STATE OF MINNESOTA

Office of the State Auditor

Rebecca Otto
State Auditor

DODGE COUNTY
MANTORVILLE, MINNESOTA

YEAR ENDED DECEMBER 31, 2007

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

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

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Year Ended December 31, 2007

Audit Practice Division
Office of the State Auditor
State of Minnesota

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DODGE COUNTY
MANTORVILLE, MINNESOTA

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Introductory Section

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DODGE COUNTY
MANTORVILLE, MINNESOTA

ORGANIZATION
DECEMBER 31, 2007

			Term Expires
Elected			
Commissioners			
Vice Chair (2008 Chair)	Klaus Alberts, Jr.	District 1	January 2011
Board Member	Lyle Tjosaas	District 2	January 2009
Board Member	David Erickson	District 3	January 2011
Chair	Don Gray	District 4	January 2009
Board Member	David Hanson	District 5	January 2011
Attorney	Paul Kiltinen		January 2011
Judge of County Court	Lawrence E. Agerter		January 2011
County Recorder	Sue Alberts		January 2011
Registrar of Titles	Sue Alberts		January 2011
County Sheriff	Gary Thompson		January 2011
Appointed			
Assessor	Wendell Engelstad		January 2009
County Coordinator	David McKnight		Indefinite
County Engineer	Guy Kohlnhofer		May 2010
Coroner	Barry Dibble		Indefinite
Finance Director	Lisa Kramer		Indefinite
Social Services Director	Brian Hartung*		Indefinite
Nursing Home Administrator	Jane Sheeran		Indefinite
Public Health Director	Peggy Espey		Indefinite
Surveyor	Roger Brand		December 31, 2008
Veteran Services Officer	Todd Nelson		July 2011
Weed Inspector/Planning Director	Duane Johnson		Indefinite

Dodge County Four Seasons Ice Arena
Board Members
Terry Meyers
Lyle Tjosaas
Larry Schaefer
Mark Packard
Kevin Lubahn

*Jane Hardwick, September 2008

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Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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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, 2007, which collectively comprise the County's basic financial statements. 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 did not audit the financial statements of the Dodge County Nursing Home, which is both the enterprise fund and the business-type activities of the County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge County Nursing Home, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge County as of

December 31, 2007, 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 conducted 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 basic 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 our report dated February 25, 2009, 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/Rebecca Otto	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

February 25, 2009

MANAGEMENT’S DISCUSSION AND ANALYSIS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007
(Unaudited)

Dodge County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2007. 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 $57,336,768, of which $45,320,762 are invested in capital assets, net of related debt, and $2,369,915 are restricted to specific purposes.

- Business-type activities have total net assets of $628,241. Invested in capital assets, net of related debt, represents $404,451 of the total, and $8,857 are restricted for donations.

- Dodge County's net assets increased by $6,433,099 for the year ended December 31, 2007. Of the increase, $6,420,766 was in the governmental activities' net assets, and $12,333 represented the increase in business-type activities' net assets. The net assets of the County's discretely presented component unit increased by $7,943.

- The net cost of governmental activities decreased by $3,134,832 to $3,727,611 for the current fiscal year. The net cost was funded by general revenues and other items.

- Governmental funds' fund balances increased by $2,206,453.

- During 2007, Dodge County did not issue any new debt. The total bonded debt at the end of the year was $1,180,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Required supplementary information
(other than MD&A)

There are two government-wide financial statements. The Statement of Net 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 $51,531,910 to $57,965,009. 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	$ 14.7	$ 13.4	$ 0.6	$ 0.6	$ 15.3	$ 14.0
Capital assets	46.2	41.4	0.6	0.6	46.8	42.0
Total Assets	$ 60.9	$ 54.8	$ 1.2	$ 1.2	$ 62.1	$ 56.0
Long-term debt outstanding	$ 1.5	$ 1.8	$ 0.4	$ 0.5	$ 1.9	$ 2.3
Other liabilities	2.1	2.1	0.2	0.1	2.3	2.2
Total Liabilities	$ 3.6	$ 3.9	$ 0.6	$ 0.6	$ 4.2	$ 4.5
Net Assets						
Invested in capital assets, net of debt	$ 45.3	$ 40.2	$ 0.4	$ 0.3	$ 45.7	$ 40.5
Restricted	2.4	2.0	-	-	2.4	2.0
Unrestricted	9.6	8.7	0.2	0.3	9.8	9.0
Total Net Assets	$ 57.3	$ 50.9	$ 0.6	$ 0.6	$ 57.9	$ 51.5

Net assets of the County's governmental activities increased by 12.6 percent ($57.3 million compared to $50.9 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 $8.7 million at December 31, 2006, to $9.6 million at the end of 2007. The unrestricted net assets of our business-type activities decreased from $0.3 million at December 31, 2006, to $0.2 million at December 31, 2007.

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Fees, fines, charges, and other	$ 3.6	$ 3.8	$ 3.9	$ 3.5	$ 7.5	$ 7.3
Operating grants and contributions	9.9	5.8	-	-	9.9	5.8
Capital grants and contributions	-	0.2	-	-	-	0.2
General revenues						
Property taxes	7.8	7.2	-	-	7.8	7.2
Unrestricted grants and contributions	1.8	1.8	-	-	1.8	1.8
Other general revenues	0.6	0.4	-	-	0.6	0.4
Total Revenues	$ 23.7	$ 19.2	$ 3.9	$ 3.5	$ 27.6	$ 22.7
Program expenses						
General government	$ 3.7	$ 4.0	$ -	$ -	$ 3.7	$ 4.0
Public safety	3.9	3.7	-	-	3.9	3.7
Highways and streets	3.2	3.2	-	-	3.2	3.2
Sanitation	1.3	1.3	-	-	1.3	1.3
Human services	4.0	3.4	-	-	4.0	3.4
Health	0.6	0.6	-	-	0.6	0.6
Culture and recreation	0.2	0.1	-	-	0.2	0.1
Conservation of natural resources	0.3	0.2	-	-	0.3	0.2
Interest	0.1	0.1	-	-	0.1	0.1
Economic development	-	-	-	-	-	-
Nursing home	-	-	3.9	3.7	3.9	3.7
Total Program Expenses	$ 17.3	$ 16.6	$ 3.9	$ 3.7	$ 21.2	$ 20.3
Revenues Over (Under) Program Expenses	$ 6.4	$ 2.6	$ -	$ (0.2)	$ 6.4	$ 2.4
Transfers	-	(0.2)	-	0.2	-	-
Increase (Decrease) in Net Assets	$ 6.4	$ 2.4	$ -	$ -	$ 6.4	$ 2.4

The County's total revenues increased by about 21.6 percent ($4.9 million). The total cost of all programs and services increased by 4.4 percent ($0.9 million) over the previous year. The two largest contributors to the increased revenue came from operating grants and contributions received by highways and streets and human services.

Governmental Activities

Revenues for the County governmental activities increased by 23.3 percent, from $19,229,879 in 2006 to $23,720,358 for 2007, while total expenses increased by 4.0 percent, from $16,634,183 in 2006 to $17,299,592 in 2007.

The cost of all governmental activities this year was $17,299,592 compared to $16,634,183 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 $7,786,347, because some of the cost was paid by those who directly benefited from the programs ($3,652,265) or by other governments and organizations that subsidized certain programs with grants and contributions ($9,862,572) and by capital grants and contributions ($57,144). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in 2007 from $9,771,740 to $13,571,981, 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 $3,727,611 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	
	2007	2006	2007	2006
Public safety	$ 3.9	$ 3.7	$ 3.0	$ 2.9
Highways and streets	3.2	3.2	(4.0)	(0.1)
Human services	4.0	3.4	1.6	1.0
General government	3.7	4.0	2.7	2.6
Sanitation	1.3	1.3	0.1	0.2
All others	1.2	1.0	0.3	0.2
	$ 17.3	$ 16.6	$ 3.7	$ 6.8

Business-Type Activities

Revenues of the County's business-type activities (see Table 2) showed an increase of 9.3 percent ($3,879,988 in 2007 compared to $3,543,145 in 2006), and expenses increased by 4.0 percent ($3,867,655 in 2007 compared to $3,712,885 in 2006). The most important factor driving these results is the nursing home facility operated at nearly full (95.7 percent) resident capacity for 2007.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in Exhibit 3) reported a combined fund balance of $10,690,606, which is above last year's total of $8,877,590. Most of the fund balance, $8,430,325, is unreserved and available for spending at the government's discretion. Another $2,260,281 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 0.98 percent in expenditures and a decrease in revenue of 2.6 percent over the previous year's actual.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the County had $46,883,994 (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 $4,805,848 over last year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	$ 1.3	$ 1.3	$ -	$ -	$ 1.3	$ 1.3
Land improvements	0.2	0.2	-	-	0.2	0.2
Building and improvements	2.5	2.6	0.5	0.5	3.0	3.1
Machinery, vehicles, furniture, and equipment	2.1	2.0	0.1	0.1	2.2	2.1
Infrastructure	40.1	35.3	-	-	40.1	35.3
Total Net Assets	$ 46.2	$ 41.4	$ 0.6	$ 0.6	$ 46.8	$ 42.0

This year's major additions included:

- purchase of about $427,000 in equipment for Highway, Landfill, Elections, and other departments;

- purchase of about $233,000 in vehicles for Human Services, Sheriff, Central Services, and other departments; and

- the County plans to issue debt for capital projects in 2008. These projects consist of renovation of the Dodge County Ag Center Building in Dodge Center and reinforcing and reroofing the historic courthouse roof. 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 $1.1 million in bonds and notes outstanding, versus $1.5 million last year--a decrease of 27 percent--as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Bonds	$ 0.4	$ 0.5	$ 0.2	$ 0.3	$ 0.6	$ 0.8
Certificates of participation	0.5	0.7	-	-	0.5	0.7
Totals	$ 0.9	$ 1.2	$ 0.2	$ 0.3	$ 1.1	$ 1.5

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 2008 budget, tax rates, and fees that will be charged for the business-type activities.

- The unemployment rate in Dodge County increased, moving from 3.6 percent in 2006 to 4.3 percent in 2007 for the annual average. This still compared favorably with the Minnesota rate of 4.6 percent and the U.S. rate of 4.6 percent.

- County General Fund expenditures for 2008 are budgeted to increase 7.7 percent over 2007.

- Dodge County population grew by 6.5 percent from 2002 to 2007, compared to an increase of 4.6 percent in Minnesota as a whole.

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

- The property tax levy has increased 7.35 percent for 2008.

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, 2007

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	**Business-Type Activities**	**Total**	
Assets				
Cash and pooled investments	$ 11,530,073	$ 96,802	$ 11,626,875	$ 82,346
Petty cash and change funds	3,590	400	3,990	-
Investments	110,057	-	110,057	-
Investment in joint venture	377,743	-	377,743	-
Taxes receivable				
Prior - net	214,269	-	214,269	-
Special assessments receivable - net				
Prior - net	5,795	-	5,795	-
Accounts receivable - net	486,196	405,238	891,434	17,484
Accrued interest receivable	85,576	-	85,576	-
Loan receivable	148,195	-	148,195	-
Advance to component unit	170,212	-	170,212	-
Due from other governments	1,464,929	-	1,464,929	31,997
Due from primary government	-	-	-	62,574
Inventories	119,403	-	119,403	-
Restricted assets				
Cash and pooled investments	-	65,533	65,533	-
Deferred charges	15,383	1,805	17,188	-
Capital assets				
Non-depreciable	1,333,150	15,600	1,348,750	-
Depreciable - net of accumulated depreciation	44,904,463	630,781	45,535,244	731,507
Total Assets	**$ 60,969,034**	**$ 1,216,159**	**$ 62,185,193**	**$ 925,908**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 1
(Continued)

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	$ 236,826	$ 80,828	$ 317,654	$ 7,931
Salaries payable	163,032	73,934	236,966	2,677
Contracts payable	216,078	-	216,078	-
Due to other governments	732,283	18,353	750,636	2,057
Due to component unit	62,574	-	62,574	-
Accrued interest payable	12,714	-	12,714	-
Advance from other governments	535,694	-	535,694	-
Customer deposits	140,437	-	140,437	-
Advance from primary government	-	-	-	170,212
Interest payable from restricted assets	-	3,958	3,958	-
Trust and security deposits from restricted assets	-	2,034	2,034	-
Long-term liabilities				
Due within one year	322,566	81,892	404,458	-
Due in more than one year	1,210,062	326,919	1,536,981	11,524
Total Liabilities	**$ 3,632,266**	**$ 587,918**	**$ 4,220,184**	**$ 194,401**
Net Assets				
Invested in capital assets - net of related debt	$ 45,320,762	$ 404,451	$ 45,725,213	$ 731,507
Restricted for				
General government	321,325	-	321,325	-
Public safety	174,740	-	174,740	-
Highways and streets	1,049,801	-	1,049,801	-
Sanitation	128,016	-	128,016	-
Human services	636,951	-	636,951	-
Ditch	59,082	-	59,082	-
Donations	-	8,857	8,857	-
Unrestricted	9,646,091	214,933	9,861,024	-
Total Net Assets	**$ 57,336,768**	**$ 628,241**	**$ 57,965,009**	**$ 731,507**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions
Functions/Programs			
Primary government			
Governmental activities			
General government	$ 3,725,993	$ 955,120	$ 82,205
Public safety	3,874,510	617,091	257,745
Highways and streets	3,195,294	188,537	6,949,988
Sanitation	1,326,791	1,202,954	2,117
Human services	3,994,070	244,430	2,178,706
Health	672,666	440,348	226,782
Culture and recreation	169,086	-	26,048
Conservation of natural resources	268,210	3,785	138,981
Economic development	30,275	-	-
Interest	42,697	-	-
Total governmental activities	**$ 17,299,592**	**$ 3,652,265**	**$ 9,862,572**
Business-type activities			
Nursing Home	3,867,655	3,870,301	8,845
Total Primary Government	**$ 21,167,247**	**$ 7,522,566**	**$ 9,871,417**
Component units			
Four Seasons Ice Arena	**$ 256,422**	**$ 214,309**	**$ 50,056**

General Revenues
Property taxes
Gravel tax
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

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

Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets			
		Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total		
$ -	$ (2,688,668)	$ -	$ (2,688,668)		
-	(2,999,674)	-	(2,999,674)		
57,144	4,000,375	-	4,000,375		
-	(121,720)	-	(121,720)		
-	(1,570,934)	-	(1,570,934)		
-	(5,536)	-	(5,536)		
-	(143,038)	-	(143,038)		
-	(125,444)	-	(125,444)		
-	(30,275)	-	(30,275)		
-	(42,697)	-	(42,697)		
$ 57,144	**$ (3,727,611)**	**$ -**	**$ (3,727,611)**		
-	-	11,491	11,491		
$ 57,144	**$ (3,727,611)**	**$ 11,491**	**$ (3,716,120)**		
$ -					**$ 7,943**
	$ 7,786,347	$ -	$ 7,786,347		$ -
	14,926	-	14,926		-
	6,710	-	6,710		-
	1,768,773	-	1,768,773		-
	456,485	842	457,327		-
	103,068	-	103,068		-
	12,068	-	12,068		-
	-	-	-		-
	$ **10,148,377**	$ **842**	$ **10,149,219**		$ **-**
	$ 6,420,766	**$ 12,333**	**$ 6,433,099**		**$ 7,943**
	50,916,002	**615,908**	**51,531,910**		**723,564**
	$ 57,336,768	**$ 628,241**	**$ 57,965,009**		**$ 731,507**

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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, 2007

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Assets					
Cash and pooled investments	$ 5,248,309	$ 1,118,636	$ 4,172,080	$ 991,048	$ 11,530,073
Petty cash and change funds	3,440	-	-	150	3,590
Investments	-	12,500	-	97,557	110,057
Taxes receivable					
Prior	135,653	33,407	35,643	9,566	214,269
Special assessments					
Prior	-	-	-	5,795	5,795
Accounts receivable	81,835	-	309,279	95,082	486,196
Accrued interest receivable	85,576	-	-	-	85,576
Loans receivable	148,195	-	-	-	148,195
Due from other funds	1,923	4,366	412	-	6,701
Due from other governments	94,316	1,073,918	291,074	5,621	1,464,929
Inventories	-	119,403	-	-	119,403
Advances to other funds	45,000	-	-	-	45,000
Advances to component unit	170,212	-	-	-	170,212
Total Assets	**$ 6,014,459**	**$ 2,362,230**	**$ 4,808,488**	**$ 1,204,819**	**$ 14,389,996**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 34,565	$ 50,791	$ 132,171	$ 19,299	$ 236,826
Salaries payable	101,240	21,223	32,706	7,863	163,032
Contracts payable	-	216,078	-	-	216,078
Due to other funds	4,558	-	1,587	556	6,701
Due to component unit	62,574	-	-	-	62,574
Due to other governments	125,606	544,532	25,121	37,024	732,283
Deferred revenue - unavailable	104,924	1,069,829	374,364	11,648	1,560,765
Customer deposits	140,437	-	-	-	140,437
Advances from other funds	-	-	-	45,000	45,000
Advance from other governments	-	535,694	-	-	535,694
Total Liabilities	**$ 573,904**	**$ 2,438,147**	**$ 565,949**	**$ 121,390**	**$ 3,699,390**
Fund Balances					
Reserved for					
Advances to other funds	$ 45,000	$ -	$ -	$ -	$ 45,000
Advances to component unit	170,212	-	-	-	170,212
Inventories	-	119,403	-	-	119,403
Health	-	-	636,951	-	636,951
Loans receivable	148,195	-	-	-	148,195
Natural resource block grant	-	-	-	128,016	128,016
Debt service	-	-	-	516,439	516,439
Law library	17,930	-	-	-	17,930
Recorder's equipment purchases	122,859	-	-	-	122,859
Recorder's unallocated land based	130,138	-	-	-	130,138
Enhanced 911	127,811	-	-	-	127,811
Sheriff's contingency	4,589	-	-	-	4,589
DARE	13,630	-	-	-	13,630
Sheriff's forfeited property	20,055	-	-	-	20,055
Attorney's forfeited property	50,398	-	-	-	50,398
Sheriff's donations	8,655	-	-	-	8,655
Unreserved					
Designated for cash flows	3,194,000	-	842,000	-	4,036,000
Designated for compensated absences	303,266	-	115,074	-	418,340
Undesignated	1,083,817	(195,320)	2,648,514	-	3,537,011
Unreserved, reported in nonmajor Special revenue funds	-	-	-	438,974	438,974
Total Fund Balances	**$ 5,440,555**	**$ (75,917)**	**$ 4,242,539**	**$ 1,083,429**	**$ 10,690,606**
Total Liabilities and Fund Balances	**$ 6,014,459**	**$ 2,362,230**	**$ 4,808,488**	**$ 1,204,819**	**$ 14,389,996**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES DECEMBER 31, 2007

Fund balances - total governmental funds (Exhibit 3)			**$**	**10,690,606**
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.				46,237,613
Investment in joint venture is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.				377,743
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.				1,560,765
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	$	(410,000)		
Certificates of participation		(522,234)		
Deferred debt issuance charges		15,383		
Accrued interest payable		(12,714)		
Compensated absences		(600,394)		(1,529,959)
Net Assets of Governmental Activities (Exhibit 1)			**$**	**57,336,768**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Revenues					
Taxes	$ 5,001,244	$ 1,213,342	$ 1,226,869	$ 333,836	$ 7,775,291
Special assessments	-	-	-	128,923	128,923
Licenses and permits	31,644	5,950	-	131,222	168,816
Intergovernmental	1,762,884	7,198,902	2,396,529	183,653	11,541,968
Charges for services	1,927,051	140,039	497,398	938,058	3,502,546
Fines and forfeits	15,058	-	-	-	15,058
Gifts and contributions	13,807	-	-	-	13,807
Investment earnings	424,952	-	36,206	25,180	486,338
Miscellaneous	122,688	42,548	311,346	10,278	486,860
Total Revenues	**$ 9,299,328**	**$ 8,600,781**	**$ 4,468,348**	**$ 1,751,150**	**$ 24,119,607**
Expenditures					
Current					
General government	$ 3,536,149	$ -	$ -	$ -	$ 3,536,149
Public safety	3,922,392	-	-	-	3,922,392
Highways and streets	-	8,191,871	-	-	8,191,871
Sanitation	-	-	-	1,224,147	1,224,147
Human services	6,500	-	3,577,629	-	3,584,129
Health	675,295	-	-	-	675,295
Culture and recreation	169,086	-	-	-	169,086
Conservation of natural resources	273,483	-	-	15,898	289,381
Economic development	30,275	-	-	-	30,275
Debt service					
Principal	-	-	-	309,221	309,221
Interest	-	-	-	39,024	39,024
Administrative (fiscal) charges	-	-	-	1,500	1,500
Total Expenditures	**$ 8,613,180**	**$ 8,191,871**	**$ 3,577,629**	**$ 1,589,790**	**$ 21,972,470**
Excess of Revenues Over (Under) Expenditures	**$ 686,148**	**$ 408,910**	**$ 890,719**	**$ 161,360**	**$ 2,147,137**

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 5
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Road and Bridge	Human Services	Nonmajor Funds	Total
Other Financing Sources (Uses)					
Transfers in	$ -	$ -	$ -	$ 223,569	$ 223,569
Transfers out	-	-	-	(223,569)	(223,569)
Proceeds from sale of capital assets	11,516	552	-	-	12,068
Proceeds from loss of general capital assets	4,691	42,557	-	-	47,248
Total Other Financing Sources (Uses)	**$ 16,207**	**$ 43,109**	**$ -**	**$ -**	**$ 59,316**
Change in Fund Balance	**$ 702,355**	**$ 452,019**	**$ 890,719**	**$ 161,360**	**$ 2,206,453**
Fund Balance - January 1	$ 4,738,200	$ (494,640)	$ 3,711,961	$ 922,069	$ 8,877,590
Prior period adjustment	-	-	(360,141)	-	(360,141)
Fund Balance - January 1, as restated	**$ 4,738,200**	**$ (494,640)**	**$ 3,351,820**	**$ 922,069**	**$ 8,517,449**
Increase (decrease) in reserved for inventories	**$ -**	**$ (33,296)**	**$ -**	**$ -**	**$ (33,296)**
Fund Balance - December 31	**$ 5,440,555**	**$ (75,917)**	**$ 4,242,539**	**$ 1,083,429**	**$ 10,690,606**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds (Exhibit 5)		**$ 2,206,453**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under modified accrual accounting, distributions of joint venture equity interest are recorded as revenue. In the statement of net assets, an asset is reported for the equity interest in the joint venture, and the increases and decreases in joint venture equity are reported in the statement of activities. The change in net assets differs from the change in fund balance by the increases and decreases in the investment in joint venture.		
Decrease in investment in joint venture		(394,327)
In the fund, 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 or decrease in revenue deferred as unavailable.		
Deferred revenue - December 31	$ 1,560,765	
Deferred revenue - January 1	(1,611,941)	(51,176)
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	$ 6,473,277	
Net book value of disposed capital assets	(47,248)	
Current year depreciation	(1,630,964)	4,795,065
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	$ 85,000	
Certificates of participation	210,000	
Capital leases	6,280	
Loans	7,917	309,197
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 discounts on bonds	$ (1,383)	
Amortization of deferred debt issuance costs	(4,729)	
Change in accrued interest payable	3,963	
Change in inventories	(33,296)	
Change in compensated absences	(48,860)	(84,305)
Prior period adjustments affect fund statements but not government-wide statements.		(360,141)
Change in Net Assets of Governmental Activities (Exhibit 2)		**$ 6,420,766**

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

PROPRIETARY FUND

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 7

STATEMENT OF NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2007

Assets		
Current assets		
Cash and pooled investments	$	96,802
Petty cash and change funds		400
Accounts receivable - net		405,238
Total current assets	**$**	**502,440**
Restricted assets		
Cash and pooled investments	**$**	**65,533**
Noncurrent assets		
Deferred debt issuance costs	$	1,805
Capital assets		
Nondepreciable		15,600
Depreciable - net		630,781
Total noncurrent assets	**$**	**648,186**
Total Assets	**$**	**1,216,159**
Liabilities		
Current liabilities		
Accounts payable	$	80,828
Salaries payable		73,934
Due from other governments		18,353
Compensated absences payable - current		36,892
Total current liabilities	**$**	**210,007**
Current liabilities payable from restricted assets		
Interest payable	$	3,958
Resident trust and security deposits		2,034
General obligation bonds payable - current		45,000
Total current liabilities payable from restricted assets	**$**	**50,992**
Noncurrent liabilities		
Compensated absences payable - long-term	$	129,989
General obligation bonds payable - long-term		196,930
Total noncurrent liabilities	**$**	**326,919**
Total Liabilities	**$**	**587,918**

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

EXHIBIT 7
(Continued)

STATEMENT OF NET ASSETS
NURSING HOME ENTERPRISE FUND
DECEMBER 31, 2007

Net Assets

Invested in capital assets - net of related debt	$	404,451
Restricted for donations		8,857
Unrestricted		214,933
Total Net Assets	**$**	**628,241**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

Operating Revenues		
Charges for services	$	3,868,035
Miscellaneous		2,266
Total Operating Revenues	**$**	**3,870,301**
Operating Expenses		
Employee benefits and payroll taxes	$	566,939
Nursing services		1,457,514
Administrative and fiscal services		333,615
Other care-related		123,695
Ancillary services		413,320
Repair and maintenance		187,528
Property and household		160,288
Laundry		77,595
Dietary		374,857
Housekeeping		98,314
Depreciation		56,572
Total Operating Expenses	**$**	**3,850,237**
Operating Income (Loss)	**$**	**20,064**
Nonoperating Revenues (Expenses)		
Interest income	$	842
Gifts and contributions		8,845
Gain on sale/disposal of capital assets		(6,825)
Interest expense		(10,593)
Total Nonoperating Revenues (Expenses)	**$**	**(7,731)**
Change in Net Assets	$	**12,333**
Net Assets - January 1		**615,908**
Net Assets - December 31	**$**	**628,241**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities		
Receipts from customers and users	$	3,978,519
Payments to suppliers and employees		(3,752,416)
Net cash provided by (used in) operating activities	**$**	**226,103**
Cash Flows from Noncapital Financing Activities		
Advance from Dodge County	$	136,000
Return of advance		(136,000)
Contributions		8,929
Net cash provided by (used in) noncapital financing activities	**$**	**8,929**
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	$	(45,000)
Interest paid on long-term debt		(10,949)
Bond issue cost and discount		1,192
Proceeds from the sale of capital assets		20
Purchases of capital assets		(74,200)
Net cash provided by (used in) capital and related financing activities	**$**	**(128,937)**
Cash Flows from Investing Activities		
Investment earnings received	**$**	**842**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**106,937**
Cash and Cash Equivalents at January 1		**55,798**
Cash and Cash Equivalents at December 31	**$**	**162,735**
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	$	97,202
Restricted cash and pooled investments		65,533
Total Cash and Cash Equivalents	**$**	**162,735**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 9
(Continued)

STATEMENT OF CASH FLOWS
NURSING HOME ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007
Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**20,064**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	56,572
(Increase) decrease in accounts receivable		108,218
Increase (decrease) in accounts payable		(10,544)
Increase (decrease) in salaries payable		30,679
Increase (decrease) in compensated absences payable		2,761
Increase (decrease) in due to other governments		18,353
Total adjustments	**$**	**206,039**
Net Cash Provided by (Used in) Operating Activities	**$**	**226,103**

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FIDUCIARY FUNDS

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DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Cemetery Perpetual Care Private-Purpose Trust	Agency Funds
Assets		
Cash and pooled investments	$ 14,277	$ 444,278
Investments	148,219	-
Interest receivable	135	-
Total Assets	**$ 162,631**	**$ 444,278**
Liabilities		
Accounts payable	$ -	$ 30,522
Due to other governments	-	413,756
Total Liabilities	**$ -**	**$ 444,278**
Net Assets		
Held in trust for other organizations		
Nonexpendable	$ 148,280	
Expendable	14,351	
Total Net Assets	**$ 162,631**	

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

EXHIBIT 11

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

		Cemetery Perpetual Care Private-Purpose Trust
Additions		
Investment earnings		
Interest	$	4,415
Net increase (decrease) in fair value of investments		14,066
Total Additions	**$**	**18,481**
Deductions		
Distributions to participants		1,644
Change in net assets	**$**	**16,837**
Net Assets - January 1		**145,794**
Net Assets - December 31	**$**	**162,631**

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

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2007. 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.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Blended Component Units (Continued)

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
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:

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
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.

1. Summary of Significant Accounting Policies (Continued)

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 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

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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.

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 Human 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.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Dodge County considers all revenues 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.

1. Summary of Significant Accounting Policies (Continued)

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.

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, 2007, 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 2007 were $424,952.

Dodge County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

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).

1. Summary of Significant Accounting Policies

   D. Assets, Liabilities, and Net Assets or Equity

      3. Receivables and Payables (Continued)

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

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

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

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

1. Summary of Significant Accounting Policies

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

6. Capital Assets

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

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

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

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

Assets	Years
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

1. Summary of Significant Accounting Policies

   D. Assets, Liabilities, and Net Assets or Equity

      7. Compensated Absences (Continued)

who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured, for example, as a result of employee resignations and retirements.

      8. 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 an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. Summary of Significant Accounting Policies

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

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.

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.

E. Prior Period Adjustment

At December 31, 2006, receivables of $360,141 in the Human Services Special Revenue Fund should have been deferred as unavailable but were not. The January 1, 2007, fund balances have been restated to defer revenue recognition on those receivables.

	Human Services Special Revenue Fund
Fund balance, December 31, 2006, as previously reported	$ 3,711,961
Adjustment to deferred revenue	(360,141)
Fund balance, January 1, 2007, restated	$ 3,351,820

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, 2007.

	Expenditures	Final Budget	Excess
Road and Bridge Fund	$ 8,191,871	$ 7,660,778	$ 531,093
Human Services Fund	3,577,629	3,383,832	193,797
Ditch Fund	14,860	11,000	3,860

B. Deficit Fund Equity

The Road and Bridge Special Revenue Fund had a deficit fund balance of $75,917 as of December 31, 2007. The deficit can be attributed to the overspending of regular construction funds. At December 31, 2007, Dodge County had received an advance of $535,694 on its 2008 regular construction allotment from the state.

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	$ 11,530,073
Petty cash and change funds	3,590
Investments	110,057
Business-type activities	
Cash and pooled investments	96,802
Petty cash and change funds	400
Cash and pooled investments - restricted assets	65,533
Discretely presented component unit	
Cash and pooled investments	82,346
Statement of fiduciary net assets	
Cash and pooled investments	458,555
Investments	148,219
Total Cash and Investments	$ 12,495,575

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

		Carrying (Fair) Value
Deposits		$ 5,049,852
Petty cash		3,990
Investments		
Equity investments (stock)		
AT&T	$ 117,005	
Qwest Communications	1,190	118,195
Investment pools/mutual funds		
MAGIC Fund	$ 5,419,204	
Scottrade Mutual Fund	25	
Dreyfus - General Government Security Money Market	1,107	
First American Treasury Obligations Fund	97,557	5,517,893
Negotiable certificates of deposit		1,805,645
Total Deposits and Investments		$ 12,495,575

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 County 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 standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. Per the County investment policy, Dodge County is aware of custodial credit risk and attempts to reduce exposure to custodial credit risk by investing the highest percentage of its available cash in deposits or in investments in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2007, 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;

(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;

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments (Continued)

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

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

Interest Rate Risk

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

Interest rates 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.

Maturity Date	Interest Rate (%)	Amount
January 22, 2008	5.35	$ 94,000
January 22, 2008	5.38	94,000
January 22, 2008	5.40	94,000
January 22, 2008	5.40	94,000
January 22, 2008	5.42	94,000
January 29, 2008	5.41	96,000
January 29, 2008	5.43	96,000
January 29, 2008	5.45	96,000
March 14, 2008	5.084	94,242
May 1, 2008	4.989	97,581
May 14, 2008	4.70	80,000

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments

Interest Rate Risk (Continued)

Maturity Date	Interest Rate (%)	Amount
June 2, 2008	5.40	94,000
June 2, 2008	5.40	94,000
June 2, 2008	5.40	94,000
June 2, 2008	5.41	94,000
June 2, 2008	5.50	94,000
September 22, 2008	4.837	95,366
September 24, 2008	4.983	95,205
September 26, 2008	4.934	95,251
October 10, 2008	5.033	20,000
Total Non-Negotiable Certificates of Deposit		$ 1,805,645

Credit Risk

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

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments

Credit Risk (Continued)

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

	Credit Rating	Rating Agency
MAGIC Fund	Not rated	-
Scottrade Mutual 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. Per the County investment policy, Dodge County is aware of custodial credit risk and invests in such a way as to minimize exposure to custodial credit risk as defined by GASB Statement 40. As of December 31, 2007, the County does not have any investments exposed to custodial credit risk.

Concentration of Credit Risk

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

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2007, 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	$ 748,075	$ 414,363
Less: allowance for uncollectible social services and nursing services	(261,879)	(9,125)
Net Accounts Receivable	$ 486,196	$ 405,238
Due from other governments	$ 1,464,929	$ -
Less: allowance for uncollectible nursing home services	-	-
Net Due From Other Governments	$ 1,464,929	$ -

3. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 1,329,931	$ 3,219	$ -	$ 1,333,150
Capital assets depreciated				
Land improvements	$ 279,369	$ -	$ -	$ 279,369
Buildings	5,059,504	-	-	5,059,504
Machinery, furniture, and equipment	4,551,086	635,879	343,948	4,843,017
Infrastructure	45,406,874	5,834,179	-	51,241,053
Total capital assets depreciated	$ 55,296,833	$ 6,470,058	$ 343,948	$ 61,422,943

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	$ 43,315	$ 13,969	$ -	$ 57,284
Buildings	2,466,867	125,784	-	2,592,651
Machinery, furniture, and equipment	2,534,649	491,828	296,700	2,729,777
Infrastructure	10,139,385	999,383	-	11,138,768
Total accumulated depreciation	$ 15,184,216	$ 1,630,964	$ 296,700	$ 16,518,480
Total capital assets depreciated, net	$ 40,112,617	$ 4,839,094	$ 47,248	$ 44,904,463
Governmental Activities Capital Assets, Net	$ 41,442,548	$ 4,842,313	$ 47,248	$ 46,237,613

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	$ 74,200	$ 11,905	$ 1,305,534
Improvements other than buildings	83,336	-	14,748	68,588
Machinery, furniture, and equipment	695,928	-	138,065	557,863
Total capital assets depreciated	$ 2,022,503	$ 74,200	$ 164,718	$ 1,931,985
Less: accumulated depreciation for				
Buildings	$ 719,679	$ 35,862	$ 10,716	$ 744,825
Improvements other than buildings	82,551	555	14,592	68,514
Machinery, furniture, and equipment	600,275	20,155	132,565	487,865
Total accumulated depreciation	$ 1,402,505	$ 56,572	$ 157,873	$ 1,301,204
Total capital assets depreciated, net	$ 619,998	$ 17,628	$ 6,845	$ 630,781
Business-Type Activities Capital Assets, Net	$ 635,598	$ 17,628	$ 6,845	$ 646,381

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	$	240,040
Public safety		58,713
Highways and streets, including depreciation of infrastructure assets		1,222,474
Human services		7,978
Sanitation		101,759
Total Depreciation Expense - Governmental Activities	$	1,630,964
Business-Type Activities		
Nursing home	$	56,572

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	Human Services Fund	$	1,587
	Solid Waste Fund		336
Total due to General Fund		$	1,923
Road and Bridge Fund	General Fund	$	4,146
	Solid Waste Fund		220
Total due to Road and Bridge Fund		$	4,366
Human Services Fund	General Fund	$	412
Total Due To/From Other Funds		$	6,701

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	$ 45,000

3. Due To/From Primary Government and Component Units

Receivable Entity	Payable Entity	Amount
Component Unit - Four Seasons Ice Arena	Primary Government - General Fund	$ 62,574

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, 2007, consisted of the following:

Transfers to Dodge County Corporation Debt Service Fund from Building Special Revenue Fund	$ 223,569	Provide funds for debt service payments

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 2007, the County paid $135,605 for 39 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

Bonds and Certificates

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2007
General Obligation Bonds					
1999 Solid Waste General Crossover Refunding Bonds	2012	$15,000 - $25,000	3.80 - 4.80	$ 215,000	$ 110,000
2002 G.O. Courthouse Improvement Bonds	2009	$50,000 - $60,000	2.75 - 4.85	385,000	120,000
2004B G.O. Solid Waste Bonds	2019	$10,000 - $20,000	3.00 - 4.75	210,000	180,000
Total General Obligation Bonds				$ 810,000	$ 410,000
2004 Certificate of Participation	2009	$195,000 - $310,000	2.25 - 3.00	$ 930,000	$ 525,000

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, and the Certificate of Participation is being paid from the Dodge County Corporation Debt Service Fund.

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2005
2004 G.O. Nursing Home Bonds	2012	$52,075 - $57,700	2.500 - 4.150	$ 335,000	$ 245,000
Less: unamortized discount					(3,070)
2004 G.O. Nursing Home Bonds, Net					$ 241,930

Payments on the 2004 Nursing Home Bonds are being made from the Nursing Home Enterprise Fund.

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2007, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest
2008	$ 90,000	$ 16,903	$ 215,000	$ 12,256
2009	90,000	12,863	310,000	4,650
2010	35,000	10,097	-	-
2011	40,000	8,450	-	-
2012	40,000	6,663	-	-
2013 - 2017	75,000	20,075	-	-
2018 - 2019	40,000	2,850	-	-
Total	$ 410,000	$ 77,901	$ 525,000	$ 16,906

Business-Type Activities

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest
2008	$ 45,000	$ 8,420
2009	50,000	6,825
2010	50,000	5,013
2011	50,000	3,075
2012	50,000	1,038
Total	$ 245,000	$ 24,371

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, 2007, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 495,000	$ -	$ 85,000	$ 410,000	$ 90,000
Certificate of participation	735,000	-	210,000	525,000	215,000
Less: deferred amounts for issuance discounts	(4,149)	-	(1,383)	(2,766)	-
Total bonds payable	$ 1,225,851	$ -	$ 293,617	$ 932,234	$ 305,000
Capital leases	6,280	-	6,280	-	-
Loans payable	7,917	-	7,917	-	-
Compensated absences	551,534	48,860	-	600,394	17,566
Governmental Activities Long-Term Liabilities	$ 1,791,582	$ 48,860	$ 307,814	$ 1,532,628	$ 322,566

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
G.O. Nursing Home Bonds	$ 290,000	$ -	$ 45,000	$ 245,000	$ 45,000
Less: unamortized discount	(3,820)	-	(750)	(3,070)	-
Total bonds payable	$ 286,180	$ -	$ 44,250	$ 241,930	$ 45,000
Compensated absences	164,120	2,761	-	166,881	36,892
Business-Type Activities Long-Term Liabilities	$ 450,300	$ 2,761	$ 44,250	$ 408,811	$ 81,892

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

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

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 defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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.

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.

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. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan increased in 2008 to 6.00 percent. Public Employees Police and Fire Fund members were required to contribute 7.80 percent of their annual covered salary in 2007. That rate increased to 8.60 percent in 2008.

The County is required to contribute the following percentages of annual covered payroll in 2007 and 2008:

	2007	2008
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.25	6.50
Public Employees Police and Fire Fund	11.70	12.90

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

The County's contributions for the years ending December 31, 2007, 2006, and 2005, 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
2007	$ 421,177	$ 146,813
2006	386,581	117,600
2005	330,425	90,903

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 administered by PERA 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. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

The County's contributions for the years ending December 31, 2007, 2006, and 2005, were $2,578, $2,354, and $2,362, respectively, equal to the contractually required contributions for each year as set by state statute.

Required contribution rates were 5.00 percent.

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties 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 $400,000 and $410,000 per claim in 2007 and 2008, 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.

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

B. Contingent Liabilities

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

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

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

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 $44,453 for contracted services and $36,854 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.

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Family Services Collaborative (Continued)

Control of the Collaborative is vested in a Board of Directors. Dodge County Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2007, Dodge County did not provide any funding. Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of the termination, shall be distributed by the Dodge County Family Services Collaborative Board of Directors.

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

South Country Health Alliance

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

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

5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

South Country Health Alliance (Continued)

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2007, was $377,743. The equity interest is reported as an investment in joint venture on the government-wide statement of net assets. Changes in equity are included in the government-wide statement of activities as Human Services program expenses or revenues.

Complete financial statements for the SCHA can be obtained from 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 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 2007.

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 $44,551 to the Cooperative.

5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

The Minnesota Workforce Development (MWD) provides various job training services for member organizations. During the year, the County paid $81,276 to the MWD.

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

The Southeast Minnesota Water Resource Board provides regional water quality services to several counties. During the year, the County paid $3,300 to the Water Resource Board.

The Southeastern Minnesota Library (SELCO) provides library services within the County. During the year, the County contributed $107,510 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 paid $900 to SEMREX.

6. Subsequent Events

In November 2008, the County issued Series 2008A general obligation bonds for $1,570,000. The 2008A series will be used to finance capital improvements of the County.

7. 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 is appointed by each of the Cities of Kasson, Mantorville, and Dodge Center; two members are appointed by the County Board; and one member is 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.

7. 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, 2007, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	$ 920,950	$ -	$ -	$ 920,950
Machinery, furniture, and equipment	208,236	-	-	208,236
Total capital assets depreciated	$ 1,129,186	$ -	$ -	$ 1,129,186
Less: accumulated depreciation for				
Buildings	$ 253,262	$ 23,024	$ -	$ 276,286
Machinery, furniture, and equipment	109,427	11,966	-	121,393
Total accumulated depreciation	$ 362,689	$ 34,990	$ -	$ 397,679
Total Capital Assets, Net	$ 766,497	$ (34,990)	$ -	$ 731,507

Depreciation expense of $34,990 was charged to the operations of the Ice Arena.

2. Liabilities

Long-Term Debt

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, 2007.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Advance from Dodge County	$ 170,212	$ -	$ -	$ 170,212	$ -
G.O. revenue notes payable	42,933	-	42,933	-	-
Compensated absences	11,578	-	54	11,524	-
Total Long-Term Liabilities	$ 224,723	$ -	$ 42,987	$ 181,736	$ -

REQUIRED SUPPLEMENTARY INFORMATION

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 5,051,353	$ 5,051,353	$ 5,001,244	$ (50,109)
Licenses and permits	25,275	25,275	31,644	6,369
Intergovernmental	1,615,632	1,615,632	1,762,884	147,252
Charges for services	1,897,945	1,897,945	1,927,051	29,106
Fines and forfeits	900	900	15,058	14,158
Gifts and contributions	500	500	13,807	13,307
Investment earnings	150,000	150,000	424,952	274,952
Miscellaneous	83,886	83,886	122,688	38,802
Total Revenues	**$ 8,825,491**	**$ 8,825,491**	**$ 9,299,328**	**$ 473,837**
Expenditures				
Current				
General government				
Commissioners	$ 213,695	$ 213,695	$ 196,885	$ 16,810
Courts	98,375	98,375	23,742	74,633
County administrator	176,112	176,112	171,642	4,470
County treasurer	75,994	75,994	25,354	50,640
County assessor	326,205	326,205	306,370	19,835
Elections	21,013	21,013	406	20,607
Finance	298,746	298,746	274,120	24,626
Data processing	334,887	334,887	382,254	(47,367)
Central services	118,100	118,100	101,185	16,915
Personnel	95,681	95,681	81,364	14,317
Attorney	271,781	271,781	262,736	9,045
Law library	16,000	16,000	24,156	(8,156)
Recorder	389,260	389,260	324,812	64,448
Surveyor	73,287	73,287	18,461	54,826
Planning and zoning	263,302	263,302	224,368	38,934
Buildings and plant	502,635	502,635	502,959	(324)
Veterans service officer	36,290	36,290	39,404	(3,114)
Other general government	371,450	371,450	575,931	(204,481)
Total general government	**$ 3,682,813**	**$ 3,682,813**	**$ 3,536,149**	**$ 146,664**

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

Schedule 1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 3,431,029	$ 3,431,029	$ 3,491,473	$ (60,444)
Emergency services	42,536	42,536	46,032	(3,496)
Coroner	24,000	24,000	22,485	1,515
E-911 system	82,800	82,800	46,505	36,295
Community corrections	198,874	198,874	187,951	10,923
Drug court	118,757	118,757	109,193	9,564
DARE program	-	-	5,601	(5,601)
Other public safety	-	-	13,152	(13,152)
Total public safety	**$ 3,897,996**	**$ 3,897,996**	**$ 3,922,392**	**$ (24,396)**
Human services				
Other	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ -**
Health				
Nursing services	$ 750,303	$ 750,303	$ 613,212	$ 137,091
Maternal and child health	60,000	60,000	62,083	(2,083)
Health center	50,000	50,000	-	50,000
Total health	**$ 860,303**	**$ 860,303**	**$ 675,295**	**$ 185,008**
Culture and recreation				
Historical society	$ 10,000	$ 10,000	$ 10,000	$ -
County/regional library	107,510	107,510	107,510	-
Ice arena	30,780	30,780	25,028	5,752
Other culture and recreation	500	500	26,548	(26,048)
Total culture and recreation	**$ 148,790**	**$ 148,790**	**$ 169,086**	**$ (20,296)**
Conservation of natural resources				
County extension	$ 99,811	$ 99,811	$ 95,263	$ 4,548
Soil and water conservation	92,000	92,000	92,000	-
Agriculture society/County fair	5,000	5,000	86,220	(81,220)
Total conservation of natural resources	**$ 196,811**	**$ 196,811**	**$ 273,483**	**$ (76,672)**
Economic development				
Community development	**$ 32,278**	**$ 32,278**	**$ 30,275**	**$ 2,003**
Total Expenditures	**$ 8,825,491**	**$ 8,825,491**	**$ 8,613,180**	**$ 212,311**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 686,148**	**$ 686,148**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	$ -	$ -	$ 11,516	$ 11,516
Compensation for loss of general capital assets	-	-	4,691	4,691
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ 16,207**	**$ 16,207**
Change in Fund Balance	**$ -**	**$ -**	**$ 702,355**	**$ 702,355**
Fund Balance - January 1	**4,738,200**	**4,738,200**	**4,738,200**	**-**
Fund Balance - December 31	**$ 4,738,200**	**$ 4,738,200**	**$ 5,440,555**	**$ 702,355**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,193,598	$ 1,193,598	$ 1,213,342	$ 19,744
Licenses and permits	-	-	5,950	5,950
Intergovernmental	6,192,180	6,192,180	7,198,902	1,006,722
Charges for services	270,000	270,000	140,039	(129,961)
Miscellaneous	-	-	42,548	42,548
Total Revenues	**$ 7,655,778**	**$ 7,655,778**	**$ 8,600,781**	**$ 945,003**
Expenditures				
Current				
Highways and streets				
Administration	$ 420,291	$ 420,291	$ 400,247	$ 20,044
Engineering	245,209	245,209	344,174	(98,965)
Maintenance	1,254,246	1,254,246	1,391,262	(137,016)
Construction	4,888,000	4,888,000	5,230,317	(342,317)
Equipment maintenance and shop	853,032	853,032	825,871	27,161
Total highways and streets	**$ 7,660,778**	**$ 7,660,778**	**$ 8,191,871**	**$ (531,093)**
Excess of Revenues Over (Under) Expenditures	**$ (5,000)**	**$ (5,000)**	**$ 408,910**	**$ 413,910**
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	$ -	$ -	$ 552	$ 552
Compensation for loss of general capital assets	-	-	42,557	42,557
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ 43,109**	**$ 43,109**
Change in Fund Balance	**$ (5,000)**	**$ (5,000)**	**$ 452,019**	**$ 457,019**
Fund Balance - January 1	**(494,640)**	**(494,640)**	**(494,640)**	**-**
Increase (decrease) in reserved for inventories	**-**	**-**	**(33,296)**	**(33,296)**
Fund Balance - December 31	**$ (499,640)**	**$ (499,640)**	**$ (75,917)**	**$ 423,723**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 3

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,220,362	$ 1,220,362	$ 1,226,869	$ 6,507
Intergovernmental	1,699,336	1,699,336	2,396,529	697,193
Charges for services	-	-	497,398	497,398
Investment earnings	-	-	36,206	36,206
Miscellaneous	169,924	169,924	311,346	141,422
Total Revenues	**$ 3,089,622**	**$ 3,089,622**	**$ 4,468,348**	**$ 1,378,726**
Expenditures				
Current				
Human services				
Income maintenance	$ 855,086	$ 855,086	$ 946,720	$ (91,634)
Social services	2,528,746	2,528,746	2,570,151	(41,405)
Other	-	-	60,758	(60,758)
Total Expenditures	**$ 3,383,832**	**$ 3,383,832**	**$ 3,577,629**	**$ (193,797)**
Excess of Revenues Over (Under) Expenditures	**$ (294,210)**	**$ (294,210)**	**$ 890,719**	**$ 1,184,929**
Fund Balance - January 1	**3,711,961**	**3,711,961**	**3,711,961**	**-**
Prior period adjustment	**-**	**-**	**(360,141)**	**(360,141)**
Fund Balance - December 31	**$ 3,417,751**	**$ 3,417,751**	**$ 4,242,539**	**$ 824,788**

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

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DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

1. Budgetary Information

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

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the County 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 heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (that is, the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no supplemental budgetary appropriations.

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

2. Excess of Expenditures Over Budget

The following is a summary of the major funds that had expenditures in excess of budget for the year ended December 31, 2007.

	Expenditures	Final Budget	Excess
Special Revenue			
Road and Bridge Fund	$ 8,191,871	$ 7,660,778	$ 531,093
Human Services Fund	3,577,629	3,383,832	193,797

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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, 2007

	Special Revenue Funds	
	Ditch	Solid Waste
Assets		
Cash and pooled investments	$ 71,483	$ 503,513
Petty cash and change funds	-	150
Investments	-	-
Taxes receivable		
Prior	-	2,044
Special assessments receivable		
Prior	87	5,708
Accounts receivable	-	95,082
Due from other governments	3,397	2,224
Total Assets	**$ 74,967**	**$ 608,721**
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 12,393	$ 6,906
Salaries payable	-	7,863
Due to other funds	-	556
Due to other governments	3,406	33,618
Deferred revenue - unavailable	87	6,869
Advances from other funds	-	45,000
Total Liabilities	**$ 15,886**	**$ 100,812**
Fund Balances		
Reserved for natural resource block grant	$ -	$ 128,016
Reserved for debt service	-	-
Designated for		
Future expenditures	-	298,153
Compensated absences	-	53,408
Undesignated	59,081	28,332
Total Fund Balances	**$ 59,081**	**$ 507,909**
Total Liabilities and Fund Balances	**$ 74,967**	**$ 608,721**

Statement 1

Building		Debt Service Funds: Dodge County Corporation		Debt Service Funds: Courthouse Improvements		Total Nonmajor Governmental Funds (Exhibit 3)	
$	406,819	$	-	$	9,233	$	991,048
	-		-		-		150
	-		97,557		-		97,557
	6,067		-		1,455		9,566
	-		-		-		5,795
	-		-		-		95,082
	-		-		-		5,621
$	**412,886**	**$**	**97,557**	**$**	**10,688**	**$**	**1,204,819**
$	-	$	-	$	-	$	19,299
	-		-		-		7,863
	-		-		-		556
	-		-		-		37,024
	3,812		-		880		11,648
	-		-		-		45,000
$	**3,812**	**$**	**-**	**$**	**880**	**$**	**121,390**
$	-	$	-	$	-	$	128,016
	409,074		97,557		9,808		516,439
	-		-		-		298,153
	-		-		-		53,408
	-		-		-		87,413
$	**409,074**	**$**	**97,557**	**$**	**9,808**	**$**	**1,083,429**
$	**412,886**	**$**	**97,557**	**$**	**10,688**	**$**	**1,204,819**

DODGE COUNTY
MANTORVILLE, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds	
	Ditch	**Solid Waste**
Revenues		
Taxes	$ -	$ 82,303
Special assessments	1,123	127,800
Licenses and permits	-	131,222
Intergovernmental	-	126,822
Charges for services	-	938,058
Investment earnings	-	20,835
Miscellaneous	5,000	5,278
Total Revenues	**$ 6,123**	**$ 1,432,318**
Expenditures		
Current		
Sanitation	$ -	$ 1,224,147
Conservation of natural resources	14,860	1,038
Debt service		
Principal	-	30,000
Interest	-	13,768
Administrative - fiscal charges	-	-
Total Expenditures	**$ 14,860**	**$ 1,268,953**
Excess of Revenues Over (Under) Expenditures	**$ (8,737)**	**$ 163,365**
Other Financing Sources (Uses)		
Transfers in	$ -	$ -
Transfers out	-	-
Total Other Financing Sources (Uses)	**$ -**	**$ -**
Net Change in Fund Balance	**$ (8,737)**	**$ 163,365**
Fund Balance - January 1	**67,818**	**344,544**
Fund Balance - December 31	**$ 59,081**	**$ 507,909**

Statement 2

	Debt Service Funds		Total Nonmajor
	Dodge County	Courthouse	Governmental Funds
Building	**Corporation**	**Improvements**	**(Exhibit 5)**
$ 200,260	$ -	$ 51,273	$ 333,836
-	-	-	128,923
-	-	-	131,222
45,242	-	11,589	183,653
-	-	-	938,058
-	4,345	-	25,180
-	-	-	10,278
$ 245,502	**$ 4,345**	**$ 62,862**	**$ 1,751,150**
$ -	$ -	$ -	$ 1,224,147
-	-	-	15,898
		-	
14,221	210,000	55,000	309,221
618	17,838	6,800	39,024
1,500	-	-	1,500
$ 16,339	**$ 227,838**	**$ 61,800**	**$ 1,589,790**
$ 229,163	**$ (223,493)**	**$ 1,062**	**$ 161,360**
$ -	$ 223,569	$ -	$ 223,569
(223,569)	-	-	(223,569)
$ (223,569)	**$ 223,569**	**$ -**	**$ -**
$ 5,594	**$ 76**	**$ 1,062**	**$ 161,360**
403,480	**97,481**	**8,746**	**922,069**
$ 409,074	**$ 97,557**	**$ 9,808**	**$ 1,083,429**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 4

BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 11,000	$ 11,000	$ 1,123	$ (9,877)
Miscellaneous	-	-	5,000	5,000
Total Revenues	**$ 11,000**	**$ 11,000**	**$ 6,123**	**$ (4,877)**
Expenditures				
Current				
Conservation of natural resources				
Other	11,000	11,000	14,860	(3,860)
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ (8,737)**	**$ (8,737)**
Fund Balance - January 1	**67,818**	**67,818**	**67,818**	**-**
Fund Balance - December 31	**$ 67,818**	**$ 67,818**	**$ 59,081**	**$ (8,737)**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 5

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 79,917	$ 79,917	$ 82,303	$ 2,386
Special assessments	130,020	130,020	127,800	(2,220)
Licenses and permits	127,080	127,080	131,222	4,142
Intergovernmental	122,253	122,253	126,822	4,569
Charges for services	988,137	988,137	938,058	(50,079)
Investment earnings	19,676	19,676	20,835	1,159
Miscellaneous	2,000	2,000	5,278	3,278
Total Revenues	**$ 1,469,083**	**$ 1,469,083**	**$ 1,432,318**	**$ (36,765)**
Expenditures				
Current				
Sanitation				
Solid waste	$ 981,650	$ 981,650	$ 822,754	$ 158,896
Recycling	301,156	301,156	291,561	9,595
Hazardous waste	20,284	20,284	19,489	795
Wastewater treatment	98,975	98,975	90,343	8,632
Total sanitation	**$ 1,402,065**	**$ 1,402,065**	**$ 1,224,147**	**$ 177,918**
Conservation of natural resources				
Water planning	-	-	1,038	(1,038)
Debt service				
Principal	60,000	60,000	30,000	30,000
Interest	13,767	13,767	13,768	(1)
Total Expenditures	**$ 1,475,832**	**$ 1,475,832**	**$ 1,268,953**	**$ 206,879**
Excess of Revenues Over (Under) Expenditures	**$ (6,749)**	**$ (6,749)**	**$ 163,365**	**$ 170,114**
Fund Balance - January 1	**344,544**	**344,544**	**344,544**	**-**
Fund Balance - December 31	**$ 337,795**	**$ 337,795**	**$ 507,909**	**$ 170,114**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 6

BUDGETARY COMPARISON SCHEDULE
BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 199,245	$ 199,245	$ 200,260	$ 1,015
Intergovernmental	44,934	44,934	45,242	308
Total Revenues	**$ 244,179**	**$ 244,179**	**$ 245,502**	**$ 1,323**
Expenditures				
Debt service				
Principal	$ 224,221	$ 224,221	$ 14,221	$ 210,000
Interest	18,458	18,458	618	17,840
Administrative - fiscal charges	1,500	1,500	1,500	-
Total Expenditures	**$ 244,179**	**$ 244,179**	**$ 16,339**	**$ 227,840**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 229,163**	**$ 229,163**
Other Financing Sources (Uses)				
Transfers out	-	-	(223,569)	(223,569)
Change in Fund Balance	**$ -**	**$ -**	**$ 5,594**	**$ 5,594**
Fund Balance - January 1	**403,480**	**403,480**	**403,480**	**-**
Fund Balance - December 31	**$ 403,480**	**$ 403,480**	**$ 409,074**	**$ 5,594**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 7

BUDGETARY COMPARISON SCHEDULE
COURTHOUSE IMPROVEMENTS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 51,040	$ 51,040	$ 51,273	$ 233
Intergovernmental	11,510	11,510	11,589	79
Total Revenues	**$ 62,550**	**$ 62,550**	**$ 62,862**	**$ 312**
Expenditures				
Debt service				
Principal	$ 55,000	$ 55,000	$ 55,000	$ -
Interest	6,800	6,800	6,800	-
Administrative - fiscal charges	750	750	-	750
Total Expenditures	**$ 62,550**	**$ 62,550**	**$ 61,800**	**$ 750**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 1,062**	**$ 1,062**
Fund Balance - January 1	**8,746**	**8,746**	**8,746**	**-**
Fund Balance - December 31	**$ 8,746**	**$ 8,746**	**$ 9,808**	**$ 1,062**

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FIDUCIARY FUNDS

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AGENCY FUNDS

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

The Settlement Fund accounts for the collection and distribution of all property taxes to County funds and local 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, 2007

	Balance January 1	Additions	Deductions	Balance December 31
EDA/HRA				
Assets				
Cash and pooled investments	**$ 25,096**	**$ 8,144**	**$ 8,866**	**$ 24,374**
Liabilities				
Accounts payable	**$ 25,096**	**$ 8,144**	**$ 8,866**	**$ 24,374**
SETTLEMENT				
Assets				
Cash and pooled investments	**$ 61,345**	**$ 19,077,148**	**$ 19,064,259**	**$ 74,234**
Liabilities				
Accounts payable	$ 4,714	$ 6,148	$ 4,714	$ 6,148
Due to other funds	-	7,870,364	7,870,364	-
Due to other governments	56,631	11,200,636	11,189,181	68,086
Total Liabilities	**$ 61,345**	**$ 19,077,148**	**$ 19,064,259**	**$ 74,234**
REVOLVING				
Assets				
Cash and pooled investments	**$ 83,657**	**$ 2,502,843**	**$ 2,502,985**	**$ 83,515**
Liabilities				
Due to other governments	**$ 83,657**	**$ 2,502,843**	**$ 2,502,985**	**$ 83,515**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Statement 3
(Continued)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1	Additions	Deductions	Balance December 31
AGENCY CLUSTER				
Assets				
Cash and pooled investments	**$ 562**	**$ -**	**$ -**	**$ 562**
Liabilities				
Due to other governments	**$ 562**	**$ -**	**$ -**	**$ 562**
FAMILY SERVICES COLLABORATIVE				
Assets				
Cash and pooled investments	**$ 405,271**	**$ 78,097**	**$ 221,775**	**$ 261,593**
Liabilities				
Due to other governments	**$ 405,271**	**$ 78,097**	**$ 221,775**	**$ 261,593**
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	**$ 575,931**	**$ 21,666,232**	**$ 21,797,885**	**$ 444,278**
Liabilities				
Accounts payable	$ 29,810	$ 14,292	$ 13,580	$ 30,522
Due to other funds	-	7,870,364	7,870,364	-
Due to other governments	546,121	13,781,576	13,913,941	413,756
Total Liabilities	**$ 575,931**	**$ 21,666,232**	**$ 21,797,885**	**$ 444,278**

COMPONENT UNIT

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Statement 4

STATEMENT OF NET ASSETS
FOUR SEASONS ICE ARENA COMPONENT UNIT
DECEMBER 31, 2007

Assets		
Cash and pooled investments	$	82,346
Accounts receivable		17,484
Due from other governments		31,997
Due from primary government		62,574
Capital assets		
Depreciable - net		731,507
Total Assets	**$**	**925,908**
Liabilities		
Accounts payable	$	7,931
Salaries payable		2,677
Due to other governments		2,057
Long-term liabilities		
Due after one year		181,736
Total Liabilities	**$**	**194,401**
Net Assets		
Invested in capital assets, net of related debt	**$**	**731,507**

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, 2007

Operating Revenues		
Charges for services	$	200,831
Resale		5,443
Miscellaneous operating		8,035
Total Operating Revenues	**$**	**214,309**
Operating Expenses		
Personal services	$	140,099
Professional services		4,131
Other service and charges		32,884
Supplies		1,297
Utilities		42,526
Depreciation		34,990
Total Operating Expenses	**$**	**255,927**
Operating Income (Loss)	**$**	**(41,618)**
Nonoperating Revenues (Expenses)		
Interest expense	$	(495)
Local grants		50,056
Total Nonoperating Revenues (Expenses)	**$**	**49,561**
Change in Net Assets	**$**	**7,943**
Net Assets - January 1		**723,564**
Net Assets - December 31	**$**	**731,507**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Statement 6

STATEMENT OF CASH FLOWS
FOUR SEASONS ICE ARENA COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2007
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities		
Receipts from customers and users	$	216,861
Payments to suppliers		(78,221)
Payments to employees		(139,864)
Net cash provided by (used in) operating activities	**$**	**(1,224)**
Cash Flows from Noncapital Financing Activities		
Operating subsidies from other governments	**$**	**37,547**
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	$	(42,933)
Interest paid on long-term debt		(1,211)
Net cash provided by (used in) capital and related financing activities	**$**	**(44,144)**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**(7,821)**
Cash and Cash Equivalents at January 1		**90,167**
Cash and Cash Equivalents at December 31	**$**	**82,346**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**(41,618)**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	34,990
(Increase) decrease in accounts receivable		2,682
(Increase) decrease in due from other governments		(130)
Increase (decrease) in accounts payable		1,793
Increase (decrease) in salaries payable		289
Increase (decrease) in compensated absences payable		(54)
Increase (decrease) in due to other governments		824
Total adjustments	**$**	**40,394**
Net Cash Provided by (Used in) Operating Activities	**$**	**(1,224)**

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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, 2007

	Governmental Funds	Component Units
Shared Revenue		
State		
Highway users tax	$ 6,891,785	$ -
PERA rate reimbursement	30,670	-
Disparity reduction aid	137,167	-
Police aid	118,995	-
County program aid	824,836	-
Market value credit	775,379	-
Taconite credit	-	-
Enhanced 911	92,944	-
Total Shared Revenue	**$ 8,871,776**	**$ -**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$ 978,370**	**$ -**
Payments		
Local		
Other contributions	$ 721	$ -
Household hazardous waste	2,117	-
Local contributions	11,619	-
Local grants	-	50,056
Payments in lieu of taxes	6,710	-
Total Payments	**$ 21,167**	**$ 50,056**
Grants		
State		
Minnesota Department/Board of		
Public Safety	$ 635	$ -
Corrections	2,603	-
Health	116,429	-
Natural Resources	29,381	-
Human Services	830,228	-
Water and Soil Resources	83,880	-
Pollution Control Agency	52,039	-
Peace Officer Standards and Training Board	10,451	-
Total State	**$ 1,125,646**	**$ -**

DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 8
(Continued)

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Funds	Component Units
Grants (Continued)		
Federal		
Department of		
Agriculture	$ 67,189	$ -
Justice	1,323	-
Transportation	2,571	-
Health and Human Services	424,414	-
Homeland Security	46,450	-
Environmental Protection Agency	3,062	-
Total Federal	**$ 545,009**	**$ -**
Total State and Federal Grants	**$ 1,670,655**	**$ -**
Total Intergovernmental Revenue	**$ 11,541,968**	**$ 50,056**

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

I. SUMMARY OF AUDITOR'S RESULTS

A. Our report expresses unqualified opinions on the basic financial statements of Dodge County.

B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Dodge County and are 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*." One of the significant deficiencies is a material weakness.

C. No instances of noncompliance material to the financial statements of Dodge County were disclosed during the audit.

D. A significant deficiency relating to the audit of the major federal award programs is 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." It was not a material weakness.

E. The Auditor's Report on Compliance for the major federal award programs for Dodge County expresses an unqualified opinion.

F. A finding relative to a major federal award program for Dodge County was reported as required by Section 510(a) of OMB Circular A-133.

G. The major programs are:

Cluster Program	
Child Care Development Block Grant	CFDA #93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	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 ITEMS NOT RESOLVED

06-1 Financial Statement Preparation

Dodge County is required to have knowledgeable financial management staff and clearly documented procedures for executing accounting and financial reporting activities. The preparation of the financial statements is the responsibility of the County's management. Financial statement preparation in accordance with generally accepted accounting principles requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

The County had the Office of the State Auditor assist in the preparation of the draft financial statements and notes without the controls of clearly documented procedures for executing accounting and financial reporting activities. Significant changes within County financial management staff limited its ability to conduct the annual financial statement preparation process and contributed to lax procedures and controls for preparing and safeguarding financial data. Uniform policies and procedures for the financial statement preparation process are critical for ensuring that accounting personnel can produce complete, accurate, and consistent financial statements in a timely manner. In order for the Office of the State Auditor to assist in the preparation of the draft financial statements and notes, and maintain its independence, Dodge County must take responsibility for the statements and notes.

We recommend Dodge County make sure it has at least one employee that possesses the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes drafted by the auditor. Also the County should have clearly documented procedures for executing accounting and financial reporting activities.

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

The County will develop a policy for Financial Statement Preparation. The County has staff in place with adequate accounting knowledge to prepare the draft financial statements and notes. The County will provide adequate oversight to reduce the possibility of material misstatement. The County will continue to have the State Auditor's Office prepare the government-wide statements.

06-2 <u>Audit Adjustments</u>

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect misstatements of the financial statements on a timely basis. Statement on Auditing Standards No. 112 states that one control deficiency that shall be regarded as at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

- Adjustments were made to the General Fund for the following:
  - reclassify expenditures,
  - reclassify fund balance reserves and designations, and
  - adjust loan receivable.

- Adjustments were made to the Road and Bridge Special Revenue Fund for the following:
  - record town road revenue and related expenditure,
  - adjust inventory balance,
  - reclassify fund balance reserves and designations,
  - reclassify various revenues and expenditures,
  - record additional receivable, and
  - record additional payable.

- Adjustments were made to the Social Services Special Revenue Fund for the following:

  - reclassify intergovernmental revenues between state, federal, and reimbursement for services;
  - reclassify various revenues and expenditures;
  - reclassify fund balance reserves and designations;
  - reverse incorrect entry; and
  - adjust deferred revenue.

- Adjustments were made to the Solid Waste Special Revenue Fund for the following:

  - reclassify fund balance reserves and designations.

- Adjustments were made to the Building Special Revenue Fund for the following:

  - reclassify fund balance reserves.

- Adjustments were made to the Cemetery Private-Purpose Trust Fund for the following:

  - adjust investments and
  - reclassify net assets.

Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

We recommend the County establish internal procedures to ensure the financial statements are accurate.

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

Financial statements will be reviewed for accuracy by the finance director prior to submission to the auditor's office.

06-3 Controls Over Disbursements and Receipts

During our review of the receipting and disbursing process, we noted the following items of concern over internal controls:

- The County does not have adequate segregation of duties over the disbursing and receipting processes. No independent verification of the disbursements is being performed during the processing or printing of the warrants. Some employees have the ability to add a new vendor, enter disbursements, enter receipts, and print and mail warrants. These employees also perform the bank reconciliations.

- Batch totals are not always being used for input totals, processing totals, or output totals during the disbursements process. Batch totals should be used to detect errors during processing.

- Manual warrants are not being approved by department heads.

- The check stock cabinet is not kept locked at all times.

- The beginning warrant number for a check run is not always being verified to the computer generated manual warrant register. An Excel spreadsheet is what is used to keep track of the warrant numbers issued. If someone runs checks and forgets to enter the warrants into this spreadsheet, duplicate warrant numbers may end up being used.

- The Verified Form that is attached to the invoices and supporting documentation is being canceled by writing the warrant number on this Form, but the actual invoices are not being canceled to prevent duplicate payments.

- When the information is being interfaced from the Highway Cost Accounting System to the Integrated Financial System (IFS), report codes are not properly being carried over. During the testing of payables, it was noted the Highway Department had classified a contracts payable in the Highway Annual Report, but in the IFS Disbursements Ledger, it was not classified as a payable.

In order for the County to provide adequate internal controls, we recommend that the following duties should be segregated, if possible:

- Bank reconciliations should be prepared by someone who is independent of the cash disbursement and cash receipting function. If this is not possible, someone independent of these functions should review the bank reconciliations.

- Individuals who collect and receipt cash should not also:

  - post cash receipts to the general ledger system,
  - process cash disbursements,
  - maintain the general ledger,
  - make bank deposits,
  - make wire transfers,
  - make general journal entries, and
  - prepare billings.

- Individuals who process vouchers for payments should not also:

  - print or sign checks,
  - make journal entries, and
  - add new vendors.

If it is not possible to segregate these duties, Dodge County management should be aware of the lack of segregation of the accounting function and implement oversight procedures to ensure that the internal control policies and procedures are being followed by staff. One oversight procedure which could be implemented is to distribute detailed monthly revenue and expenditure reports to department heads and require them to affirm that they have reviewed the reports and concur with the revenues and expenditures reported. Dodge County is already distributing the reports, but they are not being affirmed. Another procedure would be to have someone independent of the cash receipting and disbursing set up new vendors. Dodge County could also grant temporary access to employees who are filling in for employees on leave.

We also recommend that the County use batch totals at all times, check the beginning warrant number to the warrant register, get approval for manual warrants, keep the check stock locked at all times, cancel all invoices and supporting documentation after payment has been made to prevent duplicate payment, and ensure that the interfacing from the Highway costing system is properly identifying payables at year-end.

Client's Response:

Segregation of duties has been addressed by restricting who has the ability to add new vendors. A new vendor list is also printed monthly and reviewed and approved by Shelley Koen (human services) and Lisa Kramer (finance). This report is kept on file in human services. Auditor warrant batches are reviewed by the finance director or taxpayer services director prior to mailing the disbursements, and the warrant register is initialed by the reviewer. Bank reconciliations are reviewed and approved by the finance director.

Batch totals are used for verifying the input, and processing totals for disbursement batches.

Manual warrant batches are reviewed and approved by the finance director.

The check stock cabinet is kept locked at all times.

The beginning warrant number is verified by checking the excel spreadsheet and verifying that beginning number with the warrant register on file.

The actual invoice(s) is canceled with a 'paid' stamp as the warrants are sent out for payment.

Payable batches from the Highway Cost Accounting System are rechecked once they have processed to the IFS System and any missing report codes are restored.

Monthly account activity reports are given to department heads for approval and verification of revenue and disbursement transactions. An attached coversheet is returned to finance indicating that the report is accurate or detailing the necessary adjustments. The approval sheets are kept in the finance office for two years.

06-4 Investment Oversight

In Dodge County, the Finance Director and Accounting Services Director are doing the exchanging, renewing, or purchasing of investments as well as having access to these investments. We noted there is no review of the investment transactions by anyone other than those making the investments.

We recommend someone other than those persons making the investment purchases, exchanges, and renewals, review the investments. The investments should be reviewed for both appropriateness and legality. Local certificates of deposit should also be stored in a place not accessible to those renewing, exchanging, or purchasing them.

Client's Response:

Investments will be presented to the board quarterly for review. Local CDs are kept in a safe deposit box at Citizen's State Bank. Neither employee who can make investments has direct access to this safety deposit box. It is controlled by another department. No one in that department has authority to exchange, purchase, or renew a CD.

ITEMS ARISING THIS YEAR

07-1 Payroll Encryption

As part of the payroll process, the payroll disk is being brought to Citizens State Bank without having the floppy disk encrypted. The disk contains private data information taken off the payroll system which needs to be communicated to the bank for the direct deposit for the County employees.

We recommend the County have all private data information encrypted or password protected in case of loss or theft. Or, the County could use a bank that has a secure website for communication of private data information.

Client's Response:

Payroll direct deposit information is now sent to Citizens State Bank by an encrypted email. The necessary passwords are generated by the Finance staff and are changed every two months.

07-2 Prior Period Adjustment

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in the financial statements on a timely basis. One indication of a control deficiency that typically is considered significant is restatement of previously issued financial statements to reflect the corrections of a misstatement. The January 1, 2007, fund balance of the Human Services Special Revenue Fund was restated to recognize deferred revenue not previously reported.

We recommend the County review its procedures for preparing financial statements to ensure an accurate presentation.

Client's Response:

Staff has been educated on how to properly recognize deferred revenue in their financial statements.

07-3 Cash and Investment Balances

While reviewing the cash and investments for Dodge County at year-end, we found the actual cash and investments held for the County were not being balanced with the County's Cash Book. We also noted the general ledger system did not balance with the County Cash Book.

Cash and investments should be balanced between the IFS, the County's Cash Book and the cash and investments held by banks and brokers for the County on a monthly basis.

Client's Response:

The Cash Book, the IFS System and the cash and investments held by Banks and Brokers for the County is balanced on a monthly basis.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

COMPLIANCE

ITEM ARISING THIS YEAR

07-4 Child Care Development Block Grant (CFDA #93.575/93.596)

Questioned Cost: $18,303

While reviewing Child Care files, we found 3 of the 40 files tested did not have the proper redetermination that is required every six months. We also found two vouchers paid did not have the correct co-payment amount for the client. We noted one claim paid did not match the contract amount as found in the Child Care file. Because of these noncompliance issues, we have a projected cost of noncompliance of $18,303 for the Child Care Program.

The Social Services Department in Dodge County should follow and maintain the participant files with the required information in order to comply with program requirements. The financial workers should review all vouchers to make sure the correct rates were charged by each vendor and the participant pays the proper copayment.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Jane M. Wilcox Hardwick, Director

Corrective Action Planned and Anticipated Completion Date:

Redeterminations are required to be done every 6 months. The audit found 3 cases out of 40 did not have the proper redetermination done.

Action Steps:	*Completion Date:*
1. Cases have been reassigned to a new worker. Patricia Kuehl is maintaining cases with cash assistance. All others are assigned to Jodi Rau. Jodi has previous experience with the CCAP program.	*October 31, 2008*
2. While going through the audit process, it was discovered that the paper work for the 6 month reviews due for November 2008 had not been sent out. The forms were sent on October 27, 2008, and the reviews are being processed a month late, effective for December 2008.	*November 30, 2008*
3. All cases have been converted to MEC^2 as of October 31, 2008, so future reviews will be staggered and tracked by the system. Cases will close if review is not completed.	*October 31, 2008*
4. Supervisor will monitor MEC^2 system alerts to assure reviews are being processed timely and accurately.	*Started October 2008 and ongoing*

INTERNAL CONTROL

ITEM ARISING THIS YEAR

07-5 Child Care Development Block Grant (CFDA #93.575/93.596) Internal Controls

The County was unable to show documentation of monitoring activities for Child Care case files which resulted in redeterminations of case files not being performed in a timely manner. We also noted a lack of control over review of Child Care claims. Claim information did not match supporting documentation contained in the case files.

We recommend the County set up controls for monitoring case files to make sure redeterminations are being done in accordance with Child Care requirements. We also recommend amounts on Child Care claims correspond to documentation contained in the case files.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Jane M. Wilcox Hardwick, Director

Corrective Action Planned and Anticipated Completion Date:

Review of child care claims. The audit found 2 claims out of 40 tested did not have proper co-payment amount as determined from eligibility documents in the case file. One claim did not have the proper payment in accordance with the contract with the provider.

Action Steps:	*Completion Date:*
1. Case workers will use Target Review form DHS-5316 to do a self review on all cases. This review will look at co-payments.	*January 31, 2009*
2. Case workers will use Case Review - Part V form DHS-5312E to do self review on all cases. This review will look at Provider contracts.	*January 31, 2009*

Action Steps:	*Completion Date:*
3. Supervisor will do a thorough case review on randomly selected cases, using the above forms and DHS-5312D and DHS-5312F. These reviews will be done at the rate of one case review per worker per month.	*Starting January 2009 and ongoing*
4. Effective for payments made on or after November 1, 2008, the State's automated payment system for CCAP, MEC^2, will make payments and co-payment calculations based on data entered by the county into MEC^2. *The self review and supervisory review identified in Action Steps 1 to 3 will assure that this data is entered correctly into MEC^2.*	*Starting November 1, 2008, and ongoing*

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEMS RESOLVED

Compliance with Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 (06-5)

While reviewing the County's cash and investments, we noted the Finance Officer did not have documentation demonstrating that the County had a perfected security interest for pledged collateral in compliance with FIRREA, 12 U.S.C. § 1823(e).

Resolution

Collateral records have been obtained from the County's banking institutions.

Publication of Disbursements (06-6)

Dodge County uses a credit card to make certain purchases. When the credit card bill is paid, the County reports the credit card company as the vendor.

Resolution

The County now lists each vendor amount paid with the County credit cards rather than the cardholder.

Co-Signing of Loans (06-7)

Dodge County co-signed on two different loans for the Agricultural Society in 2005 and 2006, for $150,000 and $15,000, respectively. By co-signing these loans, the County is creating an obligation under Minn. Stat. § 475.51, subd. 3, that is not permissible.

Resolution

The County Board did not co-sign loans for the Dodge County Agricultural Society in 2007.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEMS RESOLVED

Investment Policy (06-8)

While reviewing the County's investment policy for compliance with Governmental Accounting Standards Board (GASB) Statement 40, we noticed the County has not developed language in its investment policy to address the risks listed in GASB Statement 40. In order to determine compliance with the level of risk, it is prudent for the County to establish the level of risk it will assume in the investment policy.

Resolution

The County has approved a new investment policy that addresses the risks listed in GASB Statement 40.

Budget Reconciliation (06-9)

During our review of County budgets, we noticed the Human Services expenditure budget was not entered into the IFS. The Board-approved budget was also not properly calculated or reconciled prior to approval. The County approved fund balance increase/use as part of revenues and expenditures.

Resolution

The Human Services expenditure budget was entered into the IFS, and the County approved fund balance increase/use separate from revenues and expenditures.

C. <u>OTHER ITEM FOR CONSIDERATION</u>

<u>Other Postemployment Benefits (OPEB)</u>

GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. This standard, similar to what GASB Statement 27 did for government employee pension benefits and plans, provides 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 statement, accounting for OPEB is now similar to the accounting used by governments for pension plans.

In 2008, the Legislature enacted a new law, Minn. Stat. § 471.6175, intended to help local governments address their OPEB liability in at least three important ways:

- it allows governments to create both irrevocable and revocable OPEB trusts;
- it authorizes the use of a different list of permissible investments for both irrevocable and revocable OPEB trusts; and
- it also permits governments to invest OPEB trust assets with the State Board of Investment, bank trust departments, and certain insurance companies.

Some of the issues that the Dodge 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 Dodge 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 Dodge County Board determines that the establishment of a trust is desirable in order to fund the OPEB, the Dodge 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 Dodge County Board will have to decide whether to hire an actuary.

GASB Statement 45 would be applicable to Dodge County for the year ended December 31, 2008.

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

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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 25, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Dodge County Nursing Home, presented as the enterprise fund and the business-type activities of the County, as described in our report on Dodge County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dodge County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 06-1 through 06-4 and 07-1 through 07-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 06-2 to be a material weakness.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

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

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

Dodge County's written responses to the significant deficiencies and material weakness identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Dodge County, 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/Rebecca Otto *

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

February 25, 2009

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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, 2007. 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, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-4.

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 internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in Dodge County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-5 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Dodge County's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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, 2007, and have issued our report thereon dated February 25, 2009. We did not audit the financial statements of the Dodge County Nursing Home, reported as the business-type activities and the enterprise fund of the County. Those financial statements were audited by other auditors. 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.

Dodge County's corrective action plans to the federal award findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's corrective action plans and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, 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/Rebecca Otto	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

February 25, 2009

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DODGE COUNTY
MANTORVILLE, MINNESOTA

Schedule 10

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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	$ 64,986
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	2,203
Total U.S. Department of Agriculture		**$ 67,189**
U.S. Department of Justice		
Direct		
Bullet Proof Vest Partnership Program	16.607	**$ 1,323**
U.S. Department of Transportation		
Passed Through Minnesota Department of Public Safety		
State and Community Highway Safety	20.600	$ 2,375
Minimum Penalties for Repeat Offenders	20.608	196
Total U.S. Department of Transportation		**$ 2,571**
U.S. Department of Environmental Protection		
Southeast Water Resource Board		
Nonpoint Source Implementation Grants	66.460	**$ 3,062**
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	$ 26,812
Temporary Assistance for Needy Families (TANF)	93.558	8,264
Maternal and Child Health Services Block Grant	93.994	18,610
Passed Through Minnesota Department of Human Services		
Temporary Assistance for Needy Families (TANF)	93.558	65,209
Block Grant - Child Care and Development	93.575	91,828
Block Grant - Child Care Mandatory and Matching Funds	93.596	116,279
Child Welfare Services	93.645	8,083
Social Services Block Grant Title XX	93.667	102,215
Chafee Foster Care Independence Program	93.674	1,425
Community Mental Health Services Block Grant	93.958	5,106
Total U.S. Department of Health and Human Services		**$ 443,831**

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

Schedule 10
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
President Declared Disaster Assistance	97.036	$	35,453
Emergency Management Performance Grant	97.042		10,997
Total U.S. Department of Homeland Security		**$**	**46,450**
Total Federal Awards		**$**	**564,426**

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

DODGE COUNTY
MANTORVILLE, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

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. Reconciliation to Schedule of Intergovermental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	$	545,009
Temporary Assistance for Needy Families (TANF) grant deferred in 2007 (CFDA #93.558)		19,417
Expenditures per Schedule of Expenditures of Federal Awards	$	564,426

4. During 2007, Dodge County did not pass any federal money to subrecipients.

5. Pass-through grant numbers were not assigned by the pass-through agencies.