

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2004

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

Tax Increment Financing, Investment and Finance - 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 Employee's 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, 2004



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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2004**

			Term Expires
Elected			
Commissioners			
Board Member	Klaus Alberts, Jr.	District 1	January 2008
Vice Chair (2005 Chair)	Lyle Tjosaas	District 2	January 2006
Board Member	David Erickson	District 3	January 2008
Board Member	Don Gray	District 4	January 2006
Chair	David Hanson	District 5	January 2008
Attorney	Paul Kiltinen		January 2008
Auditor-Treasurer	Janet Tripp		January 2008
Judge of County Court	Lawrence E. Agerter		January 2008
County Recorder	Sue Alberts		January 2008
Registrar of Title	Sue Alberts		January 2008
County Sheriff	Gary Thompson		January 2008
 Appointed			
Assessor	David Meek		December 31, 2008
County Coordinator	David McKnight		Indefinite
County Engineer	Guy Kohnhofer		May 2006
Coroner	Barry Dibble		Indefinite
Finance Director	Thomas Olney		Indefinite
Human Services Director	Brian Hartung		Indefinite
Nursing Home Administrator	Jane Sheeran		Indefinite
Public Health Director	Peggy Espey		Indefinite
Surveyor	Roger Brand		December 31, 2005
Veteran Services Officer	Gary Hodge		Indefinite
Weed Inspector/Planning Director	Duane Johnson		Indefinite
 Dodge County Four Seasons Arena			
Board Members	Dodge County Economic Development Authority		
Terry Meyers	Agency Board Members		
Dick Connelly	Phil Greene		
Lyle Tjosaas	Bill Sanborn		
Larry Schaefer	Duane Bartel		
Mark Packard	Ron Durst		
Luke Nash	Mark Schultz		
	Lyle Tjosaas		
	David Erickson		

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STATE OF MINNESOTA

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dodge County, Minnesota, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dodge County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Dodge County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2005, on our consideration of Dodge County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 10, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2004
(Unaudited)**

The Dodge County's Management Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2004. Since this information is designed to focus on the current years activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements.

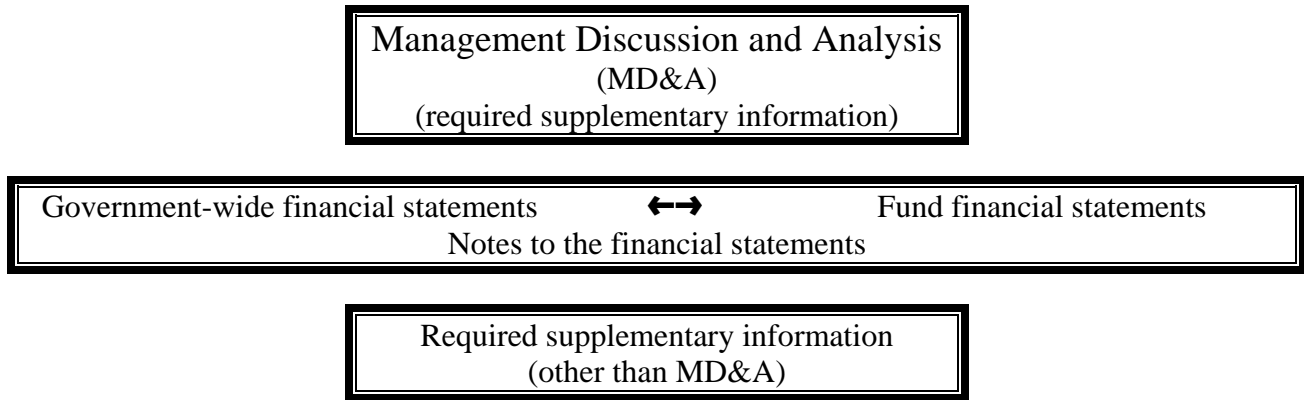
FINANCIAL HIGHLIGHTS

- Governmental activities' total net assets are \$44,486,054, of which \$35,334,869 is invested in capital assets, net of related debt, and \$1,229,524 is restricted to specific purposes.
- Business-type activities has total net assets of \$775,093. Invested in capital assets, net of related debt, represents \$651,889 of the total. Business-type net assets have no net assets restricted for specific uses.
- Dodge County's net assets increased by \$2,380,688 for the year ended December 31, 2004. Of the increase, \$2,423,896 was in the governmental activities' net assets and \$43,208 represented the decrease in business-type activities' net assets. The net assets of the County's discretely presented components units increased by \$55,237.
- The net cost of governmental activities increased by \$883,994 to \$5,604,739 for the current fiscal year. The net cost was funded by general revenues and other items.
- Governmental funds' fund balances increased by \$498,801. Most of the increase was due to the issuance of debt.
- During the year, Dodge County issued \$545,000 of general obligation bonds for new building construction and current renovation to the County's Nursing Home.
- Dodge County refinanced the Courthouse Certificates of Participation to take advantage of lower interest rates. This resulted in a net present value benefit of \$61,152.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (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.



There are two government-wide financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County’s finances. Fund financial statements are Exhibits 3 to 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County’s operations in more detail than the government-wide statements by providing information about the County’s most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

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

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

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

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

- Governmental activities--Most of the County's basic services are reported here, including general government, public safety, road and bridge, human services, health, environmental services, culture and recreation and conservation of natural resources. Property taxes and state and federal grants finance most of these activities.
- Business-type activities--The County charges a fee to customers to help it cover all or most of the cost of services it provides. The County's nursing home is reported here.
- Component units--The County includes three separate legal entities in its report. One of these entities, the Building Authority, is blended in with other funds of the County. The other two entities, the Economic Development Authority and the Four Seasons Ice Arena, are presented in a separate column. Although legally separate, these "component units" are important because the County is financially accountable for them.

Fund Financial Statements

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

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

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

Reporting the County's Fiduciary Responsibilities

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

THE COUNTY AS A WHOLE

Dodge County's combined net assets increased from \$42,880,459 to \$45,261,147. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 12.6	\$ 11.2	\$ 0.8	\$ 0.6	\$ 13.4	\$ 11.8
Capital assets	37.1	34.8	0.7	0.8	37.8	35.6
Total Assets	\$ 49.7	\$ 46.0	\$ 1.5	\$ 1.4	\$ 51.2	\$ 47.4
Long-term debt outstanding	\$ 3.3	\$ 2.5	\$ 0.6	\$ 0.4	\$ 3.9	\$ 2.9
Other liabilities	1.9	1.5	0.1	0.2	2.0	1.7
Total Liabilities	\$ 5.2	\$ 4.0	\$ 0.7	\$ 0.6	\$ 5.9	\$ 4.6
Net Assets						
Invested in capital assets, net of debt	\$ 35.3	\$ 29.5	\$ 0.7	\$ 0.6	\$ 36.0	\$ 30.1
Restricted	1.3	1.1	-	-	1.3	1.1
Unrestricted	7.9	11.4	0.1	0.2	8.0	11.6
Total Net Assets	\$ 44.5	\$ 42.0	\$ 0.8	\$ 0.8	\$ 45.3	\$ 42.8

(Unaudited)

Page 7

Net assets of the County governmental activities increased by 6.0 percent (\$44.5 million compared to \$42.0 million). Unrestricted net assets--the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from a \$11.4 million at December 31, 2003, to \$7.9 million at the end of 2004. The net assets of our business-type activities remained relatively the same.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 2.4	\$ 2.5	\$ 3.5	\$ 3.9	\$ 5.9	\$ 6.4
Operating grants and contributions	5.4	5.7	-	-	5.4	5.7
Capital grants and contributions	0.1	-	-	-	0.1	-
General revenues						
Property taxes	6.1	5.2	-	-	6.1	5.2
Other taxes	-	-	-	-	-	-
Unrestricted grants and contributions	1.8	2.3	-	-	1.8	2.3
Other general revenues	0.3	0.2	-	-	0.3	0.2
Total Revenues	\$ 16.1	\$ 15.9	\$ 3.5	\$ 3.9	\$ 19.6	\$ 19.8
Program expenses						
General government	\$ 2.6	\$ 2.7	\$ -	\$ -	\$ 2.6	\$ 2.7
Public safety	3.0	2.7	-	-	3.0	2.7
Highways and streets	2.7	2.6	-	-	2.7	2.6
Sanitation	1.2	1.0	-	-	1.2	1.0
Human services	3.1	2.8	-	-	3.1	2.8
Health	0.5	0.5	-	-	0.5	0.5
Culture and recreation	0.1	0.1	-	-	0.1	0.1
Conservation of natural resources	0.2	0.3	-	-	0.2	0.3
Interest	0.1	0.1	-	-	0.1	0.1
Nursing home	-	-	3.8	4.1	3.8	4.1
Total Program Expenses	\$ 13.5	\$ 12.8	\$ 3.8	\$ 4.1	\$ 17.3	\$ 16.9
Transfers	\$ (0.2)	\$ -	\$ 0.2	\$ -	\$ -	\$ -
Increase (Decrease) in Net Assets	\$ 2.4	\$ 3.1	\$ (0.1)	\$ (0.2)	\$ 2.3	\$ 2.9

The County's total revenues increased by about 1.7 percent (\$0.2 million). The total cost of all programs and services increased by 4.9 percent (\$0.7 million) over the previous year. With this low growth in expenses the County covered this year's costs from current year revenues. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the County governmental activities remained relatively unchanged (1.7 percent increase) from \$15,909,596 in 2003 to \$16,176,905 for 2004, while total expenses increased by 5.3 percent from \$12,855,687 in 2003 to \$13,537,009 in 2004.

The cost of all governmental activities this year was \$13,537,009 compared to \$12,855,687 last year. However, as shown in the Statement of Activities on Exhibit 2, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,604,739 because some of the cost was paid by those who directly benefited from the programs (\$2,435,232) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,376,519) and by capital grants and contributions (\$120,519). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2004 from \$8,134,942 to \$7,932,270, principally based on reductions of intergovernmental aid. The County paid for the remaining "public benefit" portion of governmental activities with \$5,604,739 in general revenues, primarily taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements.

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

Table 3
Governmental Activities
(in Millions)

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
Human services	\$ 3.1	\$ 2.8	\$ 1.3	\$ 0.8
Public safety	3.0	2.7	2.4	1.9
Highways and streets	2.7	2.6	(0.6)	(0.5)
General governments	2.6	2.7	2.0	2.0
Sanitation	1.2	1.0	0.1	0.1
All others	0.9	1.0	0.4	0.4
Totals	\$ 13.5	\$ 12.8	\$ 5.6	\$ 4.7

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) decreased by 9.6 percent (\$3,548,780 in 2004 compared to \$3,923,871 in 2003) and expenses decreased by 7.1 percent (\$3,807,988 in 2004 compared to \$4,097,970 in 2003). The factors driving these results include:

- Nursing Home revenues went down in 2004 due to a decrease in census and a reduction of the number of beds.
- Nursing Home expenses decreased due to the reduction of staff in relation to the reduction of beds and personnel transition.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of \$9,760,731, which is above last year's restated total of \$9,261,930. Most of the fund balance, \$7,728,638, is unreserved, which is available for spending at the government's discretion. Another \$1,149,069 in fund balance is reserved for the debt service related to the refinancing of the main courthouse bond.

