summary of Significant Accounting Policies (Continued)

E. Change in Accounting Principles

During the year ended December 31, 2018, the County adopted new accounting guidance by implementing the provisions of GASB Statement 75. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changes standards for recognizing and measuring OPEB liabilities and related deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also requires additional note disclosures and a schedule in the required supplementary information. Beginning net position has been restated to reflect this change.

	Governmental Activities
Net Position, January 1, 2018, as previously reported	$ 78,513,089
Change in accounting principles	(1,226,021)
Net Position, January 1, 2018, as restated	$ 77,287,068

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a deficit fund balance of $15,492. The deficit will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

4 ditches with positive fund balances	$ 22,529
2 ditches with deficit fund balances	(38,021)
Total Fund Balance	$ (15,492)

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:

	Cash and Investments
Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	$ 21,928,920
Petty cash and change funds	3,580
Investments	12,500
Cash overdraft	(16,533)
Business-type activities	
Cash and pooled investments	58,292
Petty cash and change funds	400
Cash and pooled investments – restricted assets	399,138
Statement of fiduciary net position	
Cash and pooled investments	910,422
Cash and pooled investments – restricted	1,125
Investments – restricted assets	111,967
Total Cash and Investments	$ 23,409,811

		Carrying (Fair) Value
Deposits		$ 7,381,731
Petty cash		3,980
Investments		
Equity investments (stock) AT&T		81,967
Investment pools/mutual funds		
MAGIC Portfolio	$ 13,161,889	
MAGIC Term	2,200,000	
Federated Treasury Cash Series Money Market	7,180	15,369,069
Negotiable certificates of deposit		573,064
Total Deposits and Investments		$ 23,409,811

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, 2018, $56,490 of the County's deposits were 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 policy is to minimize 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 of deposit.

Maturity Date	Interest Rate (%)	Amount
September 12, 2019	1.75	$ 245,550
June 12, 2019	2.30	79,903
March 14, 2019	1.60	247,611
Total Negotiable Certificates of Deposit		$ 573,064

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.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Credit Risk (Continued)

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

	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, 2018, the County does not have any investments exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's investment policy states that the County will try to minimize the risk by investing with multiple issuers, but will concentrate funds with an issuer if it maximizes the interest return for the County. Investments that represent five percent or more of Dodge County's investments include only the MAGIC Fund at 96 percent.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Fair Value Measurement

The County measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2018, the County had the following recurring fair value measurements:

	December 31, 2018	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Negotiable certificates of deposit	$ 573,064	$ -	$ 573,064	$ -
Equity securities				
AT&T stock	81,967	81,967	-	-
Total Investments Included in the Fair Value Hierarchy	$ 655,031	$ 81,967	$ 573,064	$ -
Investments measured at the net asset value (NAV)				
Money Market Mutual Fund	$ 7,180			
MAGIC Term	2,200,000			
MAGIC Portfolio	13,161,889			
Total Investments Measured at the NAV	$ 15,369,069			

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Fair Value Measurement (Continued)

Equity securities classified in Level 1 are valued using a market approach quoted in active markets for those securities.

All Level 2 debt securities are valued using a matrix pricing based on the securities' relationship to benchmark quoted prices.

MAGIC is a local investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely, they must provide notice at least seven days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon at the projected yield, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2018, 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	$ 176,850	$ 733,301
Less: allowance for uncollectible accounts	-	(13,742)
Net Accounts Receivable	$ 176,850	$ 719,559

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

Of the loans receivable, $107,133 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 $96,901 in flood loans not scheduled for collection in the subsequent year.

The remaining loan receivable, $148,169, was made to the Agricultural Society and is 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, 2018, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in progress	$ 145,126	$ 53,940	$ 43,220	$ 155,846
Non-depreciable land improvements	116,562	136,535	-	253,097
Land	1,978,182	2,448	-	1,980,630
Total capital assets not depreciated	$ 2,239,870	$ 192,923	$ 43,220	$ 2,389,573
Capital assets depreciated				
Land improvements	$ 629,602	$ -	$ -	$ 629,602
Buildings and improvements	18,339,949	77,242	-	18,417,191
Machinery, vehicles, furniture, and equipment	7,671,948	487,857	212,463	7,947,342
Infrastructure	77,028,220	5,310,067	-	82,338,287
Total capital assets depreciated	$ 103,669,719	$ 5,875,166	$ 212,463	$ 109,332,422
Less: accumulated depreciation for				
Land improvements	$ 293,626	$ 31,480	$ -	$ 325,106
Buildings and improvements	5,193,749	616,787	-	5,810,536
Machinery, vehicles, furniture, and equipment	5,211,375	585,758	212,463	5,584,670
Infrastructure	23,566,275	1,601,109	-	25,167,384
Total accumulated depreciation	$ 34,265,025	$ 2,835,134	$ 212,463	$ 36,887,696
Total capital assets depreciated, net	$ 69,404,694	$ 3,040,032	$ -	$ 72,444,726
Governmental Activities Capital Assets, Net	$ 71,644,564	$ 3,232,955	$ 43,220	$ 74,834,299

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 and improvements	$	1,565,621	$	15,554	$	-	$	1,581,175
Improvements other than buildings		149,211		-		-		149,211
Machinery, vehicles, furniture, and equipment		602,622		11,375		204		613,793
Total capital assets depreciated	$	2,317,454	$	26,929	$	204	$	2,344,179
Less: accumulated depreciation for								
Buildings and improvements	$	1,087,422	$	32,366	$	-	$	1,119,788
Improvements other than buildings		38,620		5,828		-		44,448
Machinery, vehicles, furniture, and equipment		544,120		14,982		204		558,898
Total accumulated depreciation	$	1,670,162	$	53,176	$	204	$	1,723,134
Total capital assets depreciated, net	$	647,292	$	(26,247)	$	-	$	621,045
Business-Type Activities Capital Assets, Net	$	662,892	$	(26,247)	$	-	$	636,645

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

Governmental Activities		
General government	$	624,316
Public safety		207,658
Highways and streets, including depreciation of infrastructure assets		1,856,285
Sanitation		146,875
Total Depreciation Expense – Governmental Activities	$	2,835,134
Business-Type Activities		
Nursing home	$	53,176

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, Advances, and Transfers

The composition of interfund balances as of December 31, 2018, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Road and Bridge Special Revenue	General Fund	$ 3,109

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.

C. Liabilities

1. Bonded Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2018
General obligation bonds					
2011A CIP G.O. Bonds	2021	$210,000 - $260,000	2.00 - 3.125	$ 2,085,000	$ 750,000
2011A Highway Equipment Certificates	2021	$35,000 - $45,000	2.00 - 3.125	350,000	125,000
2011A Solid Waste Equipment	2021	$45,000 - $55,000	2.00 - 3.125	435,000	155,000
2011A Solid Waste Refunding Bonds	2020	$15,000 - $20,000	2.00 - 3.125	145,000	40,000
2014A CIP G.O. Bonds	2030	$535,000 - $790,000	0.40 - 3.00	9,900,000	8,180,000
Subtotal				$ 12,915,000	$ 9,250,000
Plus: unamortized premiums					103,590
Total General Obligation Bonds					$ 9,353,590

3. Detailed Notes on All Funds

C. Liabilities

1. Bonded Debt

Governmental Activities (Continued)

All 2011A bonds are paid from the Debt Service Fund and the Solid Waste Special Revenue Fund. The 2014A CIP G.O. Bonds are paid from the Debt Service Fund.

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2018
2011A G.O. Nursing Home Bonds	2021	$25,000 - $40,000	2.00 - 3.128	$ 275,000	$ 105,000

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

2. Debt Service Requirements

Debt service requirements at December 31, 2018, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest
2019	$ 955,000	$ 219,950
2020	970,000	196,925
2021	980,000	173,375
2022	635,000	155,200
2023	650,000	141,538
2024 - 2028	3,505,000	456,073
2029 - 2030	1,555,000	46,260
Total	$ 9,250,000	$ 1,389,321

3. Detailed Notes on All Funds

C. Liabilities

2. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest
2019	$ 30,000	$ 2,794
2020	35,000	1,797
2021	40,000	625
Total	$ 105,000	$ 5,216

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 10,185,000	$ -	$ 935,000	$ 9,250,000	$ 955,000
Plus: deferred amounts for premiums	112,222	-	8,632	103,590	-
Total bonds payable	$ 10,297,222	$ -	$ 943,632	$ 9,353,590	$ 955,000
Compensated absences	709,943	585,176	504,323	790,796	48,295
Governmental Activities Long-Term Liabilities	$ 11,007,165	$ 585,176	$ 1,447,955	$ 10,144,386	$ 1,003,295

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
2011A G.O. Nursing Home Bonds	$ 135,000	$ -	$ 30,000	$ 105,000	$ 30,000
Compensated absences	227,542	282,084	211,229	298,397	298,397
Business-Type Activities Long-Term Liabilities	$ 362,542	$ 282,084	$ 241,229	$ 403,397	$ 328,397

3. Detailed Notes on All Funds (Continued)

D. Deferred Outflows of Resources and Unearned Revenue/Deferred Inflows of Resources

1. Deferred Outflows of Resources

Governmental funds did not report deferred outflows of resources for the year ended December 31, 2018.

2. Unearned Revenue/Deferred Inflows of Resources

Deferred inflows of resources consist of taxes, special assessments, and state and federal grants receivable not collected soon enough after year-end to pay liabilities of the current period, charges for services, and miscellaneous revenues. Unearned revenues consist of state and federal grants received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2018, are summarized below:

	Unearned Revenue	Unavailable Revenue
Taxes	$ -	$ 136,692
Special assessments	-	17,972
Intergovernmental	64,214	2,216,024
Charges for services	-	19,038
Total Governmental Funds	$ 64,214	$ 2,389,726

There was no unearned revenue for the year ended December 31, 2018, for business-type activities. There were pension-related deferred inflows of resources for the year ended December 31, 2018, for business-type activities.

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Dodge County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) and the Public Employees Police

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

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

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing 5.00 percent for each year of service until fully vested after 20 years.

b. Benefits Provided

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Plan and Police and Fire Plan benefit recipients receive a future annual 1.00 percent for the post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will be 2.50 percent. If, after reverting to a 2.50 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.00 percent.

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

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

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2018. Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2018.

In 2018, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	16.20

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

The County's contributions for the year ended December 31, 2018, to the pension plans were:

General Employees Plan	$	605,770
Police and Fire Plan		273,492

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2018, the County reported a liability of $6,407,466 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.1155 percent. It was 0.1206 percent measured as of June 30, 2017. The County recognized pension expense of $207,570 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized $49,017 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan for the fiscal years ended June 30, 2018 and 2019, and $6 million thereafter, through calendar year 2031.

The County's proportionate share of the net pension liability	$ 6,407,466
State of Minnesota's proportionate share of the net pension liability associated with the County	210,196
Total	$ 6,617,662

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 176,748	$ 183,803
Changes in actuarial assumptions	602,006	741,707
Difference between projected and actual investment earnings	-	691,769
Changes in proportion	284,183	433,347
Contributions paid to PERA subsequent to the measurement date	308,707	-
Total	$ 1,371,644	$ 2,050,626

The $308,707 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	$ 73,725
2020	(312,555)
2021	(615,124)
2022	(133,735)

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2018, the County reported a liability of $1,667,063 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.156 percent. It was 0.161 percent measured as of June 30, 2017. The County recognized pension expense of $179,348 for its proportionate share of the Police and Fire Plan's pension expense.

The County also recognized $14,076 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 68,335	$ 404,573
Changes in actuarial assumptions	2,054,021	2,524,673
Difference between projected and actual investment earnings	-	368,388
Changes in proportion	173,409	51,755
Contributions paid to PERA subsequent to the measurement date	141,531	-
Total	$ 2,437,296	$ 3,349,389

The $141,531 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	$ (34,693)
2020	(110,905)
2021	(237,538)
2022	(654,646)
2023	(15,842)

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2018, was $386,918.

e. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Police and Fire Plan was dated August 30, 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17	5.30
Bonds (fixed income)	20	0.75
Alternative assets (private markets)	25	5.90
Cash	2	0.00

f. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2018, which remained consistent with 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2018:

General Employees Plan

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

Police and Fire Plan

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

h. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 10,412,953	6.50%	$ 3,574,287
Current	7.50	6,407,466	7.50	1,667,063
1% Increase	8.50	3,101,051	8.50	89,867

i. Pension Plan Fiduciary Net Position

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

3. Detailed Notes on All Funds (Continued)

F. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 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 Dodge County during the year ended December 31, 2018, were:

	Employee	Employer
Contribution amount	$ 4,682	$ 4,682
Percentage of covered payroll	5%	5%

G. Other Postemployment Benefits (OPEB)

Plan Description

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

3. Detailed Notes on All Funds

G. Other Postemployment Benefits (OPEB)

Plan Description (Continued)

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.

