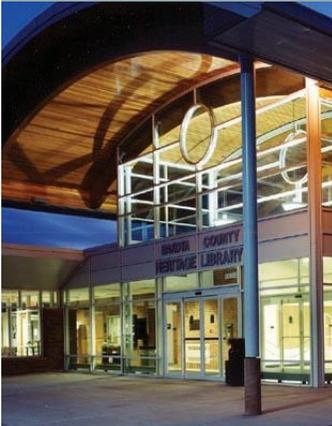


Dakota County, Minnesota



Comprehensive Annual Financial Report

For the Year Ended December 31, 2010



*A premiere
county in
which to live
and work.*

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
DAKOTA COUNTY
MINNESOTA**

For The Year Ended December 31, 2010



Prepared by the Financial Services Department

Matthew G. Smith, Director

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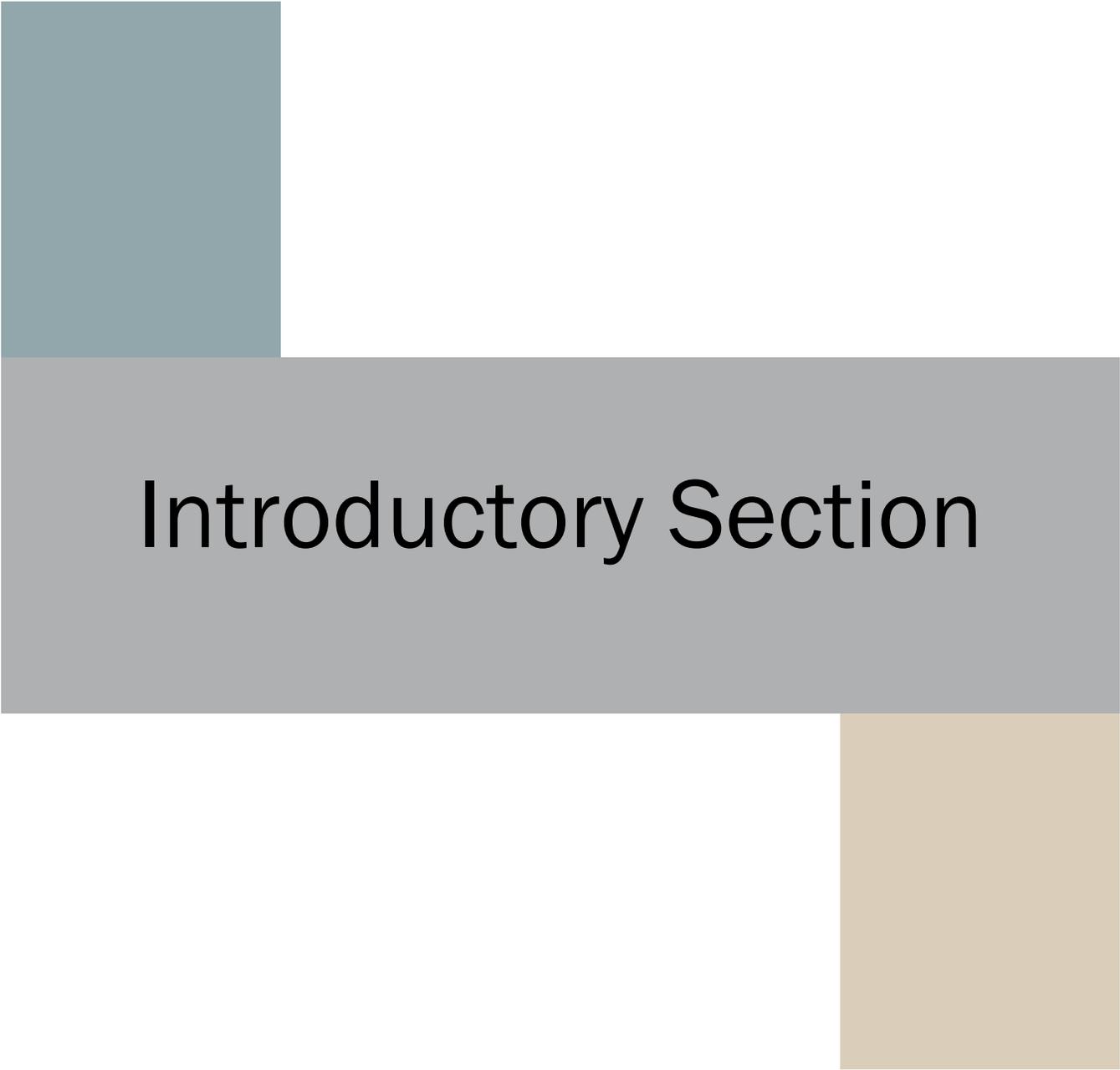
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Introductory Section



Financial Services
Department
Matt Smith
Director

June 29, 2011

Dakota County
Administration Center
1590 Highway 55
Hastings, MN 55033

TO: The Citizens of Dakota County
The Board of County Commissioners

651.438.4585
Fax 651.438.4603
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SUBJECT: ***2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT***

The Comprehensive Annual Financial Report (CAFR) of Dakota County is submitted for the fiscal year ended December 31, 2010. The County's Financial Services Department prepared this report in conformity with generally accepted accounting principles (GAAP). Responsibility for both the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and sets forth the financial position and results of operations and cash flows of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

Independent Audit

Minnesota State Law requires an audit to be made of the books of account, financial records and transactions of the County by the Office of the State Auditor. This requirement has been complied with and the Auditor's Report has been included in this report. The State Auditor will issue a management and compliance letter covering the review, made as a part of their audit of the County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

Single Audit

As a recipient of federal, state and local financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management and the internal staff of the County.

