

MARTIN COUNTY
FAIRMONT, MINNESOTA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2008

MARTIN COUNTY
FAIRMONT, MINNESOTA
TABLE OF CONTENTS
DECEMBER 31, 2008

INTRODUCTORY SECTION

ORGANIZATION	1
--------------	---

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	2
------------------------------	---

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	4
--------------------------------------	---

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

STATEMENT OF NET ASSETS	14
-------------------------	----

STATEMENT OF ACTIVITIES	16
-------------------------	----

FUND FINANCIAL STATEMENTS

BALANCE SHEET – GOVERNMENTAL FUNDS	17
------------------------------------	----

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS – GOVERNMENTAL ACTIVITIES	19
--	----

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	20
--	----

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	22
---	----

STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS	23
--	----

NOTES TO THE FINANCIAL STATEMENTS	24
-----------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	47
--	----

BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	49
---	----

BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES SPECIAL REVENUE FUND	50
--	----

BUDGETARY COMPARISON SCHEDULE – DITCH SPECIAL REVENUE FUND	51
--	----

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	52
---	----

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFIT PLAN	53
--	----

MARTIN COUNTY
FAIRMONT, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2008

FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET	54
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	56
BUDGETARY COMPARISON SCHEDULE – LIBRARY NONMAJOR SPECIAL REVENUE FUND	58
BUDGETARY COMPARISON SCHEDULE – PARKS NONMAJOR SPECIAL REVENUE FUND	59
BUDGETARY COMPARISON SCHEDULE – SOLID WASTE NONMAJOR SPECIAL REVENUE FUND	60
BUDGETARY COMPARISON SCHEDULE – AREA DEVELOPMENT SPECIAL REVENUE FUND	61
BUDGETARY COMPARISON SCHEDULE – ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND	62
BUDGETARY COMPARISON SCHEDULE – BUILDING SPECIAL REVENUE FUND	63
BUDGETARY COMPARISON SCHEDULE – NONMAJOR DEBT SERVICE FUND	64
BUDGETARY COMPARISON SCHEDULE – NONMAJOR DEBT SERVICE – PRAIRIELAND FUND	65
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS	66

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF INTERGOVERNMENTAL REVENUE	68
COUNTY DITCH SPECIAL REVENUE FUND – BALANCE SHEET BY DITCH	69

INTRODUCTORY SECTION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
ORGANIZATION
DECEMBER 31, 2008**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
1st District	Jerry Boler	January 2009
2nd District	Steven Pierce *	January 2011
3rd District	Steven Donnelly	January 2009
4th District	Dan Schmidtke	January 2011
5th District	Jack Potter	January 2009
Officers		
Elected		
Attorney	Terry Viesselman	January 2011
Auditor/Treasurer	Jim Forshee	January 2011
Judge	Robert Walker	January 2009
County Recorder	Kay Wrucke	January 2011
Registrar of Titles	Kay Wrucke	January 2011
Sheriff	Brad Gerhardt	January 2011
Surveyor	John Madsen	January 2011
Appointed		
Assessor	Dan Whitman	December 2012
Highway Engineer	Kevin Peyman	May 2010
Medical Examiner	Dr. Dennis Gremel	Indefinite
Veterans Service Officer	Douglas Landsteiner	Indefinite
Librarian	Jennifer Jepsen	Indefinite
County Coordinator	Scott Higgins	Indefinite

* Chair

This Page Has Been Left Blank Intentionally.

FINANCIAL SECTION

The following table shows the financial results of the company for the year ended 31st March 2017. The figures are in thousands of dollars.

Particulars	2016-17	2015-16
Revenue	1,20,00,000	1,10,00,000
Cost of Sales	(80,00,000)	(75,00,000)
Gross Profit	40,00,000	35,00,000
Operating Expenses	(15,00,000)	(12,00,000)
Operating Profit	25,00,000	23,00,000
Finance Income	2,00,000	1,00,000
Finance Expenses	(1,00,000)	(1,00,000)
Profit Before Tax	26,00,000	23,00,000
Income Tax	(6,00,000)	(5,00,000)
Profit After Tax	20,00,000	18,00,000

The above table shows that the company has achieved a significant increase in its revenue and gross profit over the last two years. This is primarily due to the increase in sales volume and the improvement in the gross margin. The operating expenses have also increased, but the overall operating profit has grown. The company has also managed to reduce its finance expenses, which has contributed to the increase in its profit before tax. The income tax has also increased, but the profit after tax has still grown, indicating that the company is profitable and has a strong financial position.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Martin County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County, Minnesota, as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.D.8., Martin County has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.




The Management's Discussion and Analysis, budgetary comparison schedules, and Schedule of Funding Progress – Other Postemployment Benefits are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2009, on our consideration of Martin 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.



REBECCA OTTO
STATE AUDITOR

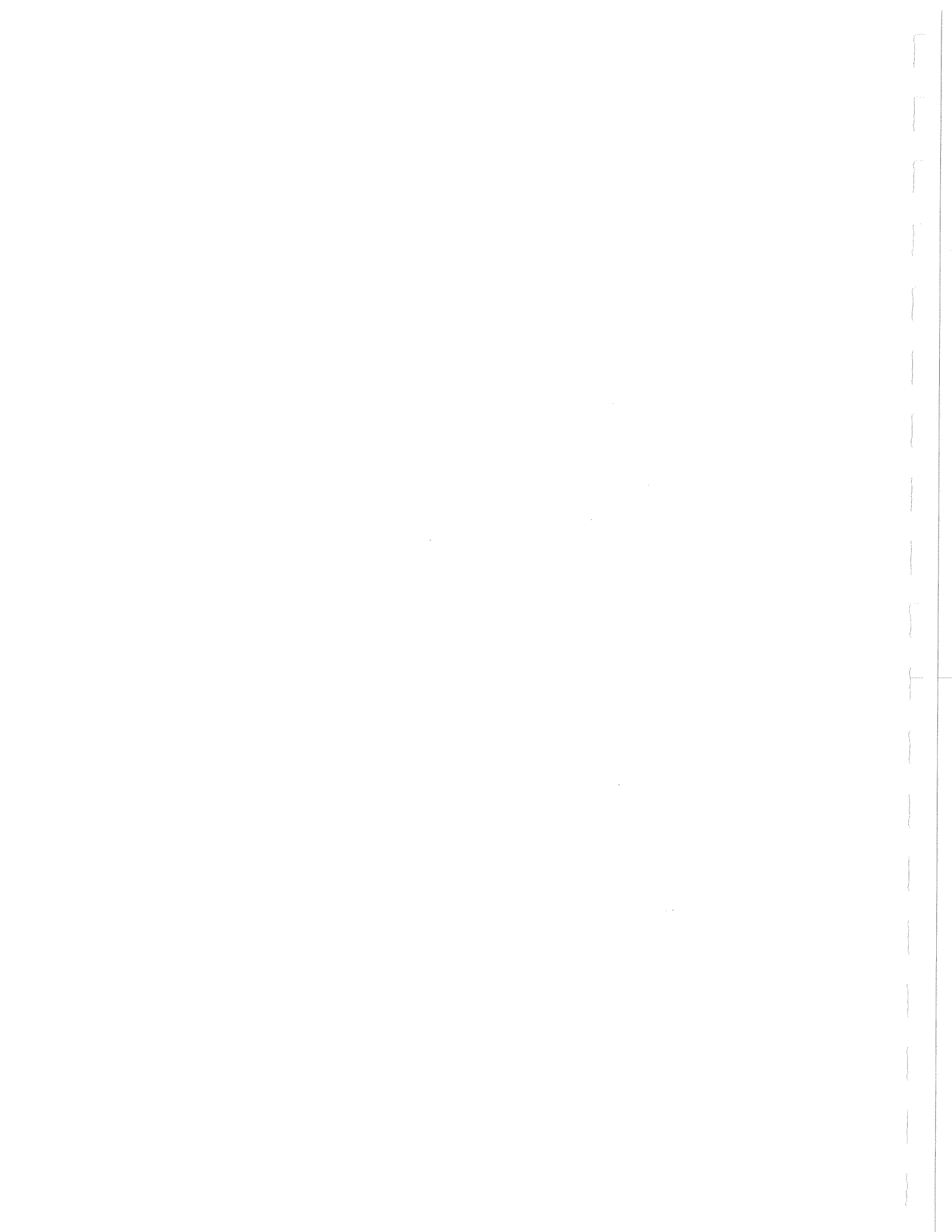


GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

October 23, 2009

This Page Has Been Left Blank Intentionally.

REQUIRED SUPPLEMENTARY INFORMATION



**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

Martin County's (the County) Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the year ended December 31, 2008. 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 (beginning on page 14). Certain comparative information between the current year, 2008, and the prior year, 2007, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2008 include the following:

- Governmental activities' total net assets are \$66,526,600, of which \$48,146,967 is invested in capital assets, net of related debt, and \$4,776,248 is restricted for specific purposes.
- Martin County's net assets increased by \$3,582,425 for the year ended December 31, 2008.
- The net cost of governmental activities was \$8,165,993 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$11,748,418.
- Governmental funds' fund balances increased by \$1,712,274.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Martin 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) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two government-wide statements. The Statement of Net Assets and the Statement of Activities (pages 14-16) 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 start on page 17. 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 operation 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 the government.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Our analysis of the County as a whole begins on page 14. 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 to 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 financial statements report the County's net assets and changes in them. You can think of the County's net assets—the difference between the 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 non-financial factors, however, such as changes in the County's property tax base and the condition of the County roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities:

Governmental Activities—The County's basic services are reported here, including general government, highways and streets, human services, public safety, economic development, environmental services, culture and recreation, conservation of natural resources, and interest. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

Our analysis of the County's major funds begins on page 17. The fund financial statements provide 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 fiduciary--use different accounting methods.

- **Governmental Funds**—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 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 difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation in a statement following each governmental fund financial statement.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- **Fiduciary Funds**—The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in a separate Combining Statement of Changes in Assets and Liabilities (pages 66-67). We excluded 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.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

The County's net assets were \$66,526,600 on December 31, 2008 (see Table A-1).

Table A-1
The County's Net Assets

	Governmental Activities		% Change
	2008	2007	
Current and Other Assets	\$ 21,132,696	\$ 17,509,709	20.7 %
Capital and Noncurrent Assets	51,309,490	51,115,328	0.4
Total Assets	72,442,186	68,625,037	5.6
Current Liabilities	2,155,253	1,590,382	35.5
Long-Term Liabilities	3,760,333	4,090,480	(8.1)
Total Liabilities	5,915,586	5,680,862	4.1
Net Assets			
Invested in Capital Assets, Net of Related Debt	48,146,967	47,591,300	1.2
Restricted	4,776,248	3,050,588	56.6
Unrestricted	13,603,385	12,302,287	10.6
Total Net Assets	\$ 66,526,600	\$ 62,944,175	5.7

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets

The County-wide total revenues were \$21,722,691 for the year ended December 31, 2008. Property taxes and intergovernmental revenues accounted for 76 percent of total revenues for the year (see Table A-2).

