

**MARTIN COUNTY  
FAIRMONT, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2010**

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FAIRMONT, MINNESOTA  
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## **INTRODUCTORY SECTION**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2010**

**ORGANIZATION**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
<b>Commissioners</b>		
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
<b>Officers</b>		
<b>Elected</b>		
Attorney	Terry Viesselman	January 2011
Auditor/Treasurer	James Forshee	January 2011
Judge	Robert D Walker	January 2015
County Recorder	Kay Wrucke	January 2011
Sheriff	Brad Gerhardt	January 2011
Surveyor	John Madsen	January 2011
<b>Appointed</b>		
Assessor	Danial Whitman	December 2012
Highway Engineer	Kevin Peyman	April 2014
Medical Examiner	Dr. Dennis Gremel	Indefinite
Veterans Service Officer	Douglas Landsteiner	Indefinite
Librarian	Jennifer Jepsen	Indefinite
County Coordinator	Scott Higgins	Indefinite

\* Chair

\*\*Co-Chair

## **FINANCIAL SECTION**



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Martin County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County as of December 31, 2010, 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.



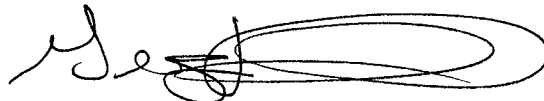
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2011, 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

September 23, 2011



## **REQUIRED SUPPLEMENTARY INFORMATION**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

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, 2010. 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, 2010, and the prior year, 2009, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2010 include the following:

- Governmental activities' total net assets are \$73,505,556, of which \$51,848,487 is invested in capital assets, net of related debt, and \$4,682,209 is restricted for specific purposes.
- Martin County's net assets increased by \$2,771,121 for the year ended December 31, 2010.
- The net cost of governmental activities was \$8,897,815 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$11,668,936.
- Governmental funds' fund balances increased by \$783,827.

**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, 2010**

**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, 2010**

**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 69). 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 \$73,505,556 on December 31, 2010 (see Table A-1).

Table A-1  
The County's Net Assets

	Governmental Activities		%
	2010	2009	Change
Current and Other Assets	\$ 24,497,767	\$ 21,976,979	11.5 %
Capital Assets	54,546,557	54,300,907	0.5
Total Assets	79,044,324	76,277,886	3.6
Current Liabilities	1,850,719	1,713,854	8.0
Long-Term Liabilities	3,688,049	3,829,597	(3.7)
Total Liabilities	5,538,768	5,543,451	(0.1)
Net Assets			
Invested in Capital Assets, Net of Related Debt	51,848,487	51,613,982	0.5
Restricted	4,682,209	3,977,505	17.7
Unrestricted	16,974,860	15,142,948	12.1
Total Net Assets	\$ 73,505,556	\$ 70,734,435	3.9

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Assets**

The County-wide total revenues were \$22,647,289 for the year ended December 31, 2010. Property taxes and intergovernmental revenues accounted for 74 percent of total revenues for the year (see Table A-2).

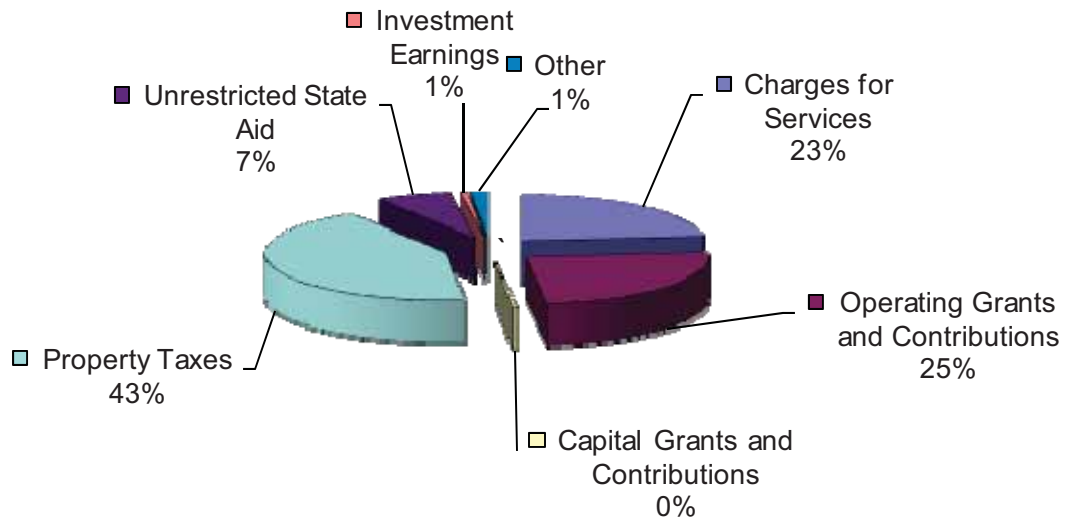
Table A-2  
Change in Net Assets

	Governmental Activities		Total % Change
	2010	2009	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Fees, Charges, Fines, and Other	\$ 5,314,418	\$ 4,790,029	10.9 %
Operating Grants and Contributions	5,578,907	5,609,976	(0.6)
Capital Grants and Contributions	85,028	1,000,060	(91.5)
<u>General Revenues</u>			
Property Taxes	9,673,641	9,651,028	0.2
Unrestricted State Aid	1,490,670	1,943,834	(23.3)
Investment Earnings	148,357	344,203	(56.9)
Other	356,268	208,595	70.8
Total Revenues	<u>22,647,289</u>	<u>23,547,725</u>	(3.8)
<b>EXPENSES</b>			
General Government	5,740,939	5,787,028	(0.8)
Public Safety	3,660,692	3,432,908	6.6
Highways and Streets	5,562,879	4,864,352	14.4
Environmental Services	591,562	679,771	(13.0)
Culture and Recreation	766,969	733,658	4.5
Conservation of Natural Resources	1,068,528	1,167,599	(8.5)
Economic Development	77,349	43,513	77.8
Human Services	2,261,327	2,481,704	(8.9)
Interest	145,923	149,357	(2.3)
Total Expenses	<u>19,876,168</u>	<u>19,339,890</u>	2.8
<b>CHANGE IN NET ASSETS</b>	2,771,121	4,207,835	(34.1)
Net Assets - Beginning of Year	70,734,435	66,526,600	6.3
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 73,505,556</u></u>	<u><u>\$ 70,734,435</u></u>	3.9

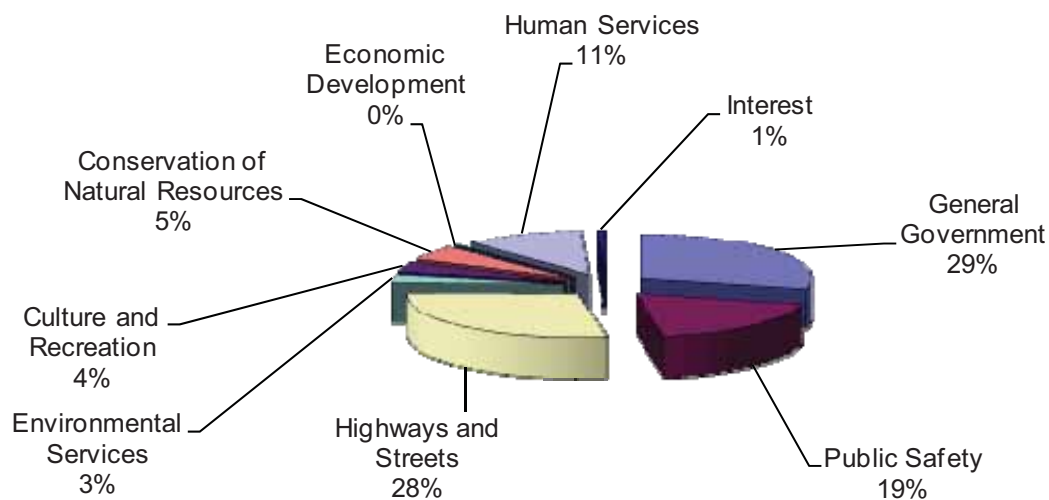
**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Governmental Activities Revenues by Source 2010**



**Governmental Activities Expenses by Function 2010**



**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

The County-wide cost of all governmental activities this year was \$19,876,168.

- Some of the cost was paid by the users of the County's Programs (\$5,314,418).
- The Federal and state governments subsidized certain programs with grants and contributions (\$5,663,935).
- The remainder of the County's costs (\$8,897,815), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$9,673,641 in property taxes, \$1,490,670 of state aid, and \$504,625 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			Net Revenue (Cost) of Services		
	2010	2009	Percentage Change	2010	2009	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 5,740,939	\$ 5,787,028	(0.8)%	\$ (2,848,443)	\$ (2,972,686)	(4.2)%
Public Safety	3,660,692	3,432,908	6.6	(2,983,828)	(2,781,618)	7.3
Highways and Streets	5,562,879	4,864,352	14.4	(719,638)	885,060	(181.3)
Environmental Services	591,562	679,771	(13.0)	114,118	698,192	(83.7)
Culture and Recreation	766,969	733,658	4.5	(656,498)	(617,613)	6.3
Conservation of Natural Resources	1,068,528	1,167,599	(8.5)	610,748	(526,466)	(216.0)
Economic Development	77,349	43,513	77.8	(62,825)	(1,494)	4105.2
Human Services	2,261,327	2,481,704	(8.9)	(2,205,526)	(2,473,843)	(10.8)
Interest	145,923	149,357	(2.3)	(145,923)	(149,357)	(2.3)
Total	<u>\$ 19,876,168</u>	<u>\$ 19,339,890</u>	2.8	<u>\$ (8,897,815)</u>	<u>\$ (7,939,825)</u>	12.1

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**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 \$17,074,821. Revenues for the County's governmental funds were \$21,301,370, while total expenditures were \$20,491,100. During 2010, the County also sold capital assets for \$58,348, and received loan proceeds for \$40,200, both of 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 \$303,464 during 2010. This increase was primarily due to increasing tax and special assessment revenues.