Office of Management and Budget (OMB) Circular A-133 sets forth the audit requirements for state and local governments receiving federal assistance. It provides for a single independent audit of the financial operations, including compliance with certain provisions of federal laws and regulations. The requirements have been established to ensure that audits are made on an organizational wide basis rather than a grant-by-grant basis. The grants for which these requirements applied are identified in the Schedule of Expenditures of Federal Awards.

As a part of the government's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations.

Internal Controls

In developing and evaluating the County's accounting system, consideration is given to the adequacy of the County's internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: the safeguarding of assets against loss from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The County's internal controls are supported by written policies and procedures and are continually reviewed, evaluated, and modified to meet current needs.

Departmental cash related procedures are reviewed at least annually to determine if there are adequate controls in place, such as separation of duties, appropriate documentation, proper authorizations, and required absences. The Public Services and Revenue's auditor has made a concerted effort to gather written procedures that include enough detail to assess internal control strengths and weakness. Throughout the year, controls are monitored, reevaluated and adjusted as necessary.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Dakota County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Dakota County was organized in 1849 as a county in the State of Minnesota. It has an area of 587 square miles, including 13 townships and 21 full and fractional incorporated municipalities. The 2010 population was 397,650 making it the third most populous county in the State. It is one of seven counties comprising the Twin Cities metropolitan area. The county seat, Hastings, is located on the Mississippi River 18 miles southeast of the state capital, St. Paul.

Dakota County operates under an elected seven-member County Board, each member representing a district of the County. The County Board is responsible, among other things, for passing ordinances, adopting the budget, and the hiring of the County's Administrator. The County Administrator is responsible for carrying out the policies and ordinances of the County Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various divisions and departments. The County Board is elected on a non-partisan basis. County Board members serve four-year staggered terms.

The County provides a full range of services including public safety and law enforcement; probation services; tax assessment and collection; vital statistics and public records; health and human services; highways, parks, public works and planning; environmental management; and recreation and cultural services.

Various potential component units were evaluated to determine whether they should be reported in the County's financial report. A component unit was considered part of the County's reporting entity when it was concluded that the County was financially accountable for the entity or the nature and significance of the relationship between the County and the entity was such that exclusion would cause the County's financial statements to be misleading or incomplete. Dakota County has one blended component unit, the Dakota County Regional Rail Authority (Authority). The Authority was created pursuant to Minnesota Statutes. The Dakota County Board of Commissioners appoints the Authority's seven-member board. The Dakota County Community Development Agency (Agency) is a discretely presented component unit. The Agency was established in 1971 pursuant to special Minnesota legislation. The Dakota County Board of Commissioners also appoints its seven-member board. The Vermillion River Watershed

Joint Powers Organization (VRW) is also a discretely presented component unit. VRW was established in 2002 for purposes set forth in Minn. Stat. §103B.201 within the geographic boundary of the Vermillion River watershed located in Dakota County and Scott County. The Vermillion River Watershed Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota County.

Budgetary Controls

The annual budget serves as the foundation for the Dakota County Government financial planning and control. The County budgets at a more detailed level than required by Minnesota law or for federal programs. Divisions and departments develop their budget requests to cover their clients' needs, keeping in mind general guidelines set by the County Board of Commissioners. The divisions and departments submit their budget requests to the County Administrator, who must balance the competing needs against available resources. The County Board makes final adjustments to the budgets, which are then adopted and available for use on January 1 each year.

Division and department managers are held responsible for their budget performance. Authority for County staff to spend and amend the budget is identified in the Budget Compliance Policy, adopted in 1996. Compliance with budgets is essential for the County to maintain its sound financial condition. "Budget Accountability Points" are identified in the policy to inform managers at what level budget comparisons will be reported. This allows managers authority to "mix and match" spending below the "Budget Accountability Points" to help achieve their desired outcomes. The Budget Compliance Policy provides managers the ability to respond efficiently and effectively to changes up to \$50,000 while leaving the County Board to concentrate its efforts on significant budget issues.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Dakota County Government operates.