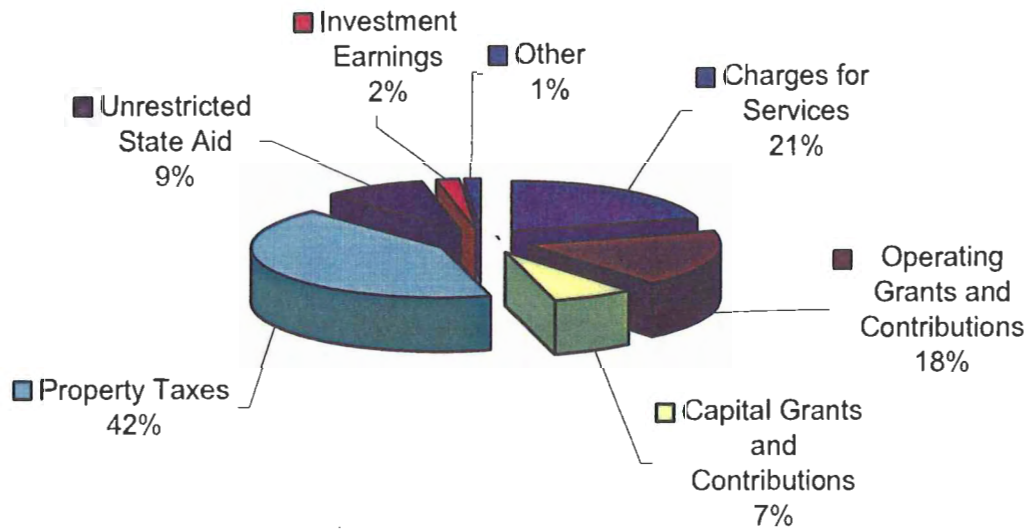
Table A-2
Change in Net Assets

	Governmental Activities		Total % Change
	2008	2007	
REVENUES			
<u>Program Revenues</u>			
Fees, Charges, Fines, and Other	\$ 4,554,009	\$ 5,002,519	(9.0)%
Operating Grants and Contributions	3,910,860	4,830,434	(19.0)
Capital Grants and Contributions	1,509,404	126,781	1090.6
<u>General Revenues</u>			
Property Taxes	9,143,934	8,255,550	10.8
Unrestricted State Aid	1,851,951	2,344,991	(21.0)
Investment Earnings	452,087	559,124	(19.1)
Other	300,446	245,351	22.5
Total Revenues	21,722,691	21,364,750	1.7
EXPENSES			
General Government	5,129,251	4,819,162	6.4
Public Safety	3,625,532	3,612,004	0.4
Highways and Streets	5,043,749	5,193,996	(2.9)
Environmental Services	787,020	749,048	5.1
Culture and Recreation	779,393	761,997	2.3
Conservation of Natural Resources	686,035	370,714	85.1
Economic Development	30,009	23,476	27.8
Human Services	1,902,624	2,072,701	(8.2)
Interest	156,653	169,124	(7.4)
Total Expenses	18,140,266	17,772,222	2.1
CHANGE IN NET ASSETS	3,582,425	3,592,528	(0.3)
Net Assets - Beginning of Year	62,944,175	59,351,647	6.1
NET ASSETS - END OF YEAR	<u>\$ 66,526,600</u>	<u>\$ 62,944,175</u>	5.7

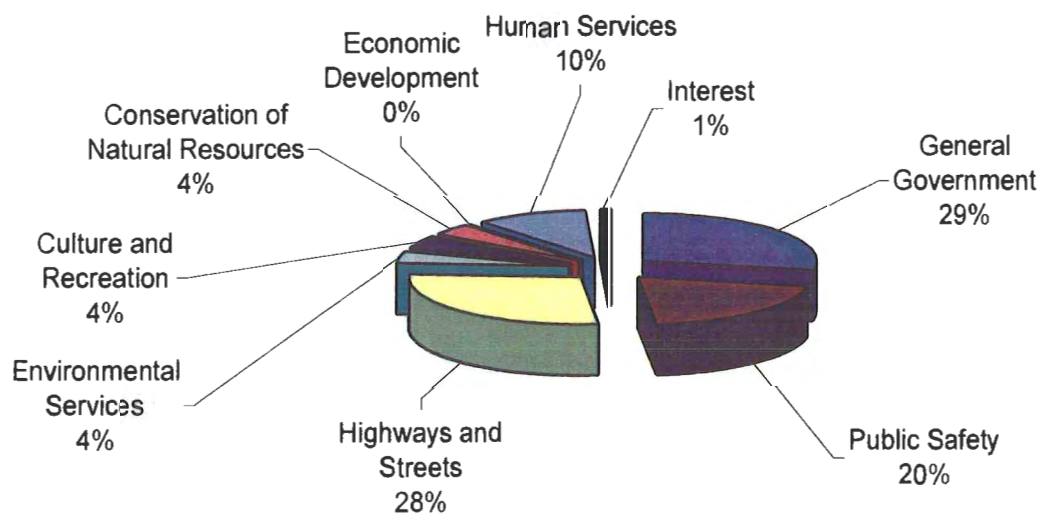
**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Governmental Activities Revenues by Source 2008



Governmental Activities Expenses by Function 2008



**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

The county-wide cost of all governmental activities this year was \$18,140,266.

- Some of the cost was paid by the users of the County's Programs (\$4,554,009).
- The Federal and state governments subsidized certain programs with grants and contributions (\$5,420,264).
- The remainder of the County's costs, (\$8,165,993) however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$9,356,135 in property and other taxes, \$1,851,951 of state aid, and \$540,332 with investment earnings and other general revenues.

Table A-3 presents the cost of each of the County's 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 A-3
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services		Percentage Change	Net Revenue (Cost) of Services		Percentage Change
	2008	2007		2008	2007	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 5,129,251	\$ 4,819,162	6.4 %	\$ (2,560,374)	\$ (2,504,722)	2.2 %
Public Safety	3,625,532	3,612,004	0.4	(2,900,808)	(2,970,387)	(2.3)
Highways and Streets	5,043,749	5,193,996	(2.9)	(303,671)	(44,338)	584.9
Environmental Services	787,020	749,048	5.1	79,253	427,999	(81.5)
Culture and Recreation	779,393	761,997	2.3	(688,268)	(669,306)	2.8
Conservation of Natural Resources	686,035	370,714	85.1	253,609	51,800	389.6
Economic Development	30,009	23,476	27.8	5,675	(23,377)	(124.3)
Human Services	1,902,624	2,072,701	(8.2)	(1,894,756)	(1,911,033)	(0.9)
Interest	156,653	169,124	(7.4)	(156,653)	(169,124)	(7.4)
Total	<u>\$ 18,140,266</u>	<u>\$ 17,772,222</u>	2.1	<u>\$ (8,165,993)</u>	<u>\$ (7,812,488)</u>	4.5

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$14,768,299. Revenues for the County's governmental funds were \$20,271,536, while total expenditures were \$18,749,683. During 2008, the County also sold capital assets and had proceeds from loans, which are included in other financing sources and uses.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased by \$713,759 during 2008. This increase was primarily due to increasing tax and special assessment revenues.

The Road and Bridge Fund has a total fund balance of \$3,280,477, of which 77% is unreserved.

The Human Services Fund's fund balance increased by \$327,489, this is primarily due to an increase in tax revenues and a decrease in payments to the Human Services of Faribault and Martin Counties Agency.

The Ditch Fund's fund balance decreased by \$8,431, this is primarily due to the County making ditch improvements during 2008.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

Table A-4 presents a summary of General Fund revenues.

Table A-4
General Fund Revenues

Fund	Year Ended		Change	
	December 31, 2008	December 31, 2007	Increase (Decrease)	Percent
Taxes	\$ 4,417,659	\$ 4,102,684	\$ 314,975	7.7 %
Licenses and Permits	40,126	47,942	(7,816)	(16.3)
Intergovernmental	2,522,630	2,657,189	(134,559)	(5.1)
Charges for Services	785,482	721,321	64,161	8.9
Investment Earnings	429,381	494,395	(65,014)	(13.2)
Miscellaneous and Other	1,653,177	1,611,424	41,753	2.6
Total General Fund Revenues	<u>\$ 9,848,455</u>	<u>\$ 9,634,955</u>	<u>\$ 213,500</u>	2.2

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2008	December 31, 2007	Increase (Decrease)	Percent
General Government	\$ 4,932,792	\$ 4,535,413	\$ 397,379	8.8 %
Public Safety	3,585,253	3,578,281	6,972	0.2
Environmental Services	533,252	504,224	29,028	5.8
Culture and Recreation	50,965	38,378	12,587	32.8
Conservation of Natural Resources	91,625	87,304	4,321	4.9
Economic Development	10,841	23,476	(12,635)	(53.8)
Principal Retirement	24,322	23,842	480	2.0
Interest and Fiscal Charges	3,730	4,210	(480)	(11.4)
Total Expenditures	<u>\$ 9,232,780</u>	<u>\$ 8,795,128</u>	<u>\$ 437,652</u>	5.0

For the year ended December 31, 2008, the County allocated all expenditures.

General Fund Budgetary Highlights

- Actual revenues were \$1,409,920 more than expected. This is due primarily to increased taxes, investment earnings, and miscellaneous revenues.
- The actual expenditures were \$855,433 more than budget. This is due primarily to additional costs related to county administration.
- The County does not typically amend its budget after it is approved by the County Board, likewise, they have not made any budget amendments during 2008.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2008, the County had invested over \$76,100,000 in a broad range of capital assets, including land, buildings, machinery, vehicles, furniture, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements.) Total depreciation expense for the year was \$1,828,679.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change
	2008	2007	
Land and Right of Way	\$ 931,721	\$ 862,591	8.0 %
Buildings and Improvements	7,191,366	7,191,366	-
Machinery, Equipment, and Vehicles	5,771,285	5,544,288	4.1
Infrastructure	62,133,721	60,442,275	2.8
Construction in Progress	80,779	236,399	(65.8)
Less: Accumulated Depreciation	<u>(24,799,382)</u>	<u>(23,161,591)</u>	7.1
Total	<u>\$ 51,309,490</u>	<u>\$ 51,115,328</u>	0.4

DEBT ADMINISTRATION

At year-end, the County had outstanding long-term liabilities of \$4,600,089 versus \$4,917,859 in the previous year for a 6.5 percent decrease as shown in Table A-7. This decrease is due to the pay off of bonds in 2008.

Table A-7
The County's Long-Term Liabilities

	2008	2007	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds, Net of Discount	\$ 3,595,176	\$ 4,081,855	(11.9)%
Notes and Loans Payable	379,766	309,145	22.8
Compensated Absences Payable	557,106	526,859	5.7
Other Postemployment Benefit Obligation	68,041	-	100.0
Total	<u>\$ 4,600,089</u>	<u>\$ 4,917,859</u>	(6.5)

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2008**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues again.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor / Treasurer, James Forshee, at (507) 238-3266.