General Fund Budgetary Highlights

The original budget, which was not amended, was greater than the final expenditures by \$168,636. The decrease from budget for expenditures was due to a reduction in state aids during 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the County had \$37,815,666 (net of depreciation) invested in a broad range of capital assets, including land, buildings, highways and streets, and equipment. (See Table 4 on the next page.) This amount represents a net increase (including additions and deductions) of \$2,236,363 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 1.3	\$ 1.2	\$ -	\$ -	\$ 1.3	\$ 1.2
Construction in progress	-	0.1	-	-	-	0.1
Land improvements	0.3	0.2	-	-	0.3	0.2
Building and improvements	2.6	2.3	0.6	0.6	3.2	2.9
Machinery, vehicles, furniture, and equipment	1.6	1.3	0.1	0.2	1.7	1.5
Infrastructure	31.3	29.7	-	-	31.3	29.7
Total Net Assets	\$ 37.1	\$ 34.8	\$ 0.7	\$ 0.8	\$ 37.8	\$ 35.6

This year's major additions included:

- Purchase of about \$280,000 in equipment for highway, landfill and other departments.
- Purchase of about \$520,000 in vehicles for highway, sheriff and other departments.

The County has no immediate plans to issue more debt for capital projects. More detailed information about the County's capital assets is presented in Note 3.A.3. to the financial statements.

Debt

At year-end, the County had \$3.3 million in bonds and notes outstanding versus \$2.1 million last year--an increase of 57 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Bonds	\$ 0.7	\$ 0.5	\$ 0.4	\$ 0.2	\$ 1.1	\$ 0.7
Certificates of participation	2.2	1.4	-	-	2.2	1.4
Totals	\$ 2.9	\$ 1.9	\$ 0.4	\$ 0.2	\$ 3.3	\$ 2.1

New debt resulted mainly from issuing general obligation bonds (\$.3 million) for two new projects--the completion of a building at the Transfer Station and remodeling and updating Fairview Nursing Home's Facility. Dodge County also refinanced its existing Refunding Certificates of Participation (\$ 0.9 million). The refinancing will benefit the County through a reduction in bond interest paid.

The County's general obligation bond rating continues to carry the third highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1996.

Other obligations include accrued vacation pay and sick leave payable. More detailed information about the County's long-term liabilities is presented in Note 3.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2005 budget, tax rates, and fees that will be charged for the business-type activities.

- The State of Minnesota has projected a significant budget deficit, and it is anticipated that there will be significant reductions in state aids to local governments. The County believes this will result in an amendment to the 2005 budget.
- The unemployment rate in Dodge County decreased from 5.1 percent to 3.9 percent in 2004. This compared favorably with the Minnesota rate of 4.3 percent, and the U.S. rate of 5.1 percent.
- County General Fund expenditures for 2005 are budgeted to increase 9 percent over 2004.
- The cost of boarding prisoners continues to increase from previous years.
- Property tax levies have increased 9.64 percent for 2005.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Four Seasons Ice Arena	Economic Development Authority
Assets					
Cash and pooled investments	\$ 9,091,029	\$ 9,231	\$ 9,100,260	\$ 59,993	\$ 19,721
Petty cash and change funds	3,590	400	3,990	-	-
Investments	1,161,550	-	1,161,550	-	-
Taxes receivable					
Prior - net	221,443	-	221,443	-	371
Special assessments receivable					
Prior - net	5,186	-	5,186	-	-
Accounts receivable - net	445,181	174,546	619,727	32,305	-
Loan receivable	81,220	-	81,220	-	-
Accrued interest receivable	20,523	-	20,523	-	-
Internal balances	3,416	(3,416)	-	-	-
Due from other governments - net	1,263,071	304,248	1,567,319	55,639	-
Due from component unit	90	-	90	-	-
Due from primary government	-	-	-	49,503	-
Advance to component unit	170,212	-	170,212	-	-
Inventories	100,606	-	100,606	-	-
Restricted assets					
Cash and pooled investments	-	301,834	301,834	-	-
Deferred charges	29,570	3,131	32,701	-	-
Capital assets					
Nondepreciable	1,322,629	15,600	1,338,229	-	-
Depreciable - net of accumulated depreciation	35,750,167	727,270	36,477,437	831,071	-
Total Assets	\$ 49,669,483	\$ 1,532,844	\$ 51,202,327	\$ 1,028,511	\$ 20,092
Liabilities					
Accounts payable	\$ 252,354	\$ 92,131	\$ 344,485	\$ 8,318	\$ 279
Salaries payable	106,242	28,901	135,143	2,105	-
Contracts payable	192,167	-	192,167	-	-
Due to other governments	1,061,623	3,013	1,064,636	3,227	-
Due to component unit	49,503	-	49,503	-	-
Due to primary government	-	-	-	90	-
Accrued interest payable	39,969	-	39,969	3,356	-
Customer deposits	137,647	-	137,647	-	-
Contracts payable from restricted assets	-	19,752	19,752	-	-
Interest payable from restricted assets	-	7,669	7,669	-	-
Long-term liabilities					
Due within one year	1,380,907	121,612	1,502,519	88,805	-
Due in more than one year	1,963,017	484,673	2,447,690	295,513	-
Total Liabilities	\$ 5,183,429	\$ 757,751	\$ 5,941,180	\$ 401,414	\$ 279

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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Four Seasons Ice Arena	Economic Development Authority
<u>Net Assets</u>					
Invested in capital assets - net of related debt	\$ 35,334,869	\$ 651,889	\$ 35,986,758	\$ 627,858	\$ -
Restricted for					
Highways and streets	1,017,618	-	1,017,618	-	-
Sanitation	53,095	-	53,095	-	-
General government	89,181	-	89,181	-	-
Public safety	9,754	-	9,754	-	-
Ditch	59,876	-	59,876	-	-
Unrestricted	<u>7,921,661</u>	<u>123,204</u>	<u>8,044,865</u>	<u>(761)</u>	<u>19,813</u>
Total Net Assets	<u>\$ 44,486,054</u>	<u>\$ 775,093</u>	<u>\$ 45,261,147</u>	<u>\$ 627,097</u>	<u>\$ 19,813</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions
<u>Functions/Programs</u>			
Primary government			
Governmental activities			
General government	\$ 2,616,127	\$ 516,014	\$ 137,245
Public safety	3,019,035	478,130	165,822
Highways and streets	2,634,262	129,968	3,000,996
Sanitation	1,170,708	1,005,248	20,405
Human services	3,106,055	131,343	1,688,044
Health	506,312	167,233	189,727
Culture and recreation	139,557	-	42,351
Conservation of natural resources	217,687	7,296	131,929
Economic development	30,184	-	-
Interest	97,082	-	-
Total governmental activities	\$ 13,537,009	\$ 2,435,232	\$ 5,376,519
Business-type activities			
Nursing home	3,807,988	3,527,556	-
Total Primary Government	\$ 17,344,997	\$ 5,962,788	\$ 5,376,519
Component units			
Four Seasons Ice Arena	\$ 257,816	\$ 213,494	\$ 98,863
Economic Development Authority	12,006	-	6,826
Total Component Units	\$ 269,822	\$ 213,494	\$ 105,689

General Revenues

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

Transfers

Total general revenues and transfers

Change in net assets

Net Assets - Beginning

Net Assets - Ending

EXHIBIT 2

Net (Expense) Revenues and Changes in Net Assets					
Capital Grants and Contributions	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Four Seasons Ice Arena	Economic Development Authority
\$ -	\$ (1,962,868)	\$ -	\$ (1,962,868)		
-	(2,375,083)	-	(2,375,083)		
120,519	617,221	-	617,221		
-	(145,055)	-	(145,055)		
-	(1,286,668)	-	(1,286,668)		
-	(149,352)	-	(149,352)		
-	(97,206)	-	(97,206)		
-	(78,462)	-	(78,462)		
-	(30,184)	-	(30,184)		
-	(97,082)	-	(97,082)		
\$ 120,519	\$ (5,604,739)	\$ -	\$ (5,604,739)		
\$ 20,833	-	(259,599)	(259,599)		
\$ 141,352	\$ (5,604,739)	\$ (259,599)	\$ (5,864,338)		
\$ -				\$ 54,541	\$ -
-				-	(5,180)
\$ -				\$ 54,541	\$ (5,180)
	\$ 6,104,119	\$ -	\$ 6,104,119	\$ -	\$ 1,823
	28,052	-	28,052	-	-
	6,098	-	6,098	-	2
	1,833,901	-	1,833,901	-	4,051
	125,762	391	126,153	-	-
	141,207	-	141,207	-	-
	5,496	-	5,496	-	-
	(216,000)	216,000	-	-	-
	\$ 8,028,635	\$ 216,391	\$ 8,245,026	\$ -	\$ 5,876
	\$ 2,423,896	\$ (43,208)	\$ 2,380,688	\$ 54,541	\$ 696
	42,062,158	818,301	42,880,459	572,556	19,117
	\$ 44,486,054	\$ 775,093	\$ 45,261,147	\$ 627,097	\$ 19,813

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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, 2004**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and pooled investments	\$ 3,724,689	\$ 1,765,387	\$ 2,600,970	\$ 999,983	\$ 9,091,029
Petty cash and change funds	3,440	-	-	150	3,590
Investments	-	12,500	-	1,149,050	1,161,550
Taxes receivable					
Prior	132,659	35,287	42,798	10,699	221,443
Special assessments receivable					
Prior	-	-	-	5,186	5,186
Accounts receivable	23,788	74,847	239,987	106,559	445,181
Loans receivable	81,220	-	-	-	81,220
Accrued interest receivable	20,299	-	-	224	20,523
Due from other funds	4,722	5,649	-	-	10,371
Due from other governments	94,082	910,439	254,955	3,595	1,263,071
Due from component unit	-	90	-	-	90
Inventories	-	100,606	-	-	100,606
Advances to other funds	135,000	-	-	-	135,000
Advance to component unit	170,212	-	-	-	170,212
Total Assets	<u>\$ 4,390,111</u>	<u>\$ 2,904,805</u>	<u>\$ 3,138,710</u>	<u>\$ 2,275,446</u>	<u>\$ 12,709,072</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 40,791	\$ 25,363	\$ 115,492	\$ 70,708	\$ 252,354
Salaries payable	64,096	16,041	19,634	6,471	106,242
Contracts payable	-	192,167	-	-	192,167
Due to other funds	2,050	-	1,886	3,019	6,955
Due to other governments	86,914	868,078	62,527	44,104	1,061,623
Due to component units	49,503	-	-	-	49,503
Deferred revenue - unavailable	48,622	875,484	76,954	5,790	1,006,850
Advance from other funds	-	-	-	135,000	135,000
Deposits	137,647	-	-	-	137,647
Total Liabilities	\$ 429,623	\$ 1,977,133	\$ 276,493	\$ 265,092	\$ 2,948,341
Fund Balances					
Reserved for					
Courthouse improvement	\$ -	\$ -	\$ -	\$ 132,625	\$ 132,625
Inventories	-	100,606	-	-	100,606
Advances to other funds	135,000	-	-	-	135,000
Debt service	-	-	-	1,149,069	1,149,069
Loan receivable	81,220	-	-	-	81,220
Advance to component unit	170,212	-	-	-	170,212
Recorder's equipment	21,542	-	-	-	21,542
Sheriff's forfeited property	1,431	-	-	-	1,431
Law library	32,233	-	-	-	32,233
Enhanced 911	94	-	-	-	94
Drug court	2,484	-	-	-	2,484
DARE	5,745	-	-	-	5,745
Attorney forfeited property	35,406	-	-	-	35,406
Highway projects	-	111,331	-	-	111,331
Natural resources block grant	-	-	-	53,095	53,095
Unreserved					
Designated for cash flows	2,312,000	611,235	754,000	-	3,677,235
Designated for compensated absences	236,313	104,500	87,134	-	427,947
Undesignated	926,808	-	2,021,083	-	2,947,891
Unreserved, reported in nonmajor					
Special revenue funds	-	-	-	671,341	671,341
Debt service funds	-	-	-	4,224	4,224
Total Fund Balances	\$ 3,960,488	\$ 927,672	\$ 2,862,217	\$ 2,010,354	\$ 9,760,731
Total Liabilities and Fund Balances	\$ 4,390,111	\$ 2,904,805	\$ 3,138,710	\$ 2,275,446	\$ 12,709,072

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004**

Fund balances - total governmental funds (Exhibit 3)	\$	9,760,731
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		37,072,796
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		1,006,850
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	\$ (655,000)	
Certificates of participation	(2,163,085)	
Deferred issuance costs	29,570	
Capital leases	(37,922)	
Loans payable	(23,749)	
Compensated absences	(464,168)	
Accrued interest payable	(39,969)	
		(3,354,323)
Net assets of governmental activities (Exhibit 1)	\$	<u>44,486,054</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 3,742,249	\$ 974,226	\$ 1,141,247	\$ 282,613	\$ 6,140,335
Special assessments	-	-	-	115,901	115,901
Licenses and permits	37,703	-	-	77,175	114,878
Intergovernmental	1,589,432	3,146,718	1,968,504	304,944	7,009,598
Charges for services	1,084,680	137,322	-	809,725	2,031,727
Fines and forfeits	17,096	-	-	-	17,096
Gifts and contributions	3,010	-	-	-	3,010
Interest on investments	115,436	-	-	10,326	125,762
Miscellaneous	165,401	-	131,343	11,793	308,537
Total Revenues	\$ 6,755,007	\$ 4,258,266	\$ 3,241,094	\$ 1,612,477	\$ 15,866,844
Expenditures					
Current					
General government	\$ 2,568,859	\$ -	\$ -	\$ 41,614	\$ 2,610,473
Public safety	3,184,525	-	-	-	3,184,525
Highways and streets	-	4,461,769	-	-	4,461,769
Sanitation	-	-	-	1,423,277	1,423,277
Human services	-	-	3,107,439	-	3,107,439
Health	503,557	-	-	-	503,557
Culture and recreation	139,557	-	-	-	139,557
Conservation of natural resources	181,373	-	-	28,391	209,764
Economic development	30,184	-	-	-	30,184
Capital outlay	-	-	-	241,013	241,013
Debt service					
Principal retirement	-	7,727	-	258,689	266,416
Interest	-	879	-	100,725	101,604
Bond issuance costs	-	-	-	30,560	30,560
Administrative charges	-	-	-	1,193	1,193
Total Expenditures	\$ 6,608,055	\$ 4,470,375	\$ 3,107,439	\$ 2,125,462	\$ 16,311,331
Excess of Revenues Over (Under) Expenditures	\$ 146,952	\$ (212,109)	\$ 133,655	\$ (512,985)	\$ (444,487)
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 249,602	\$ 249,602
Transfers out	(217,942)	-	-	(247,660)	(465,602)
Bonds and notes issued	-	-	-	210,000	210,000
Proceeds from sale of capital assets	13,520	3,725	140	-	17,385
Discount on bond issuance	-	-	-	(7,144)	(7,144)
Refunding bonds issued	-	-	-	930,000	930,000
Total Other Financing Sources (Uses)	\$ (204,422)	\$ 3,725	\$ 140	\$ 1,134,798	\$ 934,241
Net Change in Fund Balances	\$ (57,470)	\$ (208,384)	\$ 133,795	\$ 621,813	\$ 489,754
Fund Balance - January 1, Note 1. E.	4,017,958	1,127,009	2,728,422	1,388,541	9,261,930
Increase (decrease) in reserved for inventories	-	9,047	-	-	9,047
Fund Balance - December 31	\$ 3,960,488	\$ 927,672	\$ 2,862,217	\$ 2,010,354	\$ 9,760,731

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balances - total governmental funds (Exhibit 5)	\$	489,754
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	\$ 3,646,720	
Current year depreciation	(1,191,871)	2,454,849
<p>In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed of.</p>		
		(15,472)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		311,919
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The net proceeds for debt issuance are:</p>		
		(1,102,296)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal repayments		
General obligation bonds	\$ 65,000	
Certificates of participation	175,000	
Capital leases	18,500	
Loans	7,916	266,416
<p>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.</p>		
Change in accrued interest payable	\$ 5,715	
Change in inventories	9,047	
Change in compensated absences	3,964	18,726
Change in net assets of governmental activities (Exhibit 2)	\$	<u>2,423,896</u>

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PROPRIETARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2004**

Assets

Current assets	
Cash and pooled investments	\$ 9,231
Petty cash and change funds	400
Accounts receivable - net	174,546
Due from other governments	304,248
Total current assets	\$ 488,425
Restricted assets	
Cash and pooled investments	\$ 301,834
Noncurrent assets	
Deferred debt issue costs	\$ 3,131
Capital assets	
Nondepreciable	15,600
Depreciable - net	727,270
Total noncurrent assets	\$ 746,001
Total Assets	\$ 1,536,260

Liabilities

Current liabilities	
Accounts payable	\$ 92,131
Salaries payable	28,901
Compensated absences payable - current	69,955
Due to other funds	3,416
Due to other governments	3,013
Total current liabilities	\$ 197,416
Current liabilities payable from restricted assets	
Contracts payable	\$ 19,752
Interest payable	7,669
General obligation bonds payable - current	51,657
Total current liabilities payable from restricted assets	\$ 79,078
Noncurrent liabilities	
Compensated absences payable - long-term	\$ 100,355
General obligation bonds payable - long-term	384,318
Total noncurrent liabilities	\$ 484,673
Total Liabilities	\$ 761,167

Net Assets

Invested in capital assets, net of related debt	\$ 651,889
Unrestricted	123,204
Total Net Assets	\$ 775,093

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

Operating Revenues	
Charges for services	\$ 3,524,718
Miscellaneous	2,838
	<hr/>
Total Operating Revenues	\$ 3,527,556
Operating Expenses	
Personal services	\$ 2,411,632
Professional services	464,070
Other services and charges	258,928
Supplies	312,029
Utilities	63,158
Insurance	142,439
Licenses and dues	72,977
Depreciation	61,053
	<hr/>
Total Operating Expenses	\$ 3,786,286
Operating Income (Loss)	\$ (258,730)
Nonoperating Revenues (Expenses)	
Interest income	\$ 391
Gifts and contributions	20,833
Gain on sale/disposal of capital assets	(7,212)
Interest expense	(13,894)
Bond issue expense	(596)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (478)
Income before contributions and transfers	\$ (259,208)
Transfers in	216,000
	<hr/>
Change in Net Assets	\$ (43,208)
Net Assets - January 1	818,301
	<hr/>
Net Assets - December 31	\$ 775,093
	<hr/> <hr/>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 3,618,136
Receipts from contributions	20,833
Payments to suppliers	(1,314,184)
Payments to employees	(2,553,901)
	\$ (229,116)
Cash Flows From Noncapital Financing Activities	
Advance from other funds	\$ 314,000
Return of advance	(158,000)
	\$ 156,000
Cash Flows From Capital and Related Financing Activities	
Proceeds from issuance of bonds	\$ 335,000
Prepaid interest bonds received	446
Principal paid on long-term debt	(48,838)
Interest paid on long-term debt	(8,142)
Bond issue costs and discount	(9,047)
Proceeds from sale of capital assets	787
Purchase of capital assets	(5,328)
	\$ 264,878
Cash Flows From Investing Activities	
Investment earnings received	\$ 396
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 192,158
Cash and Cash Equivalents at January 1	119,307
Cash and Cash Equivalents at December 31	\$ 311,465
Cash and Cash Equivalents	
Cash and pooled investments	\$ 9,231
Petty cash and change funds	400
Restricted cash and pooled investments	301,834
	\$ 311,465

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

***EXHIBIT 9
(Continued)***

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004
Increase (Decrease) in Cash and Cash Equivalents**

Reconciliation of operating income to net cash provided by (used in)

operating activities

Operating income	\$ (258,730)
<hr/>	
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Receipts from contributions	\$ 20,833
Depreciation expense	61,053
(Increase) decrease in accounts receivable	384,805
(Increase) decrease in due from other governments	(304,248)
Increase (decrease) in accounts payable	(117)
Increase (decrease) in accounts payable from restricted assets	19,752
Increase (decrease) in salaries payable	(93,644)
Increase (decrease) in compensated absences payable	(48,625)
Increase (decrease) in due to other funds	(110)
Increase (decrease) in due to other governments	(260)
Increase (decrease) in unearned revenue	(9,825)
<hr/>	
Total adjustments	\$ 29,614
<hr/>	
Net cash provided by operating activities	\$ (229,116)
<hr/>	

FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 10

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004**

	Cemetery Perpetual Care Private-Purpose Trust	Agency
<u>Assets</u>		
Cash and cash equivalents	\$ 3,393	\$ 902,491
Investments	110,018	-
Receivables		
Interest	62	-
Total Assets	\$ 113,473	\$ 902,491
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 2,690
Due to other governments	-	899,801
Total Liabilities	\$ -	\$ 902,491
<u>Net Assets</u>		
Net assets, restricted for endowment - nonexpendable	\$ 79,973	
Unrestricted	33,500	
Total Net Assets	\$ 113,473	

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 11

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Cemetery Perpetual Care Private-Purpose Trust</u>
<u>Additions</u>	
Investment earnings	
Interest	\$ 3,567
Net increase (decrease) in fair value of investments	<u>1,368</u>
Total additions	\$ 4,935
<u>Deductions</u>	
Payments in accordance with trust agreements	<u>4,947</u>
Change in net assets	\$ (12)
Net Assets - Beginning	<u>113,485</u>
Net Assets - Ending	<u>\$ 113,473</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2004. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Dodge County was established February 20, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Dodge County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Blended Component Unit

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

<u>Component Unit</u>	<u>Component Unit Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Dodge County Building Authority	County Commissioners are Building Authority Board.	No separate financial statements prepared.
Dodge County Regional Railroad Authority	County Commissioners are Building Authority Board.	Inactive. No financial statements prepared.

Discretely Presented Component Units

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

<u>Component Unit</u>	<u>Component Unit Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Dodge County Economic Development Authority (EDA)	County appoints board members and the EDA is a financial burden.	Separate financial statements are not prepared.
Four Seasons Ice Arena	County must approve all debt of the Ice Arena.	Separate financial statements are not prepared.

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are 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 that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

Private Purpose Trust Funds are used to account for resources legally held in trust for others.

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2004, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2004 were \$115,436.

Dodge County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (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;

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

2. Deposits and Investments (Continued)

- (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. Receivables and Payables

Activity between funds that are 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 non-current portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on 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.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

4. Inventories

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

5. Restricted Assets

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

6. Capital Assets

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

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

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

7. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Deferred Revenue

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations

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

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

10. Fund Equity

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

11. Use of Estimates

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

E. Prior Period Adjustment

The following table summarizes these changes in fund balances and net assets presentation.

	Social Services Fund Balance	Governmental Activities Net Assets
Fund Balance - Net Assets January 1	\$ 2,491,072	\$ 41,964,098
Prior period adjustments		
Human services receivables	691,400	691,400
Allowance for uncollectible	(454,050)	(454,050)
Error - overstated depreciable asset book value	-	(9,863)
Error - understated accumulated depreciation	-	(129,427)
	<u>\$ 2,728,422</u>	<u>\$ 42,062,158</u>
Restated Fund Balance - Net Assets	<u>\$ 2,728,422</u>	<u>\$ 42,062,158</u>

2. Stewardship, Compliance, and Accountability

A. Component Unit Deficit

The Ice Arena ended the year with an unrestricted net asset deficit of \$761. The Ice Arena plans on eliminating the net asset deficit by raising rates to levels that are still competitive and by actively searching for sponsorships from area businesses.

B. Expenditures in Excess of Budget

The following is a summary of the individual funds that had expenditures in excess of budget for the year ended December 31, 2004.

	Expenditures	Final Budget	Excess
Social Service Fund	\$ 3,107,439	\$ 3,012,409	\$ 95,030
Ditch Fund	28,391	11,000	17,391
Courthouse Improvement Fund	81,474	63,413	18,061
Building Fund	233,871	23,884	209,987

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 9,100,260
Change and petty cash	3,990
Investments	1,161,550
Restricted assets	
Cash and pooled investments	301,834
Component units	
Cash and pooled investments	
Ice Arena	59,993
Economic Development Authority	19,721
Fiduciary funds	
Cemetery Perpetual Care Private-Purpose Trust Fund	
Cash and pooled investments	3,393
Investments	110,018
Agency funds	
Cash and pooled investments	<u>902,491</u>
 Total Cash and Investments	 <u>\$ 11,663,250</u>

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Treasurer. At December 31, 2004, the carrying amount of the County's deposits totaled \$5,733,733. The bank balance deposit amount was \$6,056,562. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2004.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

	<u>Bank Balance</u>
Covered Deposits	
Insured, or collateralized with securities held by the County or its agent in the County's name	\$ 700,000
Collateralized with securities held by the pledging financial institution's agent in the County's name	5,295,969
Total covered deposits	\$ 5,995,969
Uncollateralized	60,593
Total	\$ 6,056,562

Three levels of custodial credit risk for securities are defined by generally accepted accounting principles:

- (1) securities that are insured or registered, or for which the securities are held by the County or its agent in the County's name;
- (2) securities that are uninsured and unregistered and are held by the counterparty's trust department or agent in the County's name; and
- (3) securities that are uninsured and unregistered and are held by the counterparty, or by its trust department or agent, but not in the County's name.

Following is a summary of the fair values of the County's investments, categorized into the aforementioned levels of risk, at December 31, 2004:

	Category			<u>Fair Value</u>
	1	2	3	
Stocks	\$ 79,910	\$ -	\$ -	\$ 79,910
Negotiable certificates of deposit	-	-	1,456,469	1,456,469
Investments through fiscal agent	-	-	1,149,069	1,149,069
Total Investments	\$ 79,910	\$ -	\$ 2,605,538	\$ 2,685,448

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

	Category			Fair Value
	1	2	3	
Add				
Mutual funds				27,894
Minnesota Association of Governments Investing for Counties (MAGIC)				3,212,185
Change and petty cash funds				3,990
Deposits				5,733,733
Total Cash and Investments				\$ 11,663,250

2. Receivables

Receivables as of December 31, 2004, year-end for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities Accounts Receivables	Business-Type Activities Accounts Receivable
Accounts receivable, gross	\$ 878,100	\$ 178,031
Less: allowance for uncollectible Social service and Nursing services	432,919	3,485
Net Accounts Receivable	\$ 445,181	\$ 174,546
Due from other Governments	\$ 1,263,071	\$ 336,972
Less: allowance for uncollectible nursing home service	-	32,724
Net Due From Other Governments	\$ 1,263,071	\$ 304,248

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

Governmental Activities

	Restated Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,227,618	\$ 95,011	\$ -	\$ 1,322,629
Construction in progress	111,487	-	111,487	-
Total capital assets not depreciated	\$ 1,339,105	\$ 95,011	\$ 111,487	\$ 1,322,629
Capital assets depreciated				
Land improvements	\$ 175,865	\$ 103,504	\$ -	\$ 279,369
Buildings	4,359,371	473,298	-	4,832,669
Machinery, furniture, and equipment	3,407,102	784,467	491,974	3,699,595
Infrastructure	37,410,012	2,301,927	-	39,711,939
Total capital assets depreciated	\$ 45,352,350	\$ 3,663,196	\$ 491,974	\$ 48,523,572
Less: accumulated depreciation for				
Land improvements	\$ 5,722	\$ 9,656	\$ -	\$ 15,378
Buildings	2,124,818	95,017	-	2,219,835
Machinery, furniture, and equipment	2,251,677	317,938	476,502	2,093,113
Infrastructure	7,675,819	769,260	-	8,445,079
Total accumulated depreciation	\$ 12,058,036	\$ 1,191,871	\$ 476,502	\$ 12,773,405
Total capital assets depreciated, net	\$ 33,294,314	\$ 2,471,325	\$ 15,472	\$ 35,750,167
Governmental Activities Capital Assets, Net	\$ 34,633,419	\$ 2,566,336	\$ 126,959	\$ 37,072,796

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 15,600	\$ -	\$ -	\$ 15,600
Capital assets depreciated				
Buildings	\$ 1,243,757	\$ -	\$ 518	\$ 1,243,239
Improvements other than buildings	87,408	-	4,072	83,336
Machinery, furniture, and equipment	772,067	18,484	96,177	694,374
Total capital assets depreciated	\$ 2,103,232	\$ 18,484	\$ 100,767	\$ 2,020,949
Less: accumulated depreciation for				
Buildings	\$ 615,356	\$ 34,981	\$ 506	\$ 649,831
Improvements other than buildings	83,828	988	4,072	80,744
Machinery, furniture, and equipment	613,054	25,084	75,034	563,104
Total accumulated depreciation	\$ 1,312,238	\$ 61,053	\$ 79,612	\$ 1,293,679
Total capital assets depreciated, net	\$ 790,994	\$ (42,569)	\$ 21,155	\$ 727,270
Business-Type Activities Capital Assets, Net	\$ 806,594	\$ (42,569)	\$ 21,155	\$ 742,870

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

Governmental Activities	
General government	\$ 105,198
Public safety	86,112
Highways and streets, including depreciation of infrastructure assets	928,923
Human services	9,850
Sanitation	58,538
Conservation of natural resources	3,250
Total Depreciation Expense - Governmental Activities	<u>\$ 1,191,871</u>
Business-Type Activities	
Nursing home	<u>\$ 61,053</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2004, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Social Services	\$ 1,886
	Nursing Home	2,759
	Ditch	77
		<u>4,722</u>
Total Due to General Fund		\$ 4,722
Road and Bridge	General	\$ 2,050
	Solid Waste	2,942
	Nursing Home	657
		<u>5,649</u>
Total Due to Road and Bridge Fund		\$ 5,649
Total Due To/From Other Funds		<u>\$ 10,371</u>

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Solid Waste	<u>\$ 135,000</u>

3. Due To/From Primary Government and Component Units

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government - Road and Bridge Fund	Component Unit - Four Seasons Ice Arena	\$ 90
Component Unit - Four Seasons Ice Arena	Primary Government - General Fund	<u>49,503</u>
Total Due To/From Primary Government and Component Unit		<u>\$ 49,593</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

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

4. Advances From Primary Government to Component Units

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - Four Seasons Ice Arena	\$ 170,212

5. Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfers to Nursing Home Enterprise Fund from General Fund	\$ 216,000	Forgiven loans
Transfers to Dodge County Corporation Debt Service Fund from Building Special Revenue Fund	247,660	Provide funds for debt service payments
Transfers to Courthouse Improvement Debt Service Fund from General Fund	1,942	Provide funding
Total Interfund Transfers	\$ 465,602	

C. Liabilities

1. Other Postemployment Benefits

Retirees

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

- employees hired prior to 1983, and employees hired from 1984 through 1986 who have eight years of service at retirement receive County paid health insurance on the County's plan.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

1. Other Postemployment Benefits

Retirees (Continued)

- employees hired from 1987 through 1991 receive up to \$50 per month of County-paid health insurance.
- employees hired after 1991 receive no paid insurance benefits.

During 2004, the County paid \$156,649 for 45 retired employees. The rates are based on the County's group policy rates. All benefits are paid by the General Fund.

2. Long-Term Debt

Governmental Activities

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2004:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
1999 Energy Efficiency	2007	Semi-annual	\$ 6,488	\$ 97,673	\$ 29,768
2001 Trailer	2005	Monthly	8,606	38,746	8,154
Total Capital Leases					<u>\$ 37,922</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Governmental Activities

Capital Leases (Continued)

<u>Year Ending December 31</u>	
2005	\$ 21,582
2006	12,976
2007	<u>6,486</u>
Total minimum lease payments	\$ 41,044
Less: amount representing interest	<u>(3,122)</u>
Total Governmental Activities Capital Leases	<u>\$ 37,922</u>

The Energy Efficiency lease is being paid from the Building Special Revenue Fund, and the 2001 Trailer lease is being paid from the Road and Bridge Special Revenue Fund.

Advance Refunding

On November 1, 2004, the County issued \$930,000 of refunding certificates of participation. The proceeds from the Certificates, along with other available funds will be used to refund the Refunding Certificates of Participation, Series 1996A, dated March 1, 1996. The 2006 through 2010 maturities, inclusive, in the aggregate principal amount of \$1,055,000 will be called for redemption on February 1, 2005, at par plus accrued interest. The transaction resulted in a net present value benefit of \$61,152 for the County.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Governmental Activities (Continued)

Bonds and Certificates

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
General Obligation Bonds					
1999 Solid Waste General Crossover Refunding Bonds	2012	\$15,000 - \$25,000	3.80 - 4.80	\$ 215,000	\$ 160,000
2002 G.O. Courthouse Improvement Bonds	2009	\$50,000 - \$60,000	2.75 - 4.85	385,000	285,000
2004 B G.O. Solid Waste Bonds	2019	\$10,000 - \$20,000	3.00 - 4.75	<u>210,000</u>	<u>210,000</u>
Total general obligation bonds				<u>\$ 810,000</u>	<u>\$ 655,000</u>
1996 Certificate of Participation	2010	\$135,000 - \$220,000	4.85 - 5.75	\$ 2,445,000	\$ 1,240,000
2004 Certificate of Participation	2009	\$195,000 - \$310,000	2.25 - 3.00	<u>930,000</u>	930,000
Less: unamortized discount					<u>(6,915)</u>
Certificate of Participation, net				<u>\$ 3,375,000</u>	<u>\$ 2,163,085</u>

The Solid Waste Bonds are being paid from the Solid Waste Special Revenue Fund, the 2002 G.O. Courthouse Improvement Bonds are being paid from the Courthouse Improvement Debt Service Fund, the 2004 B G.O. Solid Waste Bonds will be paid from the Building Special Revenue Fund, and the Certificate of Participation are being paid from the Dodge County Corporation Debt Service Fund.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Governmental Activities (Continued)

Loans Payable

In 1997, the County entered into a loan agreement with the Minnesota Department of Public Safety for financing of energy conservation.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
1997 Energy Conservation	2007	\$7,916	5.50	\$ 79,162	<u>\$ 23,749</u>

Payments on the 1997 Energy Conservation Loan are made from the Building Special Revenue Fund.