The Road and Bridge Fund has a total fund balance of \$4,745,080 of which 87% is unreserved.

The Human Services Fund's fund balance decreased by \$82,954, 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 \$176,305, this is primarily due to the County making ditch improvements during 2010.

**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, 2010	December 31, 2009	Increase (Decrease)	Percent
Taxes	\$ 4,754,821	\$ 4,725,034	\$ 29,787	0.6 %
Licenses and Permits	33,503	40,023	(6,520)	(16.3)
Intergovernmental	2,413,527	2,766,598	(353,071)	(12.8)
Charges for Services	622,658	652,448	(29,790)	(4.6)
Investment Earnings	155,669	339,889	(184,220)	(54.2)
Miscellaneous and Other	1,887,589	1,796,313	91,276	5.1
Total General Fund Revenues	<u>\$ 9,867,767</u>	<u>\$ 10,320,305</u>	<u>\$ (452,538)</u>	(4.4)



**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**GENERAL FUND (CONTINUED)**

The following schedule presents a summary of General Fund Expenditures:

Table A-5  
General Fund Expenditures

	Year Ended		Change	
	December 31, 2010	December 31, 2009	Increase (Decrease)	Percent
General Government	\$ 5,400,886	\$ 5,429,437	\$ (28,551)	(0.5)%
Public Safety	3,596,225	3,531,862	64,363	1.8
Environmental Services	339,731	425,718	(85,987)	(20.2)
Culture and Recreation	54,258	46,741	7,517	16.1
Conservation of Natural Resources	112,800	105,981	6,819	6.4
Economic Development	10,068	9,068	1,000	11.0
Principal Retirement	43,846	33,942	9,904	29.2
Interest and Fiscal Charges	6,489	10,082	(3,593)	(35.6)
Total Expenditures	<u>\$ 9,564,303</u>	<u>\$ 9,592,831</u>	<u>\$ (28,528)</u>	(0.3)

For the year ended December 31, 2010, the County allocated all expenditures.

**General Fund Budgetary Highlights**

- Actual revenues were \$1,229,276 more than expected. This is due primarily to taxes and miscellaneous revenue being more than expected. Miscellaneous revenue included insurance premium reimbursements. We do not budget for this revenue.
- The actual expenditures were \$908,010 more than budget. This is due primarily to additional costs related to county administration. Health insurance premiums are included in county administration. We do not budget for these expenditures.
- 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 2010.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

By the end of 2010, the County had invested over \$82,600,000 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 \$1,947,364.

Table A-6  
The County's Capital Assets

	Governmental Activities		Percent Change
	2010	2009	
Land and Right-of-Way	\$ 931,721	\$ 931,721	- %
Construction in Progress	1,999,613	146,422	1265.7
Buildings and Improvements	7,594,857	7,532,604	0.8
Machinery, Equipment, and Vehicles	5,717,912	5,740,472	(0.4)
Infrastructure	66,375,447	66,375,447	-
Less: Accumulated Depreciation	<u>(28,072,993)</u>	<u>(26,425,759)</u>	6.2
Total	<u>\$ 54,546,557</u>	<u>\$ 54,300,907</u>	0.5

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2010**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**DEBT ADMINISTRATION**

At year-end, the County had outstanding long-term liabilities of \$4,319,090 versus \$4,771,507 in the previous year for a 9.5 percent decrease as shown in Table A-7. This decrease is due to payments made during the year.

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

	2010	2009	Percent Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds, Net of Discount	\$ 3,228,876	\$ 3,716,605	(13.1)%
Loans Payable	303,406	348,953	(13.1)
Compensated Absences Payable	595,323	572,520	4.0
Other Postemployment Benefit Obligation	191,415	133,429	43.5
Total	<u>\$ 4,319,020</u>	<u>\$ 4,771,507</u>	(9.5)

**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, 2010**

	<u>Primary Government</u>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 17,463,077
Petty Cash and Change Funds	1,455
Taxes Receivable - Delinquent	163,241
Special Assessments Receivable - Delinquent	96,700
Special Assessments Receivable - Deferred	2,230,687
Accounts Receivable - Net	41,092
Loans Receivable	373,352
Due from Other Governments	3,489,240
Inventories	617,400
Deferred Debt Issue Costs	21,523
Capital Assets - Non Depreciable	
Land and Right of Way	931,721
Construction in Progress	1,999,613
Depreciable Capital Assets - Net of Depreciation	
Buildings and Improvements	3,498,458
Land Improvements	29,833
Machinery, Vehicles, Furniture and Equipment	1,590,591
Infrastructure	46,496,341
Total Assets	<u>79,044,324</u>

	<u>Primary Government</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 421,263
Salaries Payable	312,625
Contracts Payable	121,346
Due to Other Governments	42,195
Accrued Interest Payable	37,573
Deferred Revenue - Unearned	284,746
Compensated Absences Payable - Due Within One Year	396,486
General Obligation Bonds Payable - Due Within One Year	188,057
Loans Payable - Due Within One Year	46,428
Compensated Absences Payable - Due in More Than One Year	198,837
General Obligation Bonds Payable - Due in More Than One Year	3,040,819
Loans Payable - Due in More Than One Year	256,978
Other Postemployment Benefit Obligation - Due in More Than One Year	<u>191,415</u>
Total Liabilities	<u>5,538,768</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	51,848,487
Restricted for	
General Government	203,771
Public Safety	423,391
Debt Service	627,421
Culture and Recreation	10,531
Economic Development	61,827
Highways and Streets	3,355,268
Unrestricted	<u>16,974,860</u>
Total Net Assets	<u><u>\$ 73,505,556</u></u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2010**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>PRIMARY GOVERNMENT</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 5,740,939	\$ 2,418,632	\$ 473,224	\$ 640	\$ (2,848,443)
Public Safety	3,660,692	202,431	474,433	-	(2,983,828)
Highways and Streets	5,562,879	354,637	4,404,216	84,388	(719,638)
Environmental Services	591,562	571,318	134,362	-	114,118
Culture and Recreation	766,969	87,708	22,763	-	(656,498)
Conservation of Natural Resources	1,068,528	1,679,276	-	-	610,748
Economic Development	77,349	416	14,108	-	(62,825)
Human Services	2,261,327	-	55,801	-	(2,205,526)
Interest	145,923	-	-	-	(145,923)
Total Governmental Activities	<u>\$ 19,876,168</u>	<u>\$ 5,314,418</u>	<u>\$ 5,578,907</u>	<u>\$ 85,028</u>	<u>(8,897,815)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					9,673,641
Mortgage Registry and Deed Tax					11,073
Wind Power Production Tax					179,104
Grants and Contributions not Restricted for a Particular Purpose					1,490,670
Investment Earnings					148,357
Gain on Sale of Capital Assets					166,091
Total General Revenues					<u>11,668,936</u>
<b>CHANGE IN NET ASSETS</b>					<u>2,771,121</u>
Net Assets - Beginning of Year					<u>70,734,435</u>
<b>NET ASSETS - END OF YEAR</b>					<u><u>\$ 73,505,556</u></u>

See accompanying Notes to the Financial Statements.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	General	Road and Bridge	Human Services	Ditch
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 7,738,706	\$ 4,362,509	\$ 1,571,837	\$ -
Petty Cash and Change Funds	1,280	50	-	-
Taxes Receivable - Delinquent	74,539	35,207	35,687	-
Special Assessments Receivable				
Delinquent	30,052	-	-	580
Deferred	705,730	-	-	1,524,957
Accounts Receivable	38,971	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	20,321	9,187	-	-
Due from Other Governments	85,944	3,363,096	-	40,200
Inventories	-	617,400	-	-
Total Assets	<u>\$ 8,695,543</u>	<u>\$ 8,387,449</u>	<u>\$ 1,607,524</u>	<u>\$ 1,565,737</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 155,399	\$ 62,446	\$ -	\$ 162,567
Salaries Payable	207,380	85,808	-	-
Contracts Payable	-	98,683	-	22,663
Due to Other Funds	9,243	5	-	20,166
Due to Other Governments	36,975	4,952	-	-
Deferred Revenue - Unavailable	810,321	3,390,475	35,687	1,525,537
Deferred Revenue - Unearned	284,746	-	-	-
Total Liabilities	1,504,064	3,642,369	35,687	1,730,933
<b>FUND BALANCES</b>				
Reserved for				
Sheriff's Contingency	5,000	-	-	-
Missing Heirs	10,553	-	-	-
Law Library	138,436	-	-	-
E-911 System	418,391	-	-	-
Recorder's Equipment Purchases	54,782	-	-	-
Economic Development	-	-	-	-
Inventories	-	617,400	-	-
Debt Service	-	-	-	-
Endowments	-	-	-	-
Designated for				
Capital Improvements	-	-	-	-
Special Projects	1,641,079	-	-	-
Cash Flows	3,282,159	2,063,840	785,919	-
Unreserved, Undesignated	1,641,079	2,063,840	785,918	(165,196)
Unreserved, Reported in Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>7,191,479</u>	<u>4,745,080</u>	<u>1,571,837</u>	<u>(165,196)</u>
Total Liabilities and Fund Balances	<u>\$ 8,695,543</u>	<u>\$ 8,387,449</u>	<u>\$ 1,607,524</u>	<u>\$ 1,565,737</u>

See Accountants' Compilation Report.  
See accompanying Notes to the Financial Statements.



