

MARTIN COUNTY
FAIRMONT, MINNESOTA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2009

**MARTIN COUNTY
FAIRMONT, MINNESOTA
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DECEMBER 31, 2009**

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FAIRMONT, MINNESOTA
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INTRODUCTORY SECTION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
ORGANIZATION
DECEMBER 31, 2009**

Office	Name	Term Expires
Commissioners		
1st District	Jerry Boler	January 2013
2nd District	Steven Pierce	January 2011
3rd District	Steven Donnelly *	January 2013
4th District	Dan Schmidtke	January 2011
5th District	Jack Potter	January 2013
Officers		
Elected		
Attorney	Terry Viesselman	January 2011
Auditor/Treasurer	Jim Forshee	January 2011
Judge	Robert Walker	January 2015
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

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FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
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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, 2009, 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, 2009, 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.



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 August 26, 2010, 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

August 26, 2010

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REQUIRED SUPPLEMENTARY INFORMATION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

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, 2009. 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, 2009, and the prior year, 2008, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 include the following:

- Governmental activities' total net assets are \$70,734,435, of which \$51,613,982 is invested in capital assets, net of related debt, and \$3,977,505 is restricted for specific purposes.
- Martin County's net assets increased by \$4,207,835 for the year ended December 31, 2009.
- The net cost of governmental activities was \$7,939,825 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$12,147,660.
- Governmental funds' fund balances increased by \$1,522,695.

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, 2009**

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, 2009**

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 (page 68). 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 \$70,734,435 on December 31, 2009 (see Table A-1).

Table A-1
The County's Net Assets

	Governmental Activities		% Change
	2009	2008	
Current and Other Assets	\$ 21,976,979	\$ 21,132,696	4.0 %
Capital and Noncurrent Assets	54,300,907	51,309,490	5.8
Total Assets	76,277,886	72,442,186	5.3
Current Liabilities	1,713,854	2,155,253	(20.5)
Long-Term Liabilities	3,829,597	3,760,333	1.8
Total Liabilities	5,543,451	5,915,586	(6.3)
Net Assets			
Invested in Capital Assets, Net of Related Debt	51,613,982	48,146,967	7.2
Restricted	3,977,505	4,776,248	(16.7)
Unrestricted	15,142,948	13,603,385	11.3
Total Net Assets	\$ 70,734,435	\$ 66,526,600	6.3

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets

The County-wide total revenues were \$23,547,725 for the year ended December 31, 2009. Property taxes and intergovernmental revenues accounted for 77 percent of total revenues for the year (see Table A-2).

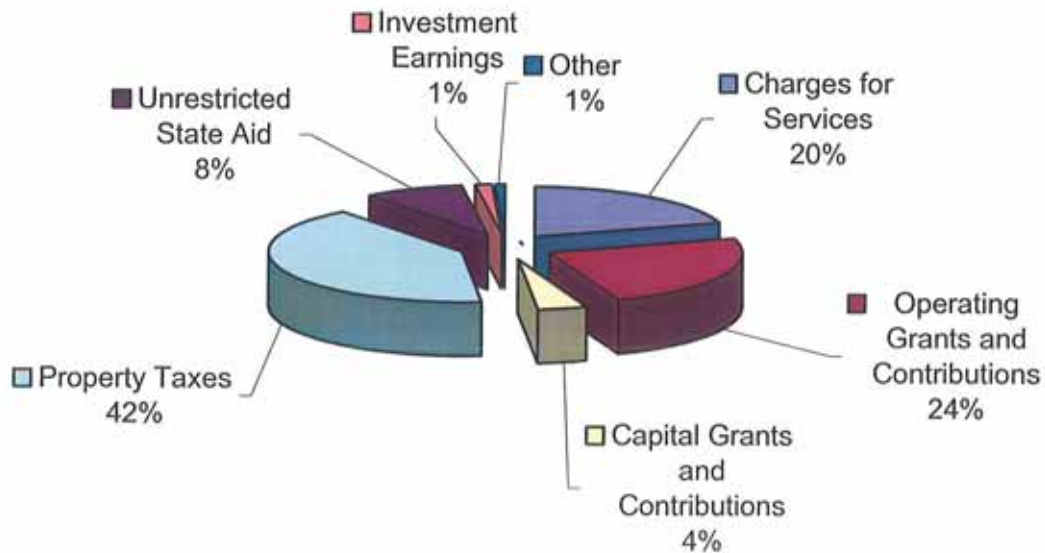
Table A-2
Change in Net Assets

	Governmental Activities		Total % Change
	2009	2008	
REVENUES			
<u>Program Revenues</u>			
Fees, Charges, Fines, and Other	\$ 4,790,029	\$ 4,554,009	5.2 %
Operating Grants and Contributions	5,609,976	3,910,860	43.4
Capital Grants and Contributions	1,000,060	1,509,404	(33.7)
<u>General Revenues</u>			
Property Taxes	9,651,028	9,143,934	5.5
Unrestricted State Aid	1,943,834	1,851,951	5.0
Investment Earnings	344,203	452,087	(23.9)
Other	208,595	300,446	(30.6)
Total Revenues	23,547,725	21,722,691	8.4
EXPENSES			
General Government	5,787,028	5,129,251	12.8
Public Safety	3,432,908	3,625,532	(5.3)
Highways and Streets	4,864,352	5,043,749	(3.6)
Environmental Services	679,771	787,020	(13.6)
Culture and Recreation	733,658	779,393	(5.9)
Conservation of Natural Resources	1,167,599	686,035	70.2
Economic Development	43,513	30,009	45.0
Human Services	2,481,704	1,902,624	30.4
Interest	149,357	156,653	(4.7)
Total Expenses	19,339,890	18,140,266	6.6
CHANGE IN NET ASSETS	4,207,835	3,582,425	17.5
Net Assets - Beginning of Year	66,526,600	62,944,175	5.7
NET ASSETS - END OF YEAR	<u>\$ 70,734,435</u>	<u>\$ 66,526,600</u>	6.3

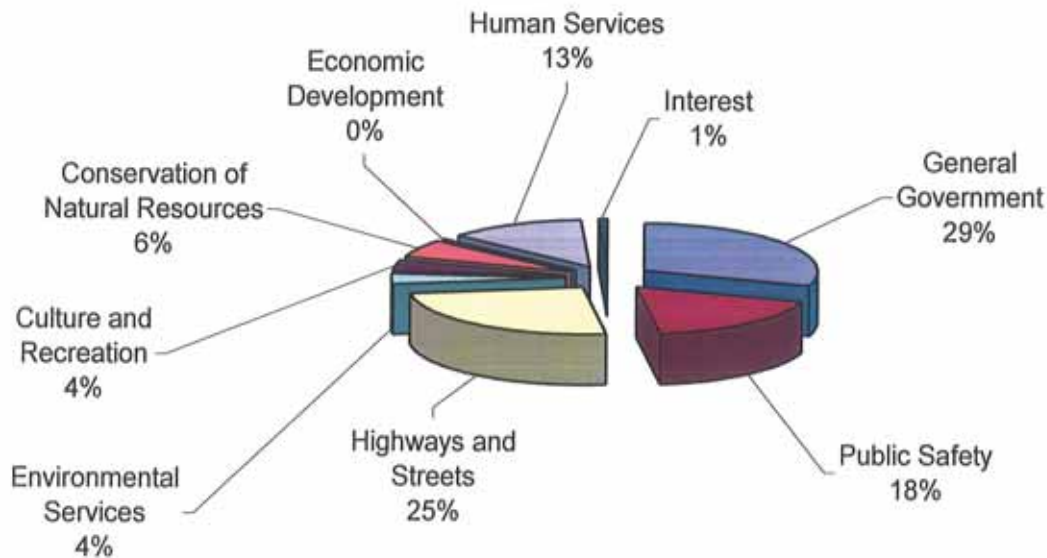
**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Governmental Activities Revenues by Source 2009



Governmental Activities Expenses by Function 2009



**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

The County-wide cost of all governmental activities this year was \$19,339,890.

- Some of the cost was paid by the users of the County's Programs (\$4,790,029).
- The Federal and state governments subsidized certain programs with grants and contributions (\$6,610,036).
- The remainder of the County's costs (\$7,939,825), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$9,651,028 in property taxes, \$1,943,834 of state aid, and \$552,798 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
	2009	2008		2009	2008	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 5,787,028	\$ 5,129,251	12.8 %	\$ (2,972,686)	\$ (2,560,374)	16.1 %
Public Safety	3,432,908	3,625,532	(5.3)	(2,781,618)	(2,900,808)	(4.1)
Highways and Streets	4,864,352	5,043,749	(3.6)	885,060	(303,671)	(391.5)
Environmental Services	679,771	787,020	(13.6)	698,192	79,253	781.0
Culture and Recreation	733,658	779,393	(5.9)	(617,613)	(688,268)	(10.3)
Conservation of Natural Resources	1,167,599	686,035	70.2	(526,466)	253,609	(307.6)
Economic Development	43,513	30,009	45.0	(1,494)	5,675	(126.3)
Human Services	2,481,704	1,902,624	30.4	(2,473,843)	(1,894,756)	30.6
Interest	149,357	156,653	(4.7)	(149,357)	(156,653)	(4.7)
Total	<u>\$ 19,339,890</u>	<u>\$ 18,140,266</u>	6.6	<u>\$ (7,939,825)</u>	<u>\$ (8,165,993)</u>	(2.8)

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

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 \$16,290,994. Revenues for the County's governmental funds were \$23,675,466, while total expenditures were \$22,758,311. During 2009, the County also sold capital assets and received loan proceeds for a total of \$601,387, which is 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 \$739,354 during 2009. This increase was primarily due to increasing tax and special assessment revenues.

The Road and Bridge Fund has a total fund balance of \$4,193,316 of which 82% is unreserved.

The Human Services Fund's fund balance decreased by \$252,759, this is primarily due to an increase in payments to the Human Services of Faribault and Martin Counties Agency.

The Ditch Fund's fund balance decreased by \$98,936, this is primarily due to the County making ditch improvements during 2009.

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, 2009	December 31, 2008	Increase (Decrease)	Percent
Taxes	\$ 4,725,034	\$ 4,417,659	\$ 307,375	7.0 %
Licenses and Permits	40,023	40,126	(103)	(0.3)
Intergovernmental	2,766,598	2,522,630	243,968	9.7
Charges for Services	652,448	785,482	(133,034)	(16.9)
Investment Earnings	339,889	429,381	(89,492)	(20.8)
Miscellaneous and Other	1,796,313	1,653,177	143,136	8.7
Total General Fund Revenues	<u>\$ 10,320,305</u>	<u>\$ 9,848,455</u>	<u>\$ 471,850</u>	4.8

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2009	December 31, 2008	Increase (Decrease)	Percent
General Government	\$ 5,429,437	\$ 4,932,792	\$ 496,645	10.1 %
Public Safety	3,531,862	3,585,253	(53,391)	(1.5)
Environmental Services	425,718	533,252	(107,534)	(20.2)
Culture and Recreation	46,741	50,965	(4,224)	(8.3)
Conservation of Natural Resources	105,981	91,625	14,356	15.7
Economic Development	9,068	10,841	(1,773)	(16.4)
Principal Retirement	33,942	24,322	9,620	39.6
Interest and Fiscal Charges	10,082	3,730	6,352	170.3
Total Expenditures	<u>\$ 9,592,831</u>	<u>\$ 9,232,780</u>	<u>\$ 360,051</u>	3.9

For the year ended December 31, 2009, the County allocated all expenditures.

General Fund Budgetary Highlights

- Actual revenues were \$1,484,747 more than expected. This is due primarily to increased taxes, intergovernmental revenues, and charges for services.
- The actual expenditures were \$657,259 more than budget. This is due primarily to additional costs related to county administration and operations of the county recorder.
- 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 2009.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2009, the County had invested over \$80,700,000 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 \$1,916,832.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change
	2009	2008	
Land and Right of Way	\$ 931,721	\$ 931,721	-
Buildings and Improvements	7,532,604	7,191,366	4.7
Machinery, Equipment, and Vehicles	5,740,472	5,771,285	(0.5)
Infrastructure	66,375,447	62,133,721	6.8
Construction in Progress	146,422	80,779	81.3
Less: Accumulated Depreciation	<u>(26,425,759)</u>	<u>(24,799,382)</u>	6.6
Total	<u>\$ 54,300,907</u>	<u>\$ 51,309,490</u>	5.8

**MARTIN COUNTY
FAIRMONT, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County had outstanding long-term liabilities of \$4,771,507 versus \$4,600,089 in the previous year for a 3.7 percent increase as shown in Table A-7. This increase is due to the receipt of additional loans during 2009.

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

	2009	2008	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds, Net of Discount	\$ 3,128,498	\$ 3,595,176	(13.0)%
Notes and Loans Payable	937,060	379,766	146.7
Compensated Absences Payable	572,520	557,106	2.8
Other Postemployment Benefit Obligation	133,429	68,041	96.1
Total	<u>\$ 4,771,507</u>	<u>\$ 4,600,089</u>	3.7

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, 2009**

ASSETS

Cash and Pooled Investments	\$ 15,988,905
Petty Cash and Change Funds	1,455
Taxes Receivable - Delinquent	134,569
Special Assessments Receivable - Delinquent	85,500
Special Assessments Receivable - Deferred	1,607,701
Accounts Receivable - Net	28,653
Loans Receivable	373,352
Accrued Interest Receivable	57,029
Due from Other Governments	2,927,663
Inventories	742,391
Deferred Debt Issue Costs	29,761
Capital Assets - Non-Depreciable	
Land and Right of Way	931,721
Construction in Progress	146,422
Depreciable Capital Assets - Net of Depreciation	
Buildings and Improvements	3,629,118
Land Improvements	6,809
Machinery, Vehicles, Furniture and Equipment	1,780,703
Infrastructure	47,806,134
Total Assets	<u>76,277,886</u>

LIABILITIES

Accounts Payable	\$ 215,793
Salaries Payable	220,582
Contracts Payable	120,099
Due to Other Governments	52,681
Accrued Interest Payable	38,358
Deferred Revenue - Unearned	124,431
Compensated Absences Payable - Due Within One Year	366,814
General Obligation Bonds Payable - Due Within One Year	475,000
Loans Payable - Due Within One Year	100,096
Compensated Absences Payable - Due in More Than One Year	205,706
General Obligation Bonds Payable - Due in More Than One Year	2,653,498
Loans Payable - Due in More Than One Year	836,964
Other Postemployment Benefit Obligation - Due in More Than One Year	133,429
Total Liabilities	<u>5,543,451</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	51,613,982
Restricted for	
General Government	178,212
Public Safety	348,346
Debt Service	612,473
Culture and Recreation	14,351
Economic Development	186,995
Highways and Streets	2,637,128
Unrestricted	<u>15,142,948</u>
Total Net Assets	<u>\$ 70,734,435</u>

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**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2009**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
General Government	\$ 5,787,028	\$ 2,185,811	\$ 628,471	\$ 60	\$ (2,972,686)
Public Safety	3,432,908	227,267	424,023	-	(2,781,618)
Highways and Streets	4,864,352	505,150	4,244,262	1,000,000	885,060
Environmental Services	679,771	1,145,179	232,784	-	698,192
Culture and Recreation	733,658	88,583	27,462	-	(617,613)
Conservation of Natural Resources	1,167,599	603,039	38,094	-	(526,466)
Economic Development	43,513	35,000	7,019	-	(1,494)
Human Services	2,481,704	-	7,861	-	(2,473,843)
Interest	149,357	-	-	-	(149,357)
Total Governmental Activities	<u>\$ 19,339,890</u>	<u>\$ 4,790,029</u>	<u>\$ 5,609,976</u>	<u>\$ 1,000,060</u>	<u>(7,939,825)</u>
GENERAL REVENUES					
Property Taxes					9,651,028
Mortgage Registry and Deed Tax					14,723
Wind Power Production Tax					192,472
Grants and Contributions not Restricted for a Particular Purpose					1,943,834
Investment Earnings					344,203
Gain on Sale of Capital Assets					1,400
Total General Revenues					<u>12,147,660</u>
CHANGE IN NET ASSETS					<u>4,207,835</u>
Net Assets - Beginning of Year					<u>66,526,600</u>
NET ASSETS - END OF YEAR					<u><u>\$ 70,734,435</u></u>

See accompanying Notes to the Financial Statements.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Road and Bridge	Human Services	Ditch
ASSETS				
Cash and Pooled Investments	\$ 7,067,287	\$ 3,538,907	\$ 1,654,791	\$ 14,176
Petty Cash and Change Funds	1,280	50	-	-
Taxes Receivable - Delinquent	61,685	30,719	29,864	-
Special Assessments Receivable				
Delinquent	21,564	-	-	-
Deferred	616,383	-	-	991,318
Accounts Receivable	28,653	-	-	-
Accrued Interest Receivable	57,029	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	309	133,764	-	-
Due from Other Governments	189,003	2,721,859	-	16,801
Inventories	-	742,391	-	-
Total Assets	<u>\$ 8,043,193</u>	<u>\$ 7,167,690</u>	<u>\$ 1,684,655</u>	<u>\$ 1,022,295</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 120,792	\$ 41,458	\$ -	\$ 19,857
Salaries Payable	146,822	60,248	-	-
Contracts Payable	-	120,099	-	-
Due to Other Funds	10,866	309	-	-
Due to Other Governments	52,635	25	-	11
Deferred Revenue - Unavailable	699,632	2,752,235	29,864	991,318
Deferred Revenue - Unearned	124,431	-	-	-
Total Liabilities	1,155,178	2,974,374	29,864	1,011,186
FUND BALANCES				
Reserved for				
Sheriff's Contingency	5,000	-	-	-
Missing Heirs	6,105	-	-	-
Law Library	152,819	-	-	-
E-911 System	337,810	-	-	-
Recorder's Equipment Purchases	19,288	-	-	-
Recreation and Safety Grants	5,536	-	-	-
Economic Development	-	-	-	-
Inventories	-	742,391	-	-
Debt Service	-	-	-	-
Endowments	-	-	-	-
Unreserved, Undesignated	6,361,457	3,450,925	1,654,791	11,109
Unreserved, Reported in Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>6,888,015</u>	<u>4,193,316</u>	<u>1,654,791</u>	<u>11,109</u>
Total Liabilities and Fund Balances	<u>\$ 8,043,193</u>	<u>\$ 7,167,690</u>	<u>\$ 1,684,655</u>	<u>\$ 1,022,295</u>

See accompanying Notes to the Financial Statements.

