

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2005

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Year Ended December 31, 2005



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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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MANTORVILLE, MINNESOTA**

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

ORGANIZATION
DECEMBER 31, 2005

		Term Expires
Elected		
Commissioners		
Board Member	Klaus Alberts, Jr.	District 1 January 2007
Chair	Lyle Tjosaas	District 2 January 2009
Vice Chair (2006 Chair)	David Erickson	District 3 January 2007
Board Member	Don Gray	District 4 January 2009
Board Member	David Hanson	District 5 January 2007
Attorney	Paul Kiltinen	January 2008
Auditor/Treasurer	Janet Tripp	January 2007
Judge of County Court	Lawrence E. Agerter	January 2007
County Recorder	Sue Alberts	January 2007
Registrar of Title	Sue Alberts	January 2007
County Sheriff	Gary Thompson	January 2007
Appointed		
Assessor	Wendell Engelstad	Indefinite
County Coordinator	David McKnight	Indefinite
County Engineer	Guy Kohlnhofer	May 2010
Coroner	Barry Dibble	Indefinite
Finance Director	Thomas Olney	Indefinite
Social Services Director	Brian Hartung	Indefinite
Nursing Home Administrator	Jane Sheeran	Indefinite
Public Health Director	Peggy Espey	Indefinite
Surveyor	Roger Brand	December 31, 2006
Veteran Services Officer	Gary Hodge	August 2006
Weed Inspector/Planning Director	Duane Johnson	Indefinite
Dodge County Four Seasons Arena		
Board Members		
Terry Meyers		
Lyle Tjosaas		
Larry Schaefer		
Mark Packard		
Luke Nash		

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STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dodge County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County, Minnesota, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dodge County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Dodge County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2006, on our consideration of Dodge County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 14, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2005
(Unaudited)**

Dodge County's Management Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2005. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements.

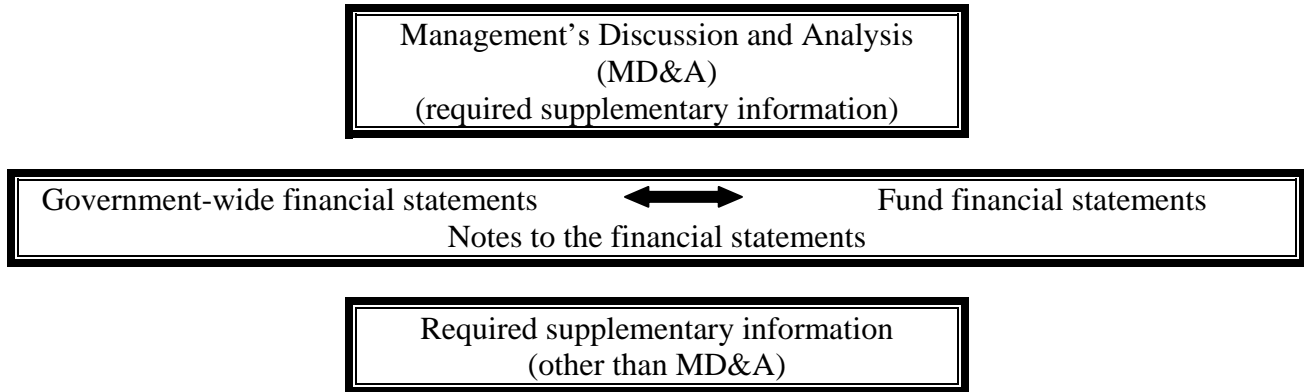
FINANCIAL HIGHLIGHTS

- Governmental activities' total net assets are \$47,411,819, of which \$37,845,952 are invested in capital assets, net of related debt, and \$1,598,132 are restricted to specific purposes.
- Business-type activities have total net assets of \$624,384. Invested in capital assets, net of related debt, represents \$312,317 of the total. Business-type net assets have no net assets restricted for specific uses.
- Dodge County's net assets increased by \$2,775,056 for the year ended December 31, 2005. Of the increase, \$2,925,765 was in the governmental activities' net assets, and \$150,709 represented the decrease in business-type activities' net assets. The net assets of the County's discretely presented component unit increased by \$49,089.
- The net cost of governmental activities decreased by \$25,409 to \$5,579,330 for the current fiscal year. The net cost was funded by general revenues and other items.
- Governmental funds' fund balances decreased by \$1,163,755. Most of the decrease was due to principal debt retirement associated with refinancing of the annex bond.
- During 2005, Dodge County did not issue any new debt. The total bonded debt at the end of the year was \$1,894,638.

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.



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

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

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

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

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

- Governmental activities--Most of the County's basic services are reported here, including general government, public safety, road and bridge, human services, health, environmental services, culture and recreation, and conservation of natural resources. Property taxes and state and federal grants finance most of these activities.
- Business-type activities--The County charges a fee to customers to help it cover all or most of the cost of services it provides. The County's nursing home is reported here.
- Component units--The County includes separate legal entities in its report. One of these entities, the Building Authority, is blended in with other funds of the County. The Four Seasons Ice Arena is presented in a separate column. The Economic Development Authority is not material and, therefore, is not presented. Although legally separate, these "component units" are important because the County is financially accountable for them.

Fund Financial Statements

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

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

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

Reporting the County's Fiduciary Responsibilities

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

THE COUNTY AS A WHOLE

Dodge County's combined net assets increased from \$45,261,147 to \$48,036,203. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 12.3	\$ 12.6	\$ 0.6	\$ 0.8	\$ 12.9	\$ 13.4
Capital assets	39.3	37.1	0.7	0.7	40.0	37.8
Total Assets	\$ 51.6	\$ 49.7	\$ 1.3	\$ 1.5	\$ 52.9	\$ 51.2
Long-term debt outstanding	\$ 2.0	\$ 3.3	\$ 0.6	\$ 0.6	\$ 2.6	\$ 3.9
Other liabilities	2.2	1.9	0.1	0.1	2.3	2.0
Total Liabilities	\$ 4.2	\$ 5.2	\$ 0.7	\$ 0.7	\$ 4.9	\$ 5.9
Net Assets						
Invested in capital assets, net of debt	\$ 37.8	\$ 35.3	\$ 0.3	\$ 0.7	\$ 38.1	\$ 36.0
Restricted	1.6	1.3	-	-	1.6	1.3
Unrestricted	8.0	7.9	0.3	0.1	8.3	8.0
Total Net Assets	\$ 47.4	\$ 44.5	\$ 0.6	\$ 0.8	\$ 48.0	\$ 45.3

Net assets of the County's governmental activities increased by 6.6 percent (\$47.4 million compared to \$44.5 million). Unrestricted net assets--the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from \$7.9 million at December 31, 2004, to \$8.0 million at the end of 2005. The unrestricted net assets of our business-type activities changed from \$0.1 million at December 31, 2004, to \$0.3 million at the end of 2005.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 3.1	\$ 2.4	\$ 3.6	\$ 3.5	\$ 6.7	\$ 5.9
Operating grants and contributions	5.3	5.4	-	-	5.3	5.4
Capital grants and contributions	0.5	0.1	-	-	0.5	0.1
General revenues						
Property taxes	6.7	6.1	-	-	6.7	6.1
Unrestricted grants and contributions	1.8	1.8	-	-	1.8	1.8
Other general revenues	0.3	0.3	-	-	0.3	0.3
Total Revenues	\$ 17.7	\$ 16.1	\$ 3.6	\$ 3.5	\$ 21.3	\$ 19.6
Program expenses						
General government	\$ 2.8	\$ 2.6	\$ -	\$ -	\$ 2.8	\$ 2.6
Public safety	3.3	3.0	-	-	3.3	3.0
Highways and streets	3.1	2.7	-	-	3.1	2.7
Sanitation	1.4	1.2	-	-	1.4	1.2
Human services	3.0	3.1	-	-	3.0	3.1
Health	0.5	0.5	-	-	0.5	0.5
Culture and recreation	0.1	0.1	-	-	0.1	0.1
Conservation of natural resources	0.2	0.2	-	-	0.2	0.2
Interest	0.1	0.1	-	-	0.1	0.1
Nursing home	-	-	4.1	3.8	4.1	3.8
Total Program Expenses	\$ 14.5	\$ 13.5	\$ 4.1	\$ 3.8	\$ 18.6	\$ 17.3
Revenues Over (Under) Program Expenses	\$ 3.2	\$ 2.6	\$ (0.5)	\$ (0.3)	\$ 2.7	\$ 2.3
Transfers	(0.3)	(0.2)	0.3	0.2	-	-
Increase (Decrease) in Net Assets	\$ 2.9	\$ 2.4	\$ (0.2)	\$ (0.1)	\$ 2.7	\$ 2.3

The County's total revenues increased by about 8.3 percent (\$1.7 million). The total cost of all programs and services increased by 7.2 percent (\$1.3 million) over the previous year. The increase in revenues was consistent with the increase in expenditures. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the County governmental activities increased by 9.8 percent from \$16,176,905 in 2004 to \$17,759,724 for 2005, while total expenses increased by 7.1 percent from \$13,537,009 in 2004 to \$14,498,708 in 2005.

The cost of all governmental activities this year was \$14,498,708 compared to \$13,537,009 last year. However, as shown in the Statement of Activities on Exhibit 2, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,579,330 because some of the cost was paid by those who directly benefited from the programs (\$3,135,156) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,249,737) and by capital grants and contributions (\$534,485). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2005 from \$7,932,270 to \$8,919,378, principally based on an increase in fees, charges, and fines, as well as an increase in capital grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with \$5,579,330 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	
	2005	2004	2005	2004
Public safety	\$ 3.3	\$ 3.0	\$ 2.4	\$ 2.4
Highways and streets	3.1	2.7	(0.3)	(0.6)
Human services	3.0	3.1	1.1	1.3
General government	2.8	2.6	2.1	2.0
Sanitation	1.4	1.2	0.2	0.1
All others	0.9	0.9	0.1	0.4
Totals	<u>\$ 14.5</u>	<u>\$ 13.5</u>	<u>\$ 5.6</u>	<u>\$ 5.6</u>

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) remained constant with a slight increase in revenues of 1.6 percent (\$3,606,953 in 2005 compared to \$3,548,780 in 2004), and expenses increased by 7.5 percent (\$4,092,913 in 2005 compared to \$3,807,988 in 2004). The factors driving these results include:

- nursing home revenues remained constant with the previous year, and
- nursing home expenses increased due to the renovation of the facility.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of \$8,596,976, which is below last year's total of \$9,760,731. Most of the fund balance, \$7,870,631, is unreserved and available for spending at the government's discretion. Another \$726,345 in fund balance is reserved for specific areas and departments of the County.

General Fund Budgetary Highlights

The original budget, which was not amended, had an increase of 8.5 percent in expenditures and an increase in revenue of 5.1 percent over the previous year's actual.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the County had \$40,049,468 (net of depreciation) invested in a broad range of capital assets, including land, buildings, highways and streets, and equipment. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$2,233,802 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 1.3	\$ 1.3	\$ -	\$ -	\$ 1.3	\$ 1.3
Land improvements	0.3	0.3	-	-	0.3	0.3
Building and improvements	2.7	2.6	0.6	0.6	3.3	3.2
Machinery, vehicles, furniture, and equipment	1.7	1.6	0.1	0.1	1.8	1.7
Infrastructure	33.4	31.3	-	-	33.4	31.3
Total Net Assets	<u>\$ 39.4</u>	<u>\$ 37.1</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 40.1</u>	<u>\$ 37.8</u>

(Unaudited)

Page 10

This year's major additions included:

- purchase of about \$329,000 in equipment for Highway, Landfill, and other departments;
- purchase of about \$184,000 in vehicles for Highway, Sheriff, and other departments; and
- purchase of about \$227,000 for a Highway Department building.

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

Debt

At year-end, the County had \$1.9 million in bonds and notes outstanding, versus \$3.3 million last year--a decrease of 33 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Bonds	\$ 0.6	\$ 0.7	\$ 0.4	\$ 0.4	\$ 1.0	\$ 1.1
Certificates of participation	0.9	2.2	-	-	0.9	2.2
Totals	\$ 1.5	\$ 2.9	\$ 0.4	\$ 0.4	\$ 1.9	\$ 3.3

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2006 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County remained constant, moving from 3.9 percent to 3.8 percent in 2005 for the annual average. This compared favorably with the Minnesota rate of 4.0 percent and the U.S. rate of 5.1 percent.
- County General Fund expenditures for 2006 are budgeted to increase 9.0 percent over 2005.

- Dodge County population grew by 10.5 percent from 2000 to 2005, compared to an increase of 4.3 percent in Minnesota as a whole.
- Post-retirement benefits liability and the future impact on the County will be reviewed to get an actuarial estimate of the future County liability so a plan can be developed.
- The property tax levy has increased 7.35 percent for 2006. The lawsuit currently in place with McNeilus Truck and Manufacturing could have a substantial impact on the taxpayers of the County. The distribution of tax levy dollars could impact all County taxpayers.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Four Seasons Ice Arena
Assets				
Cash and pooled investments	\$ 9,099,236	\$ 92,638	\$ 9,191,874	\$ 84,617
Petty cash and change funds	3,590	400	3,990	-
Investments	108,816	-	108,816	-
Taxes receivable				
Prior - net	139,820	-	139,820	-
Special assessments receivable				
Prior - net	6,347	-	6,347	-
Accounts receivable - net	515,048	91,010	606,058	18,919
Loan receivable	81,220	-	81,220	-
Accrued interest receivable	61,625	-	61,625	-
Due from other governments - net	1,973,469	376,164	2,349,633	48,062
Due from primary government	-	-	-	41,766
Advance to component unit	170,212	-	170,212	-
Inventories	116,988	-	116,988	-
Restricted assets				
Cash and pooled investments	-	56,394	56,394	-
Deferred charges	24,841	2,689	27,530	-
Capital assets				
Nondepreciable	1,329,931	15,600	1,345,531	-
Depreciable - net of accumulated depreciation	38,024,841	679,096	38,703,937	801,487
Total Assets	\$ 51,655,984	\$ 1,313,991	\$ 52,969,975	\$ 994,851
Liabilities				
Accounts payable	\$ 185,722	\$ 74,968	\$ 260,690	\$ 5,775
Salaries payable	128,363	35,781	164,144	2,486
Contracts payable	234,005	-	234,005	-
Due to other governments	180,697	25,758	206,455	1,138
Due to component unit	41,766	-	41,766	-
Accrued interest payable	20,338	-	20,338	2,077
Unearned revenue	13,714	-	13,714	-
Advance from other governments	1,260,298	-	1,260,298	-
Customer deposits	140,437	-	140,437	-
Interest payable from restricted assets	-	5,515	5,515	-
Long-term liabilities				
Due within one year	317,902	162,762	480,664	82,368
Due in more than one year	1,720,923	384,823	2,105,746	224,821
Total Liabilities	\$ 4,244,165	\$ 689,607	\$ 4,933,772	\$ 318,665

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Four Seasons Ice Arena
Net Assets				
Invested in capital assets - net of related debt	\$ 37,845,952	\$ 312,317	\$ 38,158,269	\$ 676,186
Restricted for				
Highways and streets	1,373,835	-	1,373,835	-
General government	137,509	-	137,509	-
Public safety	18,861	-	18,861	-
Ditch	67,927	-	67,927	-
Unrestricted	7,967,735	312,067	8,279,802	-
Total Net Assets	\$ 47,411,819	\$ 624,384	\$ 48,036,203	\$ 676,186

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions
<u>Functions/Programs</u>			
Primary government			
Governmental activities			
General government	\$ 2,780,441	\$ 558,121	\$ 72,570
Public safety	3,263,899	542,636	352,113
Highways and streets	3,125,732	266,462	2,642,704
Sanitation	1,393,047	1,185,012	2,025
Human services	3,026,673	197,373	1,730,223
Health	476,178	355,396	324,531
Culture and recreation	139,231	-	78,191
Conservation of natural resources	192,842	30,156	47,380
Economic development	28,884	-	-
Interest	71,781	-	-
Total governmental activities	\$ 14,498,708	\$ 3,135,156	\$ 5,249,737
Business-type activities			
Nursing home	4,092,913	3,601,803	-
Total Primary Government	\$ 18,591,621	\$ 6,736,959	\$ 5,249,737
Component unit			
Four Seasons Ice Arena	\$ 257,695	\$ 223,002	\$ 83,532

General Revenues

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

Transfers

Total general revenues and transfers

Change in net assets

Net Assets - Beginning

Net Assets - Ending

EXHIBIT 2

Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets			Discretely Presented Component Unit Four Seasons Ice Arena
	Governmental Activities	Primary Government Business-Type Activities	Total	
\$ -	\$ (2,149,750)	\$ -	\$ (2,149,750)	
-	(2,369,150)	-	(2,369,150)	
534,485	317,919	-	317,919	
-	(206,010)	-	(206,010)	
-	(1,099,077)	-	(1,099,077)	
-	203,749	-	203,749	
-	(61,040)	-	(61,040)	
-	(115,306)	-	(115,306)	
-	(28,884)	-	(28,884)	
-	(71,781)	-	(71,781)	
\$ 534,485	\$ (5,579,330)	\$ -	\$ (5,579,330)	
4,329	-	(486,781)	(486,781)	
\$ 538,814	\$ (5,579,330)	\$ (486,781)	\$ (6,066,111)	
\$ 250				\$ 49,089
	\$ 6,686,592	\$ -	\$ 6,686,592	\$ -
	18,720	-	18,720	-
	126	-	126	-
	1,789,935	-	1,789,935	-
	245,353	821	246,174	-
	97,426	-	97,426	-
	2,194	-	2,194	-
	(335,251)	335,251	-	-
	\$ 8,505,095	\$ 336,072	\$ 8,841,167	\$ -
	\$ 2,925,765	\$ (150,709)	\$ 2,775,056	\$ 49,089
	44,486,054	775,093	45,261,147	627,097
	\$ 47,411,819	\$ 624,384	\$ 48,036,203	\$ 676,186

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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, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and pooled investments	\$ 4,467,332	\$ 796,469	\$ 2,918,529	\$ 916,906	\$ 9,099,236
Petty cash and change funds	3,440	-	-	150	3,590
Investments	-	12,500	-	96,316	108,816
Taxes receivable					
Prior	85,249	21,687	25,860	7,024	139,820
Special assessments receivable					
Prior	-	-	-	6,347	6,347
Accounts receivable	87,765	-	304,517	122,766	515,048
Loans receivable	81,220	-	-	-	81,220
Accrued interest receivable	61,625	-	-	-	61,625
Due from other funds	3,076	1,126	412	-	4,614
Due from other governments	95,654	1,581,606	287,395	8,814	1,973,469
Inventories	-	116,988	-	-	116,988
Advances to other funds	105,000	-	-	-	105,000
Advance to component unit	170,212	-	-	-	170,212
Total Assets	<u>\$ 5,160,573</u>	<u>\$ 2,530,376</u>	<u>\$ 3,536,713</u>	<u>\$ 1,158,323</u>	<u>\$ 12,385,985</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 37,721	\$ 24,270	\$ 108,841	\$ 14,890	\$ 185,722
Salaries payable	82,121	19,646	20,662	5,934	128,363
Contracts payable	-	234,005	-	-	234,005
Due to other funds	1,353	-	2,473	788	4,614
Due to other governments	110,795	1,177	30,133	38,592	180,697
Due to component units	41,766	-	-	-	41,766
Deferred revenue - unavailable	43,994	1,385,157	55,250	9,992	1,494,393
Deferred revenue - unearned	-	-	-	13,714	13,714
Advance from other funds	-	-	-	105,000	105,000
Advance from other governments	-	1,260,298	-	-	1,260,298
Deposits	140,437	-	-	-	140,437
Total Liabilities	\$ 458,187	\$ 2,924,553	\$ 217,359	\$ 188,910	\$ 3,789,009
Fund Balances					
Reserved for					
Courthouse improvement	\$ -	\$ -	\$ -	\$ 239	\$ 239
Inventories	-	116,988	-	-	116,988
Advances to other funds	105,000	-	-	-	105,000
Debt service	-	-	-	96,316	96,316
Loan receivable	81,220	-	-	-	81,220
Advance to component unit	170,212	-	-	-	170,212
Recorder's equipment	38,631	-	-	-	38,631
Sheriff's forfeited property	1,431	-	-	-	1,431
Law library	36,249	-	-	-	36,249
Enhanced 911	24,278	-	-	-	24,278
Drug court	2,484	-	-	-	2,484
DARE	7,775	-	-	-	7,775
Attorney's forfeited property	35,867	-	-	-	35,867
Sheriff's contingency	9,655	-	-	-	9,655
Unreserved					
Designated for cash flows	2,866,000	-	698,000	-	3,564,000
Designated for compensated absences	256,415	-	92,940	-	349,355
Undesignated	1,067,169	(511,165)	2,528,414	-	3,084,418
Unreserved, reported in nonmajor					
Special revenue funds	-	-	-	865,438	865,438
Debt service funds	-	-	-	7,420	7,420
Total Fund Balances	\$ 4,702,386	\$ (394,177)	\$ 3,319,354	\$ 969,413	\$ 8,596,976
Total Liabilities and Fund Balances	\$ 5,160,573	\$ 2,530,376	\$ 3,536,713	\$ 1,158,323	\$ 12,385,985

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005**

Fund balances - total governmental funds (Exhibit 3)	\$	8,596,976
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		39,354,772
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		1,494,393
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	\$	(575,000)
Certificates of participation - net of unamortized discount		(924,468)
Deferred issuance costs		24,841
Capital leases		(18,360)
Loans payable		(15,833)
Compensated absences		(505,164)
Accrued interest payable		(20,338)
		(2,034,322)
Net assets of governmental activities (Exhibit 1)	\$	<u>47,411,819</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 4,161,988	\$ 1,014,817	\$ 1,200,094	\$ 328,623	\$ 6,705,522
Special assessments	-	-	-	139,620	139,620
Licenses and permits	28,063	-	-	117,983	146,046
Intergovernmental	1,807,827	2,931,630	2,070,329	250,949	7,060,735
Charges for services	1,375,154	280,692	-	842,904	2,498,750
Fines and forfeits	7,002	-	-	-	7,002
Gifts and contributions	29,960	-	-	-	29,960
Interest on investments	223,958	-	-	21,395	245,353
Miscellaneous	145,356	-	197,373	108,500	451,229
Total Revenues	\$ 7,779,308	\$ 4,227,139	\$ 3,467,796	\$ 1,809,974	\$ 17,284,217
Expenditures					
Current					
General government	\$ 2,573,992	\$ -	\$ -	\$ 63,730	\$ 2,637,722
Public safety	3,290,629	-	-	-	3,290,629
Highways and streets	-	5,557,400	-	-	5,557,400
Sanitation	-	-	-	1,338,939	1,338,939
Human services	-	-	3,010,659	-	3,010,659
Health	469,567	-	-	-	469,567
Culture and recreation	139,231	-	-	-	139,231
Conservation of natural resources	219,548	-	-	23,348	242,896
Economic development	28,884	-	-	-	28,884
Debt service					
Principal	-	8,154	-	1,339,324	1,347,478
Interest	-	451	-	82,331	82,782
Administrative charges	-	-	-	2,518	2,518
Total Expenditures	\$ 6,721,851	\$ 5,566,005	\$ 3,010,659	\$ 2,850,190	\$ 18,148,705
Excess of Revenues Over (Under) Expenditures	\$ 1,057,457	\$ (1,338,866)	\$ 457,137	\$ (1,040,216)	\$ (864,488)
Other Financing Sources (Uses)					
Transfers in	\$ 725	\$ -	\$ -	\$ 304,607	\$ 305,332
Transfers out	(335,251)	-	-	(305,332)	(640,583)
Proceeds from sale of capital assets	18,967	635	-	-	19,602
Total Other Financing Sources (Uses)	\$ (315,559)	\$ 635	\$ -	\$ (725)	\$ (315,649)
Net Change in Fund Balances	\$ 741,898	\$ (1,338,231)	\$ 457,137	\$ (1,040,941)	\$ (1,180,137)
Fund Balances- January 1	3,960,488	927,672	2,862,217	2,010,354	9,760,731
Increase (decrease) in reserved for inventories	-	16,382	-	-	16,382
Fund Balances - December 31	\$ 4,702,386	\$ (394,177)	\$ 3,319,354	\$ 969,413	\$ 8,596,976

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Net change in fund balances - total governmental funds (Exhibit 5) \$ (1,180,137)

Amounts reported for governmental activities in the statement of activities are different because:

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 revenues between the fund statements and the statement of activities is the increase (decrease) in revenues deferred as unavailable.

Deferred revenue - December 31	\$ 1,494,393	
Deferred revenue - January 1	(1,006,850)	487,543

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.

Expenditures for general capital assets and infrastructure	\$ 3,651,814	
Current year depreciation	(1,352,430)	2,299,384

In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed of. (17,408)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments		
General obligation bonds	\$ 80,000	
Certificates of participation	1,240,000	
Capital leases	19,562	
Loans	7,916	1,347,478

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.

Amortization of discount on bonds	\$ (1,383)	
Amortization of deferred issuance costs	(4,729)	
Change in accrued interest payable	19,631	
Change in inventories	16,382	
Change in compensated absences	(40,996)	(11,095)

Change in net assets of governmental activities (Exhibit 2) \$ 2,925,765

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PROPRIETARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2005**

Assets

Current assets	
Cash and pooled investments	\$ 92,638
Petty cash and change funds	400
Accounts receivable - net	91,010
Due from other governments	376,164
Total current assets	\$ 560,212
Restricted assets	
Cash and pooled investments	\$ 56,394
Noncurrent assets	
Deferred debt issue costs	\$ 2,689
Capital assets	
Nondepreciable	15,600
Depreciable - net	679,096
Total noncurrent assets	\$ 697,385
Total Assets	\$ 1,313,991

Liabilities

Current liabilities	
Accounts payable	\$ 74,968
Salaries payable	35,781
Compensated absences payable - current	63,124
Due to other governments	25,758
Total current liabilities	\$ 199,631
Current liabilities payable from restricted assets	
Interest payable	\$ 5,515
General obligation bonds payable - current	99,638
Total current liabilities payable from restricted assets	\$ 105,153
Noncurrent liabilities	
Compensated absences payable - long-term	\$ 99,393
General obligation bonds payable - long-term	285,430
Total noncurrent liabilities	\$ 384,823
Total Liabilities	\$ 689,607

Net Assets

Invested in capital assets - net of related debt	\$ 312,317
Unrestricted	312,067
Total Net Assets	\$ 624,384

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Operating Revenues	
Charges for services	\$ 3,601,260
Miscellaneous	543
	<hr/>
Total Operating Revenues	\$ 3,601,803
Operating Expenses	
Personal services	\$ 2,237,813
Professional services	478,018
Other services and charges	190,384
Supplies	295,057
Utilities	69,251
Insurance	110,172
Licenses and dues	635,670
Depreciation	58,417
	<hr/>
Total Operating Expenses	\$ 4,074,782
	<hr/>
Operating Income (Loss)	\$ (472,979)
Nonoperating Revenues (Expenses)	
Interest income	\$ 821
Gifts and contributions	4,329
Interest expense	(18,131)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (12,981)
	<hr/>
Income (Loss) Before Contributions and Transfers	\$ (485,960)
Transfers in	335,251
	<hr/>
Change in Net Assets	\$ (150,709)
	<hr/>
Net Assets - January 1	775,093
	<hr/>
Net Assets - December 31	\$ 624,384
	<hr/> <hr/>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 3,611,800
Receipts from contributions	4,329
Payments to suppliers	(1,794,515)
Payments to employees	<u>(2,238,726)</u>
Net cash provided by (used in) operating activities	<u>\$ (417,112)</u>
Cash Flows From Noncapital Financing Activities	
Advance from other funds	\$ 100,000
Return of advance	(100,000)
Transfer in	<u>335,251</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 335,251</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (51,657)
Interest paid on long-term debt	(19,093)
Purchase of capital assets	<u>(10,243)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (80,993)</u>
Cash Flows From Investing Activities	
Investment earnings received	<u>\$ 821</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (162,033)
Cash and Cash Equivalents at January 1	<u>311,465</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 149,432</u></u>
Cash and Cash Equivalents	
Cash and pooled investments	\$ 92,638
Petty cash and change funds	400
Restricted cash and pooled investments	<u>56,394</u>
Total Cash and Cash Equivalents	<u><u>\$ 149,432</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**EXHIBIT 9
(Continued)**

**STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005
Increase (Decrease) in Cash and Cash Equivalents**

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (472,979)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Receipts from contributions	\$ 4,329
Depreciation expense	58,417
(Increase) decrease in accounts receivable	83,536
(Increase) decrease in due from other governments	(71,916)
Increase (decrease) in accounts payable	(17,163)
Increase (decrease) in accounts payable from restricted assets	(19,752)
Increase (decrease) in salaries payable	6,880
Increase (decrease) in compensated absences payable	(7,793)
Increase (decrease) in due to other funds	(3,416)
Increase (decrease) in due to other governments	22,745
Total adjustments	\$ 55,867
Net cash provided by operating activities	\$ (417,112)

FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	Cemetary Perpetual Care Private-Purpose Trust	Agency
<u>Assets</u>		
Cash and pooled investments	\$ 35,980	\$ 790,077
Investments	81,816	-
Receivables		
Interest	3,961	-
Total Assets	\$ 121,757	\$ 790,077
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 29,815
Due to other governments	-	760,262
Total Liabilities	\$ -	\$ 790,077
<u>Net Assets</u>		
Held in trust for other organizations		
Nonexpendable	\$ 79,973	
Expendable	41,784	
Total Net Assets	\$ 121,757	

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

EXHIBIT 11

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Cemetery Perpetual Care Private-Purpose Trust <hr/>
<u>Additions</u>	
Investment earnings	
Interest	\$ 9,864
Other investment earnings	23,632
Net increase (decrease) in fair value of investments	<hr/> (21,918)
Total additions	<hr/>\$ 11,578
<u>Deductions</u>	
Payments in accordance with trust agreements	\$ 3,249
Administrative expenses	<hr/> 45
Total deductions	<hr/>\$ 3,294
Change in net assets	\$ 8,284
Net Assets - Beginning	<hr/> 113,473
Net Assets - Ending	<hr/><hr/>\$ 121,757

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Blended Component Units

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Blended Component Units (Continued)

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

Discretely Presented Component Units

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

<u>Component Unit</u>	<u>Component Unit Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Four Seasons Ice Arena	County must approve all debt of the Ice Arena	Separate financial statements are not prepared

The Dodge County Economic Development Authority (EDA) is not presented discretely on the financial statements because it is not material to the financial statements of Dodge County.

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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

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

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

2. Fund Financial Statements

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

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

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2005, 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 2005 were \$223,958.

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

3. Receivables and Payables

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

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Receivables and Payables (Continued)

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Inventories

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

5. Restricted Assets

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

6. Capital Assets

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

7. Compensated Absences

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Deferred Revenue

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

9. Long-Term Obligations

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

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

10. Fund Equity

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Expenditures in Excess of Budget

The following is a summary of the individual special revenue funds that had expenditures in excess of budget for the year ended December 31, 2005.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Courthouse Improvements Fund	\$ 63,386	\$ -	\$ 63,386
Solid Waste Fund	1,383,958	1,373,056	10,902

B. Deficit Fund Equity

The Road and Bridge Special Revenue Fund had a deficit fund balance of \$394,177 as of December 31, 2005. The deficit can be attributed to the overspending of regular construction funds. At December 31, 2005, Dodge County had received an advance of \$1,260,298 on its 2006 regular construction allotment from the state.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net assets		
Governmental activities		
Cash and pooled investments	\$	9,099,236
Petty cash and change funds		3,590
Investments		108,816
Business-type activities		
Cash and pooled investments		92,638
Petty cash and change funds		400
Cash and pooled investments - restricted assets		56,394
Discretely presented component unit		
Cash and pooled investments		84,617
Statement of fiduciary net assets		
Cash and pooled investments		826,057
Investments		81,816
Total Cash and Investments	\$	<u>10,353,564</u>
		<u>Carrying (Fair) Value</u>
Deposits	\$	5,223,293
Petty cash		3,990
Investments		
Equity investments (stock)		
AT&T	\$	41,070
SBC Communications		9,633
Quest communications		989
Investment pools/mutual funds		51,692
MAGIC Fund	\$	2,906,103
Dreyfus - General Government Security		
Money Market		6,190
First American Treasury Obligations Fund		96,316
Negotiable certificates of deposit		3,008,609
		<u>2,065,980</u>
Total Deposits and Investments	\$	<u>10,353,564</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, revenue obligations rated "AA" or better; irrevocable standard 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. The County does not have a deposit policy for custodial credit risk. As of December 31, 2005, the County does not have any deposits exposed to custodial credit risk.

Investments

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments (Continued)

- (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.

Interest Rate Risk

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments

Interest Rate Risk (Continued)

<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Amount</u>
January 18, 2006	3.49	\$ 97,000
January 18, 2006	3.40	97,000
January 18, 2006	3.50	97,000
January 18, 2006	3.40	97,000
January 18, 2006	3.40	97,000
January 31, 2006	4.05	96,000
January 31, 2006	4.00	96,000
January 31, 2006	4.00	96,000
January 31, 2006	4.04	96,000
January 31, 2006	4.05	96,000
January 31, 2006	4.01	96,000
March 1, 2006	3.89	98,093
March 21, 2006	3.99	98,129
March 23, 2006	3.99	98,097
June 1, 2006	4.20	96,000
June 1, 2006	4.15	96,000
June 1, 2006	4.20	96,000
June 1, 2006	4.19	96,000
June 1, 2006	4.19	96,000
July 6, 2006	3.93	39,000
September 28, 2006	4.20	95,945
November 8, 2006	4.46	95,716
Total Negotiable Certificates of Deposit		<u>\$ 2,065,980</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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 the Dodge County Investment Policy, to invest only in securities that meet the ratings requirements of state statute.

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

	<u>Credit Rating</u>	<u>Rating Agency</u>
MAGIC Fund	Not rated	-
Dreyfus - General Government Security Money Market	Not rated	-
First American Treasury Obligations Fund	AAA	Standard & Poor's

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a policy on custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's investment policy does not currently address this risk. Investments that represent 5 percent or more of Dodge County's investments include only the MAGIC Fund at 57 percent.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2005, 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	\$ 864,414	\$ 92,372
Less: allowance for uncollectible social services and nursing services	(349,366)	(1,362)
Net Accounts Receivable	\$ 515,048	\$ 91,010
Due from other governments	\$ 1,973,469	\$ 412,943
Less: allowance for uncollectible nursing home services	-	(36,779)
Net Due From Other Governments	\$ 1,973,469	\$ 376,164

3. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,322,629	\$ 7,302	\$ -	\$ 1,329,931
Capital assets depreciated				
Land improvements	\$ 279,369	\$ -	\$ -	\$ 279,369
Buildings	4,832,669	226,835	-	5,059,504
Machinery, furniture, and equipment	3,699,595	507,102	189,909	4,016,788
Infrastructure	39,711,939	2,910,575	-	42,622,514
Total capital assets depreciated	\$ 48,523,572	\$ 3,644,512	\$ 189,909	\$ 51,978,175

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Governmental Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Land improvements	\$ 15,378	\$ 13,968	\$ -	\$ 29,346
Buildings	2,219,835	121,248	-	2,341,083
Machinery, furniture, and equipment	2,093,113	391,419	172,501	2,312,031
Infrastructure	8,445,079	825,795	-	9,270,874
Total accumulated depreciation	<u>\$ 12,773,405</u>	<u>\$ 1,352,430</u>	<u>\$ 172,501</u>	<u>\$ 13,953,334</u>
Total capital assets depreciated, net	<u>\$ 35,750,167</u>	<u>\$ 2,292,082</u>	<u>\$ 17,408</u>	<u>\$ 38,024,841</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,072,796</u>	<u>\$ 2,299,384</u>	<u>\$ 17,408</u>	<u>\$ 39,354,772</u>

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 15,600	\$ -	\$ -	\$ 15,600
Capital assets depreciated				
Buildings	\$ 1,243,239	\$ -	\$ -	\$ 1,243,239
Improvements other than buildings	83,336	-	-	83,336
Machinery, furniture, and equipment	694,374	10,243	13,336	691,281
Total capital assets depreciated	<u>\$ 2,020,949</u>	<u>\$ 10,243</u>	<u>\$ 13,336</u>	<u>\$ 2,017,856</u>
Less: accumulated depreciation for				
Buildings	\$ 649,831	\$ 34,924	\$ -	\$ 684,755
Improvements other than buildings	80,744	927	-	81,671
Machinery, furniture, and equipment	563,104	22,566	13,336	572,334
Total accumulated depreciation	<u>\$ 1,293,679</u>	<u>\$ 58,417</u>	<u>\$ 13,336</u>	<u>\$ 1,338,760</u>
Total capital assets depreciated, net	<u>\$ 727,270</u>	<u>\$ (48,174)</u>	<u>\$ -</u>	<u>\$ 679,096</u>
Business-Type Activities Capital Assets, Net	<u>\$ 742,870</u>	<u>\$ (48,174)</u>	<u>\$ -</u>	<u>\$ 694,696</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

Governmental Activities		
General government	\$	167,191
Public safety		96,822
Highways and streets, including depreciation of infrastructure assets		1,032,979
Human services		10,207
Sanitation		45,231
Total Depreciation Expense - Governmental Activities	\$	1,352,430
Business-Type Activities		
Nursing home	\$	58,417

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2005, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Social Services Fund Solid Waste Fund	\$ 2,473 603 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Total Due to General Fund		\$ 3,076
Road and Bridge Fund	General Fund Solid Waste Fund	\$ 941 185 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Total Due to Road and Bridge Fund		\$ 1,126
Social Services Fund	General Fund	\$ 412 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Total Due To/From Other Funds		\$ 4,614

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

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

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 105,000

3. Due To/From Primary Government and Component Units

Receivable Entity	Payable Entity	Amount
Component Unit - Four Seasons Ice Arena	Primary Government - General Fund	\$ 41,766

4. Advances From Primary Government to Component Units

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

5. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

Transfers to Nursing Home Enterprise Fund from General Fund	\$ 335,251	Provide funding
Transfers to Building Special Revenue Fund from Courthouse Improvements Special Revenue Fund	69,000	Finalize Courthouse Improvement Bond
Transfers to Dodge County Corporation Debt Service Fund from Building Special Revenue Fund	235,549	Provide funds for debt service payments
Transfers to Building Special Revenue Fund from Dodge County Corporation Debt Service Fund	58	Provide funding
Transfers to General Fund for Soil Survey from Solid Waste Special Revenue Fund	725	Provide funding
Total Interfund Transfers	\$ 640,583	

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Other Postemployment Benefits - Retirees

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

- employees hired prior to 1983, and employees hired from 1984 through 1986 who have eight years of service at retirement 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.

During 2005, the County paid \$173,360 for 45 retired employees. The rates are based on the County's group policy rates. All benefits are paid by the General Fund.

2. Long-Term Debt

Governmental Activities

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2005:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
1999 Energy Efficiency	2007	Semi-annual	\$ 6,488	\$ 97,673	<u>\$ 18,360</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Governmental Activities

Capital Leases (Continued)

Year Ending December 31	
2006	\$ 12,976
2007	6,462
Total minimum lease payments	\$ 19,438
Less: amount representing interest	(1,078)
Total Governmental Activities Capital Leases	\$ 18,360

The Energy Efficiency lease is being paid from the Building Special Revenue Fund.

Bonds and Certificates

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2005
General Obligation Bonds					
1999 Solid Waste General Crossover Refunding Bonds	2012	\$15,000 - \$25,000	3.80 - 4.80	\$ 215,000	\$ 145,000
2002 G.O. Courthouse Improvement Bonds	2009	\$50,000 - \$60,000	2.75 - 4.85	385,000	230,000
2004B G.O. Solid Waste Bonds	2019	\$10,000 - \$20,000	3.00 - 4.75	210,000	200,000
Total General Obligation Bonds				\$ 810,000	\$ 575,000
2004 Certificate of Participation	2009	\$195,000 - \$310,000	2.25 - 3.00	\$ 930,000	\$ 930,000

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Governmental Activities

Bonds and Certificates (Continued)

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

Loans Payable

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

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2005</u>
1997 Energy Conservation	2007	\$7,916	5.50	\$ 79,162	<u>\$ 15,833</u>

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

Business-Type Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2005</u>
1996 G.O. Nursing Home Revenue Notes	2006	\$28,490	5.690	\$ 430,000	\$ 54,638
2004 G.O. Nursing Home Bonds	2012	\$52,075 - \$57,700	2.500 - 4.150	335,000	335,000
Less: unamortized discount					<u>(4,570)</u>
2005 G.O. Nursing Home Bonds, net					<u>\$ 385,068</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Long-Term Debt

Business-Type Activities (Continued)

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

3. Debt Service Requirements

Debt service requirements at December 31, 2005, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Certificates of Participation		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 80,000	\$ 23,747	\$ 195,000	\$ 22,656	\$ 7,916	\$ 871
2007	85,000	20,567	210,000	17,838	7,917	435
2008	90,000	16,903	215,000	12,256	-	-
2009	90,000	12,863	310,000	4,650	-	-
2010	35,000	10,097	-	-	-	-
2011 - 2015	125,000	29,250	-	-	-	-
2016 - 2019	70,000	8,788	-	-	-	-
Total	<u>\$ 575,000</u>	<u>\$ 122,215</u>	<u>\$ 930,000</u>	<u>\$ 57,400</u>	<u>\$ 15,833</u>	<u>\$ 1,306</u>

Business-Type Activities

Year Ending December 31	General Obligation	
	Principal	Interest
2006	\$ 99,638	\$ 13,283
2007	45,000	9,758
2008	45,000	8,420
2009	50,000	6,825
2010	50,000	5,012
2011 - 2012	100,000	4,113
Total	<u>\$ 389,638</u>	<u>\$ 47,411</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
General obligation bonds	\$ 655,000	\$ -	\$ 80,000	\$ 575,000	\$ 80,000
Certificate of participation	2,170,000	-	1,240,000	930,000	195,000
Less: deferred amounts for issuance discounts	<u>(6,915)</u>	<u>-</u>	<u>(1,383)</u>	<u>(5,532)</u>	<u>-</u>
Total bonds payable	\$ 2,818,085	\$ -	\$ 1,318,617	\$ 1,499,468	\$ 275,000
Capital leases	37,922	-	19,562	18,360	12,080
Loans payable	23,749	-	7,916	15,833	7,916
Compensated absences	<u>464,168</u>	<u>40,996</u>	<u>-</u>	<u>505,164</u>	<u>22,906</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,343,924</u>	<u>\$ 40,996</u>	<u>\$ 1,346,095</u>	<u>\$ 2,038,825</u>	<u>\$ 317,902</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
G.O. Revenue Notes	\$ 106,295	\$ -	\$ 51,657	\$ 54,638	\$ 54,638
G.O. Nursing Home Bonds	335,000	-	-	335,000	45,000
Less: unamortized discount	<u>(5,320)</u>	<u>-</u>	<u>(750)</u>	<u>(4,570)</u>	<u>-</u>
Total bonds payable	\$ 435,975	\$ -	\$ 50,907	\$ 385,068	\$ 99,638
Compensated absences	<u>170,310</u>	<u>-</u>	<u>7,793</u>	<u>162,517</u>	<u>63,124</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 606,285</u>	<u>\$ -</u>	<u>\$ 58,700</u>	<u>\$ 547,585</u>	<u>\$ 162,762</u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

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

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

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

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

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

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the 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. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Coordinated Plan and Defined Contribution Plan members are required to contribute 9.10 and 5.10 percent, respectively, of their annual covered salary in 2005. Contribution rate in the Coordinated Plan increased in 2006 to 5.50 percent. Public Employees Police and Fire Fund members are required to contribute 6.20 percent of their annual covered salary in 2005. That rate increased to 7.00 percent in 2006.

The County is required to contribute the following percentages of annual covered payroll in 2005 and 2006:

	<u>2005</u>	<u>2006</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	5.53	6.00
Public Employees Police and Fire Fund	9.30	10.50

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

The County's contributions for the years ending December 31, 2005, 2004, and 2003, for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund
2005	\$ 330,425	\$ 90,903
2004	335,304	87,702
2003	315,635	83,734

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

B. Defined Contribution Plan

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

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

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

The County's contributions for the years ending December 31, 2005, 2004, and 2003, were \$2,362, \$2,342, and \$2,253, respectively, equal to the contractually required contributions for each year as set by state statute.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management

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

The Workers' Compensation Division of 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 \$760,000 and \$390,000 per claim in 2005 and 2006, respectively. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

B. Contingent Liabilities

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Contingent Liabilities (Continued)

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

C. Joint Ventures

South Central Human Relations Center, Inc.

The South Central Human Relations Center, Inc., is a joint venture between Dodge, Steele, and Waseca Counties. The Center provides community mental health services to the counties' residents. Each individual county's interest in the Center is based on contractual requirements. Financial statements are available at South Central Human Relations Center, Inc., 610 Florence Avenue, Owatonna, Minnesota 55060. During the year, Dodge County paid \$37,716 for contracted services and \$85,689 for other services.

Family Services Collaborative

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

Control of the Collaborative is vested in a Board of Directors. Dodge County Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2005, Dodge County did not provide any funding. Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of the termination, shall be distributed by the Dodge County Family Services Collaborative Board of Directors.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Family Services Collaborative (Continued)

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

South Country Health Alliance

The South Country Health Alliance (SCHA) was created by a Joint Powers Agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minn. Stat. § 471.59. Mower County has since withdrawn. The agreement was in accordance with Minn. Stat. § 256B.692, which allows the formation of a board of directors to operate, control, and manage all matters concerning the nine participating member counties' health care functions, referred to as county-based purchasing.

The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the above-listed member counties.

In the event the SCHA incurs operating deficits, the member counties would maintain the SCHA's reserves to meet statutory and regulatory reserves and requirements. Minnesota statutes require the SCHA to maintain capital surplus equal to or greater than one month's expenditures, but less than three months' expenditures. The SCHA is in compliance with these requirements at December 31, 2005. During the year, Wabasha County made no payments to the South Country Health Alliance.

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

Southeastern Minnesota Multi-County HRA

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Southeastern Minnesota Multi-County HRA (Continued)

appointed a member to the HRA Board for a five-year term expiring in 1999. The County has not appointed a member for the vacancy starting in 1999. Dodge County has requested to be released from this HRA. Dodge County made no contributions to the operations of the HRA in 2005. Financial statements for the HRA may be obtained at its office at 134 East 2nd Street, Wabasha, Minnesota 55981.

D. Jointly-Governed Organizations

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

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During the year, the County expended \$49,657 to the Cooperative.

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. During the year, the County paid \$108,024 to the MWD.

The Southeast Minnesota Emergency Management Services (EMS) provides various health services to several counties. During the year, the County contributed \$2,000 to the EMS.

The Southeast Minnesota Water Resource Board provides regional water quality services to several counties. During the year, the County paid \$3,100 to the Water Resource Board.

The Southeastern Minnesota Library (SELCO) provides library services within the County. During the year, the County contributed \$84,965 to SELCO.

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures

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

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Basis of Accounting

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

Cash and Pooled Investments

All cash of the Ice Arena is on deposit with the Dodge County Treasurer and included with its pooled cash and investments. The Ice Arena's equity in the investment pool is treated as a cash equivalent because it can deposit or effectively withdraw cash at any time without prior notice or penalty.

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

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

B. Detailed Notes

1. Assets

Capital Assets

Component unit capital asset activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	\$ 920,950	\$ -	\$ -	\$ 920,950
Machinery, furniture, and equipment	207,022	6,300	5,086	208,236
Total capital assets depreciated	\$ 1,127,972	\$ 6,300	\$ 5,086	\$ 1,129,186
Less: accumulated depreciation for				
Buildings	\$ 207,215	\$ 23,023	\$ -	\$ 230,238
Machinery, furniture, and equipment	89,686	11,335	3,560	97,461
Total accumulated depreciation	\$ 296,901	\$ 34,358	\$ 3,560	\$ 327,699
Total Capital Assets, Net	\$ 831,071	\$ (28,058)	\$ 1,526	\$ 801,487

Depreciation expense of \$35,884, including the loss on disposal of assets, was charged to the operations of the Ice Arena.

2. Liabilities

Long-Term Debt

Long-term debt outstanding at December 31, 2005, for the Four Seasons Ice Arena consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Remaining Commitment
1997 G.O. Arena Revenue Notes	2007	\$44,145	5.64	\$ 650,000	\$ 125,301

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

6. Dodge County Four Seasons Ice Arena Component Unit Disclosures

B. Detailed Notes

2. Liabilities (Continued)

Debt Service Requirements

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 82,368	\$ 5,922
2007	42,933	1,211
Total	<u>\$ 125,301</u>	<u>\$ 7,133</u>

Changes in Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Ice Arena for the year ended December 31, 2005.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Advance from Dodge County	\$ 170,212	\$ -	\$ -	\$ 170,212	\$ -
G.O. revenue notes Payable	203,213	-	77,912	125,301	82,368
Compensated absences	10,893	783	-	11,676	-
Total Long-Term Liabilities	<u>\$ 384,318</u>	<u>\$ 783</u>	<u>\$ 77,912</u>	<u>\$ 307,189</u>	<u>\$ 82,368</u>

REQUIRED SUPPLEMENTARY INFORMATION

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,142,085	\$ 4,142,085	\$ 4,161,988	\$ 19,903
Licenses and permits	27,275	27,275	28,063	788
Intergovernmental	1,599,841	1,599,841	1,807,827	207,986
Charges for services	1,066,239	1,066,239	1,375,154	308,915
Fines and forfeits	3,000	3,000	7,002	4,002
Gifts and contributions	-	-	29,960	29,960
Investment earnings	105,000	105,000	223,958	118,958
Miscellaneous	158,907	158,907	145,356	(13,551)
Total Revenues	\$ 7,102,347	\$ 7,102,347	\$ 7,779,308	\$ 676,961
Expenditures				
Current				
General government				
Commissioners	\$ 237,888	\$ 237,888	\$ 157,738	\$ 80,150
Courts	48,720	48,720	49,465	(745)
Law library	16,000	16,000	16,768	(768)
Personnel	151,388	151,388	148,559	2,829
County treasurer	62,925	62,925	61,403	1,522
County assessor	244,469	244,469	250,749	(6,280)
Elections	46,848	46,848	384	46,464
Finance	268,871	268,871	258,849	10,022
Data processing	221,683	221,683	201,739	19,944
Central services	117,900	117,900	70,528	47,372
Personnel	92,978	92,978	75,390	17,588
Attorney	244,709	244,709	190,829	53,880
Recorder	252,450	252,450	258,263	(5,813)
Surveyor	22,000	22,000	30,363	(8,363)
Planning and zoning	172,984	172,984	142,792	30,192
Buildings and plant	308,897	308,897	244,909	63,988
Veterans service officer	39,401	39,401	33,734	5,667
Other	358,271	358,271	381,530	(23,259)
Total general government	\$ 2,908,382	\$ 2,908,382	\$ 2,573,992	\$ 334,390
Public safety				
Sheriff	\$ 2,937,707	\$ 2,937,707	\$ 2,872,040	\$ 65,667
Emergency services	44,894	44,894	51,813	(6,919)
Coroner	22,500	22,500	26,170	(3,670)
E-911 system	43,000	43,000	42,431	569
Drug court	115,876	115,876	118,522	(2,646)
Community corrections	177,596	177,596	159,291	18,305
DARE program	-	-	5,500	(5,500)
Other public safety	-	-	14,862	(14,862)
Total public safety	\$ 3,341,573	\$ 3,341,573	\$ 3,290,629	\$ 50,944

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Health				
Nursing service	\$ 548,354	\$ 548,354	\$ 403,053	\$ 145,301
Maternal and child health	-	-	66,514	(66,514)
Total health	\$ 548,354	\$ 548,354	\$ 469,567	\$ 78,787
Culture and recreation				
Historical society	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Senior citizens	2,000	2,000	2,000	-
Regional library	84,965	84,965	84,965	-
Arena	54,047	54,047	41,766	12,281
Other	-	-	500	(500)
Total culture and recreation	\$ 151,012	\$ 151,012	\$ 139,231	\$ 11,781
Conservation of natural resources				
Cooperative extension	\$ 90,850	\$ 90,850	\$ 122,548	\$ (31,698)
Soil and water conservation	92,000	92,000	92,000	-
Agricultural society/County fair	5,000	5,000	5,000	-
Total conservation of natural resources	\$ 187,850	\$ 187,850	\$ 219,548	\$ (31,698)
Economic development				
Community development	\$ 31,630	\$ 31,630	\$ 28,884	\$ 2,746
Total Expenditures	\$ 7,168,801	\$ 7,168,801	\$ 6,721,851	\$ 446,950
Excess of Revenues Over (Under)				
Expenditures	\$ (66,454)	\$ (66,454)	\$ 1,057,457	\$ 1,123,911
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 725	\$ 725
Transfers out	-	-	(335,251)	(335,251)
Proceeds from sale of assets	-	-	18,967	18,967
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (315,559)	\$ (315,559)
Net Change in Fund Balance	\$ (66,454)	\$ (66,454)	\$ 741,898	\$ 808,352
Fund Balance - January 1	3,960,488	3,960,488	3,960,488	-
Fund Balance - December 31	\$ 3,894,034	\$ 3,894,034	\$ 4,702,386	\$ 808,352

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 987,062	\$ 987,062	\$ 1,014,817	\$ 27,755
Intergovernmental	4,286,692	4,286,692	2,931,630	(1,355,062)
Charges for services	265,000	265,000	280,692	15,692
Total Revenues	\$ 5,538,754	\$ 5,538,754	\$ 4,227,139	\$ (1,311,615)
Expenditures				
Current				
Highways and streets				
Administration	\$ 396,579	\$ 396,579	\$ 397,578	\$ (999)
Engineering	280,077	280,077	229,723	50,354
Maintenance	1,159,024	1,159,024	1,277,880	(118,856)
Construction	2,939,000	2,939,000	2,829,788	109,212
Equipment maintenance and shop	944,074	944,074	822,431	121,643
Total highways and streets	\$ 5,718,754	\$ 5,718,754	\$ 5,557,400	\$ 161,354
Debt service				
Principal	-	-	8,154	(8,154)
Interest	-	-	451	(451)
Total Expenditures	\$ 5,718,754	\$ 5,718,754	\$ 5,566,005	\$ 152,749
Excess of Revenues Over (Under) Expenditures	\$ (180,000)	\$ (180,000)	\$ (1,338,866)	\$ (1,158,866)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	635	635
Net Change in Fund Balance	\$ (180,000)	\$ (180,000)	\$ (1,338,231)	\$ (1,158,231)
Fund Balance - January 1	927,672	927,672	927,672	-
Increase (decrease) in reserved for inventories	-	-	16,382	16,382
Fund Balance - December 31	\$ 747,672	\$ 747,672	\$ (394,177)	\$ (1,141,849)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,189,374	\$ 1,189,374	\$ 1,200,094	\$ 10,720
Intergovernmental	1,715,791	1,715,791	2,070,329	354,538
Miscellaneous	100,000	100,000	197,373	97,373
Total Revenues	\$ 3,005,165	\$ 3,005,165	\$ 3,467,796	\$ 462,631
Expenditures				
Current				
Human services				
Income maintenance	\$ 749,248	\$ 749,248	\$ 757,162	\$ (7,914)
Social services	2,478,356	2,478,356	2,253,497	224,859
Total Expenditures	\$ 3,227,604	\$ 3,227,604	\$ 3,010,659	\$ 216,945
Net Change in Fund Balance	\$ (222,439)	\$ (222,439)	\$ 457,137	\$ 679,576
Fund Balance - January 1	2,862,217	2,862,217	2,862,217	-
Fund Balance - December 31	\$ 2,639,778	\$ 2,639,778	\$ 3,319,354	\$ 679,576

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

Budgetary Information

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

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

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

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

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SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

DEBT SERVICE FUNDS

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

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

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Ditch	Special Courthouse Improvements
<u>Assets</u>		
Cash and pooled investments	\$ 59,783	\$ 239
Petty cash and change funds	-	-
Investments	-	-
Taxes receivable		
Prior	-	-
Special assessments receivable		
Prior	1,034	-
Accounts receivable	-	-
Due from other governments	8,768	-
	\$ 69,585	\$ 239
<u>Liabilities and Fund Balances</u>		
Liabilities		
Accounts payable	\$ -	\$ -
Salaries payable	-	-
Due to other funds	-	-
Due to other governments	624	-
Deferred revenue - unavailable	1,034	-
Deferred revenue - unearned	-	-
Advance from other funds - governmental	-	-
	\$ 1,658	\$ -
Fund Balances		
Reserved for courthouse improvements	\$ -	\$ 239
Reserved for debt service	-	-
Unreserved		
Designated for debt service	-	-
Designated for future expenditures	-	-
Designated for compensated absences	-	-
Undesignated	67,927	-
	\$ 67,927	\$ 239
Total Liabilities and Fund Balances	\$ 69,585	\$ 239

Statement 1

Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds (Exhibit 3)
Solid Waste	Building	Dodge County Corporation	Courthouse Improvements	
\$ 452,556	\$ 397,421	\$ -	\$ 6,907	\$ 916,906
150	-	-	-	150
-	-	96,316	-	96,316
1,293	4,678	-	1,053	7,024
5,313	-	-	-	6,347
122,766	-	-	-	122,766
46	-	-	-	8,814
\$ 582,124	\$ 402,099	\$ 96,316	\$ 7,960	\$ 1,158,323
\$ 14,890	\$ -	\$ -	\$ -	\$ 14,890
5,934	-	-	-	5,934
788	-	-	-	788
37,968	-	-	-	38,592
5,926	2,492	-	540	9,992
13,714	-	-	-	13,714
105,000	-	-	-	105,000
\$ 184,220	\$ 2,492	\$ -	\$ 540	\$ 188,910
\$ -	\$ -	\$ -	\$ -	\$ 239
-	-	96,316	-	96,316
-	-	-	7,420	7,420
111,337	-	-	-	111,337
45,099	-	-	-	45,099
241,468	399,607	-	-	709,002
\$ 397,904	\$ 399,607	\$ 96,316	\$ 7,420	\$ 969,413
\$ 582,124	\$ 402,099	\$ 96,316	\$ 7,960	\$ 1,158,323

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Ditch	Special Courtthouse Improvements
Revenues		
Taxes	\$ -	\$ -
Special assessments	22,131	-
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	-	-
Investment earnings	-	-
Miscellaneous	5,000	-
	\$ 27,131	\$ -
Expenditures		
Current		
General government	\$ -	\$ 63,386
Sanitation	-	-
Conservation of natural resources	19,080	-
Debt service		
Principal	-	-
Interest	-	-
Administrative charges	-	-
	\$ 19,080	\$ 63,386
Excess of Revenues Over (Under)		
Expenditures	\$ 8,051	\$ (63,386)
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ -
Transfers out	-	(69,000)
	\$ -	\$ (69,000)
Net Change in Fund Balance	\$ 8,051	\$ (132,386)
Fund Balance - January 1	59,876	132,625
Fund Balance - December 31	\$ 67,927	\$ 239

Statement 2

Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds (Exhibit 5)
Solid Waste	Building	Dodge County Corporation	Courthouse Improvements	
\$ 65,886	\$ 208,154	\$ -	\$ 54,583	\$ 328,623
117,489	-	-	-	139,620
117,983	-	-	-	117,983
181,145	55,266	-	14,538	250,949
842,904	-	-	-	842,904
16,457	-	4,938	-	21,395
103,500	-	-	-	108,500
\$ 1,445,364	\$ 263,420	\$ 4,938	\$ 69,121	\$ 1,809,974
\$ -	\$ 344	\$ -	\$ -	\$ 63,730
1,338,939	-	-	-	1,338,939
4,268	-	-	-	23,348
25,000	19,324	1,240,000	55,000	1,339,324
15,751	2,873	52,782	10,925	82,331
-	2,118	400	-	2,518
\$ 1,383,958	\$ 24,659	\$ 1,293,182	\$ 65,925	\$ 2,850,190
\$ 61,406	\$ 238,761	\$ (1,288,244)	\$ 3,196	\$ (1,040,216)
\$ -	\$ 69,058	\$ 235,549	\$ -	\$ 304,607
(725)	(235,549)	(58)	-	(305,332)
\$ (725)	\$ (166,491)	\$ 235,491	\$ -	\$ (725)
\$ 60,681	\$ 72,270	\$ (1,052,753)	\$ 3,196	\$ (1,040,941)
337,223	327,337	1,149,069	4,224	2,010,354
\$ 397,904	\$ 399,607	\$ 96,316	\$ 7,420	\$ 969,413

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 4

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 31,000	\$ 31,000	\$ 22,131	\$ (8,869)
Miscellaneous	-	-	5,000	5,000
Total Revenues	\$ 31,000	\$ 31,000	\$ 27,131	\$ (3,869)
Expenditures				
Current				
Conservation of natural resources				
Other	31,000	31,000	19,080	11,920
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 8,051	\$ 8,051
Fund Balance - January 1	59,876	59,876	59,876	-
Fund Balance - December 31	\$ 59,876	\$ 59,876	\$ 67,927	\$ 8,051

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
General government				
Buildings and plant	\$ -	\$ -	\$ 63,386	\$ (63,386)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (63,386)	\$ (63,386)
Other Financing Sources (Uses)				
Transfers out	-	-	(69,000)	(69,000)
Net Change in Fund Balance	\$ -	\$ -	\$ (132,386)	\$ (132,386)
Fund Balance - January 1	132,625	132,625	132,625	-
Fund Balance - December 31	\$ 132,625	\$ 132,625	\$ 239	\$ (132,386)

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 6

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 83,028	\$ 83,028	\$ 65,886	\$ (17,142)
Special assessments	112,000	112,000	117,489	5,489
Licenses and permits	58,480	58,480	117,983	59,503
Intergovernmental	162,351	162,351	181,145	18,794
Charges for services	881,982	881,982	842,904	(39,078)
Investment earnings	18,600	18,600	16,457	(2,143)
Miscellaneous	2,700	2,700	103,500	100,800
Total Revenues	\$ 1,319,141	\$ 1,319,141	\$ 1,445,364	\$ 126,223
Expenditures				
Current				
Sanitation				
Solid waste	\$ 909,470	\$ 909,470	\$ 836,355	\$ 73,115
Recycling	293,029	293,029	282,044	10,985
Hazardous waste	20,467	20,467	22,855	(2,388)
Wastewater treatment	150,090	150,090	197,685	(47,595)
Total sanitation	\$ 1,373,056	\$ 1,373,056	\$ 1,338,939	\$ 34,117
Conservation of natural resources				
Water planning	\$ -	\$ -	\$ 4,268	\$ (4,268)
Debt service				
Principal	\$ -	\$ -	\$ 25,000	\$ (25,000)
Interest	\$ -	\$ -	\$ 15,751	\$ (15,751)
Total Expenditures	\$ 1,373,056	\$ 1,373,056	\$ 1,383,958	\$ (10,902)
Excess of Revenues Over (Under) Expenditures	\$ (53,915)	\$ (53,915)	\$ 61,406	\$ 115,321
Other Financing Sources (Uses)				
Transfers out	-	-	(725)	(725)
Net Change in Fund Balance	\$ (53,915)	\$ (53,915)	\$ 60,681	\$ 114,596
Fund Balance - January 1	337,223	337,223	337,223	-
Fund Balance - December 31	\$ 283,308	\$ 283,308	\$ 397,904	\$ 114,596

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 7

**BUDGETARY COMPARISON SCHEDULE
BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 206,088	\$ 206,088	\$ 208,154	\$ 2,066
Intergovernmental	55,266	55,266	55,266	-
Total Revenues	\$ 261,354	\$ 261,354	\$ 263,420	\$ 2,066
Expenditures				
Current				
General government				
Other	\$ -	\$ -	\$ 344	\$ (344)
Debt service				
Principal	\$ 204,416	\$ 204,416	\$ 19,324	\$ 185,092
Interest	55,688	55,688	2,873	52,815
Administrative charges	1,250	1,250	2,118	(868)
Total debt service	\$ 261,354	\$ 261,354	\$ 24,315	\$ 237,039
Total Expenditures	\$ 261,354	\$ 261,354	\$ 24,659	\$ 236,695
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 238,761	\$ 238,761
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 69,058	\$ 69,058
Transfers out	-	-	(235,549)	(235,549)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (166,491)	\$ (166,491)
Net Change in Fund Balance	\$ -	\$ -	\$ 72,270	\$ 72,270
Fund Balance - January 1	327,337	327,337	327,337	-
Fund Balance - December 31	\$ 327,337	\$ 327,337	\$ 399,607	\$ 72,270

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FIDUCIARY FUNDS

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

AGENCY FUNDS

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

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

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

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

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

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1	Additions	Deductions	Balance December 31
<u>EDA/HRA</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 19,601	\$ 14,739	\$ 4,525	\$ 29,815
<u>Liabilities</u>				
Accounts payable	\$ 19,601	\$ 14,739	\$ 4,525	\$ 29,815
 <u>SETTLEMENT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 218,873	\$ 16,707,847	\$ 16,845,001	\$ 81,719
<u>Liabilities</u>				
Accounts payable	\$ 2,690	\$ -	\$ 2,690	\$ -
Due to other governments	216,183	16,707,847	16,842,311	81,719
Total Liabilities	\$ 218,873	\$ 16,707,847	\$ 16,845,001	\$ 81,719
 <u>REVOLVING</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 84,104	\$ 2,420,274	\$ 2,394,674	\$ 109,704
<u>Liabilities</u>				
Due to other governments	\$ 84,104	\$ 2,420,274	\$ 2,394,674	\$ 109,704

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

*Statement 3
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance January 1	Additions	Deductions	Balance December 31
<u>AGENCY CLUSTER</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 562	\$ -	\$ -	\$ 562
<u>Liabilities</u>				
Due to other governments	\$ 562	\$ -	\$ -	\$ 562
 <u>FAMILY SERVICES COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 598,952	\$ 281,090	\$ 311,765	\$ 568,277
<u>Liabilities</u>				
Due to other governments	\$ 598,952	\$ 281,090	\$ 311,765	\$ 568,277
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 922,092	\$ 19,423,950	\$ 19,555,965	\$ 790,077
<u>Liabilities</u>				
Accounts payable	\$ 22,291	\$ 14,739	\$ 7,215	\$ 29,815
Due to other governments	899,801	19,409,211	19,548,750	760,262
Total Liabilities	\$ 922,092	\$ 19,423,950	\$ 19,555,965	\$ 790,077

COMPONENT UNIT

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 4

**STATEMENT OF NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
DECEMBER 31, 2005**

Assets

Cash and pooled investments	\$	84,617
Accounts receivable		18,919
Due from other governments		48,062
Due from primary government		41,766
Capital assets		
Depreciable - net		801,487
		<hr/>
Total Assets	\$	994,851

Liabilities

Current liabilities		
Accounts payable	\$	5,775
Salaries payable		2,486
Due to other governments		1,138
Accrued interest payable		2,077
Long-term liabilities		
Due within one year		82,368
Due after one year		224,821
		<hr/>
Total Liabilities	\$	318,665

Net Assets

Invested in capital assets, net of related debt	\$	676,186
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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 5

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2005**

Operating Revenues	
Charges for services	\$ 207,204
Resale	10,598
Miscellaneous operating	<u>5,200</u>
Total Revenues	\$ <u>223,002</u>
Operating Expenses	
Personal services	\$ 132,321
Professional services	2,077
Other services and charges	29,772
Supplies	1,874
Utilities	46,668
Depreciation	<u>35,884</u>
Total Expenditures	\$ <u>248,596</u>
Operating Income (Loss)	\$ <u>(25,594)</u>
Nonoperating Revenues (Expenses)	
Interest expense	\$ (9,099)
Local grants	83,532
Restricted gifts and bequests	<u>250</u>
Total Nonoperating Revenues (Expenses)	\$ <u>74,683</u>
Change in Net Assets	\$ <u>49,089</u>
Net Assets - January 1	<u>627,097</u>
Net Assets - December 31	\$ <u><u>676,186</u></u>

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Statement 6

**STATEMENT OF CASH FLOWS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2005
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 236,300
Payments to suppliers	(85,185)
Payments to employees	(131,157)
	(131,157)
Net cash provided by (used in) operating activities	\$ 19,958
Cash Flows From Noncapital Financing Activities	
Operating subsidies from other governments	\$ 49,503
Operating subsidies from primary government	49,503
Restricted gifts and bequests	250
	250
Net cash provided by (used in) noncapital financing activities	\$ 99,256
Cash Flows From Capital and Related Financing Activities	
Principal paid on bonds	\$ (77,912)
Interest paid on long-term debt	(10,378)
Purchases of capital assets	(6,300)
	(6,300)
Net cash provided by (used in) capital and related financing activities	\$ (94,590)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 24,624
Cash and Cash Equivalents at January 1	59,993
	59,993
Cash and Cash Equivalents at December 31	\$ 84,617
	84,617
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (25,594)
	(25,594)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 35,884
(Increase) decrease in accounts receivable	13,386
(Increase) decrease in due from other governments	(88)
Increase (decrease) in accounts payable	(2,543)
Increase (decrease) in salaries payable	381
Increase (decrease) in compensated absences payable	783
Increase (decrease) in due to primary government	(90)
Increase (decrease) in due to other governments	(2,161)
	(2,161)
Total adjustments	\$ 45,552
	45,552
Net Cash Provided By (Used in) Operating Activities	\$ 19,958
	19,958

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OTHER SCHEDULE

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 8

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Funds	Component Unit
Shared Revenue		
State		
Highway users tax	\$ 2,666,913	\$ -
County program aid	791,838	-
PERA rate reimbursement	30,670	-
Disparity reduction aid	178,739	-
Police aid	87,702	-
Enhanced 911	69,984	-
Market value credit	779,326	-
	\$ 4,605,172	\$ -
Total Shared Revenue		
Reimbursement for Services		
Minnesota Department of Human Services	\$ 818,273	\$ -
	\$ 818,273	\$ -
Payments		
Local		
Local grant	\$ 57,677	\$ 83,532
Payments in lieu of taxes	126	-
	\$ 57,803	\$ 83,532
Total Payments		
Grants		
State		
Minnesota Department of		
Health	\$ 80,423	\$ -
Human Services	600,690	-
Natural Resources	15,580	-
Public Safety	5,500	-
Board of Water and Soil Resources	78,191	-
Office of Environmental Assistance	33,380	-
Pollution Control Agency	65,181	-
Peace Officer Standards and Training Board	7,755	-
	\$ 886,700	\$ -
Total State		
Federal		
Department of		
Agriculture	\$ 55,774	\$ -
Justice	97,921	-
Transportation	1,630	-
Health and Human Services	473,250	-
Homeland Security	64,212	-
	\$ 692,787	\$ -
Total Federal		
Total State and Federal Grants		
	\$ 1,579,487	\$ -
Total Intergovernmental Revenue		
	\$ 7,060,735	\$ 83,532

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses an unqualified opinion on the basic financial statements of Dodge County.
- B. No matters involving internal control over financial reporting were reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
- C. No instances of noncompliance material to the financial statements of Dodge County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Dodge County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Temporary Assistance for Needy Families	CFDA #93.558
Child Care Mandatory and Matching Funds	CFDA #93.596
Social Services Block Grant Title XX	CFDA #93.667
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Dodge County was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM RESOLVED

Bank Account Reconciliation Controls (04-1)

Bank accounts were not properly reconciled.

Resolution

County staff properly reconciled bank accounts for 2005.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEMS RESOLVED

Financial Statement Preparation (03-2)

Minn. Stat. § 375.17 states that the County is responsible for preparing the financial statements by the first part of March following the year-end.

Resolution

Dodge County is working with the State Auditor's Office to prepare financial data in a timely manner.

Publishing Board Minutes, Financial Statements, and Claims Paid (03-3)

The County was not properly publishing Board minutes, financial statements, and claims paid per Minn. Stat. § 375.12.

Resolution

Dodge County is working with its local legislator in conjunction with other counties to change Minn. Stat. § 375.12. In the meantime, the County is working to comply with Minn. Stat. § 375.12.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

04-2 Budgets

Our review of the Integrated Financial System (IFS) Revenues and Expenditures Budget Report for calendar year 2005 again noted that the County Board-approved tax levy, including state-shared revenues, such as County Program Aid and Market Value Credit, was not posted to the IFS. The levy is implicitly stated as the net amount between total revenues and expenditures.

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

Client's Response:

The County will review the recommendations and add the necessary line items on the IFS to change the budget reports.

PREVIOUSLY REPORTED ITEM RESOLVED

Ice Arena Losses (02-3)

The Dodge County Ice Arena has experienced an operating loss every year since its inception.

Resolution

The County and the cities involved with the Ice Arena have an agreement to fund any losses of the Ice Arena.

C. OTHER ITEM FOR CONSIDERATION

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. These standards, like what GASB Statements 25 and 27 did for government employee pension benefits and plans,

Schedule 9
(Continued)

provide the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB can include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage.

If retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered OPEB. In fact, local governments may be required to continue medical insurance coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new GASB statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

Some of the issues that the County Board will need to address in order to comply with the statements are:

- determine if employees are provided OPEB;
- if OPEB are being provided, the County Board will have to determine whether it will advance fund the benefits or pay for them on a pay-as-you-go basis;
- if OPEB are being provided, and the County Board determines that the establishment of a trust is desirable in order to fund the OPEB, the County Board will have to wait until legislation is enacted authorizing the creation of an OPEB trust and establishing an applicable investment standard; and
- in order to determine annual costs and liabilities that need to be recognized, the County Board will have to decide whether to hire an actuary.

If applicable for Dodge County, GASB Statements 43 and 45 would be implemented for the years ending December 31, 2007 and 2008, respectively.

OTHER REQUIRED REPORTS

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PATRICIA ANDERSON
STATE AUDITOR

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

Board of County Commissioners
Dodge County

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2005, and have issued our report thereon dated August 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dodge County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

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

The results of our tests indicate that, for the items tested, Dodge County complied with the material terms and conditions of applicable legal provisions.

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

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 14, 2006



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OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON
STATE AUDITOR

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

Board of County Commissioners
Dodge County

Compliance

We have audited the compliance of Dodge County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. Dodge County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Dodge County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of and for the year ended December 31, 2005, and have issued our report thereon dated August 14, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 14, 2006

**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 10

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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	\$ 51,639
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	4,135
Total U.S. Department of Agriculture		\$ 55,774
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Byrne Formula Grant Program	16.579	\$ 95,921
Local Law Enforcement Block Grant Program	16.592	2,000
Total U.S. Department of Justice		\$ 97,921
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	\$ 1,630
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services		
Family Preservation and Support Services	93.556	\$ 13,828
Temporary Assistance for Needy Families (TANF)	93.558	61,037
Child Care Mandatory and Matching Funds	93.596	205,369
Foster Care Title IV-E	93.658	31,220
Social Services Block Grant Title XX	93.667	102,265
Chafee Foster Care Independent Living	93.674	2,328
Passed Through Minnesota Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	22,508
Temporary Assistance for Needy Families (TANF)	93.558	4,261
Maternal and Child Health Services Block Grant	93.994	20,008
Total U.S. Department of Health and Human Services		\$ 462,824
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grant	97.042	\$ 10,421
State Domestic Preparedness	97.004	53,791
Total U.S. Department of Homeland Security		\$ 64,212
Total Federal Awards		\$ 682,361

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**DODGE COUNTY
MANTORVILLE, MINNESOTA**

Schedule 11

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Dodge County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

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

3. During 2005, Dodge County did not pass any federal money to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.