Nonmajor Funds	Total Governmental Funds
\$ 3,790,025	\$ 17,463,077
125	1,455
17,808	163,241
66,068	96,700
-	2,230,687
2,121	41,092
373,352	373,352
56	29,564
-	3,489,240
-	617,400
<u>\$ 4,249,555</u>	<u>\$ 24,505,808</u>

\$ 40,851	\$ 421,263
19,437	312,625
-	121,346
150	29,564
268	42,195
457,228	6,219,248
-	284,746
<u>517,934</u>	<u>7,430,987</u>

-	5,000
-	10,553
-	138,436
-	418,391
-	54,782
61,827	61,827
-	617,400
610,224	610,224
10,531	10,531
-	-
1,500,000	1,500,000
-	1,641,079
-	6,131,918
-	4,325,641
<u>1,549,039</u>	<u>1,549,039</u>
<u>3,731,621</u>	<u>17,074,821</u>
<u>\$ 4,249,555</u>	<u>\$ 24,505,808</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2010**

**FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 17,074,821**

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. 54,546,557

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

Property Taxes	\$ 163,241	
Special Assessments	2,327,387	
Intergovernmental Revenues	3,355,268	
Loans Receivable	<u>373,352</u>	6,219,248

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	(3,228,876)	
Loans Payable	(303,406)	
Other Postemployment Benefit Obligation	(191,415)	
Compensated Absences	(595,323)	
Unamortized Bond Issue Costs	21,523	
Accrued Interest Payable	<u>(37,573)</u>	<u>(4,335,070)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 73,505,556**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2010**

	General	Road and Bridge	Human Services	Ditch
<b>REVENUES</b>				
Taxes	\$ 4,754,821	\$ 2,082,270	\$ 1,999,886	\$ -
Special Assessments	132,115	-	-	805,803
Licenses and Permits	33,503	-	-	-
Intergovernmental	2,413,527	4,001,769	139,964	-
Charges for Services	622,658	22,625	-	-
Fines and Forfeits	21,651	-	-	-
Investment Earnings	155,669	(3,771)	-	(3,541)
Miscellaneous	1,733,823	441,360	-	323
Total Revenues	9,867,767	6,544,253	2,139,850	802,585
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	5,400,886	-	-	-
Public Safety	3,596,225	-	-	-
Highways and Streets	-	5,877,405	-	-
Environmental Services	339,731	-	-	-
Sanitation	-	-	-	-
Culture and Recreation	54,258	48,441	-	-
Conservation of Natural Resources	112,800	-	-	955,525
Economic Development	10,068	-	-	-
<b>INTERGOVERNMENTAL</b>				
Human Services	-	-	2,222,804	-
<b>CAPITAL OUTLAY</b>				
General Government	-	-	-	-
<b>DEBT SERVICE</b>				
Principal	43,846	-	-	57,951
Interest and Fiscal Charges	6,489	-	-	5,614
Total Expenditures	9,564,303	5,925,846	2,222,804	1,019,090
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	303,464	618,407	(82,954)	(216,505)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Loans	-	-	-	40,200
Proceeds from Sale of Assets	-	58,348	-	-
<b>NET CHANGE IN FUND BALANCES</b>	303,464	676,755	(82,954)	(176,305)
Fund Balance - Beginning of Year	6,888,015	4,193,316	1,654,791	11,109
<b>DECREASE IN RESERVED FOR INVENTORIES</b>	-	(124,991)	-	-
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 7,191,479</u>	<u>\$ 4,745,080</u>	<u>\$ 1,571,837</u>	<u>\$ (165,196)</u>

See accompanying Notes to the Financial Statements.

Nonmajor Funds	Total Governmental Funds
\$ 998,169	\$ 9,835,146
573,375	1,511,293
-	33,503
139,301	6,694,561
17,340	662,623
-	21,651
-	148,357
218,730	2,394,236
1,946,915	21,301,370
108,802	5,509,688
-	3,596,225
-	5,877,405
-	339,731
259,812	259,812
646,149	748,848
-	1,068,325
67,281	77,349
-	2,222,804
87,320	87,320
475,000	576,797
114,693	126,796
1,759,057	20,491,100
187,858	810,270
-	40,200
-	58,348
187,858	908,818
3,543,763	16,290,994
-	(124,991)
\$ 3,731,621	\$ 17,074,821

**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, 2010**

<b>CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>908,818</b>
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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	\$ 2,199,928	
Current Year Depreciation	(1,947,364)	
Net Book Value of Capital Asset Disposals	<u>(6,914)</u>	245,650

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

Taxes Receivable	28,672	
Special Assessments Receivable	634,186	
Grants Receivable	<u>633,752</u>	1,296,610

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	(40,200)
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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	531,250	
Loans Payable	<u>45,547</u>	576,797

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	785	
Change in Other Postemployment Benefit Obligation	(57,986)	
Amortization of Discounts and Deferred Issuance Charges	(11,559)	
Change in Accrued Compensated Absences	(22,803)	
Change in Inventories	<u>(124,991)</u>	(216,554)

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,771,121</u></b>
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**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
DECEMBER 31, 2010**

**ASSETS**

Cash and Pooled Investments	<u>\$ 496,300</u>
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**LIABILITIES**

Due to Other Governments	<u>\$ 496,300</u>
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*See accompanying Notes to the Financial Statements.*

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**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, 2010. 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 9.

**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, 2010**

**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, 2010**

**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, 2010**

**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, 2010**

**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, 2010**

**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  
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**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, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund			
General Government			
County Administration	\$ 548,865	\$ 1,964,985	\$ 1,416,120
Elections	48,000	64,883	16,883
Recorder	335,004	345,771	10,767
Transit System	546,136	559,400	13,264
Public Safety			
Coroner	7,000	25,992	18,992
Civil Defense	69,370	69,742	372
Culture and Recreation			
Administration	32,497	54,258	21,761
Economic Development			
Administration	8,568	10,068	1,500
Debt Service			
Interest and Fiscal Charges	-	6,489	6,489

**MARTIN COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

Expenditures in Excess of Budget (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Road and Bridge Fund			
Highways and Streets			
Administration	\$ 373,159	\$ 669,569	\$ 296,410
Human Services			
Intergovernmental			
Human Services	2,193,044	2,222,804	29,760
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	955,525	955,525
Debt Service			
Principal	-	57,951	57,951
Interest and Fiscal Charges	-	5,614	5,614
Park Fund			
Culture and Recreation			
Park	-	38,800	38,800

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.

Deficit Fund Balance

The Ditch special revenue fund had deficit fund balance of \$165,196 as of December 31, 2010. This deficit will be eliminated by future levies against benefited properties.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**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, 2010, 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's investment policy does not limit deposits beyond what is required by *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 \$17,593,728 in banks at December 31, 2010 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  
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**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, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Concentration</u>
Negotiable Certificates of Deposits				
Discover Bank Greenwood DE	8/22/2011	\$ 214,497	NR	40.4 %
First Financial Bank USA Dakota	8/22/2011	98,846	NR	18.6
M&T Bank NA Oakfield NY	8/22/2011	217,463	NR	41.0
Total		<u>\$ 530,806</u>		

N/A = No stated maturity date

NR = Not rated

**Interest Rate Risk**

The County's investment policy requires the County to structure its investment portfolio so that securities meet the cash requirements for ongoing operations. It also requires the County to invest their operation funds in primarily shorter-term securities, liquid asset funds, money market mutual funds, or other similar investment pools. At December 31, 2010, the County minimizes exposure to interest rate risk by investing in short-term securities.



**MARTIN COUNTY  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

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, 2010, the County's investments were not rated by Standard & Poor's or Moody's.

Concentration Credit Risk

The County's investment policy places a limit of no more than 20% of their securities may be invested with any one issuer, with the exception of U.S. Government Securities and U.S. Government Agencies securities. 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, 2010, the County's investments consisted of \$530,806 of negotiable certificates of deposit.

2. Receivables

Receivables as of December 31, 2010, for the County are as follows:

	County Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 163,241	\$ -
Special Assessments	2,327,387	1,711,163
Accounts	41,092	-
Loans Receivable	373,352	373,352
Due from Other Governments	3,489,240	-
Total	<u>\$ 6,394,312</u>	<u>\$ 2,084,515</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2010, 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	146,422	1,853,191	-	1,999,613
Total Capital Assets, Not Being Depreciated:	1,078,143	1,853,191	-	2,931,334
Capital Assets, Being Depreciated				
Buildings and Improvements	7,518,267	38,313	-	7,556,580
Land Improvements	14,337	23,940	-	38,277
Machinery, Furniture, and Equipment	4,627,038	181,390	240,093	4,568,335
Infrastructure	66,375,447	-	-	66,375,447
Vehicles	1,113,434	103,094	66,951	1,149,577
Total Capital Assets, Being Depreciated	79,648,523	346,737	307,044	79,688,216
Less Accumulated Depreciation for				
Buildings and Improvements	3,889,149	168,973	-	4,058,122
Land Improvements	7,528	916	-	8,444
Machinery, Furniture, and Equipment	3,265,992	362,320	239,971	3,388,341
Infrastructure	18,569,313	1,309,793	-	19,879,106
Vehicles	693,777	105,362	60,159	738,980
Total Accumulated Depreciation	26,425,759	1,947,364	300,130	28,072,993
Total Capital Assets, Being Depreciated, Net	53,222,764	(1,600,627)	6,914	51,615,223
Governmental Activities Capital Assets, Net	\$ 54,300,907	\$ 252,564	\$ 6,914	\$ 54,546,557

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

Government-Type Activities

General Government	\$ 191,778
Public Safety	97,643
Highways and Streets, Including Depreciation of Infrastructure Assets	1,600,082
Human Services	38,366
Culture and Recreation	18,382
Conservation of Natural Resources	1,113
Total Depreciation Expense - Governmental Activities	<u>\$ 1,947,364</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables and Payables**

The composition of interfund balances as of December 31, 2010, is as follows:

**Due To/From Other Funds**

Receivable Fund	Payable Fund	Amount	Reason
General	Road and Bridge	\$ 5	Postage
	Ditch	20,166	Fund Negative Cash
	Solid Waste (Nonmajor)	106	Postage
	Economic Development (Nonmajor)	44	Postage
Total Due to General Fund		20,321	
Road and Bridge	General	9,187	Fuel
Nonmajor Library	General	56	Wellness Program Expense
Total To/From other Funds		<u>\$ 29,564</u>	

**C. Liabilities**

**1. Long-Term Debt**

**General Obligation Bonds**

The County issued General Obligation Construction Bonds during 2006 to fund road improvements within the County. The County issued general obligation MPFA bonds during 2009 to fund ditch improvements within the County's drainage system.