Nonmajor Funds	Total Governmental Funds
\$ 3,713,744	\$ 15,988,905
125	1,455
12,301	134,569
63,936	85,500
-	1,607,701
-	28,653
-	57,029
373,352	373,352
-	134,073
-	2,927,663
-	742,391
<u>\$ 4,163,458</u>	<u>\$ 22,081,291</u>

\$ 33,686	\$ 215,793
13,512	220,582
-	120,099
122,898	134,073
10	52,681
449,589	4,922,638
-	124,431
<u>619,695</u>	<u>5,790,297</u>

-	5,000
-	6,105
-	152,819
-	337,810
-	19,288
-	5,536
186,995	186,995
-	742,391
612,473	612,473
14,351	14,351
-	11,478,282
<u>2,729,944</u>	<u>2,729,944</u>
<u>3,543,763</u>	<u>16,290,994</u>
<u>\$ 4,163,458</u>	<u>\$ 22,081,291</u>

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**MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 16,290,994**

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. 54,300,907

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

Property Taxes	\$	134,569	
Special Assessments		1,693,201	
Intergovernmental Revenues		2,721,516	
Loans Receivable		373,352	4,922,638

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	(3,128,498)		
Loans Payable	(937,060)		
Other Postemployment Benefit Obligation	(133,429)		
Compensated Absences	(572,520)		
Unamortized Bond Issue Costs	29,761		
Accrued Interest Payable	(38,358)		(4,780,104)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 70,734,435**

**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009**

	General	Road and Bridge	Human Services	Ditch
REVENUES				
Taxes	\$ 4,725,034	\$ 2,033,968	\$ 1,994,913	\$ -
Special Assessments	146,283	-	-	336,153
Licenses and Permits	40,023	-	-	-
Intergovernmental	2,766,598	6,135,426	195,630	38,094
Charges for Services	652,448	-	-	-
Fines and Forfeits	23,943	-	-	-
Investment Earnings	339,889	2,276	-	2,038
Miscellaneous	1,626,087	505,150	-	4,039
Total Revenues	10,320,305	8,676,820	2,190,543	380,324
EXPENDITURES				
CURRENT				
General Government	5,429,437	-	-	-
Public Safety	3,531,862	-	-	-
Highways and Streets	-	7,768,134	-	-
Environmental Services	425,718	-	-	-
Sanitation	-	-	-	-
Culture and Recreation	46,741	-	-	-
Conservation of Natural Resources	105,981	-	-	1,064,594
Economic Development	9,068	-	-	-
INTERGOVERNMENTAL				
Human Services	-	-	2,443,302	-
CAPITAL OUTLAY				
General Government	-	-	-	-
DEBT SERVICE				
Principal	33,942	-	-	1,701
Interest and Fiscal Charges	10,082	-	-	1,072
Total Expenditures	9,592,831	7,768,134	2,443,302	1,067,367
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	727,474	908,686	(252,759)	(687,043)
OTHER FINANCING SOURCES (USES)				
Proceeds from Loans	4,830	-	-	588,107
Proceeds from Sale of Assets	7,050	-	-	-
Total Other Financing Sources (Uses)	11,880	-	-	588,107
NET CHANGE IN FUND BALANCES	739,354	908,686	(252,759)	(98,936)
Fund Balance - Beginning of Year	6,148,661	3,280,477	1,907,550	110,045
INCREASE IN RESERVED FOR INVENTORIES	-	4,153	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 6,888,015</u>	<u>\$ 4,193,316</u>	<u>\$ 1,654,791</u>	<u>\$ 11,109</u>

See accompanying Notes to the Financial Statements.

Nonmajor Funds	Total Governmental Funds
\$ 1,080,513	\$ 9,834,428
575,150	1,057,586
-	40,023
167,034	9,302,782
18,457	670,905
-	23,943
-	344,203
266,320	2,401,596
2,107,474	23,675,466
107,367	5,536,804
-	3,531,862
-	7,768,134
-	425,718
251,155	251,155
714,974	761,715
-	1,170,575
34,445	43,513
-	2,443,302
179,573	179,573
470,000	505,643
129,163	140,317
1,886,677	22,758,311
220,797	917,155
-	592,937
1,400	8,450
1,400	601,387
222,197	1,518,542
3,321,566	14,768,299
-	4,153
\$ 3,543,763	\$ 16,290,994

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**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, 2009**

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	1,518,542
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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	\$ 4,918,758	
Current Year Depreciation	(1,916,832)	
Net Book Value of Capital Asset Disposals	<u>(10,509)</u>	2,991,417

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes Receivable	23,795	
Special Assessments Receivable	548,511	
Loans Receivable	(8,010)	
Grants Receivable	<u>(693,437)</u>	(129,141)

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		(592,937)
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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	470,000	
Loans Payable	<u>35,643</u>	505,643

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	2,520	
Change in Other Postemployment Benefit Obligation	(65,388)	
Amortization of Discounts and Deferred Issuance Charges	(11,560)	
Change in Accrued Compensated Absences	(15,414)	
Change in Inventories	<u>4,153</u>	(85,689)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>4,207,835</u>
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See accompanying Notes to the Financial Statements.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2009**

ASSETS

Cash and Pooled Investments	<u>\$ 471,260</u>
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LIABILITIES

Due to Other Governments	<u>\$ 471,260</u>
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See accompanying Notes to the Financial Statements.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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, 2009. 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, 2009**

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, 2009**

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 are 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, 2009**

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, 2009**

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. In the case of the initial capitalization of general infrastructure reported in governmental activities, the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for their initial reporting of these assets through backtrending (estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the costs to the acquisition year or estimated acquisition year).

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 the 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, 2009**

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.

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, 2009**

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

Expenditures in Excess of Budget

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2009:

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund			
General Government			
Courts	\$ 43,500	\$ 99,428	\$ 55,928
County Administration	751,439	1,945,613	1,194,174
Drainage Administrator	85,358	109,235	23,877
Recorder	344,355	471,072	126,717
Veterans Service Officer	163,797	164,306	509
Environmental Services			
Planning and Zoning	410,961	425,718	14,757
Culture and Recreation			
Administration	36,959	46,741	9,782
Debt Service			
Interest and Fiscal Charges	-	10,082	10,082
Road and Bridge Fund			
Highways and Streets			
Administration	344,442	363,786	19,344
Engineering and Construction	3,287,100	4,782,425	1,495,325
Miscellaneous	23,000	25,522	2,522

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Expenditures in Excess of Budget (Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
Human Services Fund			
Intergovernmental			
Human Services	\$ 2,193,044	\$ 2,443,302	\$ 250,258
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	1,064,594	1,064,594
Debt Service			
Principal	-	1,701	1,701
Interest and Fiscal Charges	-	1,072	1,072
Nonmajor - Park Fund			
Culture and Recreation			
Parks	-	126,497	126,497
Nonmajor - Area Development Fund			
Economic Development	-	10,000	10,000
Nonmajor - Building Fund			
Capital Outlay			
General Government	90,000	179,573	89,573

For all funds except the Ditch Fund, expenditures in excess of budget were funded by revenues in excess of budget and existing fund balance. Ditch Fund expenditures in excess of budget will be funded with future special assessment levies against benefited properties.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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, 2009, 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 \$16,143,201 in banks at December 31, 2009 of which the entire balance was covered by federal depository insurance, pledged collateral held by the bank's agent in the County's name, or by a stand by letter of credit.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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, 2009, the County had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Concentration</u>
Mutual Fund	N/A	\$ 534,577	NR	100.0 %

N/A = No stated maturity date

NR = Not rated

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, 2009, the County minimizes exposure to interest rate risk by investing in money market mutual funds.

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, 2009, the County's investment was not rated by Standard & Poor's or Moody's.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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. 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 SIPC and excess SIPC coverage available.

As of December 31, 2009, the County's investments consisted of \$534,577 of a money market mutual fund.