BASIC FINANCIAL STATEMENTS

**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

ASSETS

Cash and Pooled Investments	\$ 14,954,938
Petty Cash and Change Funds	1,455
Taxes Receivable - Delinquent	110,774
Special Assessments Receivable - Delinquent	70,850
Special Assessments Receivable - Deferred	1,073,840
Accounts Receivable - Net	23,202
Loans Receivable	381,362
Accrued Interest Receivable	113,636
Due from Other Governments	3,626,402
Inventories	738,238
Deferred Debt Issue Costs	37,999
Capital Assets - Non-Depreciable	
Land and Right of Way	931,721
Construction in Progress	80,779
Depreciable Capital Assets - Net of Depreciation	
Buildings and Improvements	3,455,759
Land Improvements	7,526
Machinery, Vehicles, Furniture and Equipment	2,030,202
Infrastructure	<u>44,803,503</u>
Total Assets	72,442,186

LIABILITIES

Accounts Payable	\$ 666,780
Salaries Payable	232,591
Contracts Payable	77,435
Due to Other Governments	34,168
Accrued Interest Payable	40,878
Deferred Revenue - Unearned	263,645
Compensated Absences Payable - Due Within One Year	344,946
General Obligation Bonds Payable - Due Within One Year	470,000
Loans Payable - Due Within One Year	24,810
Compensated Absences Payable - Due in More Than One Year	212,160
General Obligation Bonds Payable - Due in More Than One Year	3,125,176
Loans Payable - Due in More Than One Year	354,956
Other Postemployment Benefit Obligation - Due in More Than One Year	68,041
Total Liabilities	<u>5,915,586</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	48,146,967
Restricted for	
General Government	342,676
Public Safety	351,469
Debt Service	607,992
Culture and Recreation	16,593
Economic Development	36,836
Highways and Streets	3,420,682
Unrestricted	<u>13,603,385</u>
Total Net Assets	<u>\$ 66,526,600</u>

This Page Has Been Left Blank Intentionally.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2008**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
General Government	\$ 5,129,251	\$ 2,042,158	\$ 426,862	\$ 99,857	\$ (2,560,374)
Public Safety	3,625,532	306,930	417,794	-	(2,900,808)
Highways and Streets	5,043,749	533,052	2,797,479	1,409,547	(303,671)
Environmental Services	787,020	621,340	244,933	-	79,253
Culture and Recreation	779,393	79,023	12,102	-	(688,268)
Conservation of Natural Resources	686,035	939,644	-	-	253,609
Economic Development	30,009	31,862	3,822	-	5,675
Human Services	1,902,624	-	7,868	-	(1,894,756)
Interest	156,653	-	-	-	(156,653)
Total Governmental Activities	<u>\$ 18,140,266</u>	<u>\$ 4,554,009</u>	<u>\$ 3,910,860</u>	<u>\$ 1,509,404</u>	<u>(8,165,993)</u>
GENERAL REVENUES					
Property Taxes					9,143,934
Mortgage Registry and Deed Tax					13,091
Wind Power Production Tax					199,110
Grants and Contributions not Restricted for a Particular Purpose					1,851,951
Investment Earnings					452,087
Gain on Sale of Capital Assets					88,245
Total General Revenues					<u>11,748,418</u>
CHANGE IN NET ASSETS					<u>3,582,425</u>
Net Assets - Beginning of Year					<u>62,944,175</u>
NET ASSETS - END OF YEAR					<u>\$ 66,526,600</u>

See accompanying Notes to Financial Statements.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Road and Bridge	Human Services	Ditch
ASSETS				
Cash and Pooled Investments	\$ 6,514,882	\$ 2,761,512	\$ 1,907,550	\$ 247,664
Petty Cash and Change Funds	1,280	50	-	-
Taxes Receivable - Delinquent	49,866	21,414	25,618	-
Special Assessments Receivable				
Delinquent	14,168	-	-	1,144
Deferred	576,990	-	-	496,850
Accounts Receivable	23,202	-	-	-
Accrued Interest Receivable	113,636	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	8,757	-	-
Due from Other Governments	134,026	3,419,484	-	72,892
Inventories	-	738,238	-	-
Total Assets	<u>\$ 7,428,050</u>	<u>\$ 6,949,455</u>	<u>\$ 1,933,168</u>	<u>\$ 818,550</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 164,928	\$ 37,732	\$ -	\$ 210,360
Salaries Payable	166,185	52,953	-	-
Contracts Payable	-	77,435	-	-
Due to Other Funds	40,417	59,059	-	-
Due to Other Governments	28,190	5,432	-	151
Deferred Revenue - Unavailable	641,024	3,436,367	25,618	497,994
Deferred Revenue - Unearned	238,645	-	-	-
Total Liabilities	1,279,389	3,668,978	25,618	708,505
FUND BALANCES				
Reserved for				
Capital Assets	-	20,000	-	-
Missing Heirs	6,108	-	-	-
Law Library	168,333	-	-	-
E-911 System	351,469	-	-	-
Recorder's Equipment Purchases	168,235	-	-	-
Economic Development	-	-	-	-
Inventories	-	738,238	-	-
Debt Service	-	-	-	-
Endowments	-	-	-	-
Highway Projects	-	5,729	-	-
Unreserved, Undesignated	5,454,516	2,516,510	1,907,550	110,045
Unreserved, Reported in Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>6,148,661</u>	<u>3,280,477</u>	<u>1,907,550</u>	<u>110,045</u>
Total Liabilities and Fund Balances	<u>\$ 7,428,050</u>	<u>\$ 6,949,455</u>	<u>\$ 1,933,168</u>	<u>\$ 818,550</u>

See accompanying Notes to Financial Statements.

Nonmajor Funds	Total Governmental Funds
\$ 3,523,330	\$ 14,954,938
125	1,455
13,876	110,774
55,538	70,850
-	1,073,840
-	23,202
-	113,636
381,362	381,362
90,719	99,476
-	3,626,402
-	738,238
<u>\$ 4,064,950</u>	<u>\$ 21,194,173</u>

\$ 253,760	\$ 666,780
13,453	232,591
-	77,435
-	99,476
395	34,168
450,776	5,051,779
25,000	263,645
<u>743,384</u>	<u>6,425,874</u>

-	20,000
-	6,108
-	168,333
-	351,469
-	168,235
82,014	82,014
-	738,238
607,992	607,992
16,593	16,593
-	5,729
-	9,988,621
<u>2,614,967</u>	<u>2,614,967</u>
<u>3,321,566</u>	<u>14,768,299</u>
<u>\$ 4,064,950</u>	<u>\$ 21,194,173</u>

This Page Has Been Left Blank Intentionally.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 14,768,299**

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. 51,309,490

Other long-term assets are not available to pay for current-period expenditures
and, therefore, are deferred in the governmental funds.

Property Taxes	\$ 110,774	
Special Assessments	1,144,690	
Intergovernmental Revenues	3,414,953	
Loans Receivable	<u>381,362</u>	5,051,779

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	(3,595,176)	
Loans Payable	(379,766)	
Other Postemployment Benefit Obligation	(68,041)	
Compensated Absences	(557,106)	
Unamortized Bond Issue Costs	37,999	
Accrued Interest Payable	<u>(40,878)</u>	<u>(4,602,968)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 66,526,600**

**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2008**

	General	Road and Bridge	Human Services	Ditch
REVENUES				
Taxes	\$ 4,417,659	\$ 1,755,280	\$ 1,977,329	\$ -
Special Assessments	209,630	-	-	623,609
Licenses and Permits	40,126	-	-	-
Intergovernmental	2,522,630	3,111,623	214,355	-
Charges for Services	785,482	-	-	-
Fines and Forfeits	28,237	-	-	-
Interest on Investments	429,381	20,710	-	1,996
Miscellaneous	1,415,310	533,052	-	-
Total Revenues	9,848,455	5,420,665	2,191,684	625,605
EXPENDITURES				
CURRENT				
General Government	4,932,792	-	-	-
Public Safety	3,585,253	-	-	-
Highways and Streets	-	5,333,995	-	-
Environmental Services	533,252	-	-	-
Sanitation	-	-	-	-
Culture and Recreation	50,965	50,796	-	-
Conservation of Natural Resources	91,625	-	-	595,352
Economic Development	10,841	-	-	-
INTERGOVERNMENTAL				
Human Services	-	-	1,864,195	-
CAPITAL OUTLAY				
General Government	-	-	-	-
DEBT SERVICE				
Principal	24,322	-	-	36,700
Interest and Fiscal Charges	3,730	59,059	-	1,984
Total Expenditures	9,232,780	5,443,850	1,864,195	634,036
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	615,675	(23,185)	327,489	(8,431)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Transfers In	-	-	-	-
Proceeds from Loans	96,643	-	-	-
Proceeds from Sale of Assets	1,441	113,915	-	-
Total Other Financing Sources (Uses)	98,084	113,915	-	-
NET CHANGE IN FUND BALANCES	713,759	90,730	327,489	(8,431)
Fund Balance - Beginning of Year	5,434,902	3,211,325	1,580,061	118,476
DECREASE IN RESERVED FOR INVENTORIES	-	(21,578)	-	-
FUND BALANCE - END OF YEAR	<u>\$ 6,148,661</u>	<u>\$ 3,280,477</u>	<u>\$ 1,907,550</u>	<u>\$ 110,045</u>

See accompanying Notes to Financial Statements.

Nonmajor Funds	Total Governmental Funds
\$ 1,191,506	\$ 9,341,774
551,637	1,384,876
-	40,126
187,250	6,035,858
22,461	807,943
-	28,237
-	452,087
232,273	2,180,635
2,185,127	20,271,536
98,033	5,030,825
-	3,585,253
-	5,333,995
-	533,252
253,092	253,092
648,314	750,075
-	686,977
19,168	30,009
-	1,864,195
17,347	17,347
455,000	516,022
83,868	148,641
1,574,822	18,749,683
610,305	1,521,853
(49,000)	(49,000)
49,000	49,000
-	96,643
-	115,356
-	211,999
610,305	1,733,852
2,711,261	13,056,025
-	(21,578)
\$ 3,321,566	\$ 14,768,299

This Page Has Been Left Blank Intentionally.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2008**

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 1,733,852**

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

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 depreciation expense.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	\$ 2,049,952	
Current Year Depreciation	(1,828,679)	
Net Book Value of Capital Asset Disposals	<u>(27,111)</u>	194,162

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,362,910
--	-----------

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The net proceeds for debt issuance are:

Loans Issued	(96,643)
--------------	----------

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

Principal Repayments		
General Obligation Bonds Payable	490,000	
Loans Payable	<u>26,022</u>	516,022

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	3,546	
Change in Other Postemployment Benefit Obligation	(68,041)	
Amortization of Discounts and Deferred Issuance Charges	(11,558)	
Change in Accrued Compensated Absences	(30,247)	
Change in Inventories	<u>(21,578)</u>	<u>(127,878)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u><u>3,582,425</u></u>
--	-----------------------------------

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2008

ASSETS

Cash and Pooled Investments	<u>\$ 268,687</u>
-----------------------------	-------------------

LIABILITIES

Due to Other Governments	<u>\$ 268,687</u>
--------------------------	-------------------

See accompanying Notes to Financial Statements.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Martin County's (the County) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Martin County was established May 23, 1857, and has the powers, duties, and privileges granted counties by *Minnesota Statutes* ch. 373. Martin County is governed by a five-member Board of Commissioners elected from districts within the County and administrative officers elected on a County-wide basis. The Board is organized with a chair and a vice chair elected at the annual meeting in January of each year. The County Coordinator serves as the Clerk of the Board of Commissioners, but does not vote in its decisions.

For financial reporting purposes, Martin County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities and has considered all potential component units for which the County is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Martin County's financial statements to be misleading or incomplete.