The County provides postemployment health insurance in the form of a Medicare supplemental policy 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.

Additionally, for police and fire personnel with 15 years of service (20 years of service if hired after January 1, 2008), the County will contribute up to $450 per month toward medical insurance after retirement for five years or until Medicare eligibility, whichever is earlier.

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

As of the January 1, 2018, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	31
Active plan participants	163
Total	194

3. Detailed Notes on All Funds

G. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The County's total OPEB liability of $3,428,536 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the fiscal year-end December 31, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent, average wage inflation plus merit/productivity increases
Health care cost trend	6.50 percent, decreasing 1.50 percent over 6 years

The current year discount rate is 3.30 percent, which is a change from the prior year rate of 3.50 percent. For the current valuation, the discount rate was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates are based on RP-2014 White Collar Headcount Weighted Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

Other postemployment benefits are liquidated by the General Fund.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017, as restated	$ 3,289,186
Changes for the year	
Service cost	$ 149,715
Interest	111,489
Benefit payments	(121,854)
Net change	$ 139,350
Balance at December 31, 2018	$ 3,428,536

3. Detailed Notes on All Funds

G. Other Postemployment Benefits (OPEB) (Continued)

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Discount Rate	Total OPEB Liability
1% Decrease	2.30%	$ 3,850,381
Current	3.30	3,428,536
1% Increase	4.30	3,069,548

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	$ 3,011,669
Current	6.50% Decreasing to 5.00%	3,428,536
1% Increase	7.50% Decreasing to 6.00%	3,934,665

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

For the year ended December 31, 2018, the County recognized OPEB expense of $30,824. The County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to the measurement date	$ 108,526

3. Detailed Notes on All Funds

G. Other Postemployment Benefits (OPEB)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The $108,526 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019.

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2018:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Headcount Weighted Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Headcount Weighted Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate used changed from 3.50 percent to 3.30 percent.

4. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County participates in a service

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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 amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2018 and 2019. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

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

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

4. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

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 2016 for $126,657 to extend to 2021. The terms of the refinanced loan are level annual payments of $10,924 from 2017 to 2020 with a final balloon payment of $97,876 in 2021. The County remains the guarantor for the loan. The principal outstanding as of December 31, 2018, is $107,638.

C. Joint Ventures

South Central Human Relations Center, Inc.

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

Control is vested in a Joint Powers Board, comprised of two representatives of each County Board of Commissioners. All contracted payments made to the South Central Human Relations Center, Inc., come from Minnesota Prairie County Alliance. This is a result of the Dodge, Steele, and Waseca combination of human services departments into the service delivery authority known as Minnesota Prairie County Alliance.

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

Dodge County 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.

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Dodge County Family Services Collaborative (Continued)

Control of the Collaborative is vested in a Board of Directors. Minnesota Prairie County Alliance acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2018, 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, Crow Wing, and Freeborn Counties elected to opt out of the SCHA, consistent with the terms of the joint powers agreement. 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.

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

South Country Health Alliance (Continued)

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. Dodge County's equity interest in the SCHA at December 31, 2018, was $1,555,213. 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.

Morrison, Todd, and Wadena Counties have given notice to the SCHA that they will be withdrawing from the SCHA at the end of 2019. They will be entitled to their capital and surplus as of December 31, 2019, which can be paid out in a lump sum or over a period up to five years.

Complete financial statements for the SCHA can be obtained from the South Country Health Alliance at 110 West Fremont Street, Owatonna, Minnesota 55060, or from its fiscal agent at 2300 Park Drive, Suite 100, Owatonna, Minnesota 55060.

Southeastern Minnesota Multi-County Housing and Redevelopment Authority (HRA)

Wabasha and Goodhue Counties formed the Southeastern Minnesota Multi-County 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 2018.

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

4. Summary of Significant Contingencies and Other Items

   C. Joint Ventures (Continued)

Minnesota Counties Information Systems (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.

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 Systems, 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 the participating city.

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, Dodge County paid $4,000 to the Emergency Communications Board.

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Southeast Minnesota Violent Crime Enforcement Team (SEMVCET)

Dodge County and other regional counties and cities have formed the Southeast Minnesota Violent Crime Enforcement Team, under authority of Minn. Stat. § 471.59, to work cooperatively in the enforcement of controlled substance laws and violent crime-related offenses. The SEMVCET is governed by a governing board made up of members known as “Directors.” The chief law enforcement officer from each member county and member city shall serve as a Director.

Olmsted County has been appointed as the fiscal agent for SEMVCET. During 2018, Dodge County paid $7,460 to SEMVCET.

Minnesota Prairie County Alliance (MNPrairie)

Dodge, Steele, and Waseca Counties formed Minnesota Prairie County Alliance to provide human services to citizens within the counties. MNPrairie is governed by a six-member Board composed of two Dodge County Commissioners, two Steele County Commissioners, and two Waseca County Commissioners. MNPrairie is financed through state and federal grants, fees from clients, and contributions from participating counties. Each member county has an explicit and measurable right to its contribution to MNPrairie. Dodge County’s equity interest in MNPrairie at December 31, 2018, was $2,261,380. 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.

Financial statements for MNPrairie may be obtained at its Steele County office at 630 Florence Avenue, Owatonna, Minnesota 55060.

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

D. Jointly-Governed Organizations

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

The Minnesota Counties Computer Cooperative (MCCC) was established under the Minnesota Joint Powers Law, Minn. Stat. § 471.59. Minnesota counties have created the MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Dodge County expended $104,798 to the MCCC.

Minnesota Workforce Development (MWD) provides various job training services for member organizations. Dodge County made no payments to this organization in 2018. All Dodge County services are paid through Minnesota Prairie County Alliance.

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 11-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, Dodge County did not contribute to SEEMS.

The Southeast Minnesota Water Resources 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, Dodge County paid $5,000 to the Water Resources Board.