**Loans Payable**

The County has entered into several agreements with the State of Minnesota to provide revolving loans to County residents for improvements to failing septic system. These revolving loans are secured by special assessments placed on the individual parcels requesting the repair of a failing septic system.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities (Continued)

1. Long-Term Debt (Continued)

Debt Summary

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issues Amount</u>	<u>Outstanding Balance December 31, 2010</u>
<b>General Obligation Bonds</b>					
Construction Bonds of 2006	2023	\$ 160,000 - \$ 250,000	3.70 - 4.20	\$ 3,000,000	\$ 2,700,000
MPFA Obligations	2029	28,057 - 33,000	1.00	628,307	<u>572,057</u>
			Subtotal		3,272,057
			Less: Unamortized Discounts		<u>(43,181)</u>
			Total General Obligation Bonds		<u>3,228,876</u>
<b>Loans Payable</b>	2019	1,701 - 21,736	2.00	454,161	<u>303,406</u>
			Total Long-Term Debt		<u><u>\$ 3,532,282</u></u>

2. Debt Service Requirements

Debt service requirements at December 31, 2010, were as follows:

<u>Year Ending December 31</u>	<u>General Obligation</u>		<u>Loans Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 188,057	\$ 109,844	\$ 44,727	\$ 5,608	\$ 232,784	\$ 115,452
2012	203,000	103,525	45,626	4,708	248,626	108,233
2013	203,000	96,726	46,544	3,791	249,544	100,517
2014	208,000	89,745	42,934	2,856	250,934	92,601
2015	219,000	82,388	32,076	2,038	251,076	84,426
2016-2020	1,217,000	286,106	79,594	3,098	1,296,594	289,204
2021-2025	905,000	58,109	-	-	905,000	58,109
2026-2029	129,000	3,240	-	-	129,000	3,240
Total	<u>\$ 3,272,057</u>	<u>\$ 829,683</u>	<u>\$ 291,501</u>	<u>\$ 22,099</u>	<u>\$ 3,563,558</u>	<u>\$ 851,782</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 \$11,905 that is repaid based on related special assessment collections.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation					
Refunding Bonds	\$ 325,000	\$ -	\$ 325,000	\$ -	\$ -
Construction	2,850,000	-	150,000	2,700,000	160,000
Less: Discount	(46,502)	-	(3,321)	(43,181)	(3,322)
MPFA Obligations	588,107	40,200	56,250	572,057	28,057
Total General Obligations	3,716,605	40,200	527,929	3,228,876	184,735
Loans Payable	348,953	-	45,547	303,406	46,428
Compensated Absences	572,520	498,975	476,172	595,323	396,486
Other Postemployment Benefit Plan	133,429	105,308	47,322	191,415	-
Governmental Activity Long-Term Liabilities	<u>\$ 4,771,507</u>	<u>\$ 644,483</u>	<u>\$ 1,096,970</u>	<u>\$ 4,319,020</u>	<u>\$ 627,649</u>

**NOTE 4 OPERATING LEASE**

At the end of 2010, 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 2010, expenditures under these agreements totaled \$26,861. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
2011	\$ 21,427
2012	12,378
2013	4,349
Total	<u>\$ 38,154</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 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 General Employees Retirement Fund (GERF), 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.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those eligible for membership after June 30, 2010). 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. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
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**NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

A. Defined Benefit Plans (Continued)

1. Plan Description (Continued)

Two methods are used to compute benefits for GERP'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 ten years of service and 2.7 percent for each year thereafter. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive 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 of average salary for each year of service. The annuity accrual rate is 1.9 percent of average salary for each year of service for PECF members. For all PEPFF members, PECF members, and GERP 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 either 65 or 66 (depending on date hired) for GERP members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not 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 GERP, PEPFF, and PECF. That report may be obtained on the Internet at [www.mnpera.org](http://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

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. *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. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. 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%

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
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**NOTE 5 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 administered by the Public Employees Retirement Association of Minnesota (PERA). 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 plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the 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.

**C. Contributions**

The County's contributions to the General Employees Retirement Fund, Public Employees Police and Fire Fund, Public Employees Correctional Fund, and Defined Contribution Plan for the years ending December 31, 2010, 2009, and 2008 were:

	General Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Public Employees Defined Contribution Plan
2010	\$ 262,985	\$ 94,206	\$ 52,352	\$ 2,428
2009	251,135	92,810	50,645	2,601
2008	230,706	87,362	55,962	2,554

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



**MARTIN COUNTY  
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**NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN**

The County provides postemployment 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, 2010, one retiree was receiving the continued health insurance benefit. The County's contributions for the year were \$5,888.

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, 2010, there were six 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 \$41,434 for 2010.

**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 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 104,338
Interest on Net OPEB Obligation	5,337
Adjustment to ARC	<u>(4,367)</u>
Annual OPEB Cost	105,308
Contributions During the Year	<u>(47,322)</u>
Increase in Net OPEB Obligation	57,986
NET OPEB - Beginning of Year	<u>133,429</u>
NET OPEB - End of the Year	<u><u>\$ 191,415</u></u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
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**NOTE 6 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, 2009 and 2010 were as follows:

Year Ended December 31,	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
2010	\$ 105,308	\$ 47,322	44.9 %	\$ 191,415
2009	101,298	35,910	35.4	133,429
2008	100,838	32,797	32.5	68,041

**B. Funding Status**

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

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	- %	\$ 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 a closed basis. The remaining amortization period at December 31, 2010 was 27 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, 2010**

**NOTE 7 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 \$450,000 per claim in 2010. 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 8 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  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 9 OTHER ORGANIZATIONS**

Joint Ventures

Faribault – Martin County Human Services Board

Martin County entered into a joint powers agreement with Faribault County (*Minnesota Statutes* §471.59) to provide welfare and health services to county residents (*Minnesota Statutes* §§ 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 \$419,935 in 2010. 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 *Minnesota Statutes* ch. 116A through a joint powers agreement pursuant to *Minnesota Statutes* §471.59, and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Redwood, and Watonwan Counties have agreed to guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district.

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

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 9 OTHER ORGANIZATIONS (CONTINUED)**

Jointly Governed Organizations

South Central Minnesota Regional Radio Board

The South Central Regional Radio Board was established pursuant to *Minnesota Statutes* §§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.

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 2010.

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 \$7,400 to the Alliance.

Rural Minnesota Energy Board

The Rural Minnesota Energy Board was established in 2005 under the authority of *Minnesota Statutes* §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 2010, Martin County paid \$2,500 to the Board.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 9 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 2010.

**NOTE 10 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. Management believes the County has met those responsibilities for 2010.

**NOTE 11 SPECIAL BENEFIT TAX LEVY**

In 1993, the South Central Minnesota Multi-County Housing Authority (the 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 2010 is \$76,444. The proportionate shares on the counties may change for the years 2010 through 2024 if there are changes in the taxable market value over the 2009 taxable market value.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE 12 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 13 CONSTRUCTION COMMITMENTS**

The County has active construction projects as of December 31, 2010. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Roads and Bridges	\$ 1,722,652	\$ 201,356

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



**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,430,372	\$ 4,430,372	\$ 4,754,821	\$ 324,449
Special Assessments	95,000	95,000	132,115	37,115
Licenses and Permits	24,800	24,800	33,503	8,703
Intergovernmental	2,310,958	2,310,958	2,413,527	102,569
Charges for Services	703,280	703,280	622,658	(80,622)
Fines and Forfeits	25,000	25,000	21,651	(3,349)
Investment Earnings	400,000	400,000	155,669	(244,331)
Miscellaneous	649,081	649,081	1,733,823	1,084,742
Total Revenues	8,638,491	8,638,491	9,867,767	1,229,276
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	225,407	225,407	211,323	14,084
Courts	205,966	205,966	85,350	120,616
County Administration	548,865	548,865	1,964,985	(1,416,120)
County Coordinator	181,785	181,785	170,695	11,090
County Auditor/Treasurer	559,146	559,146	498,642	60,504
County Assessor	409,440	409,440	393,223	16,217
Drainage Administrator	78,852	78,852	73,082	5,770
Elections	48,000	48,000	64,883	(16,883)
Data Processing	224,925	224,925	190,370	34,555
Attorney	341,869	341,869	341,009	860
Recorder	335,004	335,004	345,771	(10,767)
Buildings and Plant	310,226	310,226	307,223	3,003
Transit System	546,136	546,136	559,400	(13,264)
Veterans Service Officer	199,316	199,316	194,930	4,386
Total General Government	4,214,937	4,214,937	5,400,886	(1,185,949)
<b>PUBLIC SAFETY</b>				
Sheriff	3,575,596	3,575,596	3,392,655	182,941
Coroner	7,000	7,000	25,992	(18,992)
Civil Defense	69,370	69,370	69,742	(372)
Victim/Witness	109,496	109,496	107,836	1,660
Total Public Safety	3,761,462	3,761,462	3,596,225	165,237