Other Organizations

The County participates in the joint ventures and jointly-governed organizations identified in Note 10.

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. 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.

In the government-wide statement of net assets, the governmental activities column: (a) is presented on a consolidated basis; and (b) is 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.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

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

2. Fund Financial Statements

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

The County reports the following major 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 accounts for the County's share of the costs of operating the joint County Human Services Program with Faribault County.

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

Additionally, the County reports the following fund types:

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

Other Nonmajor Funds – Special Revenue Funds are used to account for the activities of the Park, Solid Waste, Area Development, Economic Development, Building, and Library Special Revenue Funds.

Other Nonmajor Funds – Debt Service Funds is used to account for the accumulation of assets for the repayment of the County's general obligation bonds and Prairieland bonds.

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 in an agency capacity.

C. Measurement Focus and Basis of Accounting

The government-wide 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. Martin County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Fund Balance

1. Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets and balance sheet as "Cash and Pooled Investments." In accordance with *Minnesota Statutes*, the County maintains deposits at financial institutions which are authorized by the County Board. Additionally, each fund's equity in the County's investment pool is treated as cash and pooled investments because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

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

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

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

Significant portions of special assessments receivable are not expected to be collected within one year therefore are shown as deferred at the fund level.

3. Loans Receivable

Loans receivable represents the unpaid principal portions of loans made by the County through its Area Development Fund. Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected; accordingly, the unpaid principal portions are also reflected in deferred revenue.

4. Inventories

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Fund Balance (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the County government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and Improvements	20-40
Land Improvements	20-30
Infrastructure	50-75
Machinery, Vehicles, Furniture, and Equipment	5-12

6. Compensated Absences

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Fund Balance (Continued)

7. Deferred Revenue

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

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Beginning in 2008, Martin County implemented Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement required the County to calculate and record a net other postemployment benefit obligation (NOPEBO) at December 31, 2008. the NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since the actuarial valuation date of January 1, 2008.

9. Fund Balance

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Fund Balance (Continued)

10. 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.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2008:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund			
General Government			
County Administration	\$ 586,691	\$ 1,627,156	\$ 1,040,465
County Coordinator	160,901	170,184	9,283
Recorder	317,533	365,387	47,854
Transit System	575,071	634,787	59,716
Veterans Service Officer	141,900	142,219	319
Public Safety			
Sheriff	3,374,417	3,420,564	46,147
Environmental Services			
Planning and Zoning	424,672	533,252	108,580
Culture and Recreation			
Administration	37,929	50,965	13,036
Debt Service			
Interest and Fiscal Charges	-	3,730	3,730
Road and Bridge Fund			
Highways and Streets			
Administration	359,235	401,651	42,416
Equipment and Maintenance Shops	1,215,850	1,634,406	418,556
Debt Service			
Interest and Fiscal Charges	-	59,059	59,059
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	595,352	595,352
Debt Service	-	38,684	38,684
Solid Waste Fund			
Sanitation			
Solid Waste Management	252,855	253,092	237

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2008, based on market prices. Pursuant to *Minnesota Statutes* § 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.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The County had deposits of \$14,963,414 in banks at December 31, 2008 of which 100 percent was entirely covered by federal depository insurance or by pledged collateral held by the bank's agent in the County's name in amounts equal to at least 110% of the amount in excess of the federal depository insurance, as required by *Minnesota Statutes*.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

- (a) 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 *Minnesota Statutes* § 118A.04, Subd. 6;
- (b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) Bankers' acceptances of United States banks;
- (e) 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
- (f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

As of December 31, 2008, the County had the following investment:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Concentration</u>
Federal Home Loan Bank	5/13/2009	\$ 523,900	AAA	100%

Interest Rate Risk

The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2008, the County's investment in Federal Home Loan Bank Consolidated Bonds all had maturities of one year or less.

Credit Risk

Minnesota Statutes restrict the types of investments that the County may invest in. The County's investment policy does not further limit its investment choices. As of December 31, 2008, the County's investment had the rating as indicated in the table above; the rating was provided by Moody's.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration Credit Risk

The County places no limit on the amount the County may invest in any one issuer. However, the County makes investments which suggest diversification to avoid undue risk. More than five percent of the County's investments are held with the issuer noted in the table above.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy further limits their investments by limiting the amount of investments to any one broker to the amount SPIC and excess SPIC coverage available.

As of December 31, 2008, the County's pooled investments consisted of \$523,900 of Federal Home Loan Bank Consolidated Bonds.

2. Receivables

Receivables as of December 31, 2008, for the County are as follows:

	County Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 110,774	\$ -
Special Assessments	1,144,690	787,434
Accounts	23,202	-
Loans Receivable	381,362	381,362
Interest	113,636	-
Due from Other Governments	3,626,402	-
Total	<u>\$ 5,400,066</u>	<u>\$ 1,168,796</u>

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right of Way	\$ 862,591	\$ 69,130	\$ -	\$ 931,721
Construction in Progress	236,399	1,599,846	1,755,466	80,779
Total Capital Assets, Not Being Depreciated:	1,098,990	1,668,976	1,755,466	1,012,500
Capital Assets, Being Depreciated				
Buildings and Improvements	7,177,029	-	-	7,177,029
Land Improvements	14,337	-	-	14,337
Machinery, Furniture, and Equipment	4,593,163	263,200	169,720	4,686,643
Infrastructure	60,442,275	1,691,446	-	62,133,721
Vehicles	951,125	181,796	48,279	1,084,642
Total Capital Assets, Being Depreciated	73,177,929	2,136,442	217,999	75,096,372
Less Accumulated Depreciation for				
Buildings	3,552,066	169,204	-	3,721,270
Land Improvements	6,094	717	-	6,811
Machinery, Furniture, and Equipment	2,814,139	371,637	142,609	3,043,167
Infrastructure	16,136,272	1,193,946	-	17,330,218
Vehicles	653,020	93,175	48,279	697,916
Total Accumulated Depreciation	23,161,591	1,828,679	190,888	24,799,382
Total Capital Assets, Being Depreciated, Net	50,016,338	307,763	27,111	50,296,990
Governmental Activities Capital Assets, Net	<u>\$ 51,115,328</u>	<u>\$ 1,976,739</u>	<u>\$ 1,782,577</u>	<u>\$ 51,309,490</u>

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Government-Type Activities

General Government	\$ 170,349
Public Safety	84,334
Highways and Streets, Including Depreciation of Infrastructure Assets	1,506,072
Human Services	38,366
Culture and Recreation	29,558
Total Depreciation Expense - Governmental Activities	<u>\$ 1,828,679</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
Road and Bridge	General	\$ 8,757	Maintenance and Fuel
Non-major EDA Fund	General	\$ 31,660	Start-up Funding
Non-major Debt Service Fund	Road and Bridge	\$ 59,059	Debt Interest Payment
Total To/From other Funds		<u>\$ 99,476</u>	

2. Transfers In/Out

The Non-major Area Development Special Revenue Fund transferred \$49,000 to the Non-major Economic Development Special Revenue Fund to create the fund in 2008.

C. Liabilities

1. Long-Term Debt

Governmental Activities

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issues Amount</u>	<u>Outstanding Balance December 31, 2008</u>
General Obligation Bonds					
Refunding Bonds of 2005	2010	285,000 - 325,000	2.20 - 2.90	1,545,000	645,000
Construction Bonds of 2006	2023	150,000 - 250,000	3.60 - 4.20	3,000,000	<u>3,000,000</u>
			Subtotal		3,645,000
			Less: Unamortized Discounts		<u>(49,824)</u>
			Total General Obligation Bonds		<u>3,595,176</u>
Loans Payable	2017	22,551 - 34,130	0.00 - 2.00	455,404	<u>379,766</u>
			Total Long-Term Debt		<u>\$ 3,974,942</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2008, were as follows:

Year Ending December 31	General Obligation		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 470,000	\$ 129,163	\$ 24,810	\$ 3,241	\$ 494,810	\$ 132,404
2010	475,000	114,693	25,309	2,742	500,309	117,435
2011	160,000	104,283	25,818	2,234	185,818	106,517
2012	175,000	98,085	26,337	1,715	201,337	99,800
2013	175,000	91,566	26,866	1,185	201,866	92,751
2014-2018	985,000	349,043	39,092	947	1,024,092	349,990
2019-2023	1,205,000	128,045	-	-	1,205,000	128,045
Total	<u>\$ 3,645,000</u>	<u>\$ 1,014,878</u>	<u>\$ 168,232</u>	<u>\$ 12,064</u>	<u>\$ 3,813,232</u>	<u>\$ 1,026,942</u>

Note: Excluded from the loans payable debt service requirements listed above is a loan from the Minnesota Pollution Control Agency (MPCA) in the amount of \$196,227 that has repayment terms that are unknown at December 31, 2008, and a loan to the Ditch Fund from Jackson County in the amount of \$15,307 that is repaid based on related special assessment collections.

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation					
Refunding Bonds	\$ 1,135,000	\$ -	\$ 490,000	\$ 645,000	\$ 320,000
Construction	3,000,000	-	-	3,000,000	150,000
Less: Discount	(53,145)	-	(3,321)	(49,824)	(3,322)
Total General Obligations	4,081,855	-	486,679	3,595,176	466,678
Loans Payable	309,145	96,643	26,022	379,766	24,810
Compensated Absences	526,859	460,657	430,410	557,106	344,946
Other Postemployment Plan	-	100,838	32,797	68,041	-
Governmental Activity Long-Term Liabilities	<u>\$ 4,917,859</u>	<u>\$ 658,138</u>	<u>\$ 975,908</u>	<u>\$ 4,600,089</u>	<u>\$ 836,434</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 4 OPERATING LEASE

At the end of 2008, the County maintained 7 operating leases for squad cars. Daily rentals under the agreements range from \$26 - \$36.21 per day plus \$.34 - \$.42 per mile for maintenance. In 2008, expenditures under these agreements totaled \$25,498. Future minimum lease payments are as follows:

<u>Year Ended</u>		
2009	\$	18,043
2010		11,582
2011		6,147
2012		1,537
Total	<u>\$</u>	<u>37,309</u>

NOTE 5 CONDUIT DEBT

On October 1, 1999 the County issued \$8,710,000 of Hospital Revenue Bonds (Fairmont Community Hospital Association, Inc., project), Series 1999. These bonds were issued to fund the expansion and improvement to the existing facilities. The Series 1999 bonds have an interest rate of 6.625 percent and mature in amounts of \$245,000 to \$515,000 in the years 2011 to 2022. Martin County has no obligation for this debt, which was provided to Fairmont Community Hospital for the capital improvement. The aggregate amount of all outstanding conduit debt obligations at December 31, 2008 was \$8,710,000.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Defined Benefit Plan

1. Plan Description

All full-time and certain part-time employees of the County are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

PERF 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, fire-fighters, and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

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 PERA's 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 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plans (Continued)

1. Plan Description (Continued)

Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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 receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF, PEPFF, and PECF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2008. PEPFF members were required to contribute 8.6% of their annual covered salary in 2008. That rate will increase to 9.4% in 2009. PECF members are required to contribute 5.83% of their annual covered salary. The County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.50% for Coordinated Plan PERF members, 12.90% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.10% respectively, effective January 1, 2009.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Defined Contribution Plan

Local government officials, except elected County Sheriffs are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan. The plan is established and administered in accordance with *Minnesota Statutes* Ch. 353.D. The PEDCP 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. *Minnesota Statutes*, Chapter 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 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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 two percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually. No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

C. Contributions

The County's contributions to the Public Employees Retirement Fund, Public Employees Police and Fire Fund, Public Employees Correctional Fund, and Defined Contribution Plan for the years ending December 31, 2008, 2007, and 2006 were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Public Employees Defined Contribution Plan
2008	\$ 230,706	\$ 87,362	\$ 55,962	\$ 2,554
2007	215,391	68,542	54,437	2,326
2006	183,715	62,275	49,666	2,292

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN

The County provides post-employment health insurance for elected and non-elected employees, (except those employees whose positions are included in a collective bargaining unit) who retire with 20 or more years of County employment. The monthly payments are the single premium for the plan selected by the employee prior to retirement. Specifics of an employee's benefit vary with individual conditions and requirements such as hired date; full-time employment at date of retirement; years of continuous, uninterrupted service; age; and the Public Employees Retirement Association eligibility. All benefits cease at age 65. As of December 31, 2008, one retiree was receiving the continued health insurance benefit. The County's contributions for the year were \$1,980.

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by state statutes. Active employees, who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association of Minnesota (PERA) (or similar plan), and do not participate in any other coverage with respect to both themselves and their eligible dependent(s) are eligible under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2008, there were 6 retirees receiving health benefits from the County's health plan, one of which is entitled to full health insurance benefits for life due to not being eligible for Medicare. The implicit rate subsidy amount was determined by an actuarial study to be \$30,817 for 2008.

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 100,838
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	<u>100,838</u>
Contributions During the Year	<u>(32,797)</u>
Increase in Net OPEB Obligation	68,041
NET OPEB - Beginning of Year	-
NET OPEB - End of the Year	<u><u>\$ 68,041</u></u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

A. Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 were as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 100,838	\$ 32,797	33%	\$ 68,041

B. Funding Status

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-1)/c)</u>
1/1/2008	\$ -	\$ 1,176,935	\$ 1,176,935	0%	\$ 4,441,845	26.5%

C. Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

D. Annual OPEB Cost and Net OPEB Obligation

In the January 1, 2008 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 4.0%. The annual healthcare cost trend rate is 10.0% initially, reduced incrementally to an ultimate rate of 5.5% over nine years. The unfunded actuarial accrued liability is being amortized as a percentage of payroll over 30 year closed amortization period.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 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. For other risks of loss, 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 \$410,000 per claim in 2008. 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. The 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.

NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

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.

Subsequent Event

On August 11, 2009, Martin County issued \$695,250 in General Obligation Drainage Ditch Notes, Series 2009, to finance the improvements to Judicial Ditch No. 47. The note was issued through the Minnesota Public Facilities Authority with an interest rate of 1 percent and will mature on February 20, 2019.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 10 OTHER ORGANIZATIONS

Joint Ventures

Faribault – Martin County Human Services Board

Martin County entered into a joint powers agreement with Faribault County (Minn. Stat. §471.59) to provide welfare and health services to county residents (Minn. Stat. §§ 402.01-.10). The Faribault – Martin – Watonwan Human Services Board was established on June 30, 1975. As of January 1, 1991, Watonwan County withdrew from the Human Services Board. Martin and Faribault Counties are continuing with the joint powers agreement. The Board has 12 members, six from each county. Each county collects its share of local tax revenues and transfers these funds to the Board to fulfill its ongoing financial responsibility. Complete financial statements for the Human Services Board can be obtained at 115 West First Street, Fairmont, Minnesota 56031.

Prairieland Solid Waste Board

Martin County entered into a joint powers agreement with Faribault County in 1990 to build and operate a solid waste composting plant, the Prairieland Solid Waste Board. Solid Waste Resources Recovery Revenue Bonds were issued for the purpose of plant construction. Martin County issued a guarantee agreement in connection with the bond offering which specified that Martin County had a general obligation for any unpaid sums due under the bonds to the extent of 57 percent, its proportionate interest in the Prairieland Solid Waste joint venture, in the event that revenues (profits) were insufficient to pay the bonds.

Prairieland Solid Waste Board reported a net loss of \$245,500 in 2008. The full-faith and credit and taxing power of Faribault and Martin Counties is pledged to the payment of each County's proportional share of the principal and interest when due. Complete financial statements for the Prairieland Solid Waste Board can be obtained at 801 East Fifth Street North, P.O. Box 100, Truman, Minnesota 56088.

Red Rock Rural Water System

The Red Rock Rural Water System was established pursuant to Minn. Stat. ch. 116A through a joint powers agreement pursuant to Minn. Stat. SS 471.59, and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Redwood, and Watonwan Counties have agreed to guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district.

The Red Rock Rural Water System is governed by a nine-member board appointed for terms of three years by the District Court. Each County is responsible for levying and collecting the special assessments from the benefited properties within the County. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System. Complete financial statements of the Red Rock Rural Water System can be obtained from the main office in Jeffers, Minnesota 56145.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations

Minnesota River Basin Board

The Minnesota River Basin Joint Powers Board promotes orderly water quality improvement and management of the Minnesota River watersheds. During the year, the County paid \$1,738 to the Board.

South Central Emergency Medical Services

The South Central Emergency Medical Services (SEMS) provides various emergency medical services to several counties. The County did not provide any funding to SEMS during 2008.

Greater Blue Earth River Basin Alliance

The Greater Blue Earth River Basin Alliance provides the preparation to comprehensive water plans for the participating counties. During the year, the County paid \$7,789 to the Board.

NOTE 11 AGRICULTURAL BEST MANAGEMENT LOAN PROGRAM

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point sources water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2008.

NOTE 12 SPECIAL BENEFIT TAX LEVY

In 1993, the South Central Minnesota Multi-County Housing Authority issued \$20,315,000 of revenue bonds to construct housing units in Martin County and four surrounding counties. The Authority defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special benefit tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of housing units constructed. Martin County's proportionate share of the operating deficit for 2008 is \$73,475. The proportionate shares on the counties may change for the years 2008 through 2024 if there are changes in the taxable market value over the 2007 taxable market value.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 13 HUMAN SERVICES BOARD OPERATING LEASE

Martin County (lessor) has an operating lease with the Human Services Board of Faribault and Martin Counties (lessee) that runs from January 1 through December 31. This lease is automatically renewed on an annual basis unless either party decides to terminate the lease at least 90 days before the end of the term. The total annual rent is \$153,996 payable in 12 monthly installments of \$12,833 on the first day of each month.

NOTE 14 CONSTRUCTION COMMITMENTS

The County has active construction projects as of December 31, 2008. The projects include the following (amounts in thousands):

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Roads and Bridges	\$ 2,049	\$ 87

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,329,473	\$ 3,909,318	\$ 4,417,659	\$ 508,341
Special Assessments	118,000	118,000	209,630	91,630
Licenses and Permits	27,700	27,700	40,126	12,426
Intergovernmental	2,309,121	2,729,276	2,522,630	(206,646)
Charges for Services	986,686	986,686	785,482	(201,204)
Fines and Forfeits	26,000	26,000	28,237	2,237
Investment Earnings	365,000	365,000	429,381	64,381
Miscellaneous	276,555	276,555	1,415,310	1,138,755
Total Revenues	8,438,535	8,438,535	9,848,455	1,409,920
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	210,987	210,987	189,482	21,505
Courts	131,490	131,490	21,035	110,455
County Administration	586,691	586,691	1,627,156	(1,040,465)
County Coordinator	160,901	160,901	170,184	(9,283)
County Auditor/Treasurer	525,372	525,372	480,914	44,458
County Assessor	472,535	472,535	369,611	102,924
Drainage Administrator	76,925	76,925	69,738	7,187
Elections	52,000	52,000	44,558	7,442
Data Processing	200,629	200,629	162,107	38,522
Attorney	332,078	332,078	329,862	2,216
Recorder	317,533	317,533	365,387	(47,854)
Buildings and Plant	391,323	391,323	325,752	65,571
Transit System	575,071	575,071	634,787	(59,716)
Veterans Service Officer	141,900	141,900	142,219	(319)
Total General Government	4,175,435	4,175,435	4,932,792	(757,357)
PUBLIC SAFETY				
Sheriff	3,374,417	3,374,417	3,420,564	(46,147)
Coroner	15,000	15,000	4,448	10,552
Civil Defense	72,880	72,880	61,757	11,123
Victim/Witness	109,930	109,930	98,484	11,446
Total Public Safety	3,572,227	3,572,227	3,585,253	(13,026)

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
ENVIRONMENTAL SERVICES				
Planning and Zoning	\$ 424,672	\$ 424,672	\$ 533,252	\$ (108,580)
CULTURE AND RECREATION	37,929	37,929	50,965	(13,036)
CONSERVATION OF NATURAL RESOURCES				
County Extension	97,894	97,894	91,625	6,269
ECONOMIC DEVELOPMENT				
Administration	11,090	11,090	10,841	249
DEBT SERVICE				
Principal	58,100	58,100	24,322	33,778
Interest and Fiscal Charges	-	-	3,730	(3,730)
Total Debt Service	<u>58,100</u>	<u>58,100</u>	<u>28,052</u>	<u>30,048</u>
Total Expenditures	<u>8,377,347</u>	<u>8,377,347</u>	<u>9,232,780</u>	<u>(855,433)</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	61,188	61,188	615,675	554,487
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	-	96,643	96,643
Proceeds from Sale of Assets	-	-	1,441	1,441
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>98,084</u>	<u>98,084</u>
NET CHANGE IN FUND BALANCE	<u>\$ 61,188</u>	<u>\$ 61,188</u>	713,759	<u>\$ 652,571</u>
Fund Balance - Beginning of Year			<u>5,434,902</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,148,661</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,949,177	\$ 1,780,216	1,755,280	\$ (24,936)
Intergovernmental	2,972,858	3,141,819	3,111,623	(30,196)
Investment Earnings	-	-	20,710	20,710
Miscellaneous	470,000	470,000	533,052	63,052
Total Revenues	5,392,035	5,392,035	5,420,665	28,630
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	359,235	359,235	401,651	(42,416)
Engineering and Construction	2,004,350	2,004,350	1,671,211	333,139
Maintenance	1,717,750	1,717,750	1,615,840	101,910
Equipment and Maintenance Shops	1,215,850	1,215,850	1,634,406	(418,556)
Miscellaneous	23,000	23,000	10,887	12,113
Total Highways and Streets	5,320,185	5,320,185	5,333,995	(13,810)
CULTURE AND RECREATION				
Parks	91,850	91,850	50,796	41,054
DEBT SERVICE				
Interest and Fiscal Charges	-	-	59,059	(59,059)
Total Expenditures	5,412,035	5,412,035	5,443,850	(31,815)
EXCESS OF REVENUES UNDER EXPENDITURES	(20,000)	(20,000)	(23,185)	(3,185)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	20,000	20,000	113,915	93,915
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	90,730	<u>\$ 90,730</u>
Fund Balance - Beginning of Year			3,211,325	
Decrease in Reserved for Inventory			(21,578)	
FUND BALANCE - END OF YEAR			<u>\$ 3,280,477</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,193,044	\$ 1,968,268	\$ 1,977,329	\$ 9,061
Intergovernmental	<u>-</u>	<u>224,776</u>	<u>214,355</u>	<u>(10,421)</u>
Total Revenues	2,193,044	2,193,044	2,191,684	(1,360)
EXPENDITURES				
INTERGOVERNMENTAL				
Human Services	<u>2,193,044</u>	<u>2,193,044</u>	<u>1,864,195</u>	<u>328,849</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	327,489	<u>\$ 327,489</u>
Fund Balance - Beginning of Year			<u>1,580,061</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,907,550</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND.
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 623,609	\$ 623,609
Investment Earnings	-	-	1,996	1,996
Total Revenues	-	-	625,605	625,605
EXPENDITURES				
CURRENT				
CONSERVATION OF NATURAL RESOURCES				
Administration and Maintenance	-	-	595,352	(595,352)
DEBT SERVICE				
Principal Payments	-	-	36,700	(36,700)
Interest and Fiscal Charges	-	-	1,984	(1,984)
Total Debt Service	-	-	38,684	(38,684)
Total Expenditures	-	-	634,036	(634,036)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(8,431)	<u>\$ (8,431)</u>
Fund Balance - Beginning of Year			118,476	
FUND BALANCE - END OF YEAR			<u>\$ 110,045</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2008**

I. 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. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the board of commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level. The Board of Commissioners did not make any budgetary adjustments during 2008.

Encumbrance accounting, under which commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the governmental funds. Encumbrances outstanding at year-end are reported as reserved fund balances since they do not constitute expenditures or liabilities. Encumbrances lapse at year-end and are re-budgeted the following year.

II. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2008:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund			
General Government			
County Administration	\$ 586,691	\$ 1,627,156	\$ 1,040,465
County Coordinator	160,901	170,184	9,283
Recorder	317,533	365,387	47,854
Transit System	575,071	634,787	59,716
Veterans Service Officer	141,900	142,219	319
Public Safety			
Sheriff	3,374,417	3,420,564	46,147
Environmental Services			
Planning and Zoning	424,672	533,252	108,580
Culture and Recreation			
Administration	37,929	50,965	13,036
Debt Service			
Interest and Fiscal Charges	-	3,730	3,730
Road and Bridge Fund			
Highways and Streets			
Administration	359,235	401,651	42,416
Equipment and Maintenance Shops	1,215,850	1,634,406	418,556
Debt Service			
Interest and Fiscal Charges	-	59,059	59,059
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	595,352	595,352
Debt Service	-	38,684	38,684

These expenditures were funded by greater than anticipated revenues and existing fund balance.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
1/1/2008	\$ -	\$ 1,176,935	\$ 1,176,935	0%	\$ 4,441,845	26.5%

See Note 7, Other Postemployment Benefit Plan, for more information

Multi-year trend information is not available at this time, as Governmental Accounting Standards Board Statement 45 was implemented in 2008.

SUPPLEMENTARY INFORMATION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

Library Fund is to account for the operating cost of the Martin County Library. Financing for the library is provided by an annual property tax levy.

Parks Fund is to account for park acquisition, development, and operating costs. Financing for the parks is provided by an annual property tax levy and from fees collected.

Solid Waste Fund is used to account for revenues and expenditures of the recycling and solid waste program. Revenues are derived from fees collected, special assessments, and various intergovernmental revenues.

Area Development Fund is used to account for the revenues and expenditures of the Area Redevelopment Authority established by the Martin County Board of Commissioners to make loans for redevelopment within the county.

Economic Development Fund is used to account for the revenues and expenditures of the local area economical development.

Building Fund is used to account for the maintenance and costs of running the County's buildings.

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligations debt of the county.

Debt Service – Prairieland Fund is used to account for the accumulation of assets for the repayment of the Prairieland Bonds.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2008**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
ASSETS				
Cash and Pooled Investments	\$ 281,786	\$ 102,021	\$ 373,632	\$ 277,023
Petty Cash and Change Funds	125	-	-	-
Taxes Receivable - Delinquent	6,755	686	-	-
Special Assessments Receivable				
Delinquent	-	-	12,266	-
Loans Receivable	-	-	-	381,362
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 288,666</u>	<u>\$ 102,707</u>	<u>\$ 385,898</u>	<u>\$ 658,385</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,920	\$ -	\$ 25,918	\$ -
Salaries Payable	13,453	-	-	-
Due to Other Governments	395	-	-	-
Deferred Revenue - Unavailable	6,755	686	12,266	381,362
Deferred Revenue - Unearned	-	-	-	-
Total Liabilities	24,523	686	38,184	381,362
FUND BALANCES				
Reserved for				
Endowments	16,593	-	-	-
Economic Development	-	-	-	36,836
Debt Service	-	-	-	-
Unreserved, Undesignated	247,550	102,021	347,714	240,187
Total Fund Balances	264,143	102,021	347,714	277,023
Total Liabilities and Fund Balances	<u>\$ 288,666</u>	<u>\$ 102,707</u>	<u>\$ 385,898</u>	<u>\$ 658,385</u>

Economic Development	Building	Total Special Revenue Funds	Debt Service Funds		Total Nonmajor Debt Service Funds	Total Nonmajor Funds
			Debt Service	Debt Service - Prairieland		
\$ 64,855	\$ 1,662,012	\$ 2,761,329	\$ 538,254	\$ 223,747	\$ 762,001	\$ 3,523,330
-	-	125	-	-	-	125
-	2,539	9,980	3,896	-	3,896	13,876
-	-	12,266	-	43,272	43,272	55,538
-	-	381,362	-	-	-	381,362
31,660	-	31,660	59,059	-	59,059	90,719
<u>\$ 96,515</u>	<u>\$ 1,664,551</u>	<u>\$ 3,196,722</u>	<u>\$ 601,209</u>	<u>\$ 267,019</u>	<u>\$ 868,228</u>	<u>\$ 4,064,950</u>
\$ 5,999	\$ 4,855	\$ 40,692	\$ -	\$ 213,068	\$ 213,068	\$ 253,760
-	-	13,453	-	-	-	13,453
-	-	395	-	-	-	395
-	2,539	403,608	3,896	43,272	47,168	450,776
25,000	-	25,000	-	-	-	25,000
30,999	7,394	483,148	3,896	256,340	260,236	743,384
-	-	16,593	-	-	-	16,593
45,178	-	82,014	-	-	-	82,014
-	-	-	597,313	10,679	607,992	607,992
20,338	1,657,157	2,614,967	-	-	-	2,614,967
65,516	1,657,157	2,713,574	597,313	10,679	607,992	3,321,566
<u>\$ 96,515</u>	<u>\$ 1,664,551</u>	<u>\$ 3,196,722</u>	<u>\$ 601,209</u>	<u>\$ 267,019</u>	<u>\$ 868,228</u>	<u>\$ 4,064,950</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
REVENUES				
Taxes	\$ 524,298	\$ 58,405	\$ -	\$ -
Special Assessments	-	-	238,235	-
Intergovernmental	57,269	6,469	55,000	-
Charges for Services	18,687	-	3,774	-
Miscellaneous	6,584	39,295	529	-
Total Revenues	606,838	104,169	297,538	-
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Sanitation	-	-	253,092	-
Culture and Recreation	579,853	68,461	-	-
Economic Development	-	-	-	-
CAPITAL OUTLAY				
General Government	-	-	-	-
DEBT SERVICE				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	579,853	68,461	253,092	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,985	35,708	44,446	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(49,000)
Total Other Financing Sources (Uses)	-	-	-	(49,000)
NET CHANGE IN FUND BALANCES	26,985	35,708	44,446	(49,000)
Fund Balance - Beginning of Year	237,158	66,313	303,268	326,023
FUND BALANCE - END OF YEAR	<u>\$ 264,143</u>	<u>\$ 102,021</u>	<u>\$ 347,714</u>	<u>\$ 277,023</u>

Economic Development	Building	Total Special Revenue Funds	Debt Service Funds		Total Nonmajor Debt Service Funds	Total Nonmajor Funds
			Debt Service	Debt Service - PrairieLand		
\$ -	\$ 202,869	\$ 785,572	\$ 405,934	\$ -	\$ 405,934	\$ 1,191,506
-	-	238,235	-	313,402	313,402	551,637
3,822	22,251	144,811	42,439	-	42,439	187,250
-	-	22,461	-	-	-	22,461
31,862	154,003	232,273	-	-	-	232,273
35,684	379,123	1,423,352	448,373	313,402	761,775	2,185,127
-	98,033	98,033	-	-	-	98,033
-	-	253,092	-	-	-	253,092
-	-	648,314	-	-	-	648,314
19,168	-	19,168	-	-	-	19,168
-	17,347	17,347	-	-	-	17,347
-	-	-	145,000	310,000	455,000	455,000
-	-	-	61,850	22,018	83,868	83,868
19,168	115,380	1,035,954	206,850	332,018	538,868	1,574,822
16,516	263,743	387,398	241,523	(18,616)	222,907	610,305
49,000	-	49,000	-	-	-	49,000
-	-	(49,000)	-	-	-	(49,000)
49,000	-	-	-	-	-	-
65,516	263,743	387,398	241,523	(18,616)	222,907	610,305
-	1,393,414	2,326,176	355,790	29,295	385,085	2,711,261
\$ 65,516	\$ 1,657,157	\$ 2,713,574	\$ 597,313	\$ 10,679	\$ 607,992	\$ 3,321,566

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 581,685	\$ 524,836	\$ 524,298	\$ (538)
Intergovernmental	-	56,849	57,269	420
Charges for Services	20,000	20,000	18,687	(1,313)
Miscellaneous	11,000	11,000	6,584	(4,416)
Total Revenues	612,685	612,685	606,838	(5,847)
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Regional Library	612,685	612,685	579,853	32,832
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	26,985	<u>\$ 26,985</u>
Fund Balance - Beginning of Year			237,158	
FUND BALANCE - END OF YEAR			<u>\$ 264,143</u>	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PARKS NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 65,000	\$ 60,130	\$ 58,405	\$ (1,725)
Intergovernmental	-	4,870	6,469	1,599
Miscellaneous	26,850	26,850	39,295	12,445
Total Revenues	91,850	91,850	104,169	12,319
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Parks	91,850	91,850	68,461	23,389
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	35,708	<u>\$ 35,708</u>
Fund Balance - Beginning of Year			66,313	
FUND BALANCE - END OF YEAR			<u>\$ 102,021</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 224,544	\$ 224,544	\$ 238,235	\$ 13,691
Intergovernmental	49,000	49,000	55,000	6,000
Charges for Services	170	170	3,774	3,604
Miscellaneous	4,000	4,000	529	(3,471)
Total Revenues	277,714	277,714	297,538	19,824
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste Management	252,855	252,855	253,092	(237)
NET CHANGE IN FUND BALANCE	<u>\$ 24,859</u>	<u>\$ 24,859</u>	44,446	<u>\$ 19,587</u>
Fund Balance - Beginning of Year			303,268	
FUND BALANCE - END OF YEAR			<u>\$ 347,714</u>	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
AREA DEVELOPMENT NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
OTHER FINANCING SOURCES				
Transfers Out	-	-	(49,000)	(49,000)
NET CHANGE IN FUND BALANCE	<u>\$ 15,000</u>	<u>\$ 15,000</u>	(49,000)	<u>\$ (64,000)</u>
Fund Balance - Beginning of Year			326,023	
FUND BALANCE - END OF YEAR			<u>\$ 277,023</u>	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 49,000	\$ -	\$ 3,822	\$ 3,822
Miscellaneous	49,000	49,000	31,862	(17,138)
Total Revenues	98,000	49,000	35,684	(13,316)
EXPENDITURES				
CURRENT				
ECONOMIC DEVELOPMENT				
Economic Development	129,660	129,660	19,168	110,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,660)	(80,660)	16,516	97,176
OTHER FINANCING SOURCES (USES)				
Transfers In	-	49,000	49,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (31,660)</u>	<u>\$ (31,660)</u>	65,516	<u>\$ 97,176</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ 65,516</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUILDING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 225,000	\$ 199,369	\$ 202,869	\$ 3,500
Intergovernmental	-	25,631	22,251	(3,380)
Miscellaneous	154,400	154,400	154,003	(397)
Total Revenues	379,400	379,400	379,123	(277)
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Building Operations	117,000	117,000	98,033	18,967
CAPITAL OUTLAY - GENERAL GOVERNMENT	235,000	235,000	17,347	217,653
Total Expenditures	352,000	352,000	115,380	236,620
NET CHANGE IN FUND BALANCE	<u>\$ 27,400</u>	<u>\$ 27,400</u>	263,743	<u>\$ 236,343</u>
Fund Balance - Beginning of Year			1,393,414	
FUND BALANCE - END OF YEAR			<u>\$ 1,657,157</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 451,583	\$ 433,157	\$ 405,934	\$ (27,223)
Intergovernmental	-	18,426	42,439	24,013
Total Revenues	451,583	451,583	448,373	(3,210)
EXPENDITURES				
DEBT SERVICE				
Principal Payments	330,000	330,000	145,000	185,000
Interest	121,583	121,583	61,850	59,733
Total Debt Service	451,583	451,583	206,850	244,733
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	241,523	<u>\$ 241,523</u>
Fund Balance - Beginning of Year			355,790	
FUND BALANCE - END OF YEAR			<u>\$ 597,313</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE – PRAIRIELAND FUND
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 332,018	\$ 332,018	\$ 313,402	\$ (18,616)
EXPENDITURES				
DEBT SERVICE				
Principal Payments	310,000	310,000	310,000	-
Interest and Fiscal Charges	22,018	22,018	22,018	-
Total Debt Service	<u>332,018</u>	<u>332,018</u>	<u>332,018</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(18,616)	<u>\$ (18,616)</u>
Fund Balance - Beginning of Year			<u>29,295</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,679</u>	

This Page Has Been Left Blank Intentionally.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
AGENCY FUNDS**

Agency funds account for assets held in a custodial capacity for others.

State Agency Fund – to account for the collection and distribution of funds for the State of Minnesota.

Mortgage Registry Tax Fund – to account for collection and payment of mortgage registry tax to the County and State of Minnesota.

Deed Tax Fund – to account for collection and payment of deed tax to the County and the State of Minnesota.

Taxes and Penalties Fund – to account for the collection of taxes and penalties and their payment to the various taxing districts.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE AGENCY</u>				
ASSETS				
Cash and Pooled Investments	\$ 28,524	\$ 395,980	\$ 402,611	\$ 21,893
LIABILITIES				
Accounts Payable	\$ 7,087	\$ -	\$ 7,087	\$ -
Due to Other Governments	21,437	395,980	395,524	21,893
Total Liabilities	\$ 28,524	\$ 395,980	\$ 402,611	\$ 21,893
<u>MORTGAGE REGISTRY TAX</u>				
ASSETS				
Cash and Pooled Investments	\$ 15,499	\$ 203,208	\$ 203,988	\$ 14,719
LIABILITIES				
Due to Other Governments	\$ 15,499	\$ 203,208	\$ 203,988	\$ 14,719
<u>DEED TAX</u>				
ASSETS				
Cash and Pooled Investments	\$ 33,288	\$ 233,255	\$ 232,735	\$ 33,808
LIABILITIES				
Due to Other Governments	\$ 33,288	\$ 233,255	\$ 232,735	\$ 33,808

MARTIN COUNTY
FAIRMONT, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and Pooled Investments	312,982	\$ 23,751,557	\$ 23,866,272	\$ 198,267
LIABILITIES				
Due to Other Governments	312,982	\$ 23,751,557	\$ 23,866,272	\$ 198,267
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 390,293	\$ 24,584,000	\$ 24,705,606	\$ 268,687
LIABILITIES				
Accounts Payable	\$ 7,087	\$ -	\$ 7,087	\$ -
Due to Other Governments	383,206	24,584,000	24,698,519	268,687
Total Liabilities	\$ 390,293	\$ 24,584,000	\$ 24,705,606	\$ 268,687

This Page Has Been Left Blank Intentionally.

OTHER SUPPLEMENTARY INFORMATION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2008**

SHARED REVENUES

STATE

Highway Users Tax	\$ 2,865,813
County Program Aid	888,217
Market Value Credit	922,555
Disparity Reduction Aid	35,766
PERA Rate Increase Aid	17,216
State Police Aid	67,742
Enhanced 911	98,598
Total Shared Revenues	<u>4,895,907</u>

STATE GRANTS

MINNESOTA DEPARTMENT OF

Corrections	92,181
Employment and Economic Development	3,822
Natural Resources	47,898
Peace Officers (POST)	4,406
Pollution Control Agency	189,742
Secretary of State	1,427
Transportation	247,538
Veteran's Affairs	2,800
Public Safety	82,523
Water and Soil Resources	110,191
Total State Grants	<u>782,528</u>

FEDERAL GRANTS

FEDERAL DEPARTMENT OF

Justice	69,318
Transportation	283,202
Homeland Security	4,903
Total Federal Grants	<u>357,423</u>

Total State and Federal Grants	<u>1,139,951</u>
Total Intergovernmental Revenues	<u><u>\$ 6,035,858</u></u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH
DECEMBER 31, 2008**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches					
1	\$ 17,429	\$ 37,076	\$ -	\$ (30,000)	\$ 24,505
2 M&F	1,371	-	124	-	1,495
2 Imp. #1 M&F Pipeline	4,494	-	-	-	4,494
2 M&W	(1,885)	3,954	143	-	2,212
3	6,367	51,824	-	-	58,191
4 F&M	272	-	145	-	417
6	1,929	-	-	-	1,929
7 M&F	(7,598)	12,349	3,970	-	8,721
8 M&F	(415)	1,000	-	-	585
8	16,359	24,986	-	(8,000)	33,345
9 Whitman	1,312	2,000	-	-	3,312
9 M&W	15,145	7,806	361	-	23,312
10 Original	7,757	39,157	-	-	46,914
11 M&J	521	5,377	97	-	5,995
12 M&F	(200)	1,651	272	-	1,723
13 Original	954	105	-	-	1,059
15 Original M&J	(362)	5,000	734	-	5,372
15	14,231	15,307	-	-	29,538
17	1,962	-	-	-	1,962
18	691	4,980	-	-	5,671
20	5,177	-	-	-	5,177
21 Original	1,689	-	-	-	1,689
22	(3,043)	6,551	-	-	3,508
24 Imp.	3,079	-	-	-	3,079
24 MBE&F	1,628	-	16	-	1,644
25	(31)	800	98	-	867
25 MBE&W	21,619	26,253	-	-	47,872
25 M&F	415	500	8	-	923
26	546	-	34	-	580
26 M&F	3,605	-	-	-	3,605
27	807	-	22	-	829
27 M&F	3,716	2,000	-	-	5,716
28 Imp.	1,742	4,000	-	-	5,742
29	1,762	-	-	500	2,262
30	502	1,000	-	-	1,502
31	42	200	10	-	252
31 M&W	2,134	-	-	-	2,134

Liabilities

Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ 28,281	\$ -	\$ 37,076	\$ 65,357	\$ (40,852)	\$ 24,505
-	-	-	-	1,495	1,495
-	-	-	-	4,494	4,494
-	-	3,954	3,954	(1,742)	2,212
31,950	-	51,824	83,774	(25,583)	58,191
-	-	-	-	417	417
-	-	-	-	1,929	1,929
-	-	12,349	12,349	(3,628)	8,721
-	17	1,000	1,017	(432)	585
19,634	-	24,986	44,620	(11,275)	33,345
-	-	2,000	2,000	1,312	3,312
-	-	7,806	7,806	15,506	23,312
11,650	-	39,157	50,807	(3,893)	46,914
-	-	5,377	5,377	618	5,995
-	-	1,651	1,651	72	1,723
-	-	105	105	954	1,059
220	-	5,000	5,220	152	5,372
2,891	134	15,307	18,332	11,206	29,538
220	-	-	220	1,742	1,962
-	-	4,980	4,980	691	5,671
-	-	-	-	5,177	5,177
-	-	-	-	1,689	1,689
-	-	6,551	6,551	(3,043)	3,508
-	-	-	-	3,079	3,079
-	-	-	-	1,644	1,644
-	-	800	800	67	867
-	-	26,253	26,253	21,619	47,872
-	-	500	500	423	923
-	-	-	-	580	580
-	-	-	-	3,605	3,605
-	-	-	-	829	829
-	-	2,000	2,000	3,716	5,716
-	-	4,000	4,000	1,742	5,742
-	-	-	-	2,262	2,262
-	-	1,000	1,000	502	1,502
-	-	200	200	52	252
-	-	-	-	2,134	2,134

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2008**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches (continued)					
32	\$ 2,909	\$ 6,749	\$ -	\$ -	\$ 9,658
33	154	1,000	-	-	1,154
34	(5,484)	10,455	-	-	4,971
35	1,550	-	-	-	1,550
37	3,661	-	-	-	3,661
38	905	93	-	-	998
39	2,848	-	-	-	2,848
39 Branch R	(370)	500	-	-	130
39 Imp. of Main	6,952	-	-	-	6,952
39 Imp. of Main Tile	(3,574)	5,000	-	-	1,426
39 Imp.	(4,282)	6,002	-	-	1,720
40	688	500	-	-	1,188
41	23,114	6,058	-	(25,000)	4,172
42	2,205	2	-	-	2,207
43	225	1,000	-	-	1,225
44	(9,868)	8,884	-	-	(984)
46	(307)	3,000	-	-	2,693
47	(58,857)	10	-	-	(58,847)
48	1,159	-	7	-	1,166
48 M&J	265	2,012	-	-	2,277
49	729	1,000	-	-	1,729
50	(1,976)	5,000	-	-	3,024
51	733	-	-	-	733
52	1,461	-	-	-	1,461
56	772	1,000	-	-	1,772
57	357	1,000	-	-	1,357
59	1,119	-	-	-	1,119
60	(279)	5,000	-	-	4,721
64	743	4,000	-	-	4,743
65	2,273	-	-	-	2,273
66	997	-	-	-	997
67	(6,755)	9,207	-	-	2,452
68	1,272	-	-	-	1,272
70	291	1,000	-	-	1,291
71	1,464	-	-	-	1,464
72	589	1,000	-	-	1,589
73	211	2,000	-	-	2,211
74	406	-	-	-	406
75	2,609	-	-	-	2,609
76	(5,187)	6,178	-	-	991

Liabilities

Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 6,749	\$ 6,749	\$ 2,909	\$ 9,658
-	-	1,000	1,000	154	1,154
268	-	10,455	10,723	(5,752)	4,971
-	-	-	-	1,550	1,550
-	-	-	-	3,661	3,661
-	-	93	93	905	998
-	-	-	-	2,848	2,848
-	-	500	500	(370)	130
-	-	-	-	6,952	6,952
-	-	5,000	5,000	(3,574)	1,426
-	-	6,002	6,002	(4,282)	1,720
-	-	500	500	688	1,188
-	-	6,058	6,058	(1,886)	4,172
-	-	2	2	2,205	2,207
-	-	1,000	1,000	225	1,225
-	-	8,884	8,884	(9,868)	(984)
189	-	3,000	3,189	(496)	2,693
9,225	-	10	9,235	(68,082)	(58,847)
-	-	-	-	1,166	1,166
-	-	2,012	2,012	265	2,277
-	-	1,000	1,000	729	1,729
-	-	5,000	5,000	(1,976)	3,024
1,052	-	-	1,052	(319)	733
-	-	-	-	1,461	1,461
-	-	1,000	1,000	772	1,772
-	-	1,000	1,000	357	1,357
315	-	-	315	804	1,119
-	-	5,000	5,000	(279)	4,721
270	-	4,000	4,270	473	4,743
-	-	-	-	2,273	2,273
-	-	-	-	997	997
-	-	9,207	9,207	(6,755)	2,452
-	-	-	-	1,272	1,272
-	-	1,000	1,000	291	1,291
-	-	-	-	1,464	1,464
-	-	1,000	1,000	589	1,589
-	-	2,000	2,000	211	2,211
-	-	-	-	406	406
-	-	-	-	2,609	2,609
-	-	6,178	6,178	(5,187)	991

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2008**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches (continued)					
77	\$ 1,708	\$ 2,163	\$ -	\$ -	\$ 3,871
78	474	-	-	-	474
79	1,864	2,136	-	-	4,000
80	275	2,000	-	-	2,275
81	(1,240)	2,000	-	(500)	260
82	2,580	10	-	-	2,590
85	(23,978)	26,160	-	-	2,182
86	1,786	-	-	-	1,786
88	816	8	16	-	840
89	2,186	-	-	-	2,186
90	946	-	-	-	946
91	962	2,000	64	-	3,026
92	3,659	125	-	-	3,784
93	1,511	7	-	-	1,518
95	(708)	2,019	-	-	1,311
96	759	36	-	-	795
97	2,626	-	-	-	2,626
98	7,728	-	-	-	7,728
99	123	2,000	-	-	2,123
100	4,116	4	-	-	4,120
101	1,496	-	-	-	1,496
102	1,911	-	-	-	1,911
103	1,942	-	-	-	1,942
104	422	2	-	-	424
105	1,215	-	55	-	1,270
108	42	1,000	-	-	1,042
109	1,568	-	-	-	1,568
110	561	2,000	-	-	2,561
111	1,655	-	-	-	1,655
115	(1,383)	2,196	-	-	813
116	(1,134)	3,000	14	-	1,880
Joint County Ditches					
201	(13)	600	4	-	591
202	3,815	-	774	-	4,589
204 Imp. Br. 38	-	-	-	38,000	38,000
204 Imp. Br. A-38	-	-	-	25,000	25,000

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 2,163	\$ 2,163	\$ 1,708	\$ 3,871
-	-	-	-	474	474
-	-	2,136	2,136	1,864	4,000
-	-	2,000	2,000	275	2,275
-	-	2,000	2,000	(1,740)	260
-	-	10	10	2,580	2,590
-	-	26,160	26,160	(23,978)	2,182
328	-	-	328	1,458	1,786
-	-	8	8	832	840
-	-	-	-	2,186	2,186
-	-	-	-	946	946
-	-	2,000	2,000	1,026	3,026
-	-	125	125	3,659	3,784
-	-	7	7	1,511	1,518
-	-	2,019	2,019	(708)	1,311
-	-	36	36	759	795
-	-	-	-	2,626	2,626
-	-	-	-	7,728	7,728
-	-	2,000	2,000	123	2,123
-	-	4	4	4,116	4,120
-	-	-	-	1,496	1,496
-	-	-	-	1,911	1,911
-	-	-	-	1,942	1,942
-	-	2	2	422	424
-	-	-	-	1,270	1,270
-	-	1,000	1,000	42	1,042
-	-	-	-	1,568	1,568
-	-	2,000	2,000	561	2,561
-	-	-	-	1,655	1,655
-	-	2,196	2,196	(1,383)	813
-	-	3,000	3,000	(1,120)	1,880
-	-	600	600	(9)	591
-	-	-	-	4,589	4,589
-	-	-	-	38,000	38,000
-	-	-	-	25,000	25,000

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2008**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Joint County Ditches (continued)					
301	\$ 1,092	\$ 2,118	\$ 6	\$ -	\$ 3,216
367	(4,144)	11,193	-	-	7,049
214 North System	26,377	12,189	20,672	-	59,238
314 Middle System	(811)	-	2,540	-	1,729
414 South System	29,224	21,850	42,706	-	93,780
Total Judicial and Joint County Ditches	163,473	438,342	72,892	-	674,707
County Ditches					
1	3,836	5,419	-	-	9,255
2	(1,252)	5,000	-	-	3,748
3	2,272	-	-	-	2,272
6	616	1,000	-	-	1,616
8	1,586	-	-	-	1,586
9	2,113	-	-	-	2,113
11	(19,252)	8,555	-	(15,000)	(25,697)
11 Imp. C	93	-	-	-	93
13	1,117	-	-	-	1,117
14	19,493	-	-	-	19,493
15	1,353	-	-	-	1,353
19	730	-	-	-	730
20	585	2,000	-	-	2,585
22	210	214	-	-	424
23	3,259	-	-	-	3,259
24	2,844	-	-	-	2,844
25	1,024	-	-	-	1,024
26	2,263	-	-	-	2,263
27	594	-	-	-	594
28	1,626	5,939	-	-	7,565
29	2,605	-	-	-	2,605
30 Original	798	1,000	-	-	1,798
31	1,995	-	-	-	1,995
32	992	500	-	-	1,492
33	(1,399)	2,051	-	-	652
34	1,421	-	-	-	1,421
35	1,749	-	-	-	1,749
36	1,179	-	-	-	1,179
37	124	500	-	-	624

Liabilities

Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 2,118	\$ 2,118	\$ 1,098	\$ 3,216
659	-	11,193	11,852	(4,803)	7,049
47,959	-	12,189	60,148	(910)	59,238
-	-	-	-	1,729	1,729
45,429	-	21,850	67,279	26,501	93,780
200,540	151	438,342	639,033	35,674	674,707
350	-	5,419	5,769	3,486	9,255
875	-	5,000	5,875	(2,127)	3,748
2,602	-	-	2,602	(330)	2,272
-	-	1,000	1,000	616	1,616
-	-	-	-	1,586	1,586
222	-	-	222	1,891	2,113
3,956	-	8,555	12,511	(38,208)	(25,697)
-	-	-	-	93	93
-	-	-	-	1,117	1,117
-	-	-	-	19,493	19,493
-	-	-	-	1,353	1,353
-	-	-	-	730	730
-	-	2,000	2,000	585	2,585
-	-	214	214	210	424
-	-	-	-	3,259	3,259
660	-	-	660	2,184	2,844
-	-	-	-	1,024	1,024
-	-	-	-	2,263	2,263
-	-	-	-	594	594
-	-	5,939	5,939	1,626	7,565
165	-	-	165	2,440	2,605
-	-	1,000	1,000	798	1,798
-	-	-	-	1,995	1,995
-	-	500	500	992	1,492
-	-	2,051	2,051	(1,399)	652
-	-	-	-	1,421	1,421
-	-	-	-	1,749	1,749
-	-	-	-	1,179	1,179
-	-	500	500	124	624

MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2008

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
County Ditches (continued)					
38	\$ 1,976	\$ -	\$ -	\$ -	\$ 1,976
40	439	500	-	-	939
41	1,659	-	-	-	1,659
42	743	20	-	-	763
43	191	500	-	-	691
44	(310)	2,000	-	-	1,690
46	2,374	80	-	-	2,454
47	1,747	-	-	-	1,747
50	315	1,000	-	-	1,315
51	651	1,000	-	-	1,651
52	1,885	-	-	-	1,885
53	(572)	1,005	-	-	433
54	2,549	-	-	-	2,549
55	(165)	-	-	-	(165)
56	2,784	352	-	-	3,136
58	1,783	68	-	-	1,851
59	288	2,000	-	-	2,288
60	1,610	-	-	-	1,610
61	473	1,000	-	-	1,473
62	1,455	-	-	-	1,455
63	438	1,000	-	-	1,438
64	1,539	500	-	-	2,039
65	1,607	-	-	-	1,607
67	138	1,000	-	-	1,138
69	(8,227)	1,500	-	-	(6,727)
70	991	-	-	-	991
71	272	2,000	-	-	2,272
72	248	5,000	-	-	5,248
73	(3,309)	6,939	-	-	3,630
74	2,197	10	-	-	2,207
75	11,210	-	-	15,000	26,210
76	20,638	-	-	-	20,638
Total County Ditches	84,191	59,652	-	-	143,843
Total All Ditches	\$ 247,664	\$ 497,994	\$ 72,892	\$ -	\$ 818,550

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ -	\$ -	\$ 1,976	\$ 1,976
-	-	500	500	439	939
-	-	-	-	1,659	1,659
-	-	20	20	743	763
-	-	500	500	191	691
-	-	2,000	2,000	(310)	1,690
-	-	80	80	2,374	2,454
-	-	-	-	1,747	1,747
-	-	1,000	1,000	315	1,315
-	-	1,000	1,000	651	1,651
-	-	-	-	1,885	1,885
-	-	1,005	1,005	(572)	433
-	-	-	-	2,549	2,549
243	-	-	243	(408)	(165)
-	-	352	352	2,784	3,136
-	-	68	68	1,783	1,851
-	-	2,000	2,000	288	2,288
-	-	-	-	1,610	1,610
-	-	1,000	1,000	473	1,473
348	-	-	348	1,107	1,455
-	-	1,000	1,000	438	1,438
-	-	500	500	1,539	2,039
-	-	-	-	1,607	1,607
-	-	1,000	1,000	138	1,138
-	-	1,500	1,500	(8,227)	(6,727)
-	-	-	-	991	991
-	-	2,000	2,000	272	2,272
-	-	5,000	5,000	248	5,248
-	-	6,939	6,939	(3,309)	3,630
-	-	10	10	2,197	2,207
-	-	-	-	26,210	26,210
399	-	-	399	20,239	20,638
9,820	-	59,652	69,472	74,371	143,843
<u>\$ 210,360</u>	<u>\$ 151</u>	<u>\$ 497,994</u>	<u>\$ 708,505</u>	<u>\$ 110,045</u>	<u>\$ 818,550</u>

This Page Has Been Left Blank Intentionally.