Complete financial statements for the Water Resources Board can be obtained at PO Box 5838, Winona, Minnesota 55987.

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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

The Southeastern Minnesota 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, Dodge County made payments of $8,750 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, Dodge County made payments of $9,978 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. Dodge County did not contribute to the SEMIC during 2018.

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

The Region One – Southeast Minnesota Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. 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.

4. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

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, Dodge 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. Twelve are elected officials, including a County Commissioner and Soil and Water Conservation District Supervisor from each of the six counties of the Partnership. 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. Dodge County did not contribute to the Partnership during 2018.

Dodge-Fillmore-Olmsted (DFO) Community Corrections is governed by a seven-member Board composed of two Dodge County Commissioners, two Fillmore County Commissioners, and three Olmsted County Commissioners. The DFO Community Corrections is financed through state grants and contributions from the participating counties. During 2018, Dodge County contributed $609,326 to this organization.

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 8,537,637	$ 8,537,637	$ 8,167,661	$ (369,976)
Special assessments	-	-	14,660	14,660
Licenses and permits	20,850	20,850	60,105	39,255
Intergovernmental	1,511,544	1,511,544	2,115,133	603,589
Charges for services	1,881,023	1,881,023	1,650,439	(230,584)
Fines and forfeits	-	-	13,494	13,494
Gifts and contributions	-	-	1,811	1,811
Investment earnings	100,385	100,385	342,432	242,047
Miscellaneous	115,500	115,500	171,875	56,375
Total Revenues	**$ 12,166,939**	**$ 12,166,939**	**$ 12,537,610**	**$ 370,671**
Expenditures				
Current				
General government				
Commissioners	$ 352,480	$ 352,480	$ 274,187	$ 78,293
Court administrator	160,879	160,879	154,308	6,571
County administration	227,846	227,846	237,134	(9,288)
Elections	176,236	176,236	117,859	58,377
Finance	597,469	597,469	617,345	(19,876)
Data processing information systems	458,723	458,723	273,191	185,532
Central services	181,700	181,700	159,551	22,149
Human resource coordinator	157,368	157,368	116,643	40,725
County attorney	415,159	415,159	395,799	19,360
Law library	12,000	12,000	10,136	1,864
Land records	796,238	796,238	775,025	21,213
Surveyor	68,700	68,700	66,205	2,495
Maintenance	841,688	841,688	728,704	112,984
Veterans service officer	85,470	85,470	72,662	12,808
Planning and zoning	209,250	209,250	261,595	(52,345)
Other general government	356,700	356,700	395,490	(38,790)
Total general government	**$ 5,097,906**	**$ 5,097,906**	**$ 4,655,834**	**$ 442,072**
Public safety				
Sheriff	$ 4,634,717	$ 4,634,717	$ 4,609,997	$ 24,720
Coroner	62,000	62,000	59,681	2,319
E-911 system	139,999	139,999	161,038	(21,039)
Community corrections	607,810	607,810	609,685	(1,875)
Drug court	185,030	185,030	191,738	(6,708)
DARE program	-	-	5,270	(5,270)
Emergency management	127,585	127,585	119,665	7,920
Other public safety	-	-	6,805	(6,805)
Total public safety	**$ 5,757,141**	**$ 5,757,141**	**$ 5,763,879**	**$ (6,738)**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Human services				
Other	**$ 8,750**	**$ 8,750**	**$ 8,750**	**$ -**
Health				
Nursing services	$ 1,039,133	$ 1,039,133	$ 983,522	$ 55,611
WIC	93,614	93,614	90,644	2,970
Total health	**$ 1,132,747**	**$ 1,132,747**	**$ 1,074,166**	**$ 58,581**
Culture and recreation				
Historical society	$ 7,500	$ 7,500	$ 7,601	$ (101)
Senior citizens	1,620	1,620	1,620	-
County/regional library	118,381	118,381	118,381	-
Appropriations	23,000	23,000	9,036	13,964
Other culture and recreation	350	350	350	-
Total culture and recreation	**$ 150,851**	**$ 150,851**	**$ 136,988**	**$ 13,863**
Conservation of natural resources				
County extension	$ 132,158	$ 132,158	$ 130,750	$ 1,408
Soil and water conservation	118,000	118,000	118,000	-
Agriculture society/County fair	16,000	16,000	16,000	-
Total conservation of natural resources	**$ 266,158**	**$ 266,158**	**$ 264,750**	**$ 1,408**
Total Expenditures	**$ 12,413,553**	**$ 12,413,553**	**$ 11,904,367**	**$ 509,186**
Excess of Revenues Over (Under) Expenditures	**$ (246,614)**	**$ (246,614)**	**$ 633,243**	**$ 879,857**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	10,000	10,000	2,149	(7,851)
Change in Fund Balance	**$ (236,614)**	**$ (236,614)**	**$ 635,392**	**$ 872,006**
Fund Balance – January 1	**11,520,450**	**11,520,450**	**11,520,450**	**-**
Fund Balance – December 31	**$ 11,283,836**	**$ 11,283,836**	**$ 12,155,842**	**$ 872,006**

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,841,247	$ 1,841,247	$ 1,886,276	$ 45,029
Special assessments	-	-	6,032	6,032
Licenses and permits	7,000	7,000	8,425	1,425
Intergovernmental	6,747,004	6,747,004	7,748,936	1,001,932
Charges for services	44,999	44,999	34,440	(10,559)
Gifts and contributions	-	-	3,152	3,152
Miscellaneous	150,100	150,100	56,710	(93,390)
Total Revenues	**$ 8,790,350**	**$ 8,790,350**	**$ 9,743,971**	**$ 953,621**
Expenditures				
Current				
Highways and streets				
Administration	$ 558,253	$ 558,253	$ 541,205	$ 17,048
Maintenance	1,748,796	1,748,796	1,783,857	(35,061)
Construction	5,521,986	5,521,986	4,806,739	715,247
Equipment maintenance and shop	705,515	705,515	570,633	134,882
Other	5,800	5,800	604	5,196
Total highways and streets	**$ 8,540,350**	**$ 8,540,350**	**$ 7,703,038**	**$ 837,312**
Intergovernmental				
Highways and streets	250,000	250,000	290,212	(40,212)
Total Expenditures	**$ 8,790,350**	**$ 8,790,350**	**$ 7,993,250**	**$ 797,100**
Change in Fund Balance	**$ -**	**$ -**	**$ 1,750,721**	**$ 1,750,721**
Fund Balance – January 1	**2,719,646**	**2,719,646**	**2,719,646**	**-**
Increase (decrease) in inventories	**-**	**-**	**(3,485)**	**(3,485)**
Fund Balance – December 31	**$ 2,719,646**	**$ 2,719,646**	**$ 4,466,882**	**$ 1,747,236**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-3

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,546,272	$ 2,546,272	$ 2,513,584	$ (32,688)
Intergovernmental	149,564	149,564	220,045	70,481
Total Revenues	**$ 2,695,836**	**$ 2,695,836**	**$ 2,733,629**	**$ 37,793**
Expenditures				
Intergovernmental				
Human services	2,795,836	2,795,836	2,795,836	-
Change in Fund Balance	**$ (100,000)**	**$ (100,000)**	**$ (62,207)**	**$ 37,793**
Fund Balance – January 1	**2,348,928**	**2,348,928**	**2,348,928**	-
Fund Balance – December 31	**$ 2,248,928**	**$ 2,248,928**	**$ 2,286,721**	**$ 37,793**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-4

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2018

	2018
Total OPEB Liability	
Service cost	$ 149,715
Interest	111,489
Benefit payments	(121,854)
Net change in total OPEB liability	**$ 139,350**
Total OPEB Liability – Beginning	**3,289,186**
Total OPEB Liability – Ending	**$ 3,428,536**
Covered-employee payroll	$ 8,282,003
Total OPEB liability (asset) as a percentage of covered-employee payroll	41.40%

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

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-5

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2018

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Dodge County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.1155 %	$ 6,407,466	$ 210,196	$ 6,617,662	$ 7,870,377	81.41 %	79.53 %
2017	0.1206	7,699,025	96,801	7,795,826	7,768,709	99.10	75.90
2016	0.1136	9,223,756	120,378	9,344,134	7,046,672	130.90	68.91
2015	0.1282	6,643,989	N/A	6,643,989	7,870,470	84.42	78.19

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-6

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2018

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2018	$ 605,770	$ 605,770	$ -	$ 8,082,284	7.50 %
2017	567,646	567,646	-	7,568,612	7.50
2016	548,296	548,296	-	7,310,608	7.50
2015	531,988	531,988	-	7,093,173	7.50

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-7

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2018

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.156 %	$ 1,667,063	$ 1,648,114	101.15 %	88.84 %
2017	0.161	2,173,692	1,651,393	131.63	85.43
2016	0.155	6,220,421	1,496,787	415.58	63.88
2015	0.154	1,749,800	1,463,644	119.55	86.61

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-8

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2018

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2018	$ 273,492	$ 273,492	$ -	$ 1,688,220	16.20 %
2017	261,814	261,814	-	1,616,132	16.20
2016	252,344	252,344	-	1,557,678	16.20
2015	242,276	242,276	-	1,495,531	16.20

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

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1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major 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.

2. Other Postemployment Benefits

In 2018, Dodge County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 3.G. in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

3. Employer Contributions to Other Postemployment Benefits

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

The following changes in actuarial assumptions occurred in 2018:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

3. Employer Contributions to Other Postemployment Benefits (Continued)

   - The mortality table was updated from RP-2014 White Collar Headcount Weighted Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Headcount Weighted Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

   - The retirement and withdrawal tables for all employees were updated.

   - The discount rate was changed from 3.50 percent to 3.30 percent.

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

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

   General Employees Retirement Plan

   2018

   - The mortality projection scale was changed from MP-2015 to MP-2017.

   - The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

   2017

   - The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

   - The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

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

General Employees Retirement Plan

2017 (Continued)

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

2016

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

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

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

Public Employees Police and Fire Plan

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.

- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.

- An end date of July 1, 2048, was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

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

Public Employees Police and Fire Plan

2018 (Continued)

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

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

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

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

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

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

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

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

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

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.

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

2016

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

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

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

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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.

DEBT SERVICE FUND

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.

CAPITAL PROJECTS FUND

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds		Courthouse Improvements Debt Service Fund	Capital Improvements Plan Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit 3)
	Ditch	Solid Waste			
Assets					
Cash and pooled investments	$ -	$ 1,294,119	$ 1,367,572	$ 196,745	$ 2,858,436
Petty cash and change funds	-	250	-	-	250
Taxes receivable – delinquent	-	3,844	14,481	-	18,325
Special assessments receivable – delinquent	374	17,598	-	-	17,972
Accounts receivable	-	149,090	-	-	149,090
Due from other governments	7,023	5,410	-	-	12,433
Total Assets	**$ 7,397**	**$ 1,470,311**	**$ 1,382,053**	**$ 196,745**	**$ 3,056,506**
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Cash overdraft	$ 16,533	$ -	$ -	$ -	$ 16,533
Accounts payable	4,881	11,164	-	-	16,045
Salaries payable	-	14,230	-	-	14,230
Due to other governments	1,101	72,516	-	-	73,617
Unearned revenue	-	49,528	-	-	49,528
Total Liabilities	**$ 22,515**	**$ 147,438**	**$ -**	**$ -**	**$ 169,953**
Deferred Inflows of Resources					
Unavailable revenue	**$ 374**	**$ 20,288**	**$ 9,905**	**$ -**	**$ 30,567**
Fund Balances					
Restricted for					
Capital projects	$ -	$ -	$ -	$ 196,745	$ 196,745
Natural resources block grant	-	66,358	-	-	66,358
Debt service	-	-	1,372,148	-	1,372,148
Ditch maintenance and construction	22,529	-	-	-	22,529

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1
(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Funds		Courthouse Improvements Debt Service Fund	Capital Improvements Plan Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit 3)
	Ditch	Solid Waste			
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Fund Balances (Continued)					
Committed to					
Capital equipment	-	198,457	-	-	198,457
Change funds	-	250	-	-	250
Landfill postclosure	-	178,240	-	-	178,240
Assigned to					
Sanitation	-	859,280	-	-	859,280
Unassigned	(38,021)	-	-	-	(38,021)
Total Fund Balances	**$ (15,492)**	**$ 1,302,585**	**$ 1,372,148**	**$ 196,745**	**$ 2,855,986**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 7,397**	**$ 1,470,311**	**$ 1,382,053**	**$ 196,745**	**$ 3,056,506**

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, 2018

	Special Revenue Funds		Courthouse Improvements Debt Service Fund	Capital Improvements Plan Capital Projects Fund	Total Nonmajor Governmental Funds (Exhibit 5)
	Ditch	Solid Waste			
Revenues					
Taxes	$ -	$ 268,280	$ 1,079,077	$ -	$ 1,347,357
Special assessments	25,040	209,491	-	-	234,531
Licenses and permits	-	26,140	-	-	26,140
Intergovernmental	-	247,080	110,542	-	357,622
Charges for services	-	1,507,813	-	-	1,507,813
Investment earnings	-	6,871	-	-	6,871
Miscellaneous	-	8,914	-	-	8,914
Total Revenues	**$ 25,040**	**$ 2,274,589**	**$ 1,189,619**	**$ -**	**$ 3,489,248**
Expenditures					
Current					
Sanitation	$ -	$ 2,015,437	$ -	$ -	$ 2,015,437
Conservation of natural resources	35,024	1,029	-	-	36,053
Debt service					
Principal	-	65,000	870,000	-	935,000
Interest	-	6,901	234,975	-	241,876
Administrative (fiscal) charges	-	-	2,720	-	2,720
Total Expenditures	**$ 35,024**	**$ 2,088,367**	**$ 1,107,695**	**$ -**	**$ 3,231,086**
Change in Fund Balance	**$ (9,984)**	**$ 186,222**	**$ 81,924**	**$ -**	**$ 258,162**
Fund Balance – January 1	**(5,508)**	**1,116,363**	**1,290,224**	**196,745**	**2,597,824**
Fund Balance – December 31	**$ (15,492)**	**$ 1,302,585**	**$ 1,372,148**	**$ 196,745**	**$ 2,855,986**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 269,488	$ 269,488	$ 268,280	$ (1,208)
Special assessments	207,923	207,923	209,491	1,568
Licenses and permits	25,000	25,000	26,140	1,140
Intergovernmental	141,765	141,765	247,080	105,315
Charges for services	1,433,860	1,433,860	1,507,813	73,953
Investment earnings	700	700	6,871	6,171
Miscellaneous	11,000	11,000	8,914	(2,086)
Total Revenues	**$ 2,089,736**	**$ 2,089,736**	**$ 2,274,589**	**$ 184,853**
Expenditures				
Current				
Sanitation				
Solid waste	$ 1,410,051	$ 1,410,051	$ 1,456,325	$ (46,274)
Recycling	445,896	445,896	396,088	49,808
Hazardous waste	21,190	21,190	25,387	(4,197)
Wastewater treatment	135,699	135,699	137,637	(1,938)
Total sanitation	**$ 2,012,836**	**$ 2,012,836**	**$ 2,015,437**	**$ (2,601)**
Conservation of natural resources				
Water planning	-	-	1,029	(1,029)
Debt service				
Principal	70,000	70,000	65,000	5,000
Interest	6,900	6,900	6,901	(1)
Total Expenditures	**$ 2,089,736**	**$ 2,089,736**	**$ 2,088,367**	**$ 1,369**
Change in Fund Balance	**$ -**	**$ -**	**$ 186,222**	**$ 186,222**
Fund Balance – January 1	**1,116,363**	**1,116,363**	**1,116,363**	**-**
Fund Balance – December 31	**$ 1,116,363**	**$ 1,116,363**	**$ 1,302,585**	**$ 186,222**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-4

BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,092,819	$ 1,092,819	$ 1,079,077	$ (13,742)
Intergovernmental	64,191	64,191	110,542	46,351
Total Revenues	**$ 1,157,010**	**$ 1,157,010**	**$ 1,189,619**	**$ 32,609**
Expenditures				
Debt service				
Principal	$ 930,000	$ 930,000	$ 870,000	$ 60,000
Interest	225,810	225,810	234,975	(9,165)
Administrative – fiscal charges	1,200	1,200	2,720	(1,520)
Total Expenditures	**$ 1,157,010**	**$ 1,157,010**	**$ 1,107,695**	**$ 49,315**
Change in Fund Balance	**$ -**	**$ -**	**$ 81,924**	**$ 81,924**
Fund Balance – January 1	**1,290,224**	**1,290,224**	**1,290,224**	**-**
Fund Balance – December 31	**$ 1,290,224**	**$ 1,290,224**	**$ 1,372,148**	**$ 81,924**

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FIDUCIARY FUNDS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

AGENCY FUNDS

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

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

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

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

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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, 2018

	Balance January 1	Additions	Deductions	Balance December 31
EDA/HRA				
Assets				
Cash and pooled investments	**$ 110,388**	**$ 60,528**	**$ 38,588**	**$ 132,328**
Liabilities				
Accounts payable	**$ 110,388**	**$ 60,528**	**$ 38,588**	**$ 132,328**
SETTLEMENT				
Assets				
Cash and pooled investments	**$ 540,883**	**$ 32,300,942**	**$ 32,212,220**	**$ 629,605**
Liabilities				
Accounts payable	$ 87,711	$ -	$ 125	$ 87,586
Due to other funds	-	13,677,359	13,677,359	-
Due to other governments	453,172	18,623,583	18,534,736	542,019
Total Liabilities	**$ 540,883**	**$ 32,300,942**	**$ 32,212,220**	**$ 629,605**
REVOLVING				
Assets				
Cash and pooled investments	$ 126,318	$ 4,627,861	$ 4,611,757	$ 142,422
Accounts receivable	180,510	-	180,510	-
Total Assets	**$ 306,828**	**$ 4,627,861**	**$ 4,792,267**	**$ 142,422**
Liabilities				
Due to other funds	$ 180,510	$ -	$ 180,510	$ -
Due to other governments	126,318	4,627,861	4,611,757	142,422
Total Liabilities	**$ 306,828**	**$ 4,627,861**	**$ 4,792,267**	**$ 142,422**

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, 2018

	Balance January 1	Additions	Deductions	Balance December 31
AGENCY CLUSTER				
Assets				
Cash and pooled investments	**$ 562**	**$ -**	**$ -**	**$ 562**
Liabilities				
Due to other governments	**$ 562**	**$ -**	**$ -**	**$ 562**
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	$ 778,151	$ 36,989,331	$ 36,862,565	$ 904,917
Accounts receivable	180,510	-	180,510	-
Total Assets	**$ 958,661**	**$ 36,989,331**	**$ 37,043,075**	**$ 904,917**
Liabilities				
Accounts payable	$ 198,099	$ 60,528	$ 38,713	$ 219,914
Due to other funds	180,510	13,677,359	13,857,869	-
Due to other governments	580,052	23,251,444	23,146,493	685,003
Total Liabilities	**$ 958,661**	**$ 36,989,331**	**$ 37,043,075**	**$ 904,917**

OTHER SCHEDULE

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

		Governmental Funds
Appropriations and Shared Revenue		
State		
Highway users tax	$	6,288,433
PERA contribution		45,824
PERA rate reimbursement		46,005
Disparity reduction aid		166,964
SCORE		67,729
Police aid		200,102
County program aid		818,314
Market value credit – residential		437
Market value credit – agricultural		243,523
Enhanced 911		94,195
Total appropriations and shared revenue	**$**	**7,971,526**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**109,269**
Payments		
Local		
Local grants	$	18,200
Payments in lieu of taxes		23,209
Total payments	**$**	**41,409**
Grants		
State		
Minnesota Department/Board of		
Health	$	156,324
Human Services		61,809
Natural Resources		9,227
Public Safety		1,898
Transportation		270,198
Veterans Affairs		10,000
Water and Soil Resources		190,291
Pollution Control Agency		56,000
Peace Officer Standards and Training Board		29,011
Supreme Court		11,473
Trial Courts		170,845
Total state	**$**	**967,076**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Funds
Grants (Continued)	
Federal	
Department of	
Agriculture	$ 91,716
Commerce	1,784
Justice	8,248
Transportation	1,044,876
Education	2,746
Health and Human Services	182,692
Homeland Security	20,394
Total federal	**$ 1,352,456**
Total state and federal grants	**$ 2,319,532**
Total Intergovernmental Revenue	**$ 10,441,736**

Management and Compliance Section

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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
Mantorville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2019. Our report includes references to other auditors who audited the financial statements of the Dodge County Nursing Home and the South Country Health Alliance joint venture, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the South Country Health Alliance were not audited in accordance with *Government Auditing Standards.*

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 Recommendations, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2006-002 to be a material weakness and item 2014-003 to be a significant deficiency.

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 Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because 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 Counties*, except as described in the Schedule of Findings and Recommendations as item 2014-007. 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 and legal compliance findings identified in our audit are described in the Corrective Action Plan. 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 Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

December 23, 2019

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DODGE COUNTY
MANTORVILLE, MINNESOTA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding Number 2006-002

Audit Adjustment

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements in 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 entity's financial statements will not be prevented, or detected and corrected, in a timely basis.

Condition: A material audit adjustment was identified that resulted in a significant change 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. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustment was reviewed and approved by the appropriate County staff and is reflected in the financial statements: in the Road and Bridge Special Revenue Fund, due from other governments and deferred inflows of resources–unavailable revenue were increased by $1,565,262 to record additional receivables.

Cause: Errors occurred during the financial statement process that were not discovered during review.

Recommendation: We recommend County staff review the County's financial statement closing procedures, trial balances, and journal entries in detail to ensure the County's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

View of Responsible Official: Concur

Finding Number 2014-003

Reconciliation of Treasurer's Cash Book to the General Ledger

Criteria: Internal controls in place over operations should be designed to provide reasonable assurance material errors will be prevented and detected in a timely manner.

Condition: The County is not reconciling the Treasurer's cash book to the general ledger on a regular basis. As of October 9, 2019, the most recent reconciliation of the Treasurer's cash book and the general ledger was performed for month-end December 31, 2018.

Context: Reconciliations between the Treasurer's cash book and the general ledger is a tool to help ensure cash records are complete and accurate, and is a control designed to detect, and allow for correction of, errors or irregularities on a timely basis.

Effect: When accounting records are not reconciled on a regular basis, there is an increased risk errors or irregularities will not be detected in a timely manner.

Cause: The County indicated the reconciliation of the Treasurer's cash book to the general ledger was significantly behind due to other priorities.

Recommendation: We recommend the Treasurer's cash book be reconciled to the general ledger on a monthly basis and in a timely manner.

View of Responsible Official: Acknowledged

II. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2014-007

Unsecured Deposits

Criteria: Governmental entities are required by Minn. Stat. § 118A.03, subd. 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. As required by Minn. Stat. § 118A.03, subd. 3, the market value of collateral should be at least ten percent more than the uninsured and unbonded amount on deposit.

Condition: The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for one financial institution in June and one in December.

Context: In June, the County's deposits were undercollateralized by $3,058,368, and in December, the County's deposits were undercollateralized by $56,490.

Effect: The County was not in compliance with Minnesota statutes and exposed County deposits to custodial credit risk.

Cause: The County indicated this was an oversight.

Recommendation: We recommend the County monitor all County deposits to ensure there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur

DODGE COUNTY
MANTORVILLE, MINNESOTA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

III. PREVIOUSLY REPORTED ITEMS RESOLVED

2017-001 Segregation of Duties – Payroll
2017-002 Segregation of Duties – County Departments
2017-003 PERA Internal Controls

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REPRESENTATION OF DODGE COUNTY
MANTORVILLE, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2006-002
Finding Title: Audit Adjustments

Name of Contact Person Responsible for Corrective Action:

Lisa Kramer, Finance Director

Corrective Action Planned:

The County will continue learning from prior year's adjustments to try to reduce subsequent years' adjustments. We will work more closely with new staff to ensure that their audit work is as accurate as possible and get additional audit training for them. In the case of unusual accounting situations, that we may not have experienced in the past or do not encounter very often, for example new GASB guidelines, the County will consult with peers and the State Auditor's staff prior to completing our audit work to record events more accurately.

Anticipated Completion Date:

FYE 12/31/2019 audit completed in 2020

Finding Number: 2014-003
Finding Title: Reconciliation of Treasurer's Cash Book to the General Ledger

Name of Contact Person Responsible for Corrective Action:

Lisa Kramer, Finance Director, and Sara Marquardt, Accounting Services Director

Corrective Action Planned:

The Finance Director will work directly with the Accounting Services Director, an account technician, and Taxpayer Services Director to complete the general ledger reconciliation in a timely manner and file the completed reconciliations in a 'Cash' Binder. We have recently found some easier, quicker ways to reconcile the transactions that our payroll system and accounts payable system generate. This will aid staff to balance in a timely manner.

Anticipated Completion Date:

2019

Finding Number: 2014-007
Finding Title: Unsecured Deposits

Name of Contact Person Responsible for Corrective Action:

Lisa Kramer, Finance Director

Corrective Action Planned:

The County will begin considering the balance of funds physically at the bank at any given time, not the bank balance the County shows on its books with all transactions completed, as at any time there are uncashed checks or deposits in transit.

Anticipated Completion Date:

December 2019

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DODGE COUNTY
Historic. Vibrant. Rural.

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MANTORVILLE, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2006-002
Finding Title: Audit Adjustments

Summary of Condition: During the annual audit, material adjustments were identified which resulted in significant changes to the County's financial statements. The adjustments were reviewed and approved by the appropriate County staff and are reflected in the financial statements.

Summary of Corrective Action Previously Reported: The County will continue learning from prior year's adjustments to try to reduce subsequent years' adjustments. In the case of unusual accounting situations, that we may not have experienced in the past or do not encounter very often, for example federal funding for a road project, the County will consult with peers and the State Auditor's staff prior to completing our audit work to record events more accurately.

Status: Not Corrected. County staff works diligently to capture all of the County's transactions accurately on the audit papers, but with new GASB pronouncements we do our best to record items accurately, but there is a learning curve. For the 2018 audit we also had a new person completing the audit work in one of our major funds and this normally means there will be changes and adjustments to how transactions are originally recorded. We continue to improve our processes and look at the previous year's adjustments to record like transactions properly the following year. We will continue to learn and it is our intention to have fewer audit adjustments each year until they are completely eliminated.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2014-003
Finding Title: Reconciliation of Treasurer's Cash Book to the General Ledger

Summary of Condition: The County is not reconciling the Treasurer's cash book to the general ledger on a regular basis. As of August 6, 2018, the most recent reconciliation of the Treasurer's cash book and the general ledger was performed for month-end January 31, 2018, and was reviewed August 13, 2018.

Summary of Corrective Action Previously Reported: The Finance Director will work directly with the Accounting Services Director to complete the general ledger reconciliation in a timely manner. Team accountability will reinforce getting this completed in a timely manner.

Status: Not Corrected. The County plans to have 2019 up to date and balanced by March 2020.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2017-001
Finding Title: Segregation of Duties – Payroll

Summary of Condition: The Payroll Specialist/Employee Relations Assistant not only processes payroll, but also makes changes to the payroll master file for occurrences such as new hires, terminations, promotions, and pay increases. Generally, the processing of payroll and the changes to the payroll master file are done by one employee. The County did not have a process established for review of the changes made for 2017.

Summary of Corrective Action Previously Reported: The payroll register is reviewed and initialed prior to finalizing, by someone other than the Payroll Specialist and Employee Relations Assistant, and then reviewed again by the same employee after payroll is finalized with the Payroll Recap and Funding report. The funding report will be initialed after the review and filed in the payroll binder for that payroll date.

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

Finding Number: 2017-002
Finding Title: Segregation of Duties – County Departments

Summary of Condition: Several of the County's departments which collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts, as well as reconciling bank accounts. Specifically, we noted this issue in our review of the Sheriff's Department.

Summary of Corrective Action Previously Reported: Dodge County has several small departments which receive payments from the public and because of the number of staff in some of these departments it is challenging to have ideal separation of duties. Specifically, in the Sheriff's department, they have changed their fee collection process to include double counting collections and keeping a record of this by initialing and sealing the envelope that is given to the Finance department to receipt and deposit. Once funds are deposited and a receipt is returned to the Sheriff's department, records staff are reviewing the receipt to their departmental deposit sheet to verify the amounts and accounts match what is recorded in their monthly audit log spreadsheet.

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

Finding Number: 2017-003
Finding Title: PERA Internal Controls

Summary of Condition: The review of controls over Public Employees Retirement Association (PERA) pension census information identified that new members added to the PERA ERIS system are not being reviewed by someone other than the individual who is entering the information.

Summary of Corrective Action Previously Reported: The administrative assistant that reviews manual payroll changes made in Kronos with the final payroll register will also review the PERA enrollment confirmation page with the employee enrollment forms and initial the report to verify the review.

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

Finding Number: 2017-004
Finding Title: Uniform Guidance Written Procurement Policies and Procedures

Summary of Condition: The County has written procurement policies; however, these policies do not include all required components, including suspension and debarment.

Summary of Corrective Action Previously Reported: Dodge County will update its procurement policy to address the sections that do not comply with the Uniform Guidance. In doing this it will correct this finding.

Status: Not Corrected. The Finance Director has obtained a compliant Federal Procurement Policy from another County and will have it approved.

Was corrective action taken significantly different than the action previously reported?
Yes ______ No __X__

Finding Number: 2014-007
Finding Title: Unsecured Deposits

Summary of Condition: The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for one financial institution in May and two in December.

Summary of Corrective Action Previously Reported: The County has entered a CDARS arrangement with Citizens State Bank to use in combination with the pledged collateral at this bank to remain below the combined limit of FDIC insurance and pledged collateral. This agreement was put in place in December 2017. The agreement with Citizens State Bank does not employ an automatic sweep but the Finance Director has set balance triggers with the bank to aid in managing these accounts. The Finance Director has requested an increase in Bremer's Irrevocable Letter of Credit from $1.5 million to $2.5 million.

Status: Not Corrected. The County has entered a CDARS arrangement with Citizens State Bank to use in combination with the pledged collateral at this bank to remain below the combined limit of FDIC insurance and pledged collateral. This agreement was put in place in December 2017. This is not a sweep agreement, but we have established balance guidelines with the bank. The Accounting Services Director monitors the Citzens State Bank accounts closely and regularly transfers excess funds to the County's M.A.G.I.C. liquid funds account where it can earn a decent interest return while it is held there. The Finance Director has an Irrevocable Letter of Credit from Bremer Bank for $2.5 million dated January 31, 2018, and an additional Letter of Credit from Bremer Bank for $1 million dated September 12, 2018.

Was corrective action taken significantly different than the action previously reported?
Yes ______ No __X__