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>EXPENDITURES (CONTINUED)</b>				<u>Budget</u>
<b>CURRENT (CONTINUED)</b>				
<b>ENVIRONMENTAL SERVICES</b>				
Planning and Zoning	\$ 472,537	\$ 472,537	\$ 339,731	\$ 132,806
<b>CULTURE AND RECREATION</b>				
Administration	32,497	32,497	54,258	(21,761)
<b>CONSERVATION OF NATURAL RESOURCES</b>				
County Extension	114,492	114,492	112,800	1,692
<b>ECONOMIC DEVELOPMENT</b>				
Administration	8,568	8,568	10,068	(1,500)
<b>DEBT SERVICE</b>				
Principal	51,800	51,800	43,846	7,954
Interest and Fiscal Charges	-	-	6,489	(6,489)
Total Debt Service	<u>51,800</u>	<u>51,800</u>	<u>50,335</u>	<u>1,465</u>
Total Expenditures	<u>8,656,293</u>	<u>8,656,293</u>	<u>9,564,303</u>	<u>(908,010)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (17,802)</u>	<u>\$ (17,802)</u>	303,464	<u>\$ 321,266</u>
Fund Balance - Beginning of Year			<u>6,888,015</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 7,191,479</u>	

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

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<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>
<b>REVENUES</b>				
Taxes	\$ 2,146,726	\$ 2,146,726	\$ 2,082,270	\$ (64,456)
Intergovernmental	3,694,632	3,694,632	4,001,769	307,137
Charges for Services	-	-	22,625	22,625
Investment Earnings	-	-	(3,771)	(3,771)
Miscellaneous	470,000	470,000	441,360	(28,640)
Total Revenues	6,311,358	6,311,358	6,544,253	232,895
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAYS AND STREETS</b>				
Administration	373,159	373,159	669,569	(296,410)
Engineering and Construction	2,438,843	2,438,843	2,161,876	276,967
Maintenance	1,918,511	1,918,511	1,675,865	242,646
Equipment and Maintenance Shops	1,475,595	1,475,595	1,360,793	114,802
Miscellaneous	23,000	23,000	9,302	13,698
Total Highways and Streets	6,229,108	6,229,108	5,877,405	351,703
<b>CULTURE AND RECREATION</b>				
Parks	102,250	102,250	48,441	53,809
Total Expenditures	6,331,358	6,331,358	5,925,846	405,512
<b>EXCESS OF REVENUES UNDER</b>				
<b>EXPENDITURES</b>	(20,000)	(20,000)	618,407	638,407
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Assets	20,000	20,000	58,348	38,348
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	676,755	<u>\$ 676,755</u>
Fund Balance - Beginning of Year			4,193,316	
Decrease in Reserved for Inventory			(124,991)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,745,080</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<u>Budget</u>
Taxes	\$ 2,060,933	\$ 2,060,933	\$ 1,999,886	\$ (61,047)
Intergovernmental	132,111	132,111	139,964	7,853
Total Revenues	2,193,044	2,193,044	2,139,850	(53,194)
<b>EXPENDITURES</b>				
<b>INTERGOVERNMENTAL</b>				
Human Services	2,193,044	2,193,044	2,222,804	(29,760)
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	(82,954)	<u>\$ (82,954)</u>
Fund Balance - Beginning of Year			<u>1,654,791</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,571,837</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<u>Budget</u>
Special Assessments	\$ -	\$ -	\$ 805,803	\$ 805,803
Investment Earnings	-	-	(3,541)	(3,541)
Miscellaneous	-	-	323	323
Total Revenues	-	-	802,585	802,585
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Administration and Maintenance	-	-	955,525	(955,525)
<b>DEBT SERVICE</b>				
Principal Payments	-	-	57,951	(57,951)
Interest and Fiscal Charges	-	-	5,614	(5,614)
Total Debt Service	-	-	63,565	(63,565)
Total Expenditures	-	-	1,019,090	(1,019,090)
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(216,505)	(216,505)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Loan	-	-	40,200	40,200
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(176,305)	<u>\$ (176,305)</u>
Fund Balance - Beginning of Year			11,109	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ (165,196)</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, 2010**

**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 2010.

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, 2010:

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
General Fund			
General Government			
County Administration	\$ 548,865	\$ 1,964,985	\$ 1,416,120
Elections	48,000	64,883	16,883
Recorder	335,004	345,771	10,767
Transit System	546,136	559,400	13,264
Public Safety			
Coroner	7,000	25,992	18,992
Civil Defense	69,370	69,742	372
Culture and Recreation			
Administration	32,497	54,258	21,761
Economic Development			
Administration	8,568	10,068	1,500
Debt Service			
Interest and Fiscal Charges	-	6,489	6,489

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2010**

**II. Excess of Expenditures Over Appropriations (Continued)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
Road and Bridge Fund			
Highways and Streets			
Administration	\$ 373,159	\$ 669,569	\$ 296,410
Human Services Fund			
Intergovernmental			
Human Services	2,193,044	2,222,804	29,760
Ditch Fund			
Conservation of Natural Resources			
Administration and Maintenance	-	955,525	955,525
Debt Service			
Principal	-	57,951	57,951
Interest and Fiscal Charges	-	5,614	5,614
Nonmajor - Park Fund			
Culture and Recreation			
Parks	-	38,800	38,800

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, 2010**

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	- %	\$ 4,441,845	26.5%

See Note 6, 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, 2010**

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, 2010**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 344,375	\$ 41,432	\$ 462,219	\$ 275,033
Petty Cash and Change Funds	125	-	-	-
Taxes Receivable - Delinquent	9,876	192	-	-
Special Assessments Receivable				
Delinquent	-	-	15,149	-
Accounts Receivable	2,021	100	-	-
Loans Receivable	-	-	-	373,352
Due from Other Funds	56	-	-	-
Total Assets	<u>\$ 356,453</u>	<u>\$ 41,724</u>	<u>\$ 477,368</u>	<u>\$ 648,385</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,348	\$ -	\$ 27,544	\$ -
Salaries Payable	19,437	-	-	-
Due to Other Funds	-	-	106	-
Due to Other Governments	247	-	-	-
Deferred Revenue - Unavailable	9,876	192	15,149	373,352
Total Liabilities	30,908	192	42,799	373,352
<b>FUND BALANCES</b>				
Reserved for				
Endowments	10,531	-	-	-
Economic Development	-	-	-	-
Debt Service	-	-	-	-
Designated for				
Capital Improvements	-	-	-	-
Unreserved, Undesignated	315,014	41,532	434,569	275,033
Total Fund Balances	<u>325,545</u>	<u>41,532</u>	<u>434,569</u>	<u>275,033</u>
Total Liabilities and Fund Balances	<u>\$ 356,453</u>	<u>\$ 41,724</u>	<u>\$ 477,368</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		
\$ 154,000	\$ 1,902,742	\$ 3,179,801	\$ 590,105	\$ 20,119	\$ 610,224	\$ 3,790,025
-	-	125	-	-	-	125
804	3,085	13,957	3,851	-	3,851	17,808
-	-	15,149	-	50,919	50,919	66,068
-	-	2,121	-	-	-	2,121
-	-	373,352	-	-	-	373,352
-	-	56	-	-	-	56
<u>\$ 154,804</u>	<u>\$ 1,905,827</u>	<u>\$ 3,584,561</u>	<u>\$ 593,956</u>	<u>\$ 71,038</u>	<u>\$ 664,994</u>	<u>\$ 4,249,555</u>
\$ 448	\$ 11,511	\$ 40,851	\$ -	\$ -	\$ -	\$ 40,851
-	-	19,437	-	-	-	19,437
44	-	150	-	-	-	150
-	21	268	-	-	-	268
804	3,085	402,458	3,851	50,919	54,770	457,228
1,296	14,617	463,164	3,851	50,919	54,770	517,934
-	-	10,531	-	-	-	10,531
61,827	-	61,827	-	-	-	61,827
-	-	-	590,105	20,119	610,224	610,224
-	1,500,000	1,500,000	-	-	-	1,500,000
91,681	391,210	1,549,039	-	-	-	1,549,039
153,508	1,891,210	3,121,397	590,105	20,119	610,224	3,731,621
<u>\$ 154,804</u>	<u>\$ 1,905,827</u>	<u>\$ 3,584,561</u>	<u>\$ 593,956</u>	<u>\$ 71,038</u>	<u>\$ 664,994</u>	<u>\$ 4,249,555</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Funds			
	Library	Park	Solid Waste	Area Development
<b>REVENUES</b>				
Taxes	\$ 565,628	\$ 78	\$ -	\$ -
Special Assessments	-	-	238,895	-
Intergovernmental	39,877	357	55,950	-
Charges for Services	17,300	-	40	-
Miscellaneous	6,329	47,766	5,591	-
Total Revenues	629,134	48,201	300,476	-
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	-	-	-	-
Sanitation	-	-	259,812	-
Culture and Recreation	607,349	38,800	-	-
Economic Development	-	-	-	-
<b>CAPITAL OUTLAY</b>				
General Government	-	-	-	-
<b>DEBT SERVICE</b>				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	607,349	38,800	259,812	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	21,785	9,401	40,664	-
Fund Balance - Beginning of Year	303,760	32,131	393,905	275,033
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 325,545</u>	<u>\$ 41,532</u>	<u>\$ 434,569</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		
\$ 57,381	\$ 137,214	\$ 760,301	\$ 237,868	\$ -	\$ 237,868	\$ 998,169
-	-	238,895	-	334,480	334,480	573,375
18,013	10,008	124,205	15,096	-	15,096	139,301
-	-	17,340	-	-	-	17,340
416	158,628	218,730	-	-	-	218,730
75,810	305,850	1,359,471	252,964	334,480	587,444	1,946,915
-	108,802	108,802	-	-	-	108,802
-	-	259,812	-	-	-	259,812
-	-	646,149	-	-	-	646,149
67,281	-	67,281	-	-	-	67,281
-	87,320	87,320	-	-	-	87,320
-	-	-	150,000	325,000	475,000	475,000
-	-	-	109,980	4,713	114,693	114,693
67,281	196,122	1,169,364	259,980	329,713	589,693	1,759,057
8,529	109,728	190,107	(7,016)	4,767	(2,249)	187,858
144,979	1,781,482	2,931,290	597,121	15,352	612,473	3,543,763
<u>\$ 153,508</u>	<u>\$ 1,891,210</u>	<u>\$ 3,121,397</u>	<u>\$ 590,105</u>	<u>\$ 20,119</u>	<u>\$ 610,224</u>	<u>\$ 3,731,621</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY NONMAJOR SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 582,869	\$ 582,869	\$ 565,628	\$ (17,241)
Intergovernmental	37,378	37,378	39,877	2,499
Charges for Services	20,000	20,000	17,300	(2,700)
Miscellaneous	5,000	5,000	6,329	1,329
Total Revenues	645,247	645,247	629,134	(16,113)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CULTURE AND RECREATION</b>				
Regional Library	645,247	645,247	607,349	37,898
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	21,785	<u>\$ 21,785</u>
Fund Balance - Beginning of Year			<u>303,760</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 325,545</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
PARKS NONMAJOR SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<u>Budget</u>
Taxes	\$ -	\$ -	\$ 78	\$ 78
Intergovernmental	-	-	357	357
Miscellaneous	<u>38,000</u>	<u>38,000</u>	<u>47,766</u>	<u>9,766</u>
Total Revenues	38,000	38,000	48,201	10,201
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CULTURE AND RECREATION</b>				
Parks	<u>-</u>	<u>-</u>	<u>38,800</u>	<u>(38,800)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 38,000</u>	<u>\$ 38,000</u>	9,401	<u>\$ (28,599)</u>
Fund Balance - Beginning of Year			<u>32,131</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 41,532</u>	