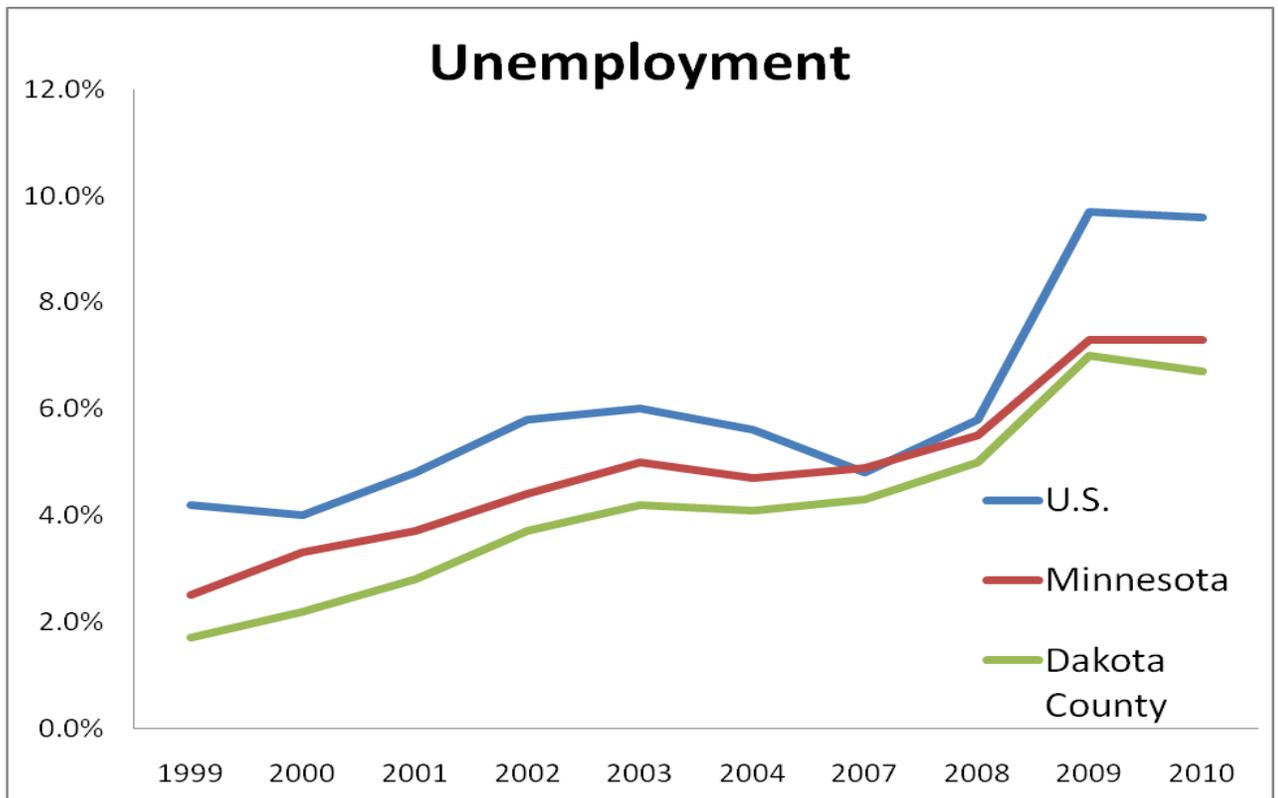
Key population, labor force and employment trends:

- Dakota County is the third most populous county in Minnesota, with a 2010 population of 397,650. The County's population change from 1990 to 2000 was an increase of 29.3%, exceeding the State's 12.4% increase. Strong population growth in Dakota County has been expected to continue, but at a slower rate. Over the next 21 years, regional growth is projected to continue at an average rate of approximately 1% per year. The seven-county metropolitan region is anticipated to increase by almost 37% between 2000 and 2030, to a total population of more than 3.6 million residents. According to recent forecasts from the Metropolitan Council, Dakota County will attain a population of close to 520,000 people by the year 2030. This growth represents a 46% increase in population between 2000 and 2030, and highlights the tremendous development pressure on relatively more outlying communities.
- Recent economic conditions have resulted in challenges for many residents of Dakota County. Since 2001, the unemployment rate in Dakota County has generally increased, largely in line with both state and national unemployment trends. Typically, the County's unemployment rate is below both state and national numbers. At the end of 2010, Dakota County's unemployment rate was 6.7%, the State's unemployment rate was 7.3% and the national unemployment rate was 9.6%
- According to the Minnesota Department of Employment and Economic Development (DEED) (3rd quarter, 2010 data) there were 9,298 private sector firms and 149,176 private sector employees in Dakota County. Largest employing industry sectors in the county are retail trade (20,995), manufacturing (17,841), health care and social assistance (17,281), and accommodation and food services (13,969). The manufacturing and health care sectors account for approximately 24% of employment in Dakota County.

DEED staff reported, "Dakota county has the lowest amount of employment concentration (% employment in 10 industries) of any of the 87 counties. There are 16 industries in the county with 1% or more of total employment. The upshot of all of this is that Dakota County seems to have the most diverse industry base of any other county by my measure. "

In regards to the future, DEED’s website notes “The two largest major occupational groups in Minnesