STATE OF MINNESOTA
Office of the State Auditor

Rebecca Otto
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2014

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 700 public pension funds; and

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

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

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.auditor.state.mn.us

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Year Ended December 31, 2014

Audit Practice Division
Office of the State Auditor
State of Minnesota

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DODGE COUNTY
MANTORVILLE, MINNESOTA

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MANTORVILLE, MINNESOTA

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Introductory Section

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DODGE COUNTY
MANTORVILLE, MINNESOTA

ORGANIZATION
DECEMBER 31, 2014

			Term Expires
Elected			
Commissioners			
Chair	John Allen	District 1	January 2016
Board Member	Tim Tjosaas	District 2	January 2018
Board Member	Rodney Peterson	District 3	January 2018
Board Member	David Erickson	District 4	January 2016
Board Member	Steven Gray	District 5	January 2016
Attorney	Paul Kiltinen		January 2018
Judge of County Court	Jodi L. Williamson		January 2015
County Sheriff (1)	Jim Jensen		January 2015
Appointed			
Director of Land Records	Ryan DeCook		Indefinite
Registrar of Titles	Ryan DeCook		Indefinite
County Administrator	Jim Elmquist		Indefinite
County Engineer	Guy Kohlnhofer		May 2018
Coroner	Mayo Clinic		Indefinite
Finance Director	Lisa Kramer		Indefinite
Social Services Director	Jane Hardwick		Indefinite
Nursing Home Administrator	Jane Sheeran		Indefinite
Public Health Director	Peggy Espey		Indefinite
Surveyor	Lisa Hanni, Goodhue County		Indefinite
Veteran Services Officer	Todd Nelson		June 2015
Weed Inspector	Guy Kohlnhofer		Indefinite
Zoning Administrator	Melissa DeVetter		Indefinite

(1) Scott Rose was elected as Sheriff effective January 1, 2015.

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Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County
Mantorville, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dodge County Nursing Home, which represents the amounts shown as the business-type activities and the major proprietary fund. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge County Nursing Home, is based solely upon the report of the other auditors. We also did not audit the financial statements of the South Country Health Alliance (SCHA) for the year ended December 31, 2014, in which Dodge County has an equity interest. The SCHA is a joint venture discussed in Note 5.D. to the financial statements. The County's investment in the SCHA, $1,546,504, represents 1.6 percent and 2.0 percent, respectively, of the assets and net position of the governmental activities. The financial statements of the SCHA, which were prepared in accordance with financial reporting provisions permitted by the Minnesota Department of Health, were audited by other auditors, whose report thereon has been furnished to us. We have applied procedures on the conversion adjustments to the financial statement of the SCHA, which conform the financial reporting of the investment in joint venture to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amount included as an investment in joint venture, prior to these conversion adjustments, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the South Country Health Alliance were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dodge County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of Dodge County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dodge County's internal control over financial reporting and compliance. It does not include the Dodge County Nursing Home or the South Country Health Alliance, which were audited by other auditors.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

September 30, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)

Dodge County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2014. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is $77,302,851, of which $56,666,027 is net investment in capital assets, and $4,768,074 is restricted to specific purposes.

- Business-type activities have total net position of $687,748. Net investment in capital assets, represents $383,004 of the total, and $13,519 is restricted for donations.

- Dodge County's net position increased by $2,597,746 for the year ended December 31, 2014. Of the increase, $2,254,552 was in the governmental activities' net position. The business-type activities' net position increased by $343,194.

- The net cost of governmental activities increased by $1,604,571 to $9,864,243 for the current fiscal year. The net cost was funded by general revenues and other items.

- Governmental funds' fund balances increased by $8,820,738.

- During 2014, Dodge County issued $9,900,000 of G.O. Capital Improvement Bond debt. The government activities total bonded debt at the end of the year was $12,775,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Required supplementary information
(other than MD&A)

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

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

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

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

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

- Governmental activities--Most of the County’s basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, and conservation of natural resources. Property taxes and state and federal grants finance most of these activities.

- Business-type activities--The County charges a fee to customers to help it cover all or most of the cost of services it provides. The County’s nursing home is reported here.

Fund Financial Statements

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

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

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

Reporting the County's Fiduciary Responsibilities

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

THE COUNTY AS A WHOLE

Dodge County's combined net position increased from $75,392,853 to $77,990,599. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	$ 33.4	$ 24.3	$ 0.7	$ 0.4	$ 34.1	$ 24.7
Capital assets	61.5	57.7	0.6	0.6	62.1	58.3
Total Assets	$ 94.9	$ 82.0	$ 1.3	$ 1.0	$ 96.2	$ 83.0
Liabilities						
Long-term liabilities	$ 15.1	$ 5.3	$ 0.4	$ 0.4	$ 15.5	$ 5.7
Other liabilities	2.5	1.6	0.2	0.3	2.7	1.9
Total Liabilities	$ 17.6	$ 6.9	$ 0.6	$ 0.7	$ 18.2	$ 7.6
Net position						
Net investment in capital assets	$ 56.6	$ 54.6	$ 0.4	$ 0.4	$ 57.0	$ 55.0
Restricted	4.8	4.8	-	-	4.8	4.8
Unrestricted	15.9	15.7	0.3	(0.1)	16.2	15.6
Total Net Position	$ 77.3	$ 75.1	$ 0.7	$ 0.3	$ 78.0	$ 75.4

Net position of the County's governmental activities increased by 2.9 percent ($77.3 million compared to $75.1 million). Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from $15.7 million at December 31, 2013, to $15.9 million at the end of 2014. The unrestricted net position of our business-type activities increased to $0.3 million at December 31, 2014.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Fees, fines, charges, and other	$ 3.6	$ 3.6	$ 4.4	$ 4.0	$ 8.0	$ 7.6
Operating grants and contributions	7.7	6.4	-	-	7.7	6.4
Capital grants and contributions	0.6	2.1	-	-	0.6	2.1
General revenues and transfers						
Property taxes	10.9	10.6	-	-	10.9	10.6
Unrestricted grants and contributions	1.0	0.9	-	-	1.0	0.9
Other general revenues	0.4	0.3	-	-	0.4	0.3
Transfers	(0.2)	-	0.2	-	-	-
Total Revenues	$ 24.0	$ 23.9	$ 4.6	$ 4.0	$ 28.6	$ 27.9
Program expenses						
General government	$ 4.4	$ 4.1	$ -	$ -	$ 4.4	$ 4.1
Public safety	4.6	4.4	-	-	4.6	4.4
Highways and streets	4.9	4.3	-	-	4.9	4.3
Sanitation	1.8	1.7	-	-	1.8	1.7
Human services	4.6	4.5	-	-	4.6	4.5
Health	0.9	0.9	-	-	0.9	0.9
Culture and recreation	0.1	0.1	-	-	0.1	0.1
Conservation of natural resources	0.3	0.3	-	-	0.3	0.3
Interest	0.1	0.1	-	-	0.1	0.1
Nursing home	-	-	4.3	4.1	4.3	4.1
Total Program Expenses	$ 21.7	$ 20.4	$ 4.3	$ 4.1	$ 26.0	$ 24.5
Revenues Over (Under) Program Expenses	$ 2.3	$ 3.5	$ 0.3	$ (0.1)	$ 2.6	$ 3.4

The County's total revenues increased by 2.5 percent, or $0.7 million. The total cost of all programs and services increased by 6.1 percent, or $1.5 million over the previous year. Expenses in General Government, Public Safety, and Highways and Streets increased moderately contributing to the overall increase in expenses.

Governmental Activities

Revenues for the County's governmental activities increased by less than 1 percent, from $23,922,024 in 2013 to $23,999,839 in 2014, and total expenses increased by 6.7 percent, from $20,374,869 in 2013 to $21,745,287 in 2014.

The cost of all governmental activities this year was $21,745,287, compared to $20,374,869 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 property taxes was only $10,879,856, because some of the cost was paid by those who directly benefited from the programs ($3,598,348) or by other governments and organizations that subsidized certain programs with grants and contributions ($8,282,696). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2014 to $11,881,044 from $12,115,197 principally based on a decrease in grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with $12,118,795 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	
	2014	2013	2014	2013
Highways and streets	$ 4.8	$ 4.3	$ -	$ (0.8)
Human services	4.6	4.5	2.0	2.0
Public safety	4.6	4.4	3.6	3.3
General government	4.4	4.1	3.5	3.0
Sanitation	1.8	1.7	0.2	0.2
All others	1.5	1.4	0.6	0.5
Total Governmental Activities	$ 21.7	$ 20.4	$ 9.9	$ 8.2

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) showed an increase of 16.3 percent ($4,679,801 in 2014 compared to $4,024,122 in 2013), and expenses increased by 5.3 percent ($4,336,607 in 2014 compared to $4,120,197 in 2013). The most important factor driving these results was consistent good capacity census numbers averaging 96.7 percent for the year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

At December 31, 2014, Dodge County's governmental funds (as presented in Exhibit 3) reported a combined ending fund balance of $26,117,620, which is an increase from last year's total of $17,296,882. The County is reporting an unassigned fund balance of $7,689,117 in 2014. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of Dodge County. At December 31, 2014, unassigned fund balance was $7,689,117, while total fund balance was $9,224,294. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 79.7 percent of total General Fund expenditures, while total fund balance represents 95.6 percent of the same amount. While the 2014 General Fund final budget reflected a $259,832 use of fund balance, the General Fund final balance was still able to end the year adding $681,761 to fund balance. The majority of this expense reduction was from postponing the purchase of or simply not purchasing capital equipment. Specifically demolition of a forfeiture building was postponed one year and the purchase of several squad cars for the sheriff's department was postponed to a subsequent year.

The Road and Bridge Special Revenue Fund's fund balance increased by $373,951 to $1,936,362 of which $1,833,139 is assigned. The Road and Bridge Department saw increased revenues in the form of Highway Users Tax to pay for eligible projects some of which would not be completed until 2015. Highway expenditures also increased reflecting road projects that were started in 2014 but were not completed until 2015.

The Human Services Special Revenue Fund's fund balance decreased by $112,753 from $4,989,560 to $4,876,807. Of this total $3,006,587 is assigned, $1,639,422 is nonspendable and the final $230,798 is restricted for health. Of the nonspendable balance $1,598,862 is a prepaid item for start-up cash for Minnesota Prairie County Alliance. Minnesota Prairie County Alliance is the Service Delivery Authority comprised of Dodge County Human Services, Steele County Human Services, and Waseca County Human Services. As part of this new entity each underlying county human services fund paid in a portion of its county fund balance to fund the new organization. Per the Joint Powers Agreement, 60 percent of the fund balance transfer is due January 1, 2015 and the remaining 40 percent is due January 1, 2016.

County Fund Budgetary Highlights

There were no amendments to the 2014 original County budget. For the year ending December 31, 2014, General Fund revenues were $162,304 more than final budget and expenditures were $945,558 less than final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the County had $62,103,268 (net of depreciation) invested in a broad range of capital assets, including land, buildings, highways and streets, and equipment. (See Table 4.) This amount represents a net increase (including additions and deductions) of $3,811,086 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	$ 1.9	$ 1.9	$ -	$ -	$ 1.9	$ 1.9
Construction in progress	2.3	3.0	-	-	2.3	3.0
Land improvements	0.3	0.4	-	-	0.3	0.4
Building and improvements	5.0	5.2	0.6	0.6	5.6	5.8
Machinery, vehicles, furniture, and equipment	2.1	2.3	-	-	2.1	2.3
Infrastructure	49.9	44.9	-	-	49.9	44.9
Total Capital Assets, Net	$ 61.5	$ 57.7	$ 0.6	$ 0.6	$ 62.1	$ 58.3

This year's major addition was:

- Addition of $6,403,102 in infrastructure.

Debt

At year-end, the County had $13.0 million in bonds outstanding, versus $3.7 million last year--an increase of 251 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Bonds	$ 12.8	$ 3.4	$ 0.2	$ 0.3	$ 13.0	$ 3.7

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

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 2015 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County decreased, moving from 5.0 percent in 2013 to 4.1 percent in 2014 for the annual average. This still compared favorably with the Minnesota rate of 4.1 percent and the U.S. rate of 6.2 percent.

- County General Fund expenditures for 2015 are budgeted to increase 2.82 percent over 2014.

- Dodge County's population grew by 5.15 percent from 2004 to 2014, compared to an increase of 5.99 percent in Minnesota as a whole.

- Post-employment benefits liability and the future impact on the County have been reviewed, and the County has an actuarial report stating our post-employment benefits liability. The County is beginning to plan on how to fund this liability.

- The property tax levy has increased 9.45 percent for 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Dodge County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Dodge County Finance Department, 721 Main Street North, Department 45, Mantorville, Minnesota 55955.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	$ 25,984,432	$ 198,804	$ 26,183,236
Petty cash and change funds	3,480	400	3,880
Investments	12,500	-	12,500
Investment in joint venture	1,546,504	-	1,546,504
Taxes receivable - delinquent	262,225	-	262,225
Special assessments receivable - delinquent	17,673	-	17,673
Accounts receivable - net	529,435	422,161	951,596
Accrued interest receivable	10,867	-	10,867
Loans receivable	265,882	-	265,882
Due from other governments	3,065,691	-	3,065,691
Inventories	90,723	-	90,723
Prepaid items	1,598,862	-	1,598,862
Restricted assets			
Cash and pooled investments	-	113,986	113,986
Capital assets			
Non-depreciable	4,130,897	15,600	4,146,497
Depreciable - net of accumulated depreciation	57,364,367	592,404	57,956,771
Total Assets	**$ 94,883,538**	**$ 1,343,355**	**$ 96,226,893**
Liabilities			
Accounts payable	$ 193,923	$ 105,659	$ 299,582
Salaries payable	453,224	137,451	590,675
Contracts payable	1,185,495	-	1,185,495
Retainage payable	81,359	-	81,359
Due to other governments	240,014	-	240,014
Accrued interest payable	66,035	-	66,035
Unearned revenue	137,952	-	137,952
Customer deposits	163,728	-	163,728
Interest payable from restricted assets	-	2,627	2,627
Trust and security deposits from restricted assets	-	2,332	2,332
Long-term liabilities			
Due within one year	605,400	90,805	696,205
Due in more than one year	13,058,969	316,733	13,375,702
Other postemployment benefits obligations	1,394,588	-	1,394,588
Total Liabilities	**$ 17,580,687**	**$ 655,607**	**$ 18,236,294**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Net Position			
Net investment in capital assets	$ 56,666,027	$ 383,004	$ 57,049,031
Restricted for			
Debt service	969,652	-	969,652
General government	510,885	-	510,885
Public safety	322,234	-	322,234
Highways and streets	2,592,825	-	2,592,825
Sanitation	46,085	-	46,085
Human services	230,798	-	230,798
Conservation of natural resources	50,019	-	50,019
Economic development	45,576	-	45,576
Donations	-	13,519	13,519
Unrestricted	15,868,750	291,225	16,159,975
Total Net Position	**$ 77,302,851**	**$ 687,748**	**$ 77,990,599**

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary government		
Governmental activities		
General government	$ 4,361,228	$ 570,516
Public safety	4,608,838	614,482
Highways and streets	4,849,917	278,597
Sanitation	1,832,800	1,565,397
Human services	4,562,850	257,469
Health	990,989	303,193
Culture and recreation	128,883	85
Conservation of natural resources	294,778	8,609
Economic development	2	-
Interest	115,002	-
Total governmental activities	**$ 21,745,287**	**$ 3,598,348**
Business-type activities		
Nursing Home	4,336,607	4,489,920
Total Primary Government	**$ 26,081,894**	**$ 8,088,268**

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

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

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

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
Operating Grants and Contributions	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
$ 249,662	$ -	$ (3,541,050)	$ -	$ (3,541,050)
433,814	-	(3,560,542)	-	(3,560,542)
4,070,206	577,119	76,005	-	76,005
59,503	-	(207,900)	-	(207,900)
2,294,343	-	(2,011,038)	-	(2,011,038)
533,873	-	(153,923)	-	(153,923)
-	-	(128,798)	-	(128,798)
64,176	-	(221,993)	-	(221,993)
-	-	(2)	-	(2)
-	-	(115,002)	-	(115,002)
$ 7,705,577	**$ 577,119**	**$ (9,864,243)**	**$ -**	**$ (9,864,243)**
1,500	-	-	154,813	154,813
$ 7,707,077	**$ 577,119**	**$ (9,864,243)**	**$ 154,813**	**$ (9,709,430)**
		$ 10,879,856	$ -	$ 10,879,856
		14,057	-	14,057
		195,700	-	195,700
		18,193	-	18,193
		1,016,307	-	1,016,307
		18,787	257	19,044
		129,432	-	129,432
		21,463	-	21,463
		-	13,124	13,124
		(175,000)	175,000	-
		$ 12,118,795	**$ 188,381**	**$ 12,307,176**
		$ 2,254,552	**$ 343,194**	**$ 2,597,746**
		75,048,299	**344,554**	**75,392,853**
		$ 77,302,851	**$ 687,748**	**$ 77,990,599**

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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, 2014

	General	Road and Bridge	Human Services	Capital Improvement Plan Capital Projects	Nonmajor Funds	Total
Assets						
Cash and pooled investments	$ 9,379,795	$ 2,095,619	$ 3,294,445	$ 9,157,951	$ 2,056,622	$ 25,984,432
Petty cash and change funds	3,330	-	-	-	150	3,480
Investments	-	12,500	-	-	-	12,500
Taxes receivable - delinquent	165,761	34,548	45,230	-	16,686	262,225
Special assessments - delinquent	-	-	-	-	17,673	17,673
Accounts receivable - net	33,827	-	356,403	-	139,205	529,435
Loans receivable	265,882	-	-	-	-	265,882
Accrued interest receivable	10,867	-	-	-	-	10,867
Due from other funds	3,949	402	-	-	-	4,351
Due from other governments	247,502	2,602,820	199,531	-	15,838	3,065,691
Inventories	-	90,723	-	-	-	90,723
Prepaid items	-	-	1,598,862	-	-	1,598,862
Advances to other funds	-	-	40,560	-	-	40,560
Total Assets	**$ 10,110,913**	**$ 4,836,612**	**$ 5,535,031**	**$ 9,157,951**	**$ 2,246,174**	**$ 31,886,681**
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ 58,072	$ 33,414	$ 89,348	$ -	$ 13,089	$ 193,923
Salaries payable	271,228	53,502	103,938	-	24,556	453,224
Contracts payable	-	192,784	-	992,711	-	1,185,495
Retainage payable	-	-	-	81,359	-	81,359
Due to other funds	391	-	3,949	-	11	4,351
Due to other governments	113,924	3,000	46,730	-	76,360	240,014
Unearned revenue	33,081	-	-	-	104,871	137,952
Customer deposits	163,728	-	-	-	-	163,728
Advances from other funds	40,560	-	-	-	-	40,560
Total Liabilities	**$ 680,984**	**$ 282,700**	**$ 243,965**	**$ 1,074,070**	**$ 218,887**	**$ 2,500,606**
Deferred Inflows of Resources						
Unavailable revenue	**$ 205,635**	**$ 2,617,550**	**$ 414,259**	**$ -**	**$ 31,011**	**$ 3,268,455**
Fund Balances						
Nonspendable						
Long-term loans/notes receivable	$ 265,207	$ -	$ -	$ -	$ -	$ 265,207
Advance to other funds	-	-	40,560	-	-	40,560
Prepaid items	-	-	1,598,862	-	-	1,598,862
Inventories	-	90,723	-	-	-	90,723

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Road and Bridge	Human Services	Capital Improvement Plan Capital Projects	Nonmajor Funds	Total
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Fund Balances (Continued)						
Restricted for						
Law library	64,508	-	-	-	-	64,508
Recorder's technology equipment	214,643	-	-	-	-	214,643
Recorder's compliance fund	131,433	-	-	-	-	131,433
Enhanced 911	227,110	-	-	-	-	227,110
DARE	1,928	-	-	-	-	1,928
Attorney forfeiture	57,507	-	-	-	-	57,507
Permit to carry	81,077	-	-	-	-	81,077
DUI assessments	4,113	-	-	-	-	4,113
DUI forfeiture	8,006	-	-	-	-	8,006
EDA revolving loan fund	45,576	-	-	-	-	45,576
2012 Clearwater legacy grant	9,713	-	-	-	-	9,713
Capital projects	-	-	-	8,083,881	-	8,083,881
Health	-	-	230,798	-	-	230,798
Natural resources block grant	-	-	-	-	46,085	46,085
Feedlot performance	33,081	-	-	-	-	33,081
Debt service	-	-	-	-	969,652	969,652
Ditch maintenance and construction	-	-	-	-	50,019	50,019
Committed to						
Capital equipment	-	-	-	-	197,051	197,051
Wind tower decommission	163,728	-	-	-	-	163,728
Drug court	4,658	-	-	-	-	4,658
Public recreation	13,250	-	-	-	-	13,250
Veteran services van	17,700	-	-	-	-	17,700
Sheriff lojack safety net	334	-	-	-	-	334
Sheriff impound lot	10,578	-	-	-	-	10,578
Change funds	3,330	-	-	-	150	3,480
DFO corrections	43,697	-	-	-	-	43,697
Fairview care center appropriations	25,000	-	-	-	-	25,000
Wetlands R.O.W.	-	12,500	-	-	-	12,500
Landfill postclosure	-	-	-	-	126,340	126,340
Assigned to						
Subsequent year's appropriated budget	109,000	-	-	-	-	109,000
Highway and streets	-	1,833,139	-	-	-	1,833,139
Human services	-	-	3,006,587	-	-	3,006,587
Sanitation	-	-	-	-	606,979	606,979
Unassigned	7,689,117	-	-	-	-	7,689,117
Total Fund Balances	**$ 9,224,294**	**$ 1,936,362**	**$ 4,876,807**	**$ 8,083,881**	**$ 1,996,276**	**$ 26,117,620**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 10,110,913**	**$ 4,836,612**	**$ 5,535,031**	**$ 9,157,951**	**$ 2,246,174**	**$ 31,886,681**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Fund balances - total governmental funds (Exhibit 3)			**$**	**26,117,620**
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.				61,495,264
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.				1,546,504
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.				3,268,455
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	$	(12,775,000)		
Bond premium		(138,119)		
Net OPEB obligation		(1,394,588)		
Accrued interest payable		(66,035)		
Compensated absences		(751,250)		(15,124,992)
Net Position of Governmental Activities (Exhibit 1)			**$**	**77,302,851**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Road and Bridge	Human Services	Capital Improvement Plan Capital Projects	Nonmajor Funds	Total
Revenues						
Taxes	$ 6,983,368	$ 1,543,267	$ 1,849,017	$ -	$ 763,753	$ 11,139,405
Special assessments	-	189	-	-	188,865	189,054
Licenses and permits	36,652	8,450	-	-	23,320	68,422
Intergovernmental	1,854,676	5,592,861	2,618,539	-	166,695	10,232,771
Charges for services	1,422,322	130,515	-	-	1,339,368	2,892,205
Fines and forfeits	9,261	-	-	-	-	9,261
Gifts and contributions	8,448	-	-	-	-	8,448
Investment earnings	18,429	-	-	-	358	18,787
Miscellaneous	152,984	139,443	224,904	-	20,388	537,719
Total Revenues	**$ 10,486,140**	**$ 7,414,725**	**$ 4,692,460**	**$ -**	**$ 2,502,747**	**$ 25,096,072**
Expenditures						
Current						
General government	$ 3,715,218	$ -	$ -	$ -	$ -	$ 3,715,218
Public safety	4,594,234	-	-	-	-	4,594,234
Highways and streets	-	6,805,415	-	-	-	6,805,415
Sanitation	-	-	-	-	1,716,247	1,716,247
Human services	4,000	-	4,805,213	-	-	4,809,213
Health	987,433	-	-	-	-	987,433
Culture and recreation	128,883	-	-	-	-	128,883
Conservation of natural resources	220,340	-	-	-	74,220	294,560
Economic development	2	-	-	-	-	2
Intergovernmental						
Highways and streets	-	227,454	-	-	-	227,454
Capital outlay						
General government	-	-	-	2,085,270	-	2,085,270
Debt service						
Principal	-	-	-	-	600,966	600,966
Interest	-	-	-	-	96,740	96,740
Bond issuance costs	-	-	-	103,026	-	103,026
Administrative (fiscal) charges	-	-	-	-	3,000	3,000
Total Expenditures	**$ 9,650,110**	**$ 7,032,869**	**$ 4,805,213**	**$ 2,188,296**	**$ 2,491,173**	**$ 26,167,661**
Excess of Revenues Over (Under) Expenditures	**$ 836,030**	**$ 381,856**	**$ (112,753)**	**$ (2,188,296)**	**$ 11,574**	**$ (1,071,589)**
Other Financing Sources (Uses)						
Transfers out	$ (175,000)	$ -	$ -	$ -	$ -	$ (175,000)
Bonds issued	-	-	-	9,801,000	99,000	9,900,000
Premium on bonds issued	-	-	-	54,026	92,725	146,751
Proceeds from sale of capital assets	20,731	500	-	-	7,750	28,981
Total Other Financing Sources (Uses)	**$ (154,269)**	**$ 500**	**$ -**	**$ 9,855,026**	**$ 199,475**	**$ 9,900,732**
Change in Fund Balance	**$ 681,761**	**$ 382,356**	**$ (112,753)**	**$ 7,666,730**	**$ 211,049**	**$ 8,829,143**
Fund Balance - January 1	**8,542,533**	**1,562,411**	**4,989,560**	417,151	**1,785,227**	**17,296,882**
Increase (decrease) in inventories	**-**	**(8,405)**	**-**	**-**	**-**	**(8,405)**
Fund Balance - December 31	**$ 9,224,294**	**$ 1,936,362**	**$ 4,876,807**	**$ 8,083,881**	**$ 1,996,276**	**$ 26,117,620**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds (Exhibit 5)		**$ 8,829,143**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under modified accrual accounting, distributions of joint venture equity interest are recorded as revenue. In the statement of net position, an asset is reported for the equity interest in the joint venture, and increases or decreases in joint venture equity are reported in the statement of activities. The change in net position differs from the change in fund balance by the increases or decreases in the investment in joint venture.		
Increase in investment in joint venture		284,895
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Unavailable revenue - December 31	$ 3,268,455	
Unavailable revenue - January 1	(4,211,151)	(942,696)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of assets disposed.		
Expenditures for general capital assets and infrastructure	$ 6,056,035	
Net book value of disposed capital assets	(46,601)	
Current year depreciation	(2,164,463)	3,844,971
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.		
Proceeds of new debt		
General obligation bonds	$ (9,900,000)	
Premium on bonds issued	(146,751)	
Principal repayments		
General obligation bonds	545,000	
Capital lease	55,966	(9,445,785)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in OPEB obligation	$ (242,917)	
Amortization of premiums on debt	8,632	
Change in accrued interest payable	(23,894)	
Change in inventories	(8,405)	
Change in compensated absences	(49,392)	(315,976)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 2,254,552**

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

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PROPRIETARY FUND

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 7

STATEMENT OF FUND NET POSITION
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2014

Assets		
Current assets		
Cash and pooled investments	$	198,804
Petty cash and change funds		400
Accounts receivable - net		422,161
Total current assets	**$**	**621,365**
Restricted assets		
Cash and pooled investments	**$**	**113,986**
Noncurrent assets		
Capital assets		
Nondepreciable	$	15,600
Depreciable - net		592,404
Total noncurrent assets	**$**	**608,004**
Total Assets	**$**	**1,343,355**
Liabilities		
Current liabilities		
Accounts payable	$	105,659
Salaries payable		137,451
Compensated absences payable - current		60,805
Total current liabilities	**$**	**303,915**
Current liabilities payable from restricted assets		
Interest payable	$	2,627
Resident trust and security deposits		2,332
General obligation bonds payable - current		30,000
Total current liabilities payable from restricted assets	**$**	**34,959**
Noncurrent liabilities		
Compensated absences payable - long-term	$	121,733
General obligation bonds payable - long-term		195,000
Total noncurrent liabilities	**$**	**316,733**
Total Liabilities	**$**	**655,607**
Net Position		
Net investment in capital assets	$	383,004
Restricted for donations		13,519
Unrestricted		291,225
Total Net Position	**$**	**687,748**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

Operating Revenues		
Charges for services	$	4,487,403
Miscellaneous		2,517
Total Operating Revenues	**$**	**4,489,920**
Operating Expenses		
Employee benefits and payroll taxes	$	762,103
Nursing services		1,592,119
Administrative and fiscal services		364,491
Other care-related		141,961
Ancillary services		457,517
Repair and maintenance		222,437
Property and household		160,650
Laundry		89,257
Dietary		390,455
Housekeeping		110,326
Depreciation		38,930
Total Operating Expenses	**$**	**4,330,246**
Operating Income (Loss)	**$**	**159,674**
Nonoperating Revenues (Expenses)		
Interest income	$	257
Gifts and contributions		1,500
Interest expense		(6,361)
Total Nonoperating Revenues (Expenses)	**$**	**(4,604)**
Income (Loss) Before Capital Grants and Contributions and Transfers	**$**	**155,070**
Capital grants and contributions		13,124
Transfers in		175,000
Change in Net Position	**$**	**343,194**
Net Position - January 1		**344,554**
Net Position - December 31	**$**	**687,748**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities		
Receipts from customers and users	$	4,399,738
Payments to suppliers and employees		(4,248,230)
Net cash provided by (used in) operating activities	**$**	**151,508**
Cash Flows from Noncapital Financing Activities		
Advance from Dodge County	$	293,500
Return of advance		(293,500)
Contributions		14,624
Net cash provided by (used in) noncapital financing activities	**$**	**14,624**
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	$	(25,000)
Interest paid on long-term debt		(6,569)
Acquisition of capital assets		(5,045)
Net cash provided by (used in) capital and related financing activities	**$**	**(36,614)**
Cash Flows from Investing Activities		
Investment earnings received	$	257
Deposits to restricted assets		730
Net cash provided by (used in) investing activities	**$**	**987**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**130,505**
Cash and Cash Equivalents at January 1		**182,685**
Cash and Cash Equivalents at December 31	**$**	**313,190**
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	$	198,804
Petty cash and change funds		400
Restricted cash and pooled investments		113,986
Total Cash and Cash Equivalents	**$**	**313,190**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9
(Continued)

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**159,674**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	38,930
(Increase) decrease in accounts receivable		(90,182)
Increase (decrease) in accounts payable		26,835
Increase (decrease) in salaries payable		26,838
Increase (decrease) in compensated absences payable		(10,587)
Total adjustments	**$**	**(8,166)**
Net Cash Provided by (Used in) Operating Activities	**$**	**151,508**

FIDUCIARY FUNDS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Cemetery Perpetual Care Private-Purpose Trust	Agency
Assets		
Cash and pooled investments	$ 5,951	$ 2,734,623
Restricted assets		
Cash and pooled investments	1,125	-
Investments	126,470	-
Interest receivable	15	-
Total Assets	**$ 133,561**	**$ 2,734,623**
Liabilities		
Accounts payable	$ 5,055	$ 171,643
Due to other governments	-	2,562,980
Total Liabilities	**$ 5,055**	**$ 2,734,623**
Net Position		
Held in trust for other organizations		
Nonexpendable	**$ 128,506**	

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Cemetery Perpetual Care Private-Purpose Trust
Additions	
Investment earnings	
Interest	$ 5,055
Net increase (decrease) in fair value of investments	(4,509)
Total Additions	**$ 546**
Deductions	
Distributions to participants	4,972
Change in net position	**$ (4,426)**
Net Position - January 1	**132,932**
Net Position - December 31	**$ 128,506**

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

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2014. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Joint Ventures and Jointly Governed Organizations

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

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

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

2. Fund Financial Statements

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

1. Summary of Significant Accounting Policies

   B. Basic Financial Statements

      2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

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

The Human Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as assigned property tax revenues used for economic assistance and community social services programs.

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

The County reports the following major enterprise fund:

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

1. Summary of Significant Accounting Policies

   B. Basic Financial Statements

      2. Fund Financial Statements (Continued)

         Additionally, the County reports the following fund types:

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

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

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

   C. Measurement Focus and Basis of Accounting

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

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

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2014, 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 2014 were $18,429.

Dodge County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC). The investment in the pool is measured at amortized cost per share provided by the pool, which would closely approximate fair value.

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans).

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

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

Accounts receivable is shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

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

4. Inventories and Prepaid Items

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

1. Summary of Significant Accounting Policies

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

      4. Inventories and Prepaid Items (Continued)

         Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

      5. Restricted Assets

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

      6. Capital Assets

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

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

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

1. Summary of Significant Accounting Policies

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

6. Capital Assets (Continued)

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

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

7. Compensated Absences

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

8. Unearned Revenue

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

9. Long-Term Obligations

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

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations (Continued)

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

10. Deferred Outflow/Inflows of Resources

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

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

11. Classification of Net Position

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

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

1. Summary of Significant Accounting Policies

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

11. Classification of Net Position (Continued)

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

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

12. Classifications of Fund Balances

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

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

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

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

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

1. Summary of Significant Accounting Policies

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

      12. Classifications of Fund Balances (Continued)

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

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

13. Minimum Fund Balance

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

14. Use of Estimates

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

1. Summary of Significant Accounting Policies (Continued)

   E. Future Change in Accounting Standards

   GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the County's calendar year 2015. The County has not yet determined the financial statement impact of adopting this new standard.

2. Stewardship, Compliance and Accountability

   Excess of Expenditures Over Budget

   The Ditch Special Revenue Fund expenditures of $36,068 exceeded the final budget of $4,180 by $31,888.

   The Solid Waste Special Revenue Fund expenditures of $1,885,696 exceeded the final budget of $1,865,496 by $20,200.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	$ 25,984,432
Petty cash and change funds	3,480
Investments	12,500
Business-type activities	
Cash and pooled investments	198,804
Petty cash and change funds	400
Cash and pooled investments - restricted assets	113,986
Statement of fiduciary net position	
Cash and pooled investments	2,740,574
Cash and pooled investments - restricted	1,125
Investments- restricted assets	126,470
Total Cash and Investments	$ 29,181,771

		Carrying (Fair) Value
Deposits		$ 6,028,243
Petty cash		3,880
Investments		
Equity investments (stock) AT&T		126,470
Investment pools/mutual funds		
MAGIC Fund	$ 19,524,249	
Federated Treasury Cash Series Money Market	100,612	19,624,861
Negotiable certificates of deposit		3,398,317
Total Deposits and Investments		$ 29,181,771

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments (Continued)

         a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to it. Per the County investment policy, Dodge County is aware of custodial credit risk and attempts to reduce exposure to custodial credit risk by investing the highest percentage of its available cash in deposits or in investments in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2014, $523,601 of the County’s deposits were exposed to custodial credit risk.

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments (Continued)

         b. Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Interest Rate Risk

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

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

Maturity Date	Interest Rate (%)	Amount
January 15, 2015	0.45	$ 100,367
January 15, 2015	0.55	247,000
March 5, 2015	0.60	100,298
April 30, 2015	0.95	100,885
October 7, 2015	0.75	246,000
October 13, 2015	0.65	115,550
November 9, 2015	1.00	242,000
December 4, 2015	0.85	247,000
May 30, 2016	0.02	45,217
October 20, 2016	1.10	242,000
November 7, 2016	1.10	244,000
November 30, 2016	1.06	244,000
November 30, 2016	0.95	245,000
November 30, 2016	1.00	245,000
November 30, 2016	1.00	245,000
November 30, 2016	1.00	245,000
December 5, 2016	1.05	244,000
Total Negotiable Certificates of Deposit		$ 3,398,317

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments

         b. Investments (Continued)

Credit Risk

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

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

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. Per the Dodge County investment policy, the County is aware of custodial credit risk and invests in such a way as to minimize exposure to custodial credit risk, as defined, by investing the highest percentage of its available cash in deposits or investments that fall within category 1 or 2 within GASB Statement 40. As of December 31, 2014, the County does not have any investments exposed to custodial credit risk.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's investment policy states that the County will try to minimize the risk by investing with multiple issuers, but will concentrate funds with an issuer if it maximizes the interest return for the County. Investments that represent five percent or more of Dodge County's investments include only the MAGIC Fund at 84 percent.

2. Receivables

Receivables as of December 31, 2014, for the County's governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable, gross	$ 619,206	$ 441,266
Less: allowance for uncollectible	(89,771)	(19,105)
Net Accounts Receivable	$ 529,435	$ 422,161

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

3. Detailed Notes on All Funds

   A. Assets

      2. Receivables (Continued)

Of the loans receivable, $117,713 were made with funding through the State of Minnesota to help qualified businesses directly and adversely affected by the 2007 and 2010 floods. Part of the loans may be written off if the business meets qualifications for a period of time, and part of the loans will be paid back by the businesses. The loans receivable balance includes $106,975 in flood loans not scheduled for collection in the subsequent year. The remaining loan receivable, $148,169 was made to the Agricultural Society which is not scheduled for collection in the subsequent year.

      3. Prepaid Items

At December 31, 2014, the Human Services Special Revenue Fund is reporting a prepaid item of $1,598,862. A payment to Minnesota Prairie County Alliance (MNPrairie) was made on December 29, 2014. This payment was not due until January 1, 2015, for the newly organized entity.

      4. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in progress	$ 3,016,858	$ 2,044,453	$ 2,800,549	$ 2,260,762
Non-depreciable land improvements	19,284	-	-	19,284
Land	1,895,872	-	45,021	1,850,851
Total capital assets not depreciated	$ 4,932,014	$ 2,044,453	$ 2,845,570	$ 4,130,897
Capital assets depreciated				
Land improvements	$ 579,177	$ -	$ -	$ 579,177
Buildings and improvements	8,727,718	-	-	8,727,718
Machinery, vehicles, furniture, and equipment	6,880,687	409,029	325,722	6,963,994
Infrastructure	62,738,252	6,403,102	-	69,141,354
Total capital assets depreciated	$ 78,925,834	$ 6,812,131	$ 325,722	$ 85,412,243

3. Detailed Notes on All Funds

A. Assets

4. Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Land improvements	$ 175,060	$ 28,959	$ -	$ 204,019
Buildings and improvements	3,536,642	231,494	-	3,768,136
Machinery, vehicles, furniture, and equipment	4,638,102	562,730	324,142	4,876,690
Infrastructure	17,857,751	1,341,280	-	19,199,031
Total accumulated depreciation	$ 26,207,555	$ 2,164,463	$ 324,142	$ 28,047,876
Total capital assets depreciated, net	$ 52,718,279	$ 4,647,668	$ 1,580	$ 57,364,367
Governmental Activities Capital Assets, Net	$ 57,650,293	$ 6,692,121	$ 2,847,150	$ 61,495,264

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 15,600	$ -	$ -	$ 15,600
Capital assets depreciated				
Buildings and improvements	$ 1,545,323	$ -	$ -	$ 1,545,323
Improvements other than buildings	68,588	-	-	68,588
Machinery, vehicles, furniture, and equipment	565,611	5,045	4,517	566,139
Total capital assets depreciated	$ 2,179,522	$ 5,045	$ 4,517	$ 2,180,050
Less: accumulated depreciation for				
Buildings and improvements	$ 967,780	$ 28,622	$ -	$ 996,402
Improvements other than buildings	68,588	-	-	68,588
Machinery, vehicles, furniture, and equipment	516,865	10,308	4,517	522,656
Total accumulated depreciation	$ 1,553,233	$ 38,930	$ 4,517	$ 1,587,646
Total capital assets depreciated, net	$ 626,289	$ (33,885)	$ -	$ 592,404
Business-Type Activities Capital Assets, Net	$ 641,889	$ (33,885)	$ -	$ 608,004

3. Detailed Notes on All Funds

A. Assets

4. Capital Assets (Continued)

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

Governmental Activities		
General government	$	268,061
Public safety		160,749
Highways and streets, including depreciation of infrastructure assets		1,551,549
Sanitation		154,623
Human services		29,481
Total Depreciation Expense - Governmental Activities	$	2,164,463
Business-Type Activities		
Nursing home	$	38,930

B. Interfund Receivables, Payables, Advances, and Transfers

The composition of interfund balances as of December 31, 2014, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund		Amount
General	Human Services	$	3,949
Road and Bridge	General	$	391
	Solid Waste, Nonmajor		11
Total due to Road and Bridge Fund		$	402
Total Due To/From Other Funds		$	4,351

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

3. Detailed Notes on All Funds

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

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Human Services	General Fund	$ 40,560

The advance was for the partial purchase of a phone system and is expected to be eliminated in the subsequent year.

Transfers

Transfers for the year ended December 31, 2014, consisted of a transfer of $175,000 from the General Fund to the Nursing Home Enterprise Fund for operating expenditures.

C. Liabilities

1. Bonded Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2014
General obligation bonds					
2008A CIP G.O. Bonds	2016	$190,000 - $250,000	3.00 - 4.20	$ 1,570,000	$ 490,000
2011A CIP G.O. Bonds	2021	$210,000 - $260,000	2.00 - 3.125	2,085,000	1,660,000
2011A Hwy Equipment Certificates	2021	$35,000 - $45,000	2.00 - 3.125	350,000	280,000
2011A Solid Waste Equipment	2021	$45,000 - $55,000	2.00 - 3.125	435,000	345,000
2011A Solid Waste Refunding Bonds	2020	$15,000 - $20,000	2.00 - 3.125	145,000	100,000
2014A CIP G.O. Bonds	2030	$535,000 - $790,000	0.40 - 3.00	9,900,000	9,900,000
Subtotal				$ 14,485,000	$ 12,775,000
Plus: Unamortized Premiums					138,119
Total General Obligation Bonds					$ 12,913,119

3. Detailed Notes on All Funds

C. Liabilities

1. Bonded Debt (Continued)

The 2008A CIP G.O. Bonds are paid from the Debt Service Fund. All 2011A bonds are paid from the Debt Service Fund and the Solid Waste Special Revenue Fund. The 2014A CIP G.O. Bonds are paid from the Debt Service Fund.

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2014
2011A G.O. Nursing Home Bonds	2021	$25,000 - $40,000	2.00 - 3.128	$ 275,000	$ 225,000

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

2. Debt Service Requirements

Debt service requirements at December 31, 2014, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest
2015	$ 555,000	$ 239,751
2016	1,110,000	283,895
2017	925,000	263,007
2018	935,000	241,875
2019	955,000	219,950
2020 - 2024	3,900,000	792,950
2025 - 2029	3,605,000	364,570
2030	790,000	11,850
Total	$ 12,775,000	$ 2,417,848

3. Detailed Notes on All Funds

C. Liabilities

2. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	General Obligation Bonds Principal	Interest
2015	$ 30,000	$ 5,981
2016	30,000	5,269
2017	30,000	4,481
2018	30,000	3,656
2019	30,000	2,794
2020 - 2021	75,000	2,422
Total	$ 225,000	$ 24,603

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 3,420,000	$ 9,900,000	$ 545,000	$ 12,775,000	$ 555,000
Plus: deferred amounts for premiums	-	146,751	8,632	138,119	-
Total bonds payable	$ 3,420,000	10,046,751	$ 553,632	$ 12,913,119	$ 555,000
Capital leases	55,966	-	55,966	-	-
Compensated absences	701,858	645,165	595,773	751,250	50,400
Governmental Activities Long-Term Liabilities	$ 4,177,824	$ 10,691,916	$ 1,205,371	$ 13,664,369	$ 605,400

Compensated absences liabilities are generally liquidated by the General Fund, Road and Bridge, Human Services, and Solid Waste Special Revenue Funds.

3. Detailed Notes on All Funds

C. Liabilities

3. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
2011A G.O. Nursing Home Bonds	$ 250,000	$ -	$ 25,000	$ 225,000	$ 30,000
Compensated absences	193,125	217,289	227,876	182,538	60,805
Business-Type Activities Long-Term Liabilities	$ 443,125	$ 217,289	$ 252,876	$ 407,538	$ 90,805

4. Construction Commitments

Dodge County has an active construction project as of December 31, 2014. The project includes the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Courthouse/Annex Remodel Project	$ 1,627,179	$ 6,674,821

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

1. Deferred Outflows of Resources

There were no deferred outflows of resources for the year ended December 31, 2014 for governmental activities or business-type activities.

3. Detailed Notes on All Funds

D. Deferred Outflows of Resources and Unearned Revenue/Deferred Inflows of Resources (Continued)

2. Unearned Revenue/Deferred Inflows of Resources

As of December 31, 2014, there were various components of unavailable revenue for governmental funds as follows:

	Unearned Revenue	Unavailable Revenue
Delinquent property taxes	$ -	$ 184,659
Special assessment of property taxes	-	17,673
Intergovernmental	137,952	2,704,663
Charges for services	-	24,363
Miscellaneous	-	337,097
Total Governmental Funds	$ 137,952	$ 3,268,455

There were no unearned revenue or deferred inflows of resources for the year ended December 31, 2014, for business-type activities.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after five years of credited service.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

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

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

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

For all General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary in 2014. Public Employees Police and Fire Fund members were required to contribute 10.20 percent of their annual covered salary in 2014.

In 2014, the County was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	15.30

The County's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	2014	2013	2012
General Employees Retirement Fund	$ 603,034	$ 589,957	$ 582,374
Public Employees Police and Fire Fund	211,069	196,542	195,343

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2014, were:

	Employee	Employer
Contribution amount	$ 1,854	$ 1,854
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

4. Employee Retirement Systems and Pension Plans (Continued)

C. Other Postemployment Benefits (OPEB)

The County provides health insurance benefits for qualifying retired employees under a Blue Cross and Blue Shield Medicare Co-Insurance Plan through the Southeast Service Cooperative. Blue Cross and Blue Shield of Minnesota (BCBSM), under contract with Southeast Service Cooperative, is the claims administrator. There were 27 retirees on this plan in 2014. The retirees on this plan are a separate group from the active plan participants, and the rates for the retiree Medicare Co-Insurance Plan are based on the claims experience of the retirees on the plan only. This plan receives no implicit rate subsidy from the active employees. The County provides benefits for retirees as required by Minn Stat § 471.61, subd 2b. Active employees between the ages of 62 and 65, who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100 percent of the total group rate. The premium is a blended rate determined on the entire active and retiree population. The retirees, whose cost is statistically higher than the group average, are receiving an implicit rate subsidy. As of January 1, 2014, there were two retirees receiving health benefits from the County's health plan. As of year-end, the County has two participants on the County's active employee insurance plan.

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

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

- employees hired from 1987 through 1991 who receive up to $50 per month of County-paid health insurance, and

- employees hired after 1991 who receive no paid insurance benefits.

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligations

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2014, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	$ 396,049
Interest on net OPEB obligations	46,067
Adjustment to ARC	(65,308)
Annual OPEB cost	$ 376,808
Contribution during the year	(133,891)
Increase in net OPEB obligation	$ 242,917
Net OPEB - Beginning of Year	1,151,671
Net OPEB - End of Year	$ 1,394,588

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2012, 2013, and 2014, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2012	$ 345,254	$ 86,205	24.97%	$ 933,611
December 31, 2013	331,025	112,965	34.13	1,151,671
December 31, 2014	376,808	133,891	35.53	1,394,588

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Funded Status

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2014	-	$ 3,222,351	$ 3,222,351	0.0%	$ 8,095,196	39.81%

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

Actuarial Methods and Assumptions

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

In the January 1, 2014, actuarial valuation, the Projected Unit Credit Actuarial Method was used. The actuarial assumptions included a 4.0 percent discount rate (net of expenses) and an annual health care cost rate of 7.5 initially, reduced incrementally to an ultimate rate of 5.0 percent in 2023. The initial unfunded actuarial accrued liability is being amortized as a level dollar amount over a closed 30-year period beginning in 2014.

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. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County participates in a service cooperative pool for health and dental insurance. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $480,000 per claim in 2014 and $490,000 in 2015. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

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

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.

In 2006, the Dodge County Mechanical and Agricultural Society entered into a loan agreement with Kasson State Bank for $150,000. The County co-signed this loan as guarantors for the life of the loan. This loan was refinanced in 2011 for $147,812 to extend to 2016. The terms of the refinanced loan is level annual payments of $11,378 from 2012 to 2015 with a final balloon payment of $133,421 in 2016. The County remains the guarantor for the loan. The principal outstanding as of December 31, 2014, is $133,040.

C. Subsequent Events

Beginning January 1, 2015, the Dodge County's Human Services function will combine with staff from Steele County and Waseca County to form a new entity called Minnesota Prairie County Alliance. This is a service delivery authority with a governing board of two Commissioners from each county. It will be responsible for its own budgeting and operations, but does not have independent levy authority. The Minnesota Prairie County Alliance is contracting with Steele County to provide IT support and employee relations, and with Dodge County to be the fiscal host and provide payroll services.

In July 2015, the South Country Health Alliance lost its bid to continue providing comprehensive health maintenance services to 11 of its 12 participating counties, not including Dodge County. The decision by the Minnesota Department of Human Services is being appealed by the 11 other counties. The ultimate impact on the South Country Health Alliance, and therefore Dodge County's investment in the joint venture, is unknown.

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

D. Joint Ventures

South Central Human Relations Center, Inc.

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

Control is vested in a Joint Powers Board, comprised of two representatives of each County Board of Commissioners. During the year, Dodge County paid $24,415 for contracted services.

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

Dodge County Family Services Collaborative

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

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 2014, Dodge County did not provide any funding. Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of the termination, shall be distributed by the Dodge County Family Services Collaborative Board of Directors.

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

5. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

South Country Health Alliance

The South Country Health Alliance (SCHA) was created by a Joint Powers Agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn. In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties joined in the joint venture. As of December 31, 2010, Cass, Crow Wing, and Freeborn Counties elected to opt out of the SCHA, consistent with the terms of the Joint Powers Agreement. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a Board of Directors to operate, control, and manage all matters concerning the participating member counties' health care functions, referred to as county-based purchasing.

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

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2014, was $1,546,504. The equity interest is reported as an investment in joint venture on the government-wide statement of net position. Changes in equity are included in the government-wide statement of activities as human services program expenses or revenues.

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

5. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Southeastern Minnesota Multi-County HRA

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

In 1994, the Dodge County Commissioners appointed a member to the HRA Board for a five-year term expiring in 1999. The County has not appointed a member for the vacancy starting in 1999. Dodge County has requested to be released from this HRA. Dodge County made no contributions to the operations of the HRA in 2014.

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

Minnesota Counties Information System (MCIS)

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

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

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

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

5. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Southeast Minnesota Emergency Communications Board

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

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

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

Southeast Minnesota Narcotics Task Force

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

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

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

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

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

E. Jointly-Governed Organizations

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

The Minnesota Counties Computer Cooperative (MCCC) was established under the Minnesota Joint Powers Law, Minn. Stat. § 471.59. Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, the County expended $93,215 to the MCCC.

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. Dodge County provided $87,725 to this organization in 2014.

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

The Southeast Minnesota Water Resource Board was formed by Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties. The purpose of this joint powers board is to receive and expend state and nonprofit grants and other related funds for the purpose of comprehensive water management planning. The governing body consists of 18 members. Two Commissioners were appointed from each of the participating County Boards, except for Mower and Wabasha Counties who each appoint one member. Olmsted County acts as the fiscal agent. During the year, the County paid $4,000 to the Water Resource Board.

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

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

5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

The Southeastern Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. SEMCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, the County made payments of $24,000 to SEMCAC.

The Southeast Services Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of $5,380 to the Cooperative.

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the SEMIC during 2014.

The Southeast Minnesota Recyclers' Exchange (SEMREX) is a joint powers board made up of the City of Red Wing and Blue Earth, Dodge, Freeborn, Mower, Olmsted, Rice, Steele, and Waseca Counties. It is organized to promote regional waste reduction activities through recycling, cooperative marketing ventures, market development strategies, materials exchange efforts, public education, and other projects to protect the environment of southeast Minnesota. During the year, the County made payments of $900 to SEMREX.

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

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

5. Summary of Significant Contingencies and Other Items

E. Jointly-Governed Organizations (Continued)

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

The Zumbro Watershed Partnership is governed by a 25 member Board of Directors who work to address both rural and urban water quality issues to find the best solutions for all the residents of the watershed. Twelve are elected officials, including a county commissioner and Soil and Water Conservation District Supervisor from each of the six counties of the watershed. Thirteen are citizen members who are elected each year at the annual meeting. The six counties included in the Partnership are Dodge, Goodhue, Olmsted, Rice, Steele, and Wabasha Counties. The County did not contribute to the Partnership during 2014.

Dodge-Fillmore-Olmsted (DFO) Community Corrections is governed by a seven member board composed of three Olmsted County commissioners, two Fillmore County commissioners, and two Dodge County commissioners. The DFO Community Corrections is financed through state grants and contributions from the participating counties. During 2014, Dodge County contributed $434,070 to this organization.

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REQUIRED SUPPLEMENTARY INFORMATION

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 7,227,032	$ 7,227,032	$ 6,983,368	$ (243,664)
Licenses and permits	18,555	18,555	36,652	18,097
Intergovernmental	1,366,740	1,366,740	1,854,676	487,936
Charges for services	1,469,224	1,469,224	1,422,322	(46,902)
Fines and forfeits	20,325	20,325	9,261	(11,064)
Gifts and contributions	-	-	8,448	8,448
Investment earnings	40,000	40,000	18,429	(21,571)
Miscellaneous	181,960	181,960	152,984	(28,976)
Total Revenues	**$ 10,323,836**	**$ 10,323,836**	**$ 10,486,140**	**$ 162,304**
Expenditures				
Current				
General government				
Commissioners	$ 491,811	$ 491,811	$ 297,743	$ 194,068
Court administrator	103,872	103,872	125,317	(21,445)
County administration	204,963	204,963	207,168	(2,205)
Elections	51,825	51,825	61,777	(9,952)
Finance	541,371	541,371	492,972	48,399
Data processing information systems	243,865	243,865	184,303	59,562
Central services	266,280	266,280	87,051	179,229
Human resource coordinator	150,128	150,128	134,149	15,979
County attorney	378,897	378,897	359,014	19,883
County attorney forfeitures	-	-	6,278	(6,278)
Law library	17,000	17,000	2,230	14,770
Recorder	392,343	392,343	247,266	145,077
Surveyor	83,850	83,850	43,620	40,230
Assessor	373,765	373,765	380,260	(6,495)
County recorder equipment fund	20,000	20,000	4,659	15,341
Maintenance	408,270	408,270	370,607	37,663
Veterans service officer	71,840	71,840	67,009	4,831
Planning and zoning	181,573	181,573	170,626	10,947
Feedlot	100,073	100,073	66,808	33,265
Other general government	338,250	338,250	406,361	(68,111)
Total general government	**$ 4,419,976**	**$ 4,419,976**	**$ 3,715,218**	**$ 704,758**
Public safety				
Sheriff	$ 4,094,089	$ 4,094,089	$ 3,735,284	$ 358,805
Coroner	55,600	55,600	55,636	(36)
E-911 system	93,000	93,000	99,789	(6,789)
Community corrections	430,395	430,395	434,022	(3,627)
Drug court	165,653	165,653	161,469	4,184
DARE program	-	-	6,631	(6,631)
Emergency management	141,428	141,428	97,154	44,274
Other public safety	-	-	4,249	(4,249)
Total public safety	**$ 4,980,165**	**$ 4,980,165**	**$ 4,594,234**	**$ 385,931**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Human services				
Other	**$ -**	**$ -**	**$ 4,000**	**$ (4,000)**
Health				
Nursing services	$ 987,456	$ 987,456	$ 897,506	$ 89,950
WIC	85,215	85,215	89,927	(4,712)
Total health	**$ 1,072,671**	**$ 1,072,671**	**$ 987,433**	**$ 85,238**
Culture and recreation				
Historical society	$ -	$ -	$ 7,000	$ (7,000)
Senior citizens	-	-	1,620	(1,620)
County/regional library	-	-	118,381	(118,381)
Appropriations	-	-	1,532	(1,532)
Other culture and recreation	-	-	350	(350)
Total culture and recreation	**$ -**	**$ -**	**$ 128,883**	**$ (128,883)**
Conservation of natural resources				
County extension	$ 122,856	$ 122,856	$ 115,340	$ 7,516
Soil and water conservation	-	-	90,000	(90,000)
Agriculture society/County fair	-	-	15,000	(15,000)
Total conservation of natural resources	**$ 122,856**	**$ 122,856**	**$ 220,340**	**$ (97,484)**
Economic development				
Economic development	**$ -**	**$ -**	**$ 2**	**$ (2)**
Total Expenditures	**$ 10,595,668**	**$ 10,595,668**	**$ 9,650,110**	**$ 945,558**
Excess of Revenues Over (Under) Expenditures	**$ (271,832)**	**$ (271,832)**	**$ 836,030**	**$ 1,107,862**
Other Financing Sources (Uses)				
Transfers out	$ -	$ -	$ (175,000)	$ (175,000)
Proceeds from sale of capital assets	12,000	12,000	20,731	8,731
Total Other Financing Sources (Uses)	**$ 12,000**	**$ 12,000**	**$ (154,269)**	**$ (166,269)**
Change in Fund Balance	**$ (259,832)**	**$ (259,832)**	**$ 681,761**	**$ 941,593**
Fund Balance - January 1	**8,542,533**	**8,542,533**	**8,542,533**	**-**
Fund Balance - December 31	**$ 8,282,701**	**$ 8,282,701**	**$ 9,224,294**	**$ 941,593**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,367,907	$ 1,367,907	$ 1,543,267	$ 175,360
Special assessments	-	-	189	189
Licenses and permits	5,175	5,175	8,450	3,275
Intergovernmental	4,771,990	4,771,990	5,592,861	820,871
Charges for services	109,825	109,825	130,515	20,690
Miscellaneous	65,001	65,001	139,443	74,442
Total Revenues	**$ 6,319,898**	**$ 6,319,898**	**$ 7,414,725**	**$ 1,094,827**
Expenditures				
Current				
Highways and streets				
Administration	$ 501,569	$ 501,569	$ 514,304	$ (12,735)
Maintenance	1,875,182	1,875,182	1,658,078	217,104
Construction	3,335,537	3,335,537	3,975,546	(640,009)
Equipment maintenance and shop	687,260	687,260	656,215	31,045
Other	11,350	11,350	1,272	10,078
Total highways and streets	**$ 6,410,898**	**$ 6,410,898**	**$ 6,805,415**	**$ (394,517)**
Intergovernmental				
Highways and streets	-	-	227,454	(227,454)
Total Expenditures	**$ 6,410,898**	**$ 6,410,898**	**$ 7,032,869**	**$ (621,971)**
Excess of Revenues Over (Under) Expenditures	**$ (91,000)**	**$ (91,000)**	**$ 381,856**	**$ 472,856**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	500	500
Change in Fund Balance	**$ (91,000)**	**$ (91,000)**	**$ 382,356**	**$ 473,356**
Fund Balance - January 1	**1,562,411**	**1,562,411**	**1,562,411**	**-**
Increase (decrease) in inventories	**-**	**-**	**(8,405)**	**(8,405)**
Fund Balance - December 31	**$ 1,471,411**	**$ 1,471,411**	**$ 1,936,362**	**$ 464,951**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-3

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,877,072	$ 1,877,072	$ 1,849,017	$ (28,055)
Intergovernmental	2,500,933	2,500,933	2,618,539	117,606
Miscellaneous	175,000	175,000	224,904	49,904
Total Revenues	**$ 4,553,005**	**$ 4,553,005**	**$ 4,692,460**	**$ 139,455**
Expenditures				
Current				
Human services				
Income maintenance	$ 2,028,999	$ 2,028,999	$ 1,749,141	$ 279,858
Social services	3,524,006	3,524,006	3,056,072	467,934
Total Expenditures	**$ 5,553,005**	**$ 5,553,005**	**$ 4,805,213**	**$ 747,792**
Excess of Revenues Over (Under) Expenditures	**$ (1,000,000)**	**$ (1,000,000)**	**$ (112,753)**	**$ 887,247**
Fund Balance - January 1	**4,989,560**	**4,989,560**	**4,989,560**	**-**
Fund Balance - December 31	**$ 3,989,560**	**$ 3,989,560**	**$ 4,876,807**	**$ 887,247**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT A-4

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2010	$ -	$ 3,866,838	$ 3,866,838	0.0%	$ 7,207,144	53.65%
January 1, 2012	-	3,050,912	3,050,912	0.0	7,957,336	38.30
January 1, 2014	-	3,222,351	3,222,351	0.0	8,095,196	39.81

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Budgetary Information

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

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

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

2. Excess of Expenditures Over Appropriations

The following funds had expenditures in excess of appropriations (the legal level of budgetary control) for the year ended December 31, 2014:

Fund	Expenditures	Final Budget	Excess
Road and Bridge Special Revenue Fund	$ 7,032,869	$ 6,410,898	$ 621,971

2. Other Postemployment Benefits

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

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SUPPLEMENTARY INFORMATION

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DODGE COUNTY
MANTORVILLE, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUND

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds		Courthouse Improvements Debt Service	Total Nonmajor Governmental Funds
	Ditch	**Solid Waste**	**Fund**	**(Exhibit 3)**
Assets				
Cash and pooled investments	$ 50,280	$ 1,040,460	$ 965,882	$ 2,056,622
Petty cash and change funds	-	150	-	150
Taxes Receivable - delinquent	-	4,844	11,842	16,686
Special assessments receivable - delinquent	31	17,642	-	17,673
Accounts receivable	-	139,205	-	139,205
Due from other governments	10,103	5,735	-	15,838
Total Assets	**$ 60,414**	**$ 1,208,036**	**$ 977,724**	**$ 2,246,174**
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 4,195	$ 8,894	$ -	$ 13,089
Salaries payable	-	24,556	-	24,556
Due to other funds	-	11	-	11
Due to other governments	6,169	70,191	-	76,360
Unearned revenue	-	104,871	-	104,871
Total Liabilities	**$ 10,364**	**$ 208,523**	**$ -**	**$ 218,887**
Deferred Inflows of Resources				
Unavailable revenue	**$ 31**	**$ 22,908**	**$ 8,072**	**$ 31,011**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-1
(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds		Courthouse Improvements Debt Service	Total Nonmajor Governmental Funds
	Ditch	**Solid Waste**	**Fund**	**(Exhibit 3)**
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)				
Fund Balances				
Restricted for				
Natural resources block grant	$ -	$ 46,085	$ -	$ 46,085
Debt service	-	-	969,652	969,652
Ditch maintenance and construction	50,019	-	-	50,019
Committed to				
Capital equipment	-	197,051	-	197,051
Change funds	-	150	-	150
Landfill post closure	-	126,340	-	126,340
Assigned to				
Sanitation	-	606,979	-	606,979
Total Fund Balances	**$ 50,019**	**$ 976,605**	**$ 969,652**	**$ 1,996,276**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 60,414**	**$ 1,208,036**	**$ 977,724**	**$ 2,246,174**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds		Courthouse Improvements Debt Service	Total Nonmajor Governmental Funds
	Ditch	Solid Waste	Fund	(Exhibit 5)
Revenues				
Taxes	$ -	$ 213,596	$ 550,157	$ 763,753
Special assessments	1,025	187,840	-	188,865
Licenses and permits	-	23,320	-	23,320
Intergovernmental	-	116,641	50,054	166,695
Charges for services	-	1,339,368	-	1,339,368
Investment earnings	-	154	204	358
Miscellaneous	5,000	15,388	-	20,388
Total Revenues	**$ 6,025**	**$ 1,896,307**	**$ 600,415**	**$ 2,502,747**
Expenditures				
Current				
Sanitation	$ -	$ 1,716,247	$ -	$ 1,716,247
Conservation of natural resources	36,068	38,152	-	74,220
Debt service				
Principal	-	115,966	485,000	600,966
Interest	-	15,331	81,409	96,740
Administrative (fiscal) charges	-	-	3,000	3,000
Total Expenditures	**$ 36,068**	**$ 1,885,696**	**$ 569,409**	**$ 2,491,173**
Excess of Revenues Over (Under) Expenditures	**$ (30,043)**	**$ 10,611**	**$ 31,006**	**$ 11,574**
Other Financing Sources (Uses)				
Bonds issued	$ -	$ -	$ 99,000	$ 99,000
Premium on bonds issued	-	-	92,725	92,725
Proceeds from sale of capital assets	-	7,750	-	7,750
Total Other Financing Sources (Uses)	**$ -**	**$ 7,750**	**$ 191,725**	**$ 199,475**
Change in Fund Balance	**$ (30,043)**	**$ 18,361**	**$ 222,731**	**$ 211,049**
Fund Balance - January 1	**80,062**	**958,244**	**746,921**	**1,785,227**
Fund Balance - December 31	**$ 50,019**	**$ 976,605**	**$ 969,652**	**$ 1,996,276**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 1,000	$ 1,000	$ 1,025	$ 25
Miscellaneous	5,000	5,000	5,000	-
Total Revenues	**$ 6,000**	**$ 6,000**	**$ 6,025**	**$ 25**
Expenditures				
Current				
Conservation of natural resources				
Other	4,180	4,180	36,068	(31,888)
Change in Fund Balance	**$ 1,820**	**$ 1,820**	**$ (30,043)**	**$ (31,863)**
Fund Balance - January 1	**80,062**	**80,062**	**80,062**	**-**
Fund Balance - December 31	**$ 81,882**	**$ 81,882**	**$ 50,019**	**$ (31,863)**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-4

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 214,885	$ 214,885	$ 213,596	$ (1,289)
Special assessments	186,699	186,699	187,840	1,141
Licenses and permits	20,000	20,000	23,320	3,320
Intergovernmental	125,892	125,892	116,641	(9,251)
Charges for services	1,314,555	1,314,555	1,339,368	24,813
Investment earnings	165	165	154	(11)
Miscellaneous	3,300	3,300	15,388	12,088
Total Revenues	**$ 1,865,496**	**$ 1,865,496**	**$ 1,896,307**	**$ 30,811**
Expenditures				
Current				
Sanitation				
Solid waste	$ 1,249,474	$ 1,249,474	$ 1,198,957	$ 50,517
Recycling	367,879	367,879	371,127	(3,248)
Hazardous waste	24,212	24,212	24,724	(512)
Wastewater treatment	137,633	137,633	121,439	16,194
Total sanitation	**$ 1,779,198**	**$ 1,779,198**	**$ 1,716,247**	**$ 62,951**
Conservation of natural resources				
Water planning	-	-	38,152	(38,152)
Debt service				
Principal	70,966	70,966	115,966	(45,000)
Interest	15,332	15,332	15,331	1
Total Expenditures	**$ 1,865,496**	**$ 1,865,496**	**$ 1,885,696**	**$ (20,200)**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 10,611**	**$ 10,611**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	7,750	7,750
Change in Fund Balance	**$ -**	**$ -**	**$ 18,361**	**$ 18,361**
Fund Balance - January 1	**958,244**	**958,244**	**958,244**	**-**
Fund Balance - December 31	**$ 958,244**	**$ 958,244**	**$ 976,605**	**$ 18,361**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT B-5

BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS PLAN DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts				Actual		Variance with	
	Original		Final		Amounts		Final Budget	
Revenues								
Taxes	$	562,890	$	562,890	$	550,157	$	(12,733)
Intergovernmental		33,360		33,360		50,054		16,694
Investment earnings		-		-		204		204
Total Revenues	**$**	**596,250**	**$**	**596,250**	**$**	**600,415**	**$**	**4,165**
Expenditures								
Debt service								
Principal	$	509,250	$	509,250	$	485,000	$	24,250
Interest		85,500		85,500		81,409		4,091
Administrative - fiscal charges		1,500		1,500		3,000		(1,500)
Total Expenditures	**$**	**596,250**	**$**	**596,250**	**$**	**569,409**	**$**	**26,841**
Excess of Revenues Over (Under) Expenditures	**$**	**-**	**$**	**-**	**$**	**31,006**	**$**	**31,006**
Other Financing Sources (Uses)								
Bonds issued	$	-	$	-	$	99,000	$	99,000
Premium on bonds issued		-		-		92,725		92,725
Total Other Financing Sources (Uses)	**$**	**-**	**$**	**-**	**$**	**191,725**	**$**	**191,725**
Change in Fund Balance	**$**	**-**	**$**	**-**	**$**	**222,731**	**$**	**222,731**
Fund Balance - January 1		**746,921**		**746,921**		**746,921**		**-**
Fund Balance - December 31	**$**	**746,921**	**$**	**746,921**	**$**	**969,652**	**$**	**222,731**

FIDUCIARY FUNDS

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AGENCY FUNDS

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

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

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

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

The Minnesota Prairie County Alliance Fund accounts for transactions of the Service Delivery Authority for which the County is the fiscal agent.

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT C-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
EDA/HRA				
Assets				
Cash and pooled investments	**$ 90,309**	**$ 63,013**	**$ 24,665**	**$ 128,657**
Liabilities				
Accounts payable	**$ 90,309**	**$ 63,013**	**$ 24,665**	**$ 128,657**
SETTLEMENT				
Assets				
Cash and pooled investments	**$ 149,727**	**$ 27,130,092**	**$ 27,062,942**	**$ 216,877**
Liabilities				
Accounts payable	$ 11,728	$ 42,986	$ 11,728	$ 42,986
Due to other funds	-	11,152,036	11,152,036	-
Due to other governments	137,999	15,935,070	15,899,178	173,891
Total Liabilities	**$ 149,727**	**$ 27,130,092**	**$ 27,062,942**	**$ 216,877**
REVOLVING				
Assets				
Cash and pooled investments	**$ 116,498**	**$ 3,047,948**	**$ 3,032,793**	**$ 131,653**
Liabilities				
Due to other governments	**$ 116,498**	**$ 3,047,948**	**$ 3,032,793**	**$ 131,653**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
AGENCY CLUSTER				
Assets				
Cash and pooled investments	$ 562	$ -	$ -	$ 562
Liabilities				
Due to other governments	$ 562	$ -	$ -	$ 562
MINNESOTA PRAIRIE COUNTY ALLIANCE				
Assets				
Cash and pooled investments	$ 1,024,065	$ 1,960,381	$ 953,070	$ 2,031,376
Liabilities				
Due to other governments	$ 1,024,065	$ 1,960,381	$ 953,070	$ 2,031,376
FAMILY SERVICES COLLABORATIVE				
Assets				
Cash and pooled investments	$ 221,707	$ 81,252	$ 77,461	$ 225,498
Liabilities				
Due to other governments	$ 221,707	$ 81,252	$ 77,461	$ 225,498

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	**$ 1,602,868**	**$ 32,282,686**	**$ 31,150,931**	**$ 2,734,623**
Liabilities				
Accounts payable	$ 102,037	$ 105,999	$ 36,393	$ 171,643
Due to other funds	-	11,152,036	11,152,036	-
Due to other governments	1,500,831	21,024,651	19,962,502	2,562,980
Total Liabilities	**$ 1,602,868**	**$ 32,282,686**	**$ 31,150,931**	**$ 2,734,623**

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OTHER SCHEDULES

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014

		Governmental Funds
Appropriations and Shared Revenue		
State		
Highway users tax	$	4,262,334
PERA rate reimbursement		30,670
Disparity reduction aid		132,295
SCORE		27,975
Police aid		172,629
County program aid		728,728
Market value credit - agricultural		124,614
Enhanced 911		94,195
Total appropriations and shared revenue	**$**	**5,573,440**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**369,763**
Payments		
Local		
Local grants	$	55,970
Payments in lieu of taxes		18,193
Total payments	**$**	**74,163**
Grants		
State		
Minnesota Department/Board of		
Employment and Economic Development	$	35,695
Health		148,774
Human Services		767,094
Natural Resources		26,276
Transportation		287,958
Revenue		3,529
Veterans Affairs		10,000
Water and Soil Resources		98,827
Peace Officer Standards and Training Board		8,367
Trial Courts		36,000
Total state	**$**	**1,422,520**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-1
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Funds
Grants (Continued)	
Federal	
Department of	
Agriculture	$ 280,108
Justice	785
Transportation	895,077
Education	2,289
Health and Human Services	1,481,818
Homeland Security	128,066
Environmental Protection Agency	4,742
Total federal	**$ 2,792,885**
Total state and federal grants	**$ 4,215,405**
Total Intergovernmental Revenue	**$ 10,232,771**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number		Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	$	83,640
Passed Through Minnesota Department of Human Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		178,836
Total U.S. Department of Agriculture		**$**	**262,476**
U.S. Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607	$	**785**
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	$	552,923
Passed Through Minnesota Department of Public Safety			
State and Community Highway Safety	20.600		16,046
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		1,594
Total U.S. Department of Transportation		**$**	**570,563**
U.S. Environmental Protection Agency			
Passed Through Southeast Minnesota Water Resources Board			
Nonpoint Source Implementation Grants	66.460	**$**	**4,742**
U.S. Department of Education			
Passed Through Minnesota Department of Health			
Special Education - Grants for Infants and Families	84.181	**$**	**2,289**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT D-2
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	$ 3,500
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	19,521
Universal Newborn Hearing Screening	93.251	300
Temporary Assistance for Needy Families	93.558	9,868
(Total Temporary Assistance for Needy Families 93.558 $124,971)		
Maternal and Child Health Services Block Grant to the States	93.994	15,731
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	5,375
Temporary Assistance for Needy Families	93.558	115,103
(Total Temporary Assistance for Needy Families 93.558 $124,971)		
Child Support Enforcement	93.563	447,918
Refugee and Entrant Assistance - State Administered Programs	93.566	2,709
Child Care and Development Block Grant	93.575	10,985
Stephanie Tubbs Jones Child Welfare Services Program	93.645	4,724
Foster Care - Title IV-E	93.658	89,128
Social Services Block Grant	93.667	115,800
Chafee Foster Care Independence Program	93.674	2,768
Children's Health Insurance Program	93.767	112
Medical Assistance Program	93.778	499,733
Total U.S. Department of Health and Human Services		**$ 1,343,275**
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 42,661
Emergency Management Performance Grants	97.042	105,969
Total U.S. Department of Homeland Security		**$ 148,630**
Total Federal Awards		**$ 2,332,760**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dodge County under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Dodge County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Dodge County.

3. Summary of Significant Accounting Policies

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

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$ 2,792,885
Grants received more than 60 days after year-end, unavailable in 2014	
Child Support Enforcement (CFDA #93.563)	9,853
Temporary Assistance for Needy Families (CFDA #93.558)	2,652
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	6,059
Public Health Emergency Preparedness (CFDA #93.069)	5,008
Medical Assistance Program (CFDA #93.778)	16,490
Child Care and Development Block Grant (CFDA #93.575)	388
Foster Care - Title IV-E (CFDA #93.658)	666
Children's Health Insurance Program (CFDA #93.767)	5
Emergency Management Performance Grants (CFDA #97.042)	20,564

4. Reconciliation to Schedule of Intergovernmental Revenue (Continued)

Unavailable revenue in 2013, recognized as revenue in 2014	
Child Support Enforcement (CFDA #93.563)	(57,632)
Temporary Assistance for Needy Families (CFDA #93.558)	(18,511)
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	(23,691)
Public Health Emergency Preparedness (CFDA #93.069)	(4,614)
Medical Assistance Program (CFDA #93.778)	(78,045)
Child Care and Development Block Grant (CFDA #93.575)	(579)
Foster Care - Title IV-E (CFDA #93.658)	(14,224)
Highway Planning and Construction (CFDA #20.205)	(324,514)
Expenditures Per Schedule of Expenditures of Federal Awards	$ 2,332,760

5. Subrecipients

During 2014, Dodge County passed $791 (CFDA #20.600) to the West Concord Police Department, and $1,452 (CFDA #20.600) and $1,246 (CFDA #20.608) to the Kasson Police Department.

Management and Compliance Section

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DODGE COUNTY
MANTORVILLE, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **Yes**

The major programs are:

Highway Planning and Construction	CFDA #20.205
Child Support Enforcement	CFDA #93.563
Medical Assistance Program	CFDA #93.778

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

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

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 2006-002

Audit Adjustments and Reclassifications

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

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

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

Effect: An audit adjustment was necessary to increase prepaid items in the Human Services Fund by $1,598,862 to account for the transfer of 60 percent of the fund balance to Minnesota Prairie County Alliance. The transfer was disbursed in December 2014, but the agreement did not go into effect until January 1, 2015. An audit reclassification was necessary to reclassify transfers in as bond proceeds and premium on bonds issued in the Courthouse Improvements Debt Service Fund in the amounts of $99,000 and $92,725, respectively.

Cause: The County indicated the audit adjustment necessary to increase prepaid items was an oversight, and the audit reclassification of transfers in was due to the County not having a complete understanding of Governmental Accounting Standards Board Statement 65.

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

Client's Response:

Both of these errors were committed by the Finance Director, and each of them is non-repetitive in nature. The prepaid item to Minnesota Prairie County Alliance was simple oversight. Dodge County also acts as fiscal agent for Minnesota Prairie County Alliance and in an effort to make sure the new entity had cash available to it on its first day of business the Finance Director paid Dodge County's fund balance payment at the end of December, but only accounted for it as an expense on the Human Services trial balance.

The second error was from reclassification of bond proceeds. The new trial balance package picked up the cash transaction as a transfer in but it should have been bond proceeds ($99,000) and premium on bonds ($92,725) and the Finance Director missed moving the money to the correct accounts. Secondly, the Finance Director expensed the bond premium as the Finance Director thought was the correct procedure from GASB 65. This was not, however, correct and that premium should be amortized over the life of the bond. The Finance Director has learned from both of these errors and will not make them again.

Finding 2012-002

Investment Oversight

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

Condition: The Finance Director and Accounting Services Director are able to exchange, renew, purchase, and sell investments. The County's investment policy indicates the investment committee is to review the County's investment activity. That committee did not convene in 2014 to review the investment activity.

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

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

Cause: The County indicated the investment committee did not meet during 2014 due to the majority of investments being certificates of deposit.

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

Client's Response:

The Finance Director will schedule investment committee meetings quarterly to align with the current county investment policy.

ITEMS ARISING THIS YEAR

Finding 2014-001

Segregation of Duties - County Departments

Criteria: Internal controls should be designed to provide for an adequate segregation of duties so no one individual handles a transaction from inception to completion.

Condition: Several of the County's departments that collect fees lack proper segregation of duties. Specifically, we noted this issue in our review of receipting procedures in the Environmental Services Department.

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

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in a normal course of performing their assigned functions.

Cause: The County indicated due to available resources, it would not be able to hire additional qualified staff to segregate duties.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of duties of the accounting functions and, where possible, implement oversight procedures to ensure the internal control policies and procedures are being implemented by staff to the extent possible.

Client's Response:

The County is aware of the risk associated with lack of segregation of duties and where possible implements compensating control measures. This department is restructuring in 2016, and that may provide an opportunity to realign some duties to provide better segregation of duties.

Finding 2014-002

Timeliness of Preparation of Financial Statements

Criteria: Management is responsible for preparing the County's financial statements in accordance with generally accepted accounting principles (GAAP) and U.S. Office of Management and Budget (OMB) Circular A-133. The financial statement preparation in accordance with GAAP and OMB Circular A-133 requires internal controls over both: (1) recording, processing, and summarizing accounting data (that is, maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

Condition: The County-prepared trial balances were not submitted to the auditors in a timely manner.

Context: In order to meet the County's September 30 single audit deadline, financial information needs to be provided to the auditors in a timely manner.

Effect: Delays in receiving information from the County result in additional audit hours in order to complete the audit by the County's reporting deadline.

Cause: The County indicated there are several factors which contributed to a delay in the preparation of the financial statements. Dodge County used a new trial balance package for the 2014 audit which took time to learn and set up. The Finance Department moved to a new office building in May 2015. A key accounting employee was on extended leave during part of 2014 and 2015. The Human Services Department combined with the Steele County and Waseca County Human Services Departments to form the Minnesota Prairie County Alliance as of January 1, 2015. Dodge County provides fiscal and payroll support to the Minnesota Prairie County Alliance.

Recommendation: We recommend the Board of County Commissioners and management implement procedures to ensure the necessary financial information is prepared in a timely manner which allows the auditors an adequate amount of time to complete the audit by the County's required deadline.

Client's Response:

Audit preparation will be scheduled for earlier in the year to ensure it is completed in a timely manner for the audit staff.

Finding 2014-003

Reconciliation of Treasurer's Cash Book to the General Ledger

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

Condition: The County is not reconciling the Treasurer's cash book to the general ledger on a regular basis. During testing performed in February 2015, four of the four months tested were not reconciled.

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

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

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

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

Client's Response:

The Accounting Services Director will work to have balanced the Treasurer's Cash Book and the General Ledger on a monthly basis. It was a lack of time and poor planning on the part of the Finance Director that this was not done. It will be done in the future.

Finding 2014-004

Bank Reconciliations

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

Condition: County procedures indicate bank reconciliations are to be reviewed and approved by someone independent of preparation. In two of the four monthly bank reconciliations tested, review and approval of bank reconciliations was not performed in a timely manner.

Context: An individual independent of preparation is reviewing and approving bank reconciliations. This reconciliation is not always occurring in a timely manner.

Effect: When established internal control procedures are not followed, there is an increased risk errors or irregularities will not be detected in a timely manner.

Cause: The County indicated the review and approval of bank reconciliations was behind due to other priorities.

Recommendation: We recommend bank reconciliations be reviewed and approved by someone independent of preparation in a timely manner.

<u>Client's Response</u>:

The bank reconciliations will be done in a timely manner. We will look at setting up a schedule to when the reconciliations need to be done by. The Accounting Services Director will have the Cash (Quicken) reports ready on a timely basis. In some instances, the Accounting Services Director may have held this process up by not having the Cash books up to date and balanced. The Accounting Services Director will make sure that the reconciliations are done on a timely manner in the future.

<u>PREVIOUSLY REPORTED ITEM RESOLVED</u>

Segregation of Duties/Disbursements (2013-001)

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

Resolution

An employee independent of the vendor payment process now reviews the Check Register Report to the original invoices to ensure payments are for approved County expenditures. This review is documented.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

<u>ITEMS ARISING THIS YEAR</u>

Finding 2014-005

<u>Program Eligibility Intake Function</u>

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

Pass-Through Agency: Minnesota Department of Human Services

Criteria: OMB Circular A-133 §.300(b) states the auditee shall maintain internal controls over federal programs that provides reasonable assurance the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition: The State of Minnesota maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. During our review of the Medical Assistance Program, the asset information in the MAXIS system did not match the supporting documentation provided by the client in two of the 60 case files tested, and income information in the MAXIS system did not match the supporting documentation provided by the client in two of the 60 case files tested. Also, in two of the 60 case files tested, the individual did not meet the asset requirements per the Health Care Program Manual Chapter 3 Eligibility Groups and Bases of Eligibility.

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

Context: The State of Minnesota contracts with the County's Human Services Department to perform the "intake function" which includes meeting with the social service client to determine income and categorical eligibility, while the Minnesota Department of Human Services maintains the MAXIS system, which supports the eligibility determination process and actually pays the benefits to the participants.

Effect: The improper input of information into the MAXIS system increases the risk eligibility will not be properly determined.

Cause: The County indicated the case workers need to be more cautious when updating the asset panel in the MAXIS system when they perform a re-determination of eligibility.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance the information to support eligibility determinations is properly input into the MAXIS system and personnel are considering asset limit requirements when re-determining eligibility.

<u>Corrective Action Plan</u>:

<u>Name of Contact Person(s) Responsible for Corrective Action</u>:

Cathy Skogen, Income and Healthcare Assistance Manager,
Jeremy Allen, Income and Healthcare Supervisor

Corrective Action Planned:

1. *Team Supervisor will review auditor findings with eligibility workers at a staff meeting, stressing the importance of accuracy determining eligibility.*

2. *Supervisor or Lead will perform monthly, secondary case reviews using the DHS Healthcare review form.*

Anticipated Completion Date:

1. *October 31, 2015*

2. *Starting November 2015 and continue ongoing*

Finding 2014-006

Reimbursement Request Review

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

Pass-Through Agency: Minnesota Department of Human Services

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

Condition: The Local Collaborative Time Study Cost Schedule (DHS-3220) reimbursement requests did not contain evidence of review and approval by an individual independent of preparation.

Questioned Costs: None.

Context: The Local Collaborative Time Study grant is a new grant to the County starting in 2014.

Effect: When internal controls are not properly designed, there is an increased risk of errors or irregularities.

Cause: The County indicated due to reorganizations and open positions, the reimbursement requests did not get reviewed or approved.

Recommendation: We recommend the Local Collaborative Time Study Cost Schedule (DHS-3220) reimbursement requests be reviewed and approved by an individual independent of preparation.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Gail Hester, Business Office Manager (Report Preparer)

Corrective Action Planned:

As mentioned by the auditor, this is a new grant using an existing time study process and report forms that do not have a spot for a reviewer or approval signature. Moving forward, we will have the department director review and sign-off on the report before it is submitted electronically.

Anticipated Completion Date:

We will implement the review/approval process with the next quarterly report ending September 30, 2015.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

ITEMS ARISING THIS YEAR

Finding 2014-007

Unsecured Deposits

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

Condition: During our testing, we found that the fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement.

Context: At December 31, 2014, Citizens State Bank had pledged securities with a fair market value of $2,257,328 to secure the County's uninsured deposits totaling $2,528,117. An additional $523,601 in collateral would be necessary to meet the 110 percent requirement.

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

Cause: The County indicated this was an oversight.

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

<u>Client's Response</u>:

The Finance staff will more closely monitor the balances of the accounts at Citizen's State Bank to maintain proper collateralization.

Finding 2014-008

<u>Prompt Payment of Invoices</u>

Criteria: Pursuant to Minn. Stat. § 471.425, Dodge County is required to make payment on vendor invoices according to the terms of the contract, or within 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later. For bills paid after the time period set by contract or the standard payment period, the government entity must calculate and pay interest as required.

Condition: Three of 25 invoices tested for compliance with this statute were not paid within 35 days, and interest was not calculated or paid.

Context: Not paying invoices in a timely manner could also be an indicator of other problems, such as poor procedural controls, poor internal controls, or cash flow problems.

Effect: Making payment on invoices after 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later, is in noncompliance with Minnesota law.

Cause: The County stated it holds invoices for the same vendor in order to pay invoices in bulk.

Recommendation: We recommend the County make payments on vendor invoices in accordance with Minn. Stat. § 471.425.

Client's Response:

The County is conducting a LEAN review of the vendor invoice paying process in hopes to simplify the process. The process currently in place is somewhat cumbersome and leads to some of the lengthy turnaround time, as such one of the goals for this review is shortening the window between receipt of the invoice and payment.

B. OTHER ITEM FOR CONSIDERATION

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*

The GASB is the independent organization that establishes standards of accounting and financial reporting for state and local governments. Effective for your calendar year 2015 financial statements, the GASB changed those standards as they apply to employers that provide pension benefits.

GASB Statement 68 significantly changes pension accounting and financial reporting for governmental employers that prepare financial statements on the accrual basis by separating pension accounting methodology from pension funding methodology. Statement 68 requires employers to include a portion of the Public Employees Retirement Association (PERA) total employers' unfunded liability, called the "net pension liability" on the face of the County's government-wide statement of financial position. The County's financial position will be immediately impacted by its unfunded share of the pension liability.

Statement 68 changes the amount employers report as pension expense and defers some allocations of expenses to future years—deferred outflows or inflows of resources. It requires pension costs to be calculated by an actuary; whereas, in the past pension costs were equal to the amount of employer contributions sent to PERA during the year. Additional footnote disclosures and required supplementary information schedules are also required by Statement 68.

The net pension liability that will be reported in the Dodge County's financial statements is an accounting estimate of the proportionate share of PERA's unfunded liability at a specific point in time. That number will change from year to year and is based on assumptions about the probability of the occurrence of events far into the future. Those assumptions include how long people will live, how long they will continue to work, projected salary increases, and how well pension trust investments will do. PERA has been proactive in taking steps toward implementation and will be providing most of the information needed by employers to report the net pension liability and deferred outflows/inflows of resources.

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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

Independent Auditor's Report

Board of County Commissioners
Dodge County
Mantorville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 30, 2015. Our report includes references to other auditors who audited the financial statements of the Dodge County Nursing Home and the South Country Health Alliance joint venture, as described in our report on Dodge County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters. The financial statements of the South Country Health Alliance were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dodge County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-002, 2014-001, 2014-002, 2014-003, and 2014-004, to be significant deficiencies.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

In connection with our audit, nothing came to our attention that caused us to believe that Dodge County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, except as described in the Schedule of Findings and Questioned Costs as items 2014-007 and 2014-008. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Other Matter

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

Dodge County's Response to Findings

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

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 30, 2015

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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

Independent Auditor's Report

Board of County Commissioners
Dodge County
Mantorville, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Dodge County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. Dodge County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Dodge County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dodge County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program
In our opinion, Dodge County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-005. Our opinion on each major federal program is not modified with respect to this matter.

Dodge County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Dodge County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2014-005 and 2014-006 that we consider to be significant deficiencies.

Dodge County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs as Corrective Action Plans. Dodge County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

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

September 30, 2015