Business-Type Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
1996 G.O. Nursing Home Revenue Notes	2006	\$28,490	5.690	\$ 430,000	\$ 106,295
2004 G.O. Nursing Home bonds	2012	\$45,000 - \$50,000	2.500 - 4.150	335,000	335,000
Less: unamortized discount					<u>(5,320)</u>
2004 G.O Nursing Home Bonds, net					<u>\$ 435,975</u>

Payments on both the 1996 Nursing Home Notes and the 2004 Nursing Home Bonds are being/will be made from the Nursing Home Enterprise Fund.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2004, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Certificate of Participation		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 80,000	\$ 26,675	\$ 185,000	\$ 82,159	\$ 7,916	\$ 1,306
2006	80,000	23,747	385,000	76,379	7,916	871
2007	85,000	20,567	415,000	60,938	7,917	435
2008	90,000	16,903	430,000	43,751	-	-
2009	90,000	12,863	535,000	23,713	-	-
2010 - 2014	145,000	35,310	220,000	6,325	-	-
2015 - 2019	85,000	12,825	-	-	-	-
Total	\$ 655,000	\$ 148,890	\$ 2,170,000	\$ 293,265	\$ 23,749	\$ 2,612

Business-Type Activities

Year Ending December 31	General Obligation	
	Principal	Interest
2005	\$ 51,657	\$ 5,324
2006	54,638	15,762
2007	45,000	10,940
2008	45,000	9,759
2009	45,000	8,420
2010-2014	200,000	15,950
Total	\$ 441,298	\$ 66,155

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004, was as follows:

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Change in Long-Term Liabilities (Continued)

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 510,000	\$ 210,000	\$ 65,000	\$ 655,000	\$ 80,000
Certificate of participation	1,415,000	930,000	175,000	2,170,000	1,240,000
Less: deferred amounts for issuance discounts	-	(7,144)	(229)	(6,915)	(1,729)
Total bonds payable	\$ 1,925,000	\$ 1,132,856	\$ 239,771	\$ 2,818,085	\$ 1,318,271
Capital leases	56,422	-	18,500	37,922	19,563
Loans payable	31,665	-	7,916	23,749	7,916
Compensated absences	468,132	49,758	53,722	464,168	33,428
Governmental Activity Long-Term Liabilities	<u>\$ 2,481,219</u>	<u>\$ 1,182,614</u>	<u>\$ 319,909</u>	<u>\$ 3,343,924</u>	<u>\$ 1,379,178</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
G.O. revenue notes	\$ 155,133	\$ -	\$ 48,838	\$ 106,295	\$ 51,657
G.O. Nursing Home bonds	-	335,000	-	335,000	-
Less: deferred amounts for issuance discounts	-	(5,695)	(375)	(5,320)	(751)
Compensated absences	218,935	16,431	65,056	170,310	69,955
Business-Type Activity Long-Term Liabilities	<u>\$ 374,068</u>	<u>\$ 345,736</u>	<u>\$ 113,519</u>	<u>\$ 606,285</u>	<u>\$ 120,861</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

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

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

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

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

For Public Employees Retirement Fund members whose annuity is calculated using Method 1, all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

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

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 5.10 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 6.20 percent of their annual covered salary.

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

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	5.53
Public Employees Police and Fire Fund	9.30

The County's contributions for the years ending December 31, 2004, 2003, and 2002, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

	Public Employees Retirement Fund	Public Employees Police and Fire Fund
2004	\$ 335,304	\$ 87,702
2005	315,635	83,734
2006	322,943	83,435

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

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax-deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The County's contributions for the years ending December 31, 2004, 2003, and 2002, were \$2,342, \$2,253 and \$1,482, respectively, equal to the contractually required contributions for each year as set by state statute.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of the 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. The MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$720,000 and \$760,000 per claim in 2004 and 2005, respectively. Should the MCIT Workers' Compensation Division liabilities exceed assets, the MCIT may assess the County in a method and amount to be determined by the MCIT.

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

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

C. Joint Ventures

South Central Human Relations Center, Inc.

The South Central Human Relations Center, Inc., is a joint venture between Dodge, Steele, and Waseca Counties. The Center provides community mental health services to the counties' residents. Each individual county's interest in the Center is based on contractual requirements. Financial statements are available at South Central Human Relations Center, Inc., 610 Florence Avenue, Owatonna, Minnesota 55060. During the year, Dodge County paid \$45,451 for contracted services and \$2,500 for other services.

Family Services Collaborative

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

Control of the Collaborative is vested in a Board of Directors. Dodge County Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2004, 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.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Family Services Collaborative (Continued)

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. 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 nine participating member counties' health care functions, referred to as county-based purchasing.

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.

In the event the SCHA incurs operating deficits, the member counties would maintain the SCHA's reserves to meet statutory and regulatory reserves and requirements. Minnesota statutes require the SCHA to maintain capital surplus equal to or greater than one month's expenditures, but less than three months' expenditures. The SCHA is in compliance with these requirements at December 31, 2004. During the year, Wabasha County made no payments to the South Country Health Alliance.

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

Southeastern Minnesota Multi-County HRA

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Southeastern Minnesota Multi-County HRA (Continued)

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 2004. Financial statements for the HRA may be obtained at its office at 134 East 2nd Street, Wabasha, Minnesota 55981.

D. Jointly-Governed Organizations

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

The Minnesota Counties Computer Cooperative (MCCC) was established to provide computer programming to member counties. During the year, the County expended \$31,153 to the Cooperative.

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. During the year, the County paid \$81,057 to the MWD.

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

The Southeast Minnesota Water Resource provides regional water quality services to several counties. During the year, the County paid \$3,000 to the Water Resource Board.

The Southeastern Minnesota Library (SELCO) provides library services within the County. During the year, the County contributed \$77,625 to SELCO.

The Southeastern Minnesota Narcotics Task Force provides drug investigation services for member organizations. During the year, the County paid \$5,000 to the Task Force.

The Southeastern Minnesota Recyclers' Exchange (SEMREX) provides recycled materials sales services for member organizations. During the year, the County made no payments to SEMREX.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures

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

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Basis of Accounting

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

Cash and Pooled Investments

All cash of the Ice Arena is on deposit with the Dodge County Treasurer and included with its pooled cash and investments.

B. Detailed Notes

1. Assets

Capital Assets

Component unit capital asset activity for the year ended December 31, 2004, was as follows:

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures

B. Detailed Notes

1. Assets

Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Buildings	\$ 920,950	\$ -	\$ -	\$ 920,950
Machinery, furniture, and equipment	<u>207,022</u>	<u>-</u>	<u>-</u>	<u>207,022</u>
Total capital assets depreciated	<u>\$ 1,127,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127,972</u>
Less: accumulated depreciation				
Building	\$ 184,191	\$ 23,024	\$ -	\$ 207,215
Machinery, furniture, and equipment	<u>78,472</u>	<u>11,214</u>	<u>-</u>	<u>89,686</u>
Total accumulated depreciation	<u>\$ 262,663</u>	<u>\$ 34,238</u>	<u>\$ -</u>	<u>\$ 296,901</u>
Total Capital Assets, Net	<u>\$ 865,309</u>	<u>\$ (34,238)</u>	<u>\$ -</u>	<u>\$ 831,071</u>

Depreciation expense of \$34,238 was charged to the operations of the Ice Arena.

2. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2004, for the Four Seasons Ice Arena consists of the following:

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Remaining Commitment</u>
1997 G.O. Arena Revenue Notes	2007	\$ 44,145	5.64	\$ 650,000	\$ 203,213

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures

B. Detailed Notes

2. Liabilities (Continued)

Debt Service Requirements

Revenue note debt service requirements to maturity for the Ice Arena are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 77,912	\$ 10,378
2006	82,367	5,922
2007	<u>42,934</u>	<u>1,211</u>
Total	<u>\$ 203,213</u>	<u>\$ 17,511</u>

Changes in Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Ice Arena for the year ended December 31, 2004.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Advance from Dodge County	\$ 170,212	\$ -	\$ -	\$ 170,212	\$ -
G.O. revenue notes payable	276,910	-	73,697	203,213	77,912
Compensated absences	<u>11,295</u>	<u>-</u>	<u>402</u>	<u>10,893</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 458,417</u>	<u>\$ -</u>	<u>\$ 74,099</u>	<u>\$ 384,318</u>	<u>\$ 77,912</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

7. Dodge County Economic Development Authority (EDA) Component Unit Disclosures

In addition to those identified above, the EDA has the following significant disclosures.

Summary of Significant Accounting Policies

Reporting Entity

The EDA is governed by a seven-member board of commissioners of which two are County Board Commissioners. All EDA commissioners are appointed by the County Board.

Basis of Presentation

The EDA does not prepare separate financial statements. The EDA presents its one fund as a governmental fund.

Basis of Accounting

The EDA General Fund is accounted for on the modified accrual basis of accounting.

Cash and Pooled Investments

All cash of the EDA is on deposit with the Dodge County Treasurer and included with its pooled cash and investments.

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REQUIRED SUPPLEMENTARY INFORMATION

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,125,134	\$ 4,125,134	\$ 3,742,249	\$ (382,885)
Licenses and permits	24,745	24,745	37,703	12,958
Intergovernmental	1,308,171	1,308,171	1,589,432	281,261
Charges for services	1,135,136	1,135,136	1,084,680	(50,456)
Fines and forfeits	51,350	51,350	17,096	(34,254)
Gifts and contributions	-	-	3,010	3,010
Investment earnings	117,160	117,160	115,436	(1,724)
Miscellaneous	310,501	310,501	165,401	(145,100)
Total Revenues	\$ 7,072,197	\$ 7,072,197	\$ 6,755,007	\$ (317,190)
Expenditures				
Current				
General government				
Commissioners	\$ 203,909	\$ 203,909	\$ 210,734	\$ (6,825)
Courts	220,325	220,325	149,937	70,388
Law library	16,000	16,000	14,842	1,158
Personnel	160,803	160,803	147,188	13,615
County auditor	77,111	77,111	67,007	10,104
County assessor	212,917	212,917	217,875	(4,958)
Elections	13,858	13,858	16,362	(2,504)
Finance	211,739	211,739	230,488	(18,749)
Data processing	269,422	269,422	204,876	64,546
Central services	105,800	105,800	79,986	25,814
Personnel	83,236	83,236	55,222	28,014
Attorney	248,248	248,248	196,756	51,492
Recorder	253,592	253,592	236,924	16,668
Surveyor	21,400	21,400	21,470	(70)
Planning and zoning	138,558	138,558	136,099	2,459
Buildings and plant	376,659	376,659	224,982	151,677
Veterans service officer	33,192	33,192	33,649	(457)
Other	342,700	342,700	324,462	18,238
Total general government	\$ 2,989,469	\$ 2,989,469	\$ 2,568,859	\$ 420,610
Public safety				
Sheriff	\$ 2,580,602	\$ 2,580,602	\$ 2,790,327	\$ (209,725)
Emergency services	39,308	39,308	94,367	(55,059)
Coroner	21,000	21,000	14,372	6,628
E-911 system	66,450	66,450	79,563	(13,113)
Drug court	-	-	48,946	(48,946)
Community corrections	163,025	163,025	140,500	22,525
DARE program	-	-	6,351	(6,351)
Other public safety	-	-	10,099	(10,099)
Total public safety	\$ 2,870,385	\$ 2,870,385	\$ 3,184,525	\$ (314,140)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

***Schedule 1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Health				
Nursing service	\$ 549,077	\$ 549,077	\$ 461,197	\$ 87,880
Maternal and child health	-	-	42,360	(42,360)
Total health	\$ 549,077	\$ 549,077	\$ 503,557	\$ 45,520
Culture and recreation				
Historical society	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Senior citizens	2,000	2,000	2,000	-
Regional library	77,625	77,625	77,625	-
Arena	57,094	57,094	49,432	7,662
Other	500	500	500	-
Total culture and recreation	\$ 147,219	\$ 147,219	\$ 139,557	\$ 7,662
Conservation of natural resources				
Cooperative extension	\$ 87,946	\$ 87,946	\$ 79,373	\$ 8,573
Soil and water conservation	97,000	97,000	97,000	-
Agricultural society/county fair	5,000	5,000	5,000	-
Total conservation of natural resources	\$ 189,946	\$ 189,946	\$ 181,373	\$ 8,573
Economic development				
Community development	\$ 30,595	\$ 30,595	\$ 30,184	\$ 411
Total Expenditures	\$ 6,776,691	\$ 6,776,691	\$ 6,608,055	\$ 168,636
Excess of Revenues Over (Under) Expenditures	\$ 295,506	\$ 295,506	\$ 146,952	\$ (148,554)
Other Financing Sources (Uses)				
Transfers out	\$ (50,000)	\$ (50,000)	\$ (217,942)	\$ (167,942)
Proceeds from sale of assets	-	-	13,520	13,520
Total Other Financing Sources (Uses)	\$ (50,000)	\$ (50,000)	\$ (204,422)	\$ (154,422)
Net Change in Fund Balance	\$ 245,506	\$ 245,506	\$ (57,470)	\$ (302,976)
Fund Balance - January 1	4,017,958	4,017,958	4,017,958	-
Fund Balance - December 31	\$ 4,263,464	\$ 4,263,464	\$ 3,960,488	\$ (302,976)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 965,337	\$ 965,337	\$ 974,226	\$ 8,889
Intergovernmental	4,480,105	4,480,105	3,146,718	(1,333,387)
Charges for services	268,000	268,000	137,322	(130,678)
Total Revenues	\$ 5,713,442	\$ 5,713,442	\$ 4,258,266	\$ (1,455,176)
Expenditures				
Current				
Highways and streets				
Administration	\$ 380,747	\$ 380,747	\$ 362,320	\$ 18,427
Engineering	356,246	356,246	349,160	7,086
Maintenance	1,088,066	1,088,066	1,262,969	(174,903)
Construction	3,274,000	3,274,000	1,905,465	1,368,535
Equipment maintenance and shop	784,383	784,383	581,855	202,528
Total highways and streets	\$ 5,883,442	\$ 5,883,442	\$ 4,461,769	\$ 1,421,673
Debt service				
Principal retirement	-	-	7,727	(7,727)
Interest	-	-	879	(879)
Total Expenditures	\$ 5,883,442	\$ 5,883,442	\$ 4,470,375	\$ 1,413,067
Excess of Revenues Over (Under) Expenditures	\$ (170,000)	\$ (170,000)	\$ (212,109)	\$ (42,109)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	3,725	3,725
Net Change in Fund Balance	\$ (170,000)	\$ (170,000)	\$ (208,384)	\$ (38,384)
Fund Balance - January 1, as restated	1,127,009	1,127,009	1,127,009	-
Increase (decrease) in reserved for inventories	-	-	9,047	9,047
Fund Balance - December 31	\$ 957,009	\$ 957,009	\$ 927,672	\$ (29,337)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,123,782	\$ 1,123,782	\$ 1,141,247	\$ 17,465
Intergovernmental	1,713,627	1,713,627	1,968,504	254,877
Charges for services	75,000	75,000	-	(75,000)
Miscellaneous	-	-	131,343	131,343
Total Revenues	\$ 2,912,409	\$ 2,912,409	\$ 3,241,094	\$ 328,685
Expenditures				
Current				
Human services				
Income maintenance	\$ 651,543	\$ 651,543	\$ 712,354	\$ (60,811)
Social services	2,360,866	2,360,866	2,395,085	(34,219)
Total Expenditures	\$ 3,012,409	\$ 3,012,409	\$ 3,107,439	\$ (95,030)
Excess of Revenues Over (Under)				
Net Change in Fund Balance	\$ (100,000)	\$ (100,000)	\$ 133,655	\$ 233,655
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	140	140
Net Change in Fund Balance	\$ (100,000)	\$ (100,000)	\$ 133,795	\$ 233,795
Fund Balance - January 1	\$ 2,491,072	\$ 2,491,072	\$ 2,491,072	\$ -
Prior period adjustment	237,350	237,350	237,350	-
Fund Balance - January 1 as restated	\$ 2,728,422	\$ 2,728,422	\$ 2,728,422	\$ -
Fund Balance - December 31	\$ 2,628,422	\$ 2,628,422	\$ 2,862,217	\$ 233,795

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

1. Budgetary Information

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

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

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

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

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2004, the County Social Service Fund had budgeted expenditures of \$3,012,409 and actual expenditures of \$3,107,439 for expenditures in excess of budgeted amounts of \$95,030 at the fund level control.

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SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

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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 Courthouse Improvements Fund accounts for the expenditures to improve the Courthouse.

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

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

Debt Service Funds

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Ditch	Special Courthouse Improvements
<u>Assets</u>		
Cash and pooled investments	\$ 66,297	\$ 132,625
Petty cash and change funds	-	-
Investments	-	-
Taxes receivable		
Prior	-	-
Special assessments receivable		
Prior	11	-
Accounts receivable	-	-
Accrued interest receivable	-	-
Due from other governments	3,556	-
	\$ 69,864	\$ 132,625
<u>Liabilities and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 7,636	\$ -
Salaries payable	-	-
Due to other funds	77	-
Due to other governments	2,270	-
Deferred revenue - unavailable	5	-
Advance from other funds - governmental	-	-
	\$ 9,988	\$ -
Fund Balances		
Reserved for courthouse improvements	\$ -	\$ 132,625
Reserved for debt service	-	-
Reserved for natural resources block grant	-	-
Unreserved		
Designated for debt service	-	-
Designated for future expenditures	-	-
Designated for compensated absences	-	-
Undesignated	59,876	-
	\$ 59,876	\$ 132,625
Total Liabilities and Fund Balances	\$ 69,864	\$ 132,625

Statement 1

Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds (Exhibit 3)
Solid Waste	Building	Dodge County Corporation	Courthouse Improvements	
\$ 475,888	\$ 321,995	\$ 19	\$ 3,159	\$ 999,983
150	-	-	-	150
-	-	1,149,050	-	1,149,050
1,072	8,106	-	1,521	10,699
5,175	-	-	-	5,186
106,559	-	-	-	106,559
224	-	-	-	224
39	-	-	-	3,595
\$ 589,107	\$ 330,101	\$ 1,149,069	\$ 4,680	\$ 2,275,446
\$ 63,072	\$ -	\$ -	\$ -	\$ 70,708
6,471	-	-	-	6,471
2,942	-	-	-	3,019
41,834	-	-	-	44,104
2,565	2,764	-	456	5,790
135,000	-	-	-	135,000
\$ 251,884	\$ 2,764	\$ -	\$ 456	\$ 265,092
\$ -	\$ -	\$ -	\$ -	\$ 132,625
-	-	1,149,069	-	1,149,069
53,095	-	-	-	53,095
-	-	-	4,224	4,224
102,337	-	-	-	102,337
36,221	-	-	-	36,221
145,570	327,337	-	-	532,783
\$ 337,223	\$ 327,337	\$ 1,149,069	\$ 4,224	\$ 2,010,354
\$ 589,107	\$ 330,101	\$ 1,149,069	\$ 4,680	\$ 2,275,446

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Ditch	Special Courtthouse Improvements
Revenues		
Taxes	\$ -	\$ -
Special assessments	6	-
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	-	-
Investment earnings	-	-
Miscellaneous	5,000	-
Total Revenues	\$ 5,006	\$ -
Expenditures		
Current		
General government	\$ -	\$ 41,614
Sanitation	-	-
Conservation of natural resources	28,391	-
Capital outlay	-	39,860
Debt service		
Principal retirement	-	-
Interest	-	-
Bond issuance costs	-	-
Administrative charges	-	-
Total Expenditures	\$ 28,391	\$ 81,474
Excess of Revenues Over (Under) Expenditures	\$ (23,385)	\$ (81,474)
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ -
Transfers out	-	-
Bonds issued	-	-
Refunding bonds issued	-	-
Discount on bonds/note	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -
Net Change in Fund Balances	\$ (23,385)	\$ (81,474)
Fund Balance - January 1	83,261	214,099
Fund Balance - December 31	\$ 59,876	\$ 132,625

Statement 2

Revenue Funds		Debt Service Funds		Total Nonmajor
Solid Waste	Building	Dodge County Corporation	Courthouse Improvements	Governmental Funds (Exhibit 5)
\$ 24,101	\$ 209,417	\$ -	\$ 49,095	\$ 282,613
115,895	-	-	-	115,901
77,175	-	-	-	77,175
227,659	62,509	-	14,776	304,944
809,725	-	-	-	809,725
8,139	-	2,187	-	10,326
6,793	-	-	-	11,793
\$ 1,269,487	\$ 271,926	\$ 2,187	\$ 63,871	\$ 1,612,477
\$ -	\$ -	\$ -	\$ -	\$ 41,614
1,423,277	-	-	-	1,423,277
-	-	-	-	28,391
-	201,153	-	-	241,013
15,000	18,689	175,000	50,000	258,689
10,464	3,600	73,998	12,663	100,725
-	9,236	21,324	-	30,560
-	1,193	-	-	1,193
\$ 1,448,741	\$ 233,871	\$ 270,322	\$ 62,663	\$ 2,125,462
\$ (179,254)	\$ 38,055	\$ (268,135)	\$ 1,208	\$ (512,985)
\$ -	\$ -	\$ 247,660	\$ 1,942	\$ 249,602
-	(247,660)	-	-	(247,660)
-	210,000	-	-	210,000
-	-	930,000	-	930,000
-	-	(7,144)	-	(7,144)
\$ -	\$ (37,660)	\$ 1,170,516	\$ 1,942	\$ 1,134,798
\$ (179,254)	\$ 395	\$ 902,381	\$ 3,150	\$ 621,813
516,477	326,942	246,688	1,074	1,388,541
\$ 337,223	\$ 327,337	\$ 1,149,069	\$ 4,224	\$ 2,010,354