**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE NONMAJOR SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 239,693	\$ 239,693	\$ 238,895	\$ (798)
Intergovernmental	55,998	55,998	55,950	(48)
Charges for Services	150	150	40	(110)
Miscellaneous	4,000	4,000	5,591	1,591
Total Revenues	299,841	299,841	300,476	635
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>SANITATION</b>				
Solid Waste Management	263,713	263,713	259,812	3,901
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 36,128</u>	<u>\$ 36,128</u>	40,664	<u>\$ 4,536</u>
Fund Balance - Beginning of Year			<u>393,905</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 434,569</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
AREA DEVELOPMENT NONMAJOR SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>ECONOMIC DEVELOPMENT</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>275,033</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 275,033</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 59,142	\$ 59,142	\$ 57,381	\$ (1,761)
Intergovernmental	66,905	66,905	18,013	(48,892)
Miscellaneous	-	-	416	416
Total Revenues	126,047	126,047	75,810	(50,237)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>ECONOMIC DEVELOPMENT</b>	126,047	126,047	67,281	58,766
Economic Development				
Total Expenditures	126,047	126,047	67,281	58,766
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	8,529	<u>\$ 8,529</u>
Fund Balance - Beginning of Year			144,979	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 153,508</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
BUILDING SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<u>Budget</u>
Taxes	\$ 141,063	\$ 141,063	\$ 137,214	\$ (3,849)
Intergovernmental	8,937	8,937	10,008	1,071
Miscellaneous	159,032	159,032	158,628	(404)
Total Revenues	309,032	309,032	305,850	(3,182)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Building Operations	120,500	120,500	108,802	11,698
<b>CAPITAL OUTLAY -</b>				
<b>GENERAL GOVERNMENT</b>	90,000	90,000	87,320	2,680
Total Expenditures	210,500	210,500	196,122	14,378
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 98,532</u>	<u>\$ 98,532</u>	109,728	<u>\$ 11,196</u>
Fund Balance - Beginning of Year			<u>1,781,482</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,891,210</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 244,884	\$ 244,884	\$ 237,868	\$ (7,016)
Intergovernmental	<u>15,096</u>	<u>15,096</u>	<u>15,096</u>	<u>-</u>
Total Revenues	259,980	259,980	252,964	(7,016)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>DEBT SERVICE</b>				
Principal Payments	150,000	150,000	150,000	-
Interest	<u>109,980</u>	<u>109,980</u>	<u>109,980</u>	<u>-</u>
Total Debt Service	<u>259,980</u>	<u>259,980</u>	<u>259,980</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(7,016)	<u>\$ (7,016)</u>
Fund Balance - Beginning of Year			<u>597,121</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 590,105</u>	

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR DEBT SERVICE – PRAIRIELAND FUND  
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<b>REVENUES</b>				<u>Budget</u>
Special Assessments	\$ 329,713	\$ 329,713	\$ 334,480	\$ 4,767
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>DEBT SERVICE</b>				
Principal Payments	325,000	325,000	325,000	-
Interest and Fiscal Charges	4,713	4,713	4,713	-
Total Debt Service	329,713	329,713	329,713	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	4,767	<u>\$ 4,767</u>
Fund Balance - Beginning of Year			<u>15,352</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 20,119</u>	

**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 payments to the various taxing districts.

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>STATE AGENCY</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 65,246	\$ 408,322	\$ 389,154	84,414
<b>LIABILITIES</b>				
Due to Other Governments	\$ 65,246	\$ 408,322	\$ 389,154	\$ 84,414
<b><u>MORTGAGE REGISTRY TAX</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 26,936	\$ 162,734	\$ 163,432	\$ 26,238
<b>LIABILITIES</b>				
Due to Other Governments	\$ 26,936	\$ 162,734	\$ 163,432	\$ 26,238
<b><u>DEED TAX</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 26,583	\$ 189,842	\$ 161,815	\$ 54,610
<b>LIABILITIES</b>				
Due to Other Governments	\$ 26,583	\$ 189,842	\$ 161,815	\$ 54,610
<b><u>TAXES AND PENALTIES</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 352,495	\$ 27,226,510	\$ 27,247,967	331,038
<b>LIABILITIES</b>				
Due to Other Governments	\$ 352,495	\$ 27,226,510	\$ 27,247,967	\$ 331,038
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 471,260	\$ 27,987,408	\$ 27,962,368	\$ 496,300
<b>LIABILITIES</b>				
Due to Other Governments	\$ 471,260	\$ 27,987,408	\$ 27,962,368	\$ 496,300



## **OTHER SUPPLEMENTARY INFORMATION**

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2010**

**SHARED REVENUES**

**STATE**

Highway Users Tax	\$ 3,770,464
County Program Aid	806,118
Market Value Credit	620,486
Disparity Reduction Aid	35,695
PERA Rate Increase Aid	40,151
State Police Aid	79,972
Enhanced 911	98,598
Total Shared Revenues	<u>5,451,484</u>

**STATE GRANTS**

**MINNESOTA DEPARTMENT OF**

Corrections	84,951
Employment and Economic Development	14,108
Natural Resources	70,436
Pollution Control Agency	91,009
Secretary of State	640
Transportation	309,287
Veteran's Affairs	50,000
Public Safety	136,275
Water and Soil Resources	99,303
Total State Grants	<u>856,009</u>

**FEDERAL GRANTS**

**FEDERAL DEPARTMENT OF**

Agriculture	9,978
Commerce	34,707
Justice	117,808
Transportation	133,901
Health and Human Services	37,970
Homeland Security	52,704
Total Federal Grants	<u>387,068</u>

Total State and Federal Grants	<u>1,243,077</u>
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Total Intergovernmental Revenues	<u><u>\$ 6,694,561</u></u>
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**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COUNTY DITCH SPECIAL REVENUE FUND  
BALANCE SHEET – BY DITCH  
DECEMBER 31, 2010**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches					
1	\$ (1,244)	\$ 37,566	\$ -	\$ (30,000)	\$ 6,322
2 M&F	(15,945)	16,338	-	-	393
2 Imp. #1 M&F Pipeline	4,556	-	-	-	4,556
2 M&W	(35)	977	-	-	942
3	(23,122)	32,554	-	-	9,432
4 F&M	711	-	-	-	711
6	(504)	-	-	-	(504)
7 M&F	(41,987)	38,550	-	-	(3,437)
8 M&F	563	-	-	-	563
8	337	17,945	-	-	18,282
9 Whitman	1,061	1,936	-	-	2,997
9 M&W	19,928	2,602	-	-	22,530
10 Original	(4,868)	20,911	-	-	16,043
11 M&J	5,070	-	-	-	5,070
12 M&F	(4,037)	4,745	-	-	708
13 Original	309	1,488	-	-	1,797
15 Original M&J	5,276	4,540	-	-	9,816
15	13,856	11,906	-	-	25,762
17	1,289	-	-	-	1,289
18	1,404	20	-	-	1,424
20	3,544	-	-	-	3,544
21 Original	(33,781)	-	-	-	(33,781)
22	1,571	2,740	-	-	4,311
24 Imp.	2,857	-	-	-	2,857
24 MBE&F	1,340	-	-	-	1,340
25	869	-	-	-	869
25 MBE&W	8,567	17,360	-	-	25,927
25 M&F	719	-	-	-	719
26	(1,707)	1,699	-	-	(8)
26 M&F	3,649	-	-	-	3,649
27	1,943	1,791	-	-	3,734
27 M&F	269	2,756	-	-	3,025
28 Imp.	3,565	-	-	-	3,565
29	128	3,508	-	500	4,136
30	(2,256)	3,371	-	-	1,115
31	212	-	-	-	212
31 M&W	1,834	-	-	-	1,834