2. Receivables

Receivables as of December 31, 2009, for the County are as follows:

	County Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 134,569	\$ -
Special Assessments	1,693,201	1,350,555
Accounts	28,653	-
Loans Receivable	373,352	373,352
Interest	57,029	-
Due from Other Governments	2,927,663	-
Total	<u>\$ 5,214,467</u>	<u>\$ 1,723,907</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right of Way	\$ 931,721	\$ -	\$ -	\$ 931,721
Construction in Progress	80,779	4,307,369	4,241,726	146,422
Total Capital Assets, Not Being Depreciated:	1,012,500	4,307,369	4,241,726	1,078,143
Capital Assets, Being Depreciated				
Buildings and Improvements	7,177,029	341,238	-	7,518,267
Land Improvements	14,337	-	-	14,337
Machinery, Furniture, and Equipment	4,686,643	111,982	171,587	4,627,038
Infrastructure	62,133,721	4,241,726	-	66,375,447
Vehicles	1,084,642	158,169	129,377	1,113,434
Total Capital Assets, Being Depreciated	75,096,372	4,853,115	300,964	79,648,523
Less Accumulated Depreciation for				
Buildings and Improvements	3,721,270	167,879	-	3,889,149
Land Improvements	6,811	717	-	7,528
Machinery, Furniture, and Equipment	3,043,167	391,532	168,707	3,265,992
Infrastructure	17,330,218	1,239,095	-	18,569,313
Vehicles	697,916	117,609	121,748	693,777
Total Accumulated Depreciation	24,799,382	1,916,832	290,455	26,425,759
Total Capital Assets, Being Depreciated, Net	50,296,990	2,936,283	10,509	53,222,764
Governmental Activities Capital Assets, Net	\$ 51,309,490	\$ 7,243,652	\$ 4,252,235	\$ 54,300,907

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

Government-Type Activities

General Government	\$ 189,647
Public Safety	90,495
Highways and Streets, Including Depreciation of Infrastructure Assets	1,573,152
Human Services	38,366
Culture and Recreation	24,245
Conservation of Natural Resources	927
Total Depreciation Expense - Governmental Activities	\$ 1,916,832

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2009, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Reason
General	Road and Bridge	\$ 309	Payment for Office Supplies
Road and Bridge	General	10,866	Fuel and Allocation of State Aids
	Park (Non-Major)	122,898	Reimbursement of Expenses Paid
Total Due to Road and Bridge Fund		133,764	
Total To/From other Funds		\$ 134,073	

C. Liabilities

1. Long-Term Debt

Governmental Activities

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2009
General Obligation Bonds					
Refunding Bonds of 2005	2010	\$325,000	2.90	\$ 1,545,000	\$ 325,000
Construction Bonds of 2006	2023	150,000 - 250,000	3.65 - 4.20	3,000,000	2,850,000
				Subtotal	3,175,000
				Less: Unamortized Discounts	(46,502)
				Total General Obligation Bonds	3,128,498
Loans Payable					
	2029	33,000 - 77,544	1.00 - 2.00	1,042,268	937,060
				Total Long-Term Debt	\$ 4,065,558

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2009, were as follows:

Year Ending December 31	General Obligation		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 475,000	\$ 114,693	\$ 100,096	\$ 17,002	\$ 575,096	\$ 131,695
2011	160,000	104,283	75,727	11,998	235,727	116,281
2012	175,000	98,085	76,626	10,788	251,626	108,873
2013	175,000	91,566	77,544	9,561	252,544	101,127
2014	180,000	84,865	74,934	8,316	254,934	93,181
2015-2019	1,030,000	309,351	274,670	27,609	1,304,670	336,960
2020-2024	980,000	82,871	171,000	14,180	1,151,000	97,051
2025-2029	-	-	72,857	5,440	72,857	5,440
Total	<u>\$ 3,175,000</u>	<u>\$ 885,714</u>	<u>\$ 923,454</u>	<u>\$ 104,894</u>	<u>\$ 4,098,454</u>	<u>\$ 990,608</u>

Note: Excluded from the loans payable debt service requirements listed above is a loan to the Ditch Fund from Jackson County in the amount of \$13,606 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, 2009, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation					
Refunding Bonds	\$ 645,000	\$ -	\$ 320,000	\$ 325,000	\$ 325,000
Construction	3,000,000	-	150,000	2,850,000	150,000
Less: Discount	(49,824)	-	(3,322)	(46,502)	(3,321)
Total General Obligations	3,595,176	-	466,678	3,128,498	471,679
Loans Payable	379,766	592,937	35,643	937,060	100,096
Compensated Absences	557,106	481,616	466,202	572,520	366,814
Other Postemployment Benefit Plan	68,041	103,560	38,172	133,429	-
Governmental Activity Long-Term Liabilities	<u>\$ 4,600,089</u>	<u>\$ 1,178,113</u>	<u>\$ 1,006,695</u>	<u>\$ 4,771,507</u>	<u>\$ 938,589</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 OPERATING LEASE

At the end of 2009, the County maintained seven operating leases for squad cars. Daily rentals under the agreements range from \$26 - \$37.91 per day plus \$.38 - \$.42 per mile for maintenance. In 2009, expenditures under these agreements totaled \$28,570. Future minimum lease payments are as follows:

<u>Year Ended</u>		
2010	\$	26,861
2011		21,427
2012		12,378
2013		4,349
Total	\$	<u>65,015</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, 2009 was \$8,710,000.

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.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plans (Continued)

1. Plan Description (Continued)

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.

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.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plans (Continued)

1. Plan Description (Continued)

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 2009. PEPFF members were required to contribute 9.4% of their annual covered salary 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, 6.75% for Coordinated Plan PERF members, 14.10% for PEPFF members, and 8.75% for PECF members.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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, 2009, 2008, and 2007 were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Public Employees Defined Contribution Plan
2009	\$ 251,135	\$ 92,810	\$ 50,645	\$ 2,601
2008	230,706	87,362	55,962	2,554
2007	215,391	68,542	54,437	2,326

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, 2009**

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, 2009, one retiree was receiving the continued health insurance benefit. The County's contributions for the year were \$3,870.

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, 2009, 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 \$32,040 for 2009.

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 for 2009, 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	2,722
Adjustment to ARC	<u>(2,262)</u>
Annual OPEB Cost	101,298
Contributions During the Year	<u>(35,910)</u>
Increase in Net OPEB Obligation	65,388
NET OPEB - Beginning of Year	68,041
NET OPEB - End of the Year	<u><u>\$ 133,429</u></u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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 and 2009 were as follows:

Year Ended December 31,	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
2008	\$ 100,838	\$ 32,797	32.5 %	\$ 68,041
2009	101,298	35,910	35.4	133,429

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.

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-a)/c)
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. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2009 was 28 years.

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, 2009**

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 Intergovernmental Trust (MCIT), formerly the Minnesota Counties Insurance Trust. 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 \$430,000 per claim in 2009. 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.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
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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 \$310,983 in 2009. 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. §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
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NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

South Central Minnesota Regional Radio Board

The South Central Regional Radio Board was established pursuant to Minn. Stat. §§471.59 and 403.39 and a joint powers agreement effective May 27, 2008. The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications.

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 2009.

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.

Rural Minnesota Energy Board

The Rural Minnesota Energy Board was established in 2005 under the authority of Minn. Stat. §471.59. The Board includes Cottonwood, Faribault, Jackson, Lincoln, Lyon, Martin, Mower, Murray, Nobles, Pipestone, Redwood, Renville, Rock, and Watonwan Counties. The purpose of the Board is to provide policy guidance on issues surrounding energy development in rural Minnesota and to foster the diversification of the economic climate in rural Minnesota. The focus of the board includes, but is not limited to, renewable energy, wind energy, energy transmission lines, hydrogen energy technology, and bio-diesel and ethanol use.

The governing body is composed of one voting member and one alternate member from each participating county's Board of Commissioners. The Board shall remain in existence as long as two or more counties remain parties to the agreement. Should the Board cease to exist assets shall be liquidated, after payment of liabilities, based upon the ratios set out under the equal and proportionate share articles of the agreement. During 2009, Martin County paid \$3,000 to the Board.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

South Central Workforce Council

The South Central Workforce Council Joint Powers Board is comprised of one representative from each of the participating County Boards. The Board is the local governmental body that appoints the Workforce Council members and is a full partner with them in overseeing area employment and training programs. The County did not provide any funding to the Council during 2009.

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 2009.

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 2009 is \$74,945. The proportionate shares on the counties may change for the years 2009 through 2024 if there are changes in the taxable market value over the 2008 taxable market value.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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 \$158,628 payable in 12 monthly installments of \$13,219 on the first day of each month.