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 4

**BUDGETARY COMPARISON SCHEDULE
DITCH FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ -	\$ -	\$ 6	\$ 6
Miscellaneous	11,000	11,000	5,000	(6,000)
Total Revenues	\$ 11,000	\$ 11,000	\$ 5,006	\$ (5,994)
Expenditures				
Current				
Conservation of natural resources				
Other	11,000	11,000	28,391	(17,391)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (23,385)	\$ (23,385)
Fund Balance - January 1	83,261	83,261	83,261	-
Fund Balance - December 31	\$ 83,261	\$ 83,261	\$ 59,876	\$ (23,385)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
General government				
Buildings and plant	\$ 63,413	\$ 63,413	\$ 41,614	\$ 21,799
Capital outlay				
Capital outlay - general government	-	-	39,860	(39,860)
Total Expenditures	<u>\$ 63,413</u>	<u>\$ 63,413</u>	<u>\$ 81,474</u>	<u>\$ (18,061)</u>
Excess of Revenues Over (Under)				
Expenditures	\$ (63,413)	\$ (63,413)	\$ (81,474)	\$ (18,061)
Fund Balance - January 1	<u>214,099</u>	<u>214,099</u>	<u>214,099</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 150,686</u>	<u>\$ 150,686</u>	<u>\$ 132,625</u>	<u>\$ (18,061)</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 6

**BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL QUALITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 21,175	\$ 21,175	\$ 24,101	\$ 2,926
Special assessments	104,233	104,233	115,895	11,662
Licenses and permits	80,730	80,730	77,175	(3,555)
Intergovernmental	202,895	202,895	227,659	24,764
Charges for services	730,254	730,254	809,725	79,471
Investment earnings	1,100	1,100	8,139	7,039
Miscellaneous	2,800	2,800	6,793	3,993
Total Revenues	\$ 1,143,187	\$ 1,143,187	\$ 1,269,487	\$ 126,300
Expenditures				
Current				
Sanitation				
Solid waste	\$ 1,220,832	\$ 1,220,832	\$ 1,002,442	\$ 218,390
Recycling	226,855	226,855	272,291	(45,436)
Hazardous waste	22,536	22,536	23,523	(987)
Wastewater treatment	22,536	22,536	125,021	(102,485)
Total sanitation	\$ 1,492,759	\$ 1,492,759	\$ 1,423,277	\$ 69,482
Debt service				
Principal retirement	\$ 20,985	\$ 20,985	\$ 15,000	\$ 5,985
Interest	\$ 10,271	\$ 10,271	\$ 10,464	\$ (193)
Total Expenditures	\$ 1,524,015	\$ 1,524,015	\$ 1,448,741	\$ 75,274
Excess of Revenues Over (Under) Expenditures	\$ (380,828)	\$ (380,828)	\$ (179,254)	\$ 201,574
Fund Balance - January 1	516,477	516,477	516,477	-
Fund Balance - December 31	\$ 135,649	\$ 135,649	\$ 337,223	\$ 201,574

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 7

**BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 206,303	\$ 206,303	\$ 209,417	\$ 3,114
Intergovernmental	62,241	62,241	62,509	268
Investment earnings	3,000	3,000	-	(3,000)
Total Revenues	\$ 271,544	\$ 271,544	\$ 271,926	\$ 382
Expenditures				
Current				
Capital outlay				
Capital outlay - sanitation	\$ -	\$ -	\$ 201,153	\$ (201,153)
Debt service				
Principal	\$ 18,689	\$ 18,689	\$ 18,689	\$ -
Interest	3,945	3,945	3,600	345
Bond issuance costs	1,250	1,250	9,236	(7,986)
Administrative charges	-	-	1,193	(1,193)
Total Debt Service	\$ 23,884	\$ 23,884	\$ 32,718	\$ (8,834)
Total Expenditures	\$ 23,884	\$ 23,884	\$ 233,871	\$ (209,987)
Excess of Revenues Over (Under) Expenditures	\$ 247,660	\$ 247,660	\$ 38,055	\$ (209,605)
Other Financing Sources (Uses)				
Transfers out	\$ (247,660)	\$ (247,660)	\$ (247,660)	\$ -
Bonds issued	-	-	210,000	210,000
Total Other Financing Sources (Uses)	\$ (247,660)	\$ (247,660)	\$ (37,660)	\$ 210,000
Net Change in Fund Balance	\$ -	\$ -	\$ 395	\$ 395
Fund Balance - January 1	326,942	326,942	326,942	-
Fund Balance - December 31	\$ 326,942	\$ 326,942	\$ 327,337	\$ 395

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FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

AGENCY FUNDS

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

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

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

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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1	Additions	Deductions	Balance December 31
<u>SETTLEMENT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 304,235	\$ 14,934,865	\$ 15,020,227	\$ 218,873
<u>Liabilities</u>				
Accounts payable	\$ 13,137	\$ 2,690	\$ 13,137	\$ 2,690
Due to other governments	291,098	14,932,175	15,007,090	216,183
Total Liabilities	<u>\$ 304,235</u>	<u>\$ 14,934,865</u>	<u>\$ 15,020,227</u>	<u>\$ 218,873</u>
 <u>REVOLVING</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 72,761	\$ 2,723,485	\$ 2,712,142	\$ 84,104
<u>Liabilities</u>				
Due to other governments	\$ 72,761	\$ 2,723,485	\$ 2,712,142	\$ 84,104
 <u>AGENCY CLUSTER</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 562	-	-	\$ 562
<u>Liabilities</u>				
Due to other governments	\$ 562	-	-	\$ 562

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

*Statement 3
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1	Additions	Deductions	Balance December 31
<u>FAMILY SERVICES COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 545,399	\$ 339,655	\$ 286,102	\$ 598,952
<u>Liabilities</u>				
Due to other governments	\$ 545,399	\$ 339,655	\$ 286,102	\$ 598,952
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 922,957	\$ 17,998,005	\$ 18,018,471	\$ 902,491
<u>Liabilities</u>				
Accounts	\$ 13,137	\$ 2,690	\$ 13,137	\$ 2,690
Due to other governments	909,820	17,995,315	18,005,334	899,801
Total Liabilities	\$ 936,094	\$ 18,000,695	\$ 18,031,608	\$ 905,181

COMPONENT UNITS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 4

**STATEMENT OF NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
DECEMBER 31, 2004**

Assets

Cash and pooled investments	\$	59,993
Accounts receivable		32,305
Due from other governments		55,639
Due from primary government		49,503
Capital assets		
Depreciable - net		831,071
		<hr/>
Total Assets	\$	1,028,511

Liabilities

Current liabilities		
Accounts payable	\$	8,318
Salaries payable		2,105
Compensated absences payable		10,893
Due to primary government		90
Due to other governments		3,227
Accrued interest payable		3,356
Long-term liabilities		
Due within one year		77,912
Due after one year		295,513
		<hr/>
Total Liabilities	\$	401,414

Net Assets

Invested in capital assets, net of related debt	\$	627,858
Unrestricted		(761)
		<hr/>
Total Net Assets	\$	627,097

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 5

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2004**

Operating Revenues	
Charges for services	\$ 200,749
Resale	7,643
Miscellaneous operating	5,102
	<hr/>
Total Revenues	\$ 213,494
	<hr/>
Operating Expenses	
Personal services	\$ 128,999
Professional services	2,950
Other services and charges	24,496
Supplies	881
Utilities	52,851
Depreciation	34,238
	<hr/>
Total Expenditures	\$ 244,415
	<hr/>
Operating Income (Loss)	\$ (30,921)
	<hr/>
Nonoperating Revenues (Expenses)	
Interest expense	\$ (13,401)
Local grants	98,863
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 85,462
	<hr/>
Change in Net Assets	\$ 54,541
	<hr/>
Net Assets - January 1	572,556
	<hr/>
Net Assets - December 31	\$ 627,097
	<hr/> <hr/>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 6

**STATEMENT OF CASH FLOWS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2004
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 222,325
Payments to suppliers	(77,943)
Payments to employees	(133,349)
	\$ 11,033
Net cash provided by (used in) operating activities	
Cash Flows From Noncapital Financing Activities	
Operating subsidies from other governments	\$ 48,752
Operating subsidies from primary government	48,752
	\$ 97,504
Net cash provided by (used in) noncapital financing activities	
Cash Flows From Capital and Related Financing Activities	
Principal paid on bonds	\$ (73,697)
Interest paid on long-term debt	(14,593)
	\$ (88,290)
Net cash provided by (used in) capital and related financing activities	
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 20,247
Cash and Cash Equivalents at January 1	39,746
Cash and Cash Equivalents at December 31	\$ 59,993
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ (30,921)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 34,238
(Increase) decrease in accounts receivable	15,039
(Increase) decrease in due from other governments	(6,208)
Increase (decrease) in accounts payable	(82)
Increase (decrease) in salaries payable	(3,948)
Increase (decrease) in compensated absences payable	(402)
Increase (decrease) in due to primary government	90
Increase (decrease) in due to other governments	3,227
	\$ 41,954
Total adjustments	\$ 41,954
Net Cash Provided By Operating Activities	\$ 11,033

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 7

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
DECEMBER 31, 2004**

	General Fund	Adjustments (Note Below)	Statement of Net Assets
<u>Assets</u>			
Cash and pooled investments	\$ 19,721	\$ -	\$ 19,721
Taxes receivable			
Prior	371	-	371
Total Assets	\$ 20,092	\$ -	\$ 20,092
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 279	\$ -	\$ 279
Deferred revenue	116	(116)	-
Total Liabilities	\$ 395	\$ (116)	\$ 279
<u>Fund Balance/Net Assets</u>			
Fund Balance			
Unreserved			
Undesignated	19,697	(19,697)	
Total Liabilities and Fund Balance	\$ 20,092		
Net Assets			
Unrestricted		\$ 19,813	\$ 19,813

Note: Assets that are not available to pay for current period expenditures are deferred in governmental funds.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 8

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General Fund	Adjustments (Note Below)	Statement of Activities
Revenues			
Taxes	\$ 1,711	\$ 112	\$ 1,823
Intergovernmental	10,379	-	10,379
Gifts and contributions	500	-	500
Total Revenues	\$ 12,590	\$ 112	\$ 12,702
Expenditures			
Current			
Economic development	12,006	-	12,006
Excess of Revenues Over (Under)			
Expenditures	\$ 584	\$ 112	\$ 696
Fund Balance/Net Assets - January 1	19,113	4	19,117
Fund Balance/Net Assets - December 31	\$ 19,697	\$ 116	\$ 19,813

Note: Adjustments are for revenues in statement of activities that do not provide current financial revenues and are not reported as revenue in the governmental fund.

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OTHER SCHEDULE

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 8

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Total Governmental Funds	Total Component Units
Shared Revenue		
State		
Highway users tax	\$ 2,784,730	\$ -
County program aid	798,129	245
PERA rate reimbursement	30,670	-
Disparity reduction aid	204,468	63
Police aid	83,734	-
Enhanced 911	49,222	-
Market value credit	775,056	243
Total Shared Revenue	\$ 4,726,009	\$ 551
Reimbursement for Services		
State		
Minnesota Department of Human Services	\$ 747,938	\$ -
Payments		
Local		
Local grant	\$ 22,568	\$ 102,363
Payments in lieu of taxes	6,098	2
Total Payments	\$ 28,666	\$ 102,365
Grants		
State		
Minnesota Department/Board of		
Revenue	\$ 33,045	\$ -
Corrections	4,277	-
Health	76,111	-
Human Services	581,803	-
Natural Resources	4,779	-
Public Safety	3,409	-
Water and Soil Resources	42,351	-
Office of Environmental Assistance	127,821	-
Pollution Control Agency	4,000	-
Peace Officers Board	6,804	-
Miscellaneous boards	13,272	6,326
Total State	\$ 897,672	\$ 6,326

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 8
(Continued)

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Total Governmental Funds</u>	<u>Total Component Units</u>
Grants (Continued)		
Federal		
Department of		
Agriculture	\$ 48,774	\$ -
Justice	48,083	-
Energy	20,405	-
Homeland Security	106,146	-
Health and Human Services	385,905	-
	<hr/>	<hr/>
Total Federal	\$ 609,313	\$ -
	<hr/>	<hr/>
Total State and Federal Grants	\$ 1,506,985	\$ 6,326
	<hr/>	<hr/>
Total Intergovernmental Revenue	\$ 7,009,598	\$ 109,242
	<hr/> <hr/>	<hr/> <hr/>

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses an unqualified opinion on the financial statements of Dodge County.
- B. A reportable condition in internal control was disclosed by the audit of financial statements of Dodge County and is reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The reportable condition is a material weakness.
- C. No instances of noncompliance material to the financial statements of Dodge County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award program were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award program for Dodge County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major program was:
- | | |
|---|--------------|
| Child Care Mandatory and Matching Funds | CFDA# 93.596 |
| Social Services Block Grant | CFDA# 93.667 |
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Dodge County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

04-1 Bank Account Reconciliation Controls

While reviewing the bank account reconciliations, we noted \$442,567 of intergovernmental revenue deposited electronically in the MAGIC account and \$15,233 interest on investments held at Northland Securities were not received in a timely manner to the IFS system. We also noted two NSF checks were shown as reconciling items. The detail of the funding sources, amounts, deposits, receipt dates, and NSF checks were as follows:

- Market Value Credit totaling \$382,242 and received from the Minnesota Department of Revenue in November 2004 was not received until February 3, 2005. This was a reconciling item for three months.
- Reimbursements for services received from the Minnesota Department of Human Services totaling \$55,158 and deposited between October 14 and December 13, 2004, were received between January 25 and February 4, 2005. These were a reconciling item for several months.
- Other miscellaneous revenues received from the State totaling \$5,167 were deposited between October 14 and 18, 2004, and were not received until February 1, 2005. This was a reconciling item for four months.
- Interest on investments deposited with Northland Securities between 2002 and 2004 was not received until February 23, 2005.
- NSF checks for property taxes totaling \$792 were included as reconciling items.

We recommend that amounts deposited into the MAGIC account be receipted and recorded to the general ledger system no later than the following day. We also recommend that the County cancel the tax receipt rather than listing the NSF checks as bank reconciling items.

Client's Response:

In October of 2004, money was deposited in our MAGIC fund account from the State and Federal Government that did not get receipted into our financial system until January of the current year. The bank reconciliation for the last quarter of 2004 was not reviewed by a supervisor, and the amounts remained outstanding. Even though the money was in the Dodge County account earning interest, it was not receipted into the financial system where it would show up in the monthly departmental reports. Immediately after these items were identified, they were corrected; new procedures were put into place, and appropriate training was established to prevent this from happening in the future. We recognize the serious nature of these items and plan to maintain the new procedures so this unfortunate situation cannot happen again.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

03-2 Financial Statement Preparation

Minn. Stat. § 375.17 states that the County Board is responsible for having annual financial statements prepared by the first part of March following the year-end. The County Board has oversight responsibility to ensure that the annual financial report is prepared in a timely manner. It should provide the necessary directives to County staff for the preparation and timely completion of the annual financial report. The Board should provide sufficient guidance as to detail to be prepared, staff training in preparing the annual report, and staff time needed to prepare the annual report. The annual financial report consists of management's discussion and analysis (MD&A), entity-wide statements, fund level statements, notes to the financial statements, required supplementary information, detailed fund data as needed, and other data as deemed necessary. This data should be prepared in accordance with generally accepted accounting principles for government. As

part of the fund financial statements, summary schedules/worksheets should be prepared by County staff to demonstrate how the accounts in the financial records are classified/summarized for the financial report.

Recent changes to *Governmental Auditing Standards* issued by the Comptroller General of the United States limit the amount of nonaudit services that can be provided by the independent auditor in preparing financial statements of the entity. The primary affect of the change for the County is that County management needs to prepare the MD&A, financial statements, notes to the financial statements, and other schedule data. The independent auditor is only responsible for attesting to the fairness of the information presented in the financial statements to be included in the County's annual financial report. To facilitate timely reporting the draft financial report/data should be completed in a timely manner and be available for audit on a date mutually agreed upon.

We recommend that the County Board provide the necessary directives to the County staff to prepare the annual financial statements. In order to accomplish this, the County Board should ensure that County staff assigned to prepare this information have a good understanding of generally accepted accounting principles for government and the necessary time to prepare the draft financial report by the agreed dates.

Client's Response:

The Finance Department will work with County Staff to improve the preparation of reports and achieve this objective.

03-3

Publishing Board Minutes, Financial Statements, and Claims Paid

Minn. Stat. § 375.12 requires County Board minutes to be published within 30 days of the meeting and this publication is to include an individualized itemized list of County Board approved payments over \$300. Minn. Stat. § 375.17 requires the County Board to prepare financial statements not later than March, and these financial statements or summary in a form prescribed by the State Auditor must be published in a duly qualified legal newspaper in the County. If the full statements are published, they must include a listing of all claims paid unless the publication of the minutes contained this data, then this listing would only include vendors being paid more than \$5,000 during the year. Minn. Stat. § 331A.01 discusses how the County can publish summaries. This

section does not change the publication of year-end vendor payments as discussed in Minn. Sect § 375.17. Also, this section requires that the full data be available at a specified County location or by standard or electronic mail.

When the County published the Board minutes, only a summary of fund payments was published. The County's published financial statements included a list of vendors paid more than \$5,000 during the year. Because the published minutes did not include an individualized, itemized list of vendor payments, the year-end individualized, itemized list should have been of all vendors that received payments over the threshold amounts and not just those who were paid more than \$5,000 during the year. The number and aggregate value of claims under the threshold amount should have been included.

The County Board should comply with the above noted statutes and publish the County Board minutes with vendor payments and annual County financial statements with vendor payments as required. The State Auditor's Office worked with the Association of Minnesota Counties to propose revisions to the publication requirements for county financial data during the 2005 legislative session.

Client's Response:

The County will establish the best way of publishing the appropriate materials and reports. This publication may be in the legal newspaper or posted to the Dodge County web site.

PREVIOUSLY REPORTED ITEMS RESOLVED

Balancing Settlement Agent Fund (99-1)

The County is not balancing the taxes collected and posted to the Settlement Agency Fund to the settlement worksheets prior to making the distribution of taxes.

Resolution

The County continues to make improvement in balancing the Settlement Agency Fund. The unaccounted for balance in the Settlement Agency Fund December 31, 2004, was approximately \$450.

Insufficient Collateral (02-1)

On December 31, 2003, the County had insufficient collateral at one of its depositories.

Resolution

On December 31, 2004, the County had sufficient collateral at this depository.

Compliance with Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (03-01)

The County Treasurer was unable to provide to us documentation demonstrating that it had a perfected security interest in pledged collateral in compliance with FIRREA.

Resolution

No problems were noted during the review of collateral files.

Environmental Quality Department Contract Administration (03-4)

The County should have written contracts when required and retain on file all required contract compliance documentation.

Resolution

For the contracts reviewed, the required documentation was on file.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

02-3 Ice Arena Losses

The Dodge County Ice Arena has experienced an operating loss every year since its inception. After reviewing the budgets presented for 2003-2004, we noted that the ice arena is budgeting for an operating loss prior to paying for debt principal and interest. The Ice Arena was established to be a profitable organization and, as such, should address the reason why revenues are not meeting current expenses (operating costs, principal payments, and interest payments).

We recommend the Ice Arena Board and the County Board review the budget of the Ice Arena and determine where adjustments can be made in order to meet not only current expenses, but also debt obligations. If needed, the Board should consider raising fees to obtain the needed revenues.

Client's Response:

The Four Seasons Ice Arena Board has raised all current arena programs and ice fees to keep the Arena competitive with surrounding community arenas. The Arena is still seeking arena sponsorship to help with the deficit and also looking at additional dry floor events for the month of July each year.

ITEM ARISING THIS YEAR

04-2

Budgets

Our review of the IFS Revenues and Expenditures Budget Report for calendar year 2004 noted that the County Board-approved tax levy, including state shared revenues, such as County Program Aid and Market Value Credit, were not posted to the IFS system. The levy is implicitly stated as the net amount between total revenues and expenditures.

We recommend the County post to the IFS system the County Board-approved tax levy by fund.

Client's Response:

The County will review the recommendations and adjust procedures to find the best way to accommodate these items for all parties involved.

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PATRICIA ANDERSON
STATE AUDITOR

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

Board of Commissioners
Dodge County

We have audited the financial statements of Dodge County as of and for the year ended December 31, 2004, and have issued our report thereon dated August 10, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dodge County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions listed above, we consider item 04-1 to be a material weakness.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate, that for the items tested, Dodge County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as items 03-2 and 03-3.

This report is intended solely for the information and use of the Board and management and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 10, 2005



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PATRICIA ANDERSON
STATE AUDITOR

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

Board of Commissioners
Dodge County

Compliance

We have audited the compliance of Dodge County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Dodge County's major federal programs are identified in the Summary of the Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Dodge County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of Dodge County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Dodge County as of and for the year ended December 31, 2004, and have issued our report thereon dated August 10, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 10, 2005

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 10

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 45,834
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	2,940
Total U.S. Department of Agriculture		\$ 48,774
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Juvenile Accountability Incentive Block Grant	16.523	9,762
Byrne Formula Grant Program	16.579	38,321
Total U.S. Department of Justice		\$ 48,083
U.S. Department of Energy		
Passed Through Minnesota Pollution Control Agency Regional Biomass Energy Program	81.079	\$ 20,405
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services Family Preservation and Support Services	93.556	7,394
Temporary Assistance for Needy Families	93.558	60,142
Child Care Mandatory and Matching Funds	93.596	117,367
Foster Care Title IV-E	93.658	20,477
Social Services Block Grant Title XX	93.667	126,427
Chafee Foster Care Independent Living	93.674	4,873
Community Mental Health Services	93.958	2,815
Passed Through Minnesota Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	26,902
Temporary Assistance for Needy Families	93.558	8,534
Maternal and Child Health Services Block Grant	93.994	20,007
Total U.S. Department of Health and Human Services		\$ 394,938

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 10
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Public Assistance Grant	97.036	\$ 79,298
Emergency Management Performance Grant	97.042	12,626
State Domestic Preparedness	97.004	14,222
Total U.S. Department of Homeland Security		\$ 106,146
Total Awards		\$ 618,346

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Dodge County. The County's reporting entity is defined in Note 1 to the general purpose financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting.
3. During 2004, Dodge County did not pass any federal money to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.