Liabilities						
Accounts Payable	Due to Other Funds	Contracts Payable	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ 593	\$ -	\$ -	\$ 37,566	\$ 38,159	\$ (31,837)	\$ 6,322
-	-	-	16,338	16,338	(15,945)	393
-	-	-	-	-	4,556	4,556
-	-	-	977	977	(35)	942
1,366	-	-	32,554	33,920	(24,488)	9,432
-	-	-	-	-	711	711
-	-	-	-	-	(504)	(504)
7,618	-	-	38,550	46,168	(49,605)	(3,437)
-	-	-	-	-	563	563
-	-	-	17,945	17,945	337	18,282
-	-	-	1,936	1,936	1,061	2,997
-	-	-	2,602	2,602	19,928	22,530
-	-	-	20,911	20,911	(4,868)	16,043
-	-	-	-	-	5,070	5,070
-	-	-	4,745	4,745	(4,037)	708
-	-	-	1,488	1,488	309	1,797
-	-	-	4,540	4,540	5,276	9,816
-	-	-	11,906	11,906	13,856	25,762
-	-	-	-	-	1,289	1,289
-	-	-	20	20	1,404	1,424
-	-	-	-	-	3,544	3,544
1,972	-	-	-	1,972	(35,753)	(33,781)
-	-	-	2,740	2,740	1,571	4,311
-	-	-	-	-	2,857	2,857
-	-	-	-	-	1,340	1,340
-	-	-	-	-	869	869
-	-	-	17,360	17,360	8,567	25,927
-	-	-	-	-	719	719
-	-	-	1,699	1,699	(1,707)	(8)
-	-	-	-	-	3,649	3,649
-	-	-	1,791	1,791	1,943	3,734
1,067	-	-	2,756	3,823	(798)	3,025
441	-	-	-	441	3,124	3,565
-	-	-	3,508	3,508	628	4,136
-	-	-	3,371	3,371	(2,256)	1,115
-	-	-	-	-	212	212
-	-	-	-	-	1,834	1,834

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COUNTY DITCH SPECIAL REVENUE FUND  
BALANCE SHEET – BY DITCH (CONTINUED)  
DECEMBER 31, 2010**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches (continued)					
32	\$ 6,045	\$ 3,348	\$ -	\$ -	\$ 9,393
33	1,072	-	-	-	1,072
34	12,189	21,973	-	-	34,162
35	938	1,866	-	-	2,804
37	13,112	9,693	-	-	22,805
38	946	4,766	-	-	5,712
39	2,052	-	-	-	2,052
39 Branch R	(4,200)	-	-	-	(4,200)
39 Imp. of Main	6,065	-	-	-	6,065
39 Imp. of Main Tile	1,171	-	-	-	1,171
39 Imp.	580	-	-	-	580
40	1,010	-	-	-	1,010
41	9,284	3,745	-	(10,000)	3,029
42	(247)	2,939	-	-	2,692
43	(180)	-	-	-	(180)
44	226	7,276	-	-	7,502
46	1,100	-	-	-	1,100
47	(23,403)	595,121	40,200	-	611,918
48	933	-	-	-	933
48 M&J	84	3,228	-	-	3,312
49	(35)	-	-	-	(35)
50	12,178	51,835	-	-	64,013
51	168	1,806	-	-	1,974
52	1,800	-	-	-	1,800
56	1,647	-	-	-	1,647
57	1,359	-	-	-	1,359
59	14,461	10,987	-	-	25,448
60	(1,724)	8,902	-	-	7,178
64	3,119	-	-	-	3,119
65	1,718	-	-	-	1,718
66	713	1,745	-	-	2,458
67	(4,599)	7,349	-	-	2,750
68	1,231	-	-	-	1,231
70	(3,755)	4,643	-	-	888
71	696	1,521	-	-	2,217
72	1,157	1,816	-	-	2,973
73	549	2,718	-	-	3,267
74	1,529	2,167	-	-	3,696
75	2,510	-	-	-	2,510
76	(84)	3,013	-	-	2,929

Liabilities						
Accounts Payable	Due to Other Funds	Contracts Payable	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ -	\$ 3,348	\$ 3,348	\$ 6,045	\$ 9,393
-	-	-	-	-	1,072	1,072
714	-	-	21,973	22,687	11,475	34,162
-	-	-	1,866	1,866	938	2,804
416	-	-	9,693	10,109	12,696	22,805
-	-	-	4,766	4,766	946	5,712
-	-	-	-	-	2,052	2,052
-	-	-	-	-	(4,200)	(4,200)
-	-	-	-	-	6,065	6,065
-	-	-	-	-	1,171	1,171
-	-	-	-	-	580	580
-	-	-	-	-	1,010	1,010
-	-	-	3,745	3,745	(716)	3,029
-	-	-	2,939	2,939	(247)	2,692
-	-	-	-	-	(180)	(180)
-	-	-	7,276	7,276	226	7,502
-	-	-	-	-	1,100	1,100
72	-	22,663	595,121	617,856	(5,938)	611,918
-	-	-	-	-	933	933
-	-	-	3,228	3,228	84	3,312
2,379	-	-	-	2,379	(2,414)	(35)
22,965	-	-	51,835	74,800	(10,787)	64,013
1,103	-	-	1,806	2,909	(935)	1,974
-	-	-	-	-	1,800	1,800
-	-	-	-	-	1,647	1,647
-	-	-	-	-	1,359	1,359
10,968	-	-	10,987	21,955	3,493	25,448
-	-	-	8,902	8,902	(1,724)	7,178
-	-	-	-	-	3,119	3,119
-	-	-	-	-	1,718	1,718
-	-	-	1,745	1,745	713	2,458
-	-	-	7,349	7,349	(4,599)	2,750
-	-	-	-	-	1,231	1,231
-	-	-	4,643	4,643	(3,755)	888
-	-	-	1,521	1,521	696	2,217
-	-	-	1,816	1,816	1,157	2,973
-	-	-	2,718	2,718	549	3,267
1,505	-	-	2,167	3,672	24	3,696
-	-	-	-	-	2,510	2,510
-	-	-	3,013	3,013	(84)	2,929

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COUNTY DITCH SPECIAL REVENUE FUND  
BALANCE SHEET – BY DITCH (CONTINUED)  
DECEMBER 31, 2010**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Judicial Ditches (continued)					
77	\$ 2,543	\$ 1,213	\$ -	\$ -	\$ 3,756
78	375	463	-	-	838
79	2,394	1,366	-	-	3,760
80	1,153	-	-	-	1,153
81	(2,665)	10,000	-	(500)	6,835
82	(48,452)	117,697	-	-	69,245
85	(8,502)	11,303	-	-	2,801
86	1,129	-	-	-	1,129
88	(157)	901	-	-	744
89	917	4,430	-	-	5,347
90	804	1,825	-	-	2,629
91	2,200	-	-	-	2,200
92	3,555	42	-	-	3,597
93	833	1,830	-	-	2,663
95	781	495	-	-	1,276
96	632	1,849	-	-	2,481
97	2,563	-	-	-	2,563
98	4,860	-	-	-	4,860
99	1,667	-	-	-	1,667
100	3,139	-	-	-	3,139
101	2,354	3,856	-	-	6,210
102	1,815	-	-	-	1,815
103	1,703	-	-	-	1,703
104	128	1,376	-	-	1,504
105	(507)	4,539	-	-	4,032
108	755	-	-	-	755
109	1,572	-	-	-	1,572
110	2,325	-	-	-	2,325
111	1,301	-	-	-	1,301
115	(421)	2,858	-	-	2,437
116	(23,530)	66,021	-	-	42,491
Joint County Ditches					
201	581	-	-	-	581
202	77	-	-	-	77
204 Imp. Br. 38	-	-	-	-	-
204 Imp. Br. A-38	-	-	-	-	-

Liabilities						
Accounts Payable	Due to Other Funds	Contracts Payable	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ -	\$ 1,213	\$ 1,213	\$ 2,543	\$ 3,756
-	-	-	463	463	375	838
75	-	-	1,366	1,441	2,319	3,760
-	-	-	-	-	1,153	1,153
-	-	-	10,000	10,000	(3,165)	6,835
37,608	-	-	117,697	155,305	(86,060)	69,245
245	-	-	11,303	11,548	(8,747)	2,801
-	-	-	-	-	1,129	1,129
-	-	-	901	901	(157)	744
-	-	-	4,430	4,430	917	5,347
-	-	-	1,825	1,825	804	2,629
245	-	-	-	245	1,955	2,200
-	-	-	42	42	3,555	3,597
-	-	-	1,830	1,830	833	2,663
-	-	-	495	495	781	1,276
-	-	-	1,849	1,849	632	2,481
-	-	-	-	-	2,563	2,563
-	-	-	-	-	4,860	4,860
-	-	-	-	-	1,667	1,667
-	-	-	-	-	3,139	3,139
-	-	-	3,856	3,856	2,354	6,210
-	-	-	-	-	1,815	1,815
-	-	-	-	-	1,703	1,703
188	-	-	1,376	1,564	(60)	1,504
-	-	-	4,539	4,539	(507)	4,032
-	-	-	-	-	755	755
165	-	-	-	165	1,407	1,572
-	-	-	-	-	2,325	2,325
-	-	-	-	-	1,301	1,301
-	-	-	2,858	2,858	(421)	2,437
13,964	-	-	66,021	79,985	(37,494)	42,491
-	-	-	-	-	581	581
-	-	-	-	-	77	77
-	-	-	-	-	-	-
-	-	-	-	-	-	-