NOTE 14 CONSTRUCTION COMMITMENTS

The County has active construction projects as of December 31, 2009. The projects include the following (amounts in thousands):

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Roads and Bridges	\$ 2,398	\$ 167

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**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,670,969	\$ 4,670,969	\$ 4,725,034	\$ 54,065
Special Assessments	85,000	85,000	146,283	61,283
Licenses and Permits	23,400	23,400	40,023	16,623
Intergovernmental	2,286,384	2,286,384	2,766,598	480,214
Charges for Services	666,123	666,123	652,448	(13,675)
Fines and Forfeits	27,000	27,000	23,943	(3,057)
Investment Earnings	400,000	400,000	339,889	(60,111)
Miscellaneous	676,682	676,682	1,626,087	949,405
Total Revenues	8,835,558	8,835,558	10,320,305	1,484,747
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	217,646	217,646	190,412	27,234
Courts	43,500	43,500	99,428	(55,928)
County Administration	751,439	751,439	1,945,613	(1,194,174)
County Coordinator	173,192	173,192	164,377	8,815
County Auditor/Treasurer	553,619	553,619	462,134	91,485
County Assessor	410,652	410,652	387,857	22,795
Drainage Administrator	85,358	85,358	109,235	(23,877)
Elections	11,000	11,000	7,317	3,683
Data Processing	348,720	348,720	188,006	160,714
Attorney	344,301	344,301	343,426	875
Recorder	344,355	344,355	471,072	(126,717)
Buildings and Plant	374,607	374,607	294,622	79,985
Transit System	650,000	650,000	601,632	48,368
Veterans Service Officer	163,797	163,797	164,306	(509)
Total General Government	4,472,186	4,472,186	5,429,437	(957,251)
PUBLIC SAFETY				
Sheriff	3,621,424	3,621,424	3,357,213	264,211
Coroner	12,000	12,000	9,754	2,246
Civil Defense	78,125	78,125	58,244	19,881
Victim/Witness	114,202	114,202	106,651	7,551
Total Public Safety	3,825,751	3,825,751	3,531,862	293,889

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
ENVIRONMENTAL SERVICES				
Planning and Zoning	\$ 410,961	\$ 410,961	\$ 425,718	\$ (14,757)
CULTURE AND RECREATION				
Administration	36,959	36,959	46,741	(9,782)
CONSERVATION OF NATURAL RESOURCES				
County Extension	115,825	115,825	105,981	9,844
ECONOMIC DEVELOPMENT				
Administration	10,090	10,090	9,068	1,022
DEBT SERVICE				
Principal	63,800	63,800	33,942	29,858
Interest and Fiscal Charges	-	-	10,082	(10,082)
Total Debt Service	63,800	63,800	44,024	19,776
Total Expenditures	8,935,572	8,935,572	9,592,831	(657,259)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(100,014)	(100,014)	727,474	827,488
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	-	4,830	4,830
Proceeds from Sale of Assets	-	-	7,050	7,050
Total Other Financing Sources (Uses)	-	-	11,880	11,880
NET CHANGE IN FUND BALANCE	<u>\$ (100,014)</u>	<u>\$ (100,014)</u>	739,354	<u>\$ 839,368</u>
Fund Balance - Beginning of Year			6,148,661	
FUND BALANCE - END OF YEAR			<u>\$ 6,888,015</u>	

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

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**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,238,334	\$ 2,046,681	\$ 2,033,968	\$ (12,713)
Intergovernmental	4,419,267	4,610,920	6,135,426	1,524,506
Investment Earnings	-	-	2,276	2,276
Miscellaneous	524,000	524,000	505,150	(18,850)
Total Revenues	7,181,601	7,181,601	8,676,820	1,495,219
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	344,442	344,442	363,786	(19,344)
Engineering and Construction	3,287,100	3,287,100	4,782,425	(1,495,325)
Maintenance	1,907,300	1,907,300	1,643,825	263,475
Equipment and Maintenance Shops	1,597,550	1,597,550	952,576	644,974
Miscellaneous	23,000	23,000	25,522	(2,522)
Total Highways and Streets	7,159,392	7,159,392	7,768,134	(608,742)
CULTURE AND RECREATION				
Parks	100,209	100,209	-	100,209
Total Expenditures	7,259,601	7,259,601	7,768,134	(508,533)
EXCESS OF REVENUES UNDER EXPENDITURES	(78,000)	(78,000)	908,686	986,686
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	40,000	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE	<u>\$ (38,000)</u>	<u>\$ (38,000)</u>	908,686	<u>\$ 946,686</u>
Fund Balance - Beginning of Year			3,280,477	
Decrease in Reserved for Inventory			4,153	
FUND BALANCE - END OF YEAR			<u>\$ 4,193,316</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, 2009**

	<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	\$ 2,005,275	\$ 1,994,913	\$ (10,362)
Intergovernmental	-	187,769	195,630	7,861
Total Revenues	2,193,044	2,193,044	2,190,543	(2,501)
EXPENDITURES				
INTERGOVERNMENTAL				
Human Services	2,193,044	2,193,044	2,443,302	(250,258)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(252,759)	<u>\$ (252,759)</u>
Fund Balance - Beginning of Year			<u>1,907,550</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,654,791</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, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 336,153	\$ 336,153
Intergovernmental	-	-	38,094	38,094
Investment Earnings	-	-	2,038	2,038
Miscellaneous	-	-	4,039	4,039
Total Revenues	-	-	380,324	380,324
EXPENDITURES				
CURRENT				
CONSERVATION OF NATURAL RESOURCES				
Administration and Maintenance	-	-	1,064,594	(1,064,594)
DEBT SERVICE				
Principal Payments	-	-	1,701	(1,701)
Interest and Fiscal Charges	-	-	1,072	(1,072)
Total Debt Service	-	-	2,773	(2,773)
Total Expenditures	-	-	1,067,367	(1,067,367)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(687,043)	(687,043)
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	-	588,107	588,107
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(98,936)</u>	<u>\$ (98,936)</u>
Fund Balance - Beginning of Year			110,045	
FUND BALANCE - END OF YEAR			<u>\$ 11,109</u>	

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

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009**

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 2009.

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, 2009:

	Final Budget	Actual	Difference
General Fund			
General Government			
Courts	\$ 43,500	\$ 99,428	\$ 55,928
County Administration	751,439	1,945,613	1,194,174
Drainage Administrator	85,358	109,235	23,877
Recorder	344,355	471,072	126,717
Veterans Service Officer	163,797	164,306	509
Environmental Services			
Planning and Zoning	410,961	425,718	14,757
Culture and Recreation			
Administration	36,959	46,741	9,782
Debt Service			
Interest and Fiscal Charges	-	10,082	10,082
Road and Bridge Fund			
Highways and Streets			
Administration	344,442	363,786	19,344
Engineering and Construction	3,287,100	4,782,425	1,495,325
Miscellaneous	23,000	25,522	2,522

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2009**

II. Excess of Expenditures Over Appropriations (Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
Human Services Fund			
Intergovernmental			
Human Services	\$ 2,193,044	\$ 2,443,302	\$ 250,258
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	1,064,594	1,064,594
Debt Service			
Principal	-	1,701	1,701
Interest and Fiscal Charges	-	1,072	1,072

For all funds except the Ditch Fund these expenditures in excess of budget were funded by revenues in excess of budget and existing fund balance. The Ditch Fund expenditures in excess of budget will be funded with future special assessment levies against benefited properties.

**MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2009**

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-a)/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 during 2008.

SUPPLEMENTARY INFORMATION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

Library Special Revenue 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.

Park Special Revenue 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 Special Revenue 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 Special Revenue 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 Special Revenue Fund is used to account for the revenues and expenditures of the local area economical development.

Building Special Revenue 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, 2009**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
ASSETS				
Cash and Pooled Investments	\$ 317,772	\$ 155,029	\$ 418,920	\$ 275,033
Petty Cash and Change Funds	125	-	-	-
Taxes Receivable - Delinquent	8,108	2,362	-	-
Special Assessments Receivable				
Delinquent	-	-	15,146	-
Loans Receivable	-	-	-	373,352
Total Assets	<u>\$ 326,005</u>	<u>\$ 157,391</u>	<u>\$ 434,066</u>	<u>\$ 648,385</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 625	\$ -	\$ 25,015	\$ -
Salaries Payable	13,512	-	-	-
Due to Other Funds	-	122,898	-	-
Due to Other Governments	-	-	-	-
Deferred Revenue - Unavailable	8,108	2,362	15,146	373,352
Total Liabilities	22,245	125,260	40,161	373,352
FUND BALANCES				
Reserved for				
Endowments	14,351	-	-	-
Economic Development	-	-	-	36,836
Debt Service	-	-	-	-
Unreserved, Undesignated	289,409	32,131	393,905	238,197
Total Fund Balances	<u>303,760</u>	<u>32,131</u>	<u>393,905</u>	<u>275,033</u>
Total Liabilities and Fund Balances	<u>\$ 326,005</u>	<u>\$ 157,391</u>	<u>\$ 434,066</u>	<u>\$ 648,385</u>

Economic Development	Building	Total Special Revenue Funds	Debt Service Funds		Total Nonmajor Debt Service Funds	Total Nonmajor Funds
			Debt Service	Debt Service - Prairieland		
\$ 145,204	\$ 1,789,313	\$ 3,101,271	\$ 597,121	\$ 15,352	\$ 612,473	\$ 3,713,744
-	-	125	-	-	-	125
-	1,159	11,629	672	-	672	12,301
-	-	15,146	-	48,790	48,790	63,936
-	-	373,352	-	-	-	373,352
<u>\$ 145,204</u>	<u>\$ 1,790,472</u>	<u>\$ 3,501,523</u>	<u>\$ 597,793</u>	<u>\$ 64,142</u>	<u>\$ 661,935</u>	<u>\$ 4,163,458</u>
\$ 225	\$ 7,821	\$ 33,686	\$ -	\$ -	\$ -	\$ 33,686
-	-	13,512	-	-	-	13,512
-	-	122,898	-	-	-	122,898
-	10	10	-	-	-	10
-	1,159	400,127	672	48,790	49,462	449,589
225	8,990	570,233	672	48,790	49,462	619,695
-	-	14,351	-	-	-	14,351
150,159	-	186,995	-	-	-	186,995
-	-	-	597,121	15,352	612,473	612,473
(5,180)	1,781,482	2,729,944	-	-	-	2,729,944
144,979	1,781,482	2,931,290	597,121	15,352	612,473	3,543,763
<u>\$ 145,204</u>	<u>\$ 1,790,472</u>	<u>\$ 3,501,523</u>	<u>\$ 597,793</u>	<u>\$ 64,142</u>	<u>\$ 661,935</u>	<u>\$ 4,163,458</u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2009**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
REVENUES				
Taxes	\$ 552,894	\$ 387	\$ -	\$ -
Special Assessments	-	-	236,732	-
Intergovernmental	54,558	357	55,475	-
Charges for Services	17,897	-	560	-
Miscellaneous	2,745	54,463	4,579	8,010
Total Revenues	628,094	55,207	297,346	8,010
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Sanitation	-	-	251,155	-
Culture and Recreation	588,477	126,497	-	-
Economic Development	-	-	-	10,000
CAPITAL OUTLAY				
General Government	-	-	-	-
DEBT SERVICE				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	588,477	126,497	251,155	10,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,617	(71,290)	46,191	(1,990)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	1,400	-	-
NET CHANGE IN FUND BALANCES	39,617	(69,890)	46,191	(1,990)
Fund Balance - Beginning of Year	264,143	102,021	347,714	277,023
FUND BALANCE - END OF YEAR	<u>\$ 303,760</u>	<u>\$ 32,131</u>	<u>\$ 393,905</u>	<u>\$ 275,033</u>

Economic Development	Building	Total Special Revenue Funds	Debt Service Funds		Total Nonmajor Debt Service Funds	Total Nonmajor Funds
			Debt Service	Debt Service - Prairieland		
\$ 56,531	\$ 227,260	\$ 837,072	\$ 243,441	\$ -	\$ 243,441	\$ 1,080,513
-	-	236,732	-	338,418	338,418	575,150
12,377	22,482	145,249	21,785	-	21,785	167,034
-	-	18,457	-	-	-	18,457
35,000	161,523	266,320	-	-	-	266,320
103,908	411,265	1,503,830	265,226	338,418	603,644	2,107,474
-	107,367	107,367	-	-	-	107,367
-	-	251,155	-	-	-	251,155
-	-	714,974	-	-	-	714,974
24,445	-	34,445	-	-	-	34,445
-	179,573	179,573	-	-	-	179,573
-	-	-	150,000	320,000	470,000	470,000
-	-	-	115,418	13,745	129,163	129,163
24,445	286,940	1,287,514	265,418	333,745	599,163	1,886,677
79,463	124,325	216,316	(192)	4,673	4,481	220,797
-	-	1,400	-	-	-	1,400
79,463	124,325	217,716	(192)	4,673	4,481	222,197
65,516	1,657,157	2,713,574	597,313	10,679	607,992	3,321,566
\$ 144,979	\$ 1,781,482	\$ 2,931,290	\$ 597,121	\$ 15,352	\$ 612,473	\$ 3,543,763

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
REVENUES				<u>Budget</u>
Taxes	\$ 608,091	\$ 556,034	\$ 552,894	\$ (3,140)
Intergovernmental	-	52,057	54,558	2,501
Charges for Services	20,000	20,000	17,897	(2,103)
Miscellaneous	6,000	6,000	2,745	(3,255)
Total Revenues	634,091	634,091	628,094	(5,997)
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Regional Library	634,091	634,091	588,477	45,614
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	39,617	<u>\$ 39,617</u>
Fund Balance - Beginning of Year			264,143	
FUND BALANCE - END OF YEAR			<u>\$ 303,760</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PARKS NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 387	\$ 387
Intergovernmental	-	-	357	357
Miscellaneous	38,000	38,000	54,463	16,463
Total Revenues	38,000	38,000	55,207	17,207
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Parks	-	-	126,497	(126,497)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38,000	38,000	(71,290)	(109,290)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	1,400	1,400
NET CHANGE IN FUND BALANCE	<u>\$ 38,000</u>	<u>\$ 38,000</u>	(69,890)	<u>\$ (107,890)</u>
Fund Balance - Beginning of Year			102,021	
FUND BALANCE - END OF YEAR			<u>\$ 32,131</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
REVENUES				<u>Budget</u>
Special Assessments	\$ 244,000	\$ 244,000	\$ 236,732	\$ (7,268)
Intergovernmental	52,000	52,000	55,475	3,475
Charges for Services	150	150	560	410
Miscellaneous	4,000	4,000	4,579	579
Total Revenues	300,150	300,150	297,346	(2,804)
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste Management	259,260	259,260	251,155	8,105
NET CHANGE IN FUND BALANCE	<u>\$ 40,890</u>	<u>\$ 40,890</u>	46,191	<u>\$ 5,301</u>
Fund Balance - Beginning of Year			347,714	
FUND BALANCE - END OF YEAR			<u>\$ 393,905</u>	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
AREA DEVELOPMENT NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
REVENUES				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 8,010	\$ (1,990)
EXPENDITURES				
CURRENT				
ECONOMIC DEVELOPMENT	-	-	10,000	(10,000)
NET CHANGE IN FUND BALANCE	<u>\$ 10,000</u>	<u>\$ 10,000</u>	(1,990)	<u>\$ (11,990)</u>
Fund Balance - Beginning of Year			<u>277,023</u>	
FUND BALANCE - END OF YEAR			<u>\$ 275,033</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 62,619	\$ 57,261	\$ 56,531	\$ (730)
Intergovernmental	49,000	54,358	12,377	(41,981)
Miscellaneous	-	-	35,000	35,000
Total Revenues	111,619	111,619	103,908	(7,711)
EXPENDITURES				
CURRENT				
ECONOMIC DEVELOPMENT	111,619	111,619	24,445	87,174
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	79,463	<u>\$ 79,463</u>
Fund Balance - Beginning of Year			65,516	
FUND BALANCE - END OF YEAR			<u>\$ 144,979</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUILDING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 250,000	\$ 228,590	\$ 227,260	\$ (1,330)
Intergovernmental	-	21,410	22,482	1,072
Miscellaneous	159,032	159,032	161,523	2,491
Total Revenues	409,032	409,032	411,265	2,233
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Building Operations	120,000	120,000	107,367	12,633
CAPITAL OUTLAY -				
GENERAL GOVERNMENT	90,000	90,000	179,573	(89,573)
Total Expenditures	210,000	210,000	286,940	(76,940)
NET CHANGE IN FUND BALANCE	<u>\$ 199,032</u>	<u>\$ 199,032</u>	124,325	<u>\$ (74,707)</u>
Fund Balance - Beginning of Year			<u>1,657,157</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,781,482</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
REVENUES				<u>Budget</u>
Taxes	\$ 265,418	\$ 243,633	\$ 243,441	\$ (192)
Intergovernmental	-	21,785	21,785	-
Total Revenues	265,418	265,418	265,226	(192)
EXPENDITURES				
CURRENT				
DEBT SERVICE				
Principal Payments	150,000	150,000	150,000	-
Interest	115,418	115,418	115,418	-
Total Debt Service	265,418	265,418	265,418	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(192)	<u>\$ (192)</u>
Fund Balance - Beginning of Year			597,313	
FUND BALANCE - END OF YEAR			<u>\$ 597,121</u>	

**MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE – PRAIRIELAND FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 333,745	\$ 333,745	\$ 338,418	\$ 4,673
EXPENDITURES				
CURRENT				
DEBT SERVICE				
Principal Payments	320,000	320,000	320,000	-
Interest and Fiscal Charges	13,745	13,745	13,745	-
Total Debt Service	333,745	333,745	333,745	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	4,673	<u>\$ 4,673</u>
Fund Balance - Beginning of Year			<u>10,679</u>	
FUND BALANCE - END OF YEAR			<u>\$ 15,352</u>	

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**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, 2009**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE AGENCY</u>				
ASSETS				
Cash and Pooled Investments	\$ 21,893	\$ 363,371	\$ 320,018	\$ 65,246
LIABILITIES				
Due to Other Governments	\$ 21,893	\$ 363,371	\$ 320,018	\$ 65,246
<u>MORTGAGE REGISTRY TAX</u>				
ASSETS				
Cash and Pooled Investments	\$ 14,719	\$ 235,915	\$ 223,698	\$ 26,936
LIABILITIES				
Due to Other Governments	\$ 14,719	\$ 235,915	\$ 223,698	\$ 26,936
<u>DEED TAX</u>				
ASSETS				
Cash and Pooled Investments	\$ 33,808	\$ 250,132	\$ 257,357	\$ 26,583
LIABILITIES				
Due to Other Governments	\$ 33,808	\$ 250,132	\$ 257,357	\$ 26,583
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and Pooled Investments	\$ 198,267	\$ 26,002,368	\$ 25,848,140	\$ 352,495
LIABILITIES				
Due to Other Governments	\$ 198,267	\$ 26,002,368	\$ 25,848,140	\$ 352,495
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 268,687	\$ 26,851,786	\$ 26,649,213	\$ 471,260
LIABILITIES				
Due to Other Governments	\$ 268,687	\$ 26,851,786	\$ 26,649,213	\$ 471,260

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OTHER SUPPLEMENTARY INFORMATION

**MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2009**

SHARED REVENUES

STATE

Highway Users Tax	\$ 4,937,699
County Program Aid	1,002,502
Market Value Credit	880,425
Disparity Reduction Aid	35,731
PERA Rate Increase Aid	36,967
State Police Aid	73,700
Enhanced 911	98,598
Total Shared Revenues	<u>7,065,622</u>

STATE GRANTS

MINNESOTA DEPARTMENT OF

Corrections	81,789
Employment and Economic Development	7,019
Natural Resources	69,680
Pollution Control Agency	165,274
Secretary of State	60
Transportation	265,026
Veteran's Affairs	25,050
Public Safety	81,094
Water and Soil Resources	172,985
Total State Grants	<u>867,977</u>

FEDERAL GRANTS

FEDERAL DEPARTMENT OF

Justice	72,500
Transportation	1,229,194
Homeland Security	29,395
Total Federal Grants	<u>1,331,089</u>

Total State and Federal Grants 2,199,066

Local

Cities	<u>38,094</u>
Total Intergovernmental Revenues	<u><u>\$ 9,302,782</u></u>

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH
DECEMBER 31, 2009**

	Assets				
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches					
1	\$ 32	\$ 28,175	\$ -	\$ (30,000)	\$ (1,793)
2 M&F	(16,955)	15,972	2,560	-	1,577
2 Imp. #1 M&F Pipeline	4,530	-	-	-	4,530
2 M&W	553	1,465	76	-	2,094
3	(10,602)	35,717	-	-	25,115
4 F&M	779	-	101	-	880
6	1,763	-	-	-	1,763
7 M&F	(4,242)	6,167	4,280	-	6,205
8 M&F	563	-	5	-	568
8	2,805	19,740	-	(4,000)	18,545
9 Whitman	1,677	-	-	-	1,677
9 M&W	17,377	5,204	197	-	22,778
10 Original	(8,378)	27,195	-	-	18,817
11 M&J	5,323	-	145	-	5,468
12 M&F	570	856	293	-	1,719
13 Original	513	-	-	-	513
15 Original M&J	(320)	5,000	2,300	-	6,980
15	14,012	13,607	-	-	27,619
17	1,539	-	-	-	1,539
18	3,299	2,389	-	-	5,688
20	3,770	-	-	-	3,770
21 Original	(6,089)	-	-	-	(6,089)
22	1,837	3,083	-	-	4,920
24 Imp.	2,970	-	-	-	2,970
24 MBE&F	1,617	-	32	-	1,649
25	860	-	7	-	867
25 MBE&W	4,944	20,634	-	-	25,578
25 M&F	790	-	77	-	867
26	534	-	35	-	569
26 M&F	3,631	-	-	-	3,631
27	776	-	24	-	800
27 M&F	(80)	1,000	-	-	920
28 Imp.	4,821	-	-	-	4,821
29	1,453	-	-	500	1,953
30	1,449	-	-	-	1,449
31	225	-	9	-	234
31 M&W	1,961	-	-	-	1,961

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 28,175	\$ 28,175	\$ (29,968)	\$ (1,793)
-	-	15,972	15,972	(14,395)	1,577
-	-	-	-	4,530	4,530
467	-	1,465	1,932	162	2,094
-	-	35,717	35,717	(10,602)	25,115
-	-	-	-	880	880
-	-	-	-	1,763	1,763
405	-	6,167	6,572	(367)	6,205
-	-	-	-	568	568
-	-	19,740	19,740	(1,195)	18,545
-	-	-	-	1,677	1,677
232	-	5,204	5,436	17,342	22,778
-	-	27,195	27,195	(8,378)	18,817
256	-	-	256	5,212	5,468
-	-	856	856	863	1,719
-	-	-	-	513	513
509	-	5,000	5,509	1,471	6,980
2,772	-	13,607	16,379	11,240	27,619
-	-	-	-	1,539	1,539
-	-	2,389	2,389	3,299	5,688
-	-	-	-	3,770	3,770
-	-	-	-	(6,089)	(6,089)
-	-	3,083	3,083	1,837	4,920
-	-	-	-	2,970	2,970
-	-	-	-	1,649	1,649
-	-	-	-	867	867
-	-	20,634	20,634	4,944	25,578
22	-	-	22	845	867
-	-	-	-	569	569
-	-	-	-	3,631	3,631
-	-	-	-	800	800
-	-	1,000	1,000	(80)	920
-	-	-	-	4,821	4,821
1,156	-	-	1,156	797	1,953
-	-	-	-	1,449	1,449
13	-	-	13	221	234
190	-	-	190	1,771	1,961

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2009**

		Assets			
		Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans
Judicial Ditches (continued)					Total
32		\$ 4,517	\$ 5,062	\$ -	\$ -
33		1,111	-	-	-
34		(11,502)	15,622	-	-
35		1,212	-	-	-
37		2,418	-	-	-
38		509	1,000	-	-
39		2,491	-	-	-
39 Branch R		(1,696)	-	-	-
39 Imp. of Main		6,561	-	-	-
39 Imp. of Main Tile		1,271	-	-	-
39 Imp.		1,155	-	-	-
40		1,105	-	-	-
41		8,860	3,871	-	(10,000)
42		1,562	-	-	-
43		1,068	-	-	-
44		(1,294)	5,085	-	-
46		1,757	-	-	-
47		24,554	641,275	-	-
48		1,147	-	19	-
48 M&J		(553)	2,096	-	-
49		1,128	-	-	-
50		949	-	-	-
51		(557)	1,000	-	-
52		1,841	-	-	-
56		1,711	-	-	-
57		1,354	-	-	-
59		(5,539)	5,000	-	-
60		(1,035)	-	-	-
64		3,837	-	-	-
65		2,021	-	-	-
66		870	-	-	-
67		(5,364)	8,084	-	-
68		1,256	-	-	-
70		(4,545)	5,000	-	-
71		807	-	-	-
72		1,448	-	-	-
73		94	1,000	-	-
74		145	-	-	-
75		2,568	-	-	-
76		(3,561)	4,133	-	-

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 5,062	\$ 5,062	\$ 4,517	\$ 9,579
-	-	-	-	1,111	1,111
430	-	15,622	16,052	(11,932)	4,120
-	-	-	-	1,212	1,212
-	-	-	-	2,418	2,418
-	-	1,000	1,000	509	1,509
-	-	-	-	2,491	2,491
-	-	-	-	(1,696)	(1,696)
-	-	-	-	6,561	6,561
-	-	-	-	1,271	1,271
-	-	-	-	1,155	1,155
-	-	-	-	1,105	1,105
-	-	3,871	3,871	(1,140)	2,731
-	-	-	-	1,562	1,562
-	-	-	-	1,068	1,068
175	-	5,085	5,260	(1,469)	3,791
187	-	-	187	1,570	1,757
901	-	641,275	642,176	23,653	665,829
183	-	-	183	983	1,166
-	-	2,096	2,096	(553)	1,543
-	-	-	-	1,128	1,128
96	-	-	96	853	949
-	-	1,000	1,000	(557)	443
-	-	-	-	1,841	1,841
-	-	-	-	1,711	1,711
-	-	-	-	1,354	1,354
83	-	5,000	5,083	(5,622)	(539)
-	-	-	-	(1,035)	(1,035)
-	-	-	-	3,837	3,837
-	-	-	-	2,021	2,021
-	-	-	-	870	870
-	-	8,084	8,084	(5,364)	2,720
-	-	-	-	1,256	1,256
-	-	5,000	5,000	(4,545)	455
-	-	-	-	807	807
-	-	-	-	1,448	1,448
188	-	1,000	1,188	(94)	1,094
-	-	-	-	145	145
-	-	-	-	2,568	2,568
-	-	4,133	4,133	(3,561)	572

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2009**

	Assets				
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches (continued)					
77	\$ 2,470	\$ 1,334	\$ -	\$ -	\$ 3,804
78	430	-	-	-	430
79	2,435	1,503	-	-	3,938
80	2,160	-	-	-	2,160
81	(1,341)	-	-	(500)	(1,841)
82	(72,704)	-	-	-	(72,704)
85	(15,236)	16,230	360	-	1,354
86	1,311	-	-	-	1,311
88	506	-	20	-	526
89	1,612	-	-	-	1,612
90	883	-	-	-	883
91	2,710	-	58	-	2,768
92	3,623	83	-	-	3,706
93	952	-	-	-	952
95	279	660	-	-	939
96	725	-	-	-	725
97	2,602	-	-	-	2,602
98	7,019	-	-	-	7,019
99	1,903	-	-	-	1,903
100	3,682	-	-	-	3,682
101	1,315	-	-	-	1,315
102	1,870	-	-	-	1,870
103	1,837	-	-	-	1,837
104	290	-	-	-	290
105	909	-	32	-	941
108	998	-	-	-	998
109	1,572	-	-	-	1,572
110	2,442	-	-	-	2,442
111	1,497	-	-	-	1,497
115	(726)	977	-	-	251
116	(54,084)	-	238	-	(53,846)
Joint County Ditches					
201	597	-	-	-	597
202	1,716	-	1,485	-	3,201
204 Imp. Br. 38	-	-	-	-	-
204 Imp. Br. A-38	-	-	-	-	-

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ 1,334	\$ 1,334	\$ 2,470	\$ 3,804
-	-	-	-	430	430
-	-	1,503	1,503	2,435	3,938
-	-	-	-	2,160	2,160
154	-	-	154	(1,995)	(1,841)
2,303	-	-	2,303	(75,007)	(72,704)
-	-	16,230	16,230	(14,876)	1,354
-	-	-	-	1,311	1,311
380	-	-	380	146	526
-	-	-	-	1,612	1,612
-	-	-	-	883	883
210	-	-	210	2,558	2,768
-	-	83	83	3,623	3,706
-	-	-	-	952	952
-	-	660	660	279	939
-	-	-	-	725	725
-	-	-	-	2,602	2,602
-	-	-	-	7,019	7,019
-	-	-	-	1,903	1,903
-	-	-	-	3,682	3,682
4,211	-	-	4,211	(2,896)	1,315
-	-	-	-	1,870	1,870
-	-	-	-	1,837	1,837
-	-	-	-	290	290
-	11	-	11	930	941
-	-	-	-	998	998
-	-	-	-	1,572	1,572
-	-	-	-	2,442	2,442
-	-	-	-	1,497	1,497
-	-	977	977	(726)	251
1,431	-	-	1,431	(55,277)	(53,846)
-	-	-	-	597	597
-	-	-	-	3,201	3,201
-	-	-	-	-	-
-	-	-	-	-	-

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2009**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Joint County Ditches (continued)					
301	\$ 1,556	\$ -	\$ 15	\$ -	\$ 1,571
367	(6,063)	8,737	-	-	2,674
214 North System	(141)	8,436	1,948	34,000	44,243
314 Middle System	(2,545)	-	1,703	-	(842)
414 South System	50,974	10,757	782	10,000	72,513
Total Judicial and Joint County Ditches	36,023	933,149	16,801	-	985,973
County Ditches					
1	5,095	2,710	-	-	7,805
2	2,064	-	-	-	2,064
3	(30,745)	21,843	-	-	(8,902)
6	1,619	-	-	-	1,619
8	1,568	-	-	-	1,568
9	1,368	-	-	-	1,368
11	(40,641)	6,827	-	(15,000)	(48,814)
11 Imp. C	1	-	-	-	1
13	1,049	-	-	-	1,049
14	15,733	-	-	-	15,733
15	1,188	-	-	-	1,188
19	54	1,000	-	-	1,054
20	2,457	-	-	-	2,457
22	669	-	-	-	669
23	3,287	-	-	-	3,287
24	665	1,000	-	-	1,665
25	889	-	-	-	889
26	887	-	-	-	887
27	240	1,000	-	-	1,240
28	3,491	3,960	-	-	7,451
29	379	1,000	-	-	1,379
30 Original	773	-	-	-	773
31	1,119	-	-	-	1,119
32	1,466	-	-	-	1,466
33	(476)	1,026	-	-	550
34	1,421	-	-	-	1,421
35	1,635	-	-	-	1,635
36	(1,074)	2,326	-	-	1,252
37	618	-	-	-	618

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ 137	\$ -	\$ -	\$ 137	\$ 1,434	\$ 1,571
-	-	8,737	8,737	(6,063)	2,674
-	-	8,436	8,436	35,807	44,243
-	-	-	-	(842)	(842)
-	-	10,757	10,757	61,756	72,513
17,091	11	933,149	950,251	35,722	985,973
-	-	2,710	2,710	5,095	7,805
-	-	-	-	2,064	2,064
-	-	21,843	21,843	(30,745)	(8,902)
-	-	-	-	1,619	1,619
-	-	-	-	1,568	1,568
-	-	-	-	1,368	1,368
2,185	-	6,827	9,012	(57,826)	(48,814)
-	-	-	-	1	1
-	-	-	-	1,049	1,049
-	-	-	-	15,733	15,733
-	-	-	-	1,188	1,188
-	-	1,000	1,000	54	1,054
-	-	-	-	2,457	2,457
-	-	-	-	669	669
-	-	-	-	3,287	3,287
334	-	1,000	1,334	331	1,665
-	-	-	-	889	889
-	-	-	-	887	887
-	-	1,000	1,000	240	1,240
-	-	3,960	3,960	3,491	7,451
-	-	1,000	1,000	379	1,379
-	-	-	-	773	773
-	-	-	-	1,119	1,119
-	-	-	-	1,466	1,466
247	-	1,026	1,273	(723)	550
-	-	-	-	1,421	1,421
-	-	-	-	1,635	1,635
-	-	2,326	2,326	(1,074)	1,252
-	-	-	-	618	618

**MARTIN COUNTY
FAIRMONT, MINNESOTA
COUNTY DITCH SPECIAL REVENUE FUND
BALANCE SHEET – BY DITCH (CONTINUED)
DECEMBER 31, 2009**

		Assets				
		Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
County Ditches (continued)						
38	\$	1,858	\$ -	\$ -	\$ -	\$ 1,858
40		904	-	-	-	904
41		1,643	-	-	-	1,643
42		291	-	-	-	291
43		698	-	-	-	698
44		1,544	-	-	-	1,544
46		2,279	2	-	-	2,281
47		1,695	-	-	-	1,695
50		1,174	-	-	-	1,174
51		1,609	-	-	-	1,609
52		(11,649)	-	-	-	(11,649)
53		(289)	2,000	-	-	1,711
54		2,456	-	-	-	2,456
55		(763)	3,002	-	-	2,239
56		2,889	-	-	-	2,889
58		1,721	31	-	-	1,752
59		1,948	-	-	-	1,948
60		1,582	-	-	-	1,582
61		1,434	-	-	-	1,434
62		561	-	-	-	561
63		854	-	-	-	854
64		1,938	-	-	-	1,938
65		1,594	-	-	-	1,594
67		1,092	-	-	-	1,092
69		(5,001)	6,952	-	-	1,951
70		983	-	-	-	983
71		2,037	-	-	-	2,037
72		(43,495)	-	-	-	(43,495)
73		(6,331)	3,490	-	-	(2,841)
74		2,033	-	-	-	2,033
75		11,155	-	-	15,000	26,155
76		20,910	-	-	-	20,910
Total County Ditches		(21,847)	58,169	-	-	36,322
Total All Ditches	\$	14,176	\$ 991,318	\$ 16,801	\$ -	\$ 1,022,295

Liabilities					
Accounts Payable	Due to Other Governments	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ -	\$ -	\$ 1,858	\$ 1,858
-	-	-	-	904	904
-	-	-	-	1,643	1,643
-	-	-	-	291	291
-	-	-	-	698	698
-	-	-	-	1,544	1,544
-	-	2	2	2,279	2,281
-	-	-	-	1,695	1,695
-	-	-	-	1,174	1,174
-	-	-	-	1,609	1,609
-	-	-	-	(11,649)	(11,649)
-	-	2,000	2,000	(289)	1,711
-	-	-	-	2,456	2,456
-	-	3,002	3,002	(763)	2,239
-	-	-	-	2,889	2,889
-	-	31	31	1,721	1,752
-	-	-	-	1,948	1,948
-	-	-	-	1,582	1,582
-	-	-	-	1,434	1,434
-	-	-	-	561	561
-	-	-	-	854	854
-	-	-	-	1,938	1,938
-	-	-	-	1,594	1,594
-	-	-	-	1,092	1,092
-	-	6,952	6,952	(5,001)	1,951
-	-	-	-	983	983
-	-	-	-	2,037	2,037
-	-	-	-	(43,495)	(43,495)
-	-	3,490	3,490	(6,331)	(2,841)
-	-	-	-	2,033	2,033
-	-	-	-	26,155	26,155
-	-	-	-	20,910	20,910
2,766	-	58,169	60,935	(24,613)	36,322
\$ 19,857	\$ 11	\$ 991,318	\$ 1,011,186	\$ 11,109	\$ 1,022,295

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