**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COUNTY DITCH SPECIAL REVENUE FUND  
BALANCE SHEET – BY DITCH (CONTINUED)  
DECEMBER 31, 2010**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
Joint County Ditches (continued)					
301	\$ (2,599)	\$ 1,796	\$ -	\$ -	\$ (803)
367	16,500	44,236	-	-	60,736
214 North System	(42,154)	20,969	-	30,000	8,815
314 Middle System	(14,862)	8,553	-	-	(6,309)
414 South System	6,490	12,069	-	10,000	28,559
Total Judicial and Joint County Ditches	(59,347)	1,297,447	40,200	-	1,278,300
County Ditches					
1	16,570	10,645	-	-	27,215
2	1,118	-	-	-	1,118
3	(16,179)	20,921	-	-	4,742
6	1,615	-	-	-	1,615
8	1,539	-	-	-	1,539
9	1,209	-	-	-	1,209
11	5,114	120,464	-	(15,000)	110,578
11 Imp. C	(109)	-	-	-	(109)
13	964	-	-	-	964
14	15,457	-	-	-	15,457
15	652	-	-	-	652
19	799	-	-	-	799
20	2,318	-	-	-	2,318
22	624	-	-	-	624
23	3,307	-	-	-	3,307
24	(526)	9,660	-	-	9,134
25	162	4,145	-	-	4,307
26	683	4,711	-	-	5,394
27	1,106	-	-	-	1,106
28	5,136	1,980	-	-	7,116
29	557	4,666	-	-	5,223
30 Original	560	1,949	-	-	2,509
31	15	4,904	-	-	4,919
32	1,426	-	-	-	1,426
33	133	4,455	-	-	4,588
34	1,416	-	-	-	1,416
35	1,414	-	-	-	1,414
36	326	919	-	-	1,245
37	615	-	-	-	615

Liabilities						
Accounts Payable	Due to Other Funds	Contracts Payable	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ 209	\$ -	\$ -	\$ 1,796	\$ 2,005	\$ (2,808)	\$ (803)
-	-	-	44,236	44,236	16,500	60,736
-	-	-	20,969	20,969	(12,154)	8,815
-	-	-	8,553	8,553	(14,862)	(6,309)
-	-	-	12,069	12,069	16,490	28,559
105,878	-	22,663	1,297,447	1,425,988	(147,688)	1,278,300
-	-	-	10,645	10,645	16,570	27,215
-	-	-	-	-	1,118	1,118
179	-	-	20,921	21,100	(16,358)	4,742
-	-	-	-	-	1,615	1,615
-	-	-	-	-	1,539	1,539
-	-	-	-	-	1,209	1,209
53,370	-	-	120,464	173,834	(63,256)	110,578
-	-	-	-	-	(109)	(109)
-	-	-	-	-	964	964
-	-	-	-	-	15,457	15,457
-	-	-	-	-	652	652
-	-	-	-	-	799	799
-	-	-	-	-	2,318	2,318
-	-	-	-	-	624	624
-	-	-	-	-	3,307	3,307
-	-	-	9,660	9,660	(526)	9,134
-	-	-	4,145	4,145	162	4,307
-	-	-	4,711	4,711	683	5,394
-	-	-	-	-	1,106	1,106
-	-	-	1,980	1,980	5,136	7,116
-	-	-	4,666	4,666	557	5,223
-	-	-	1,949	1,949	560	2,509
-	-	-	4,904	4,904	15	4,919
-	-	-	-	-	1,426	1,426
-	-	-	4,455	4,455	133	4,588
-	-	-	-	-	1,416	1,416
165	-	-	-	165	1,249	1,414
-	-	-	919	919	326	1,245
-	-	-	-	-	615	615

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
COUNTY DITCH SPECIAL REVENUE FUND  
BALANCE SHEET – BY DITCH (CONTINUED)  
DECEMBER 31, 2010**

Assets					
	Cash	Special Assessments Receivable	Due from Other Governments	Intrafund Loans	Total
County Ditches (continued)					
38	\$ 982	\$ 1,831	\$ -	\$ -	\$ 2,813
40	868	-	-	-	868
41	1,616	-	-	-	1,616
42	178	811	-	-	989
43	710	-	-	-	710
44	1,396	-	-	-	1,396
46	2,119	2	-	-	2,121
47	1,627	-	-	-	1,627
50	1,017	-	-	-	1,017
51	1,569	-	-	-	1,569
52	(12,402)	-	-	-	(12,402)
53	1,286	7	-	-	1,293
54	(904)	4,838	-	-	3,934
55	959	1,229	-	-	2,188
56	(204)	9,878	-	-	9,674
58	1,618	16	-	-	1,634
59	(2,140)	1,958	-	-	(182)
60	1,543	-	-	-	1,543
61	1,346	-	-	-	1,346
62	515	1,852	-	-	2,367
63	701	959	-	-	1,660
64	1,818	-	-	-	1,818
65	1,584	-	-	-	1,584
67	1,046	-	-	-	1,046
69	(2,057)	4,886	-	-	2,829
70	969	-	-	-	969
71	1,567	1,976	-	-	3,543
72	(45,157)	-	-	-	(45,157)
73	(5,282)	6,442	-	-	1,160
74	174	1,986	-	-	2,160
75	10,944	-	-	15,000	25,944
76	21,154	-	-	-	21,154
Total County Ditches	39,181	228,090	-	-	267,271
Unallocated Ditch	20,166	-	-	-	20,166
Total All Ditches	\$ -	\$ 1,525,537	\$ 40,200	\$ -	\$ 1,565,737

Liabilities						
Accounts Payable	Due to Other Funds	Contracts Payable	Deferred Revenue	Total	Total Fund Balances	Total Liabilities and Fund Balances
\$ -	\$ -	\$ -	\$ 1,831	\$ 1,831	\$ 982	\$ 2,813
-	-	-	-	-	868	868
-	-	-	-	-	1,616	1,616
-	-	-	811	811	178	989
-	-	-	-	-	710	710
-	-	-	-	-	1,396	1,396
-	-	-	2	2	2,119	2,121
-	-	-	-	-	1,627	1,627
-	-	-	-	-	1,017	1,017
-	-	-	-	-	1,569	1,569
238	-	-	-	238	(12,640)	(12,402)
-	-	-	7	7	1,286	1,293
-	-	-	4,838	4,838	(904)	3,934
-	-	-	1,229	1,229	959	2,188
-	-	-	9,878	9,878	(204)	9,674
-	-	-	16	16	1,618	1,634
-	-	-	1,958	1,958	(2,140)	(182)
-	-	-	-	-	1,543	1,543
-	-	-	-	-	1,346	1,346
-	-	-	1,852	1,852	515	2,367
154	-	-	959	1,113	547	1,660
-	-	-	-	-	1,818	1,818
-	-	-	-	-	1,584	1,584
2,345	-	-	-	2,345	(1,299)	1,046
-	-	-	4,886	4,886	(2,057)	2,829
-	-	-	-	-	969	969
-	-	-	1,976	1,976	1,567	3,543
238	-	-	-	238	(45,395)	(45,157)
-	-	-	6,442	6,442	(5,282)	1,160
-	-	-	1,986	1,986	174	2,160
-	-	-	-	-	25,944	25,944
-	-	-	-	-	21,154	21,154
56,689	-	-	228,090	284,779	(17,508)	267,271
-	20,166	-	-	20,166	-	20,166
<u>\$ 162,567</u>	<u>\$ 20,166</u>	<u>\$ 22,663</u>	<u>\$ 1,525,537</u>	<u>\$ 1,730,933</u>	<u>\$ (165,196)</u>	<u>\$ 1,565,737</u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture Passed Through Human Services of Faribault and Martin Counties State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 9,978
U.S. Department of Commerce Passed Through Blue Earth County, Minnesota Public Safety Interoperable Communications Grant Program	11.555	34,707
U.S. Department of Justice Direct Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program - ARRA	16.810	117,808
U.S. Department of Transportation Passed Through Minnesota Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	133,901
U.S. Environmental Protection Agency Passed Through Minnesota Public Facilities Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	628,307
U.S. Department of Health and Human Services Passed Through Human Services of Faribault and Martin Counties Child Support Program	93.563	8,173
Refugee and Entrant Assistance - State Administered Programs	93.566	13
Foster Care Title IV-E	93.658	1,009
Children's Health Insurance Program	93.767	8
Medical Assistance Program	93.778	<u>28,767</u>
Total Department of Health and Human Services		37,970
U.S. Department of Homeland Security Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	12,824
Pass Public Assistance Grant Emergency Management Performance Grant	97.042	<u>39,880</u>
Total Department of Homeland Security		<u>52,704</u>
Total Cash Type Federal Awards		<u><u>\$ 1,015,375</u></u>

**MARTIN COUNTY  
FAIRMONT, MINNESOTA  
NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Martin County under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Because the schedule presents only a selected portion of the operations of Martin County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Martin County.

3. Summary of Significant Accounting Policies

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

4. Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	\$ 387,068
Funds reported as debt proceeds in 2009 and 2010	
Capitalization Grants for Clean Water State Revolving Funds	<u>628,307</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 1,015,375</u></u>

5. Subrecipients

During 2010, Martin County did not pass any federal money to subrecipients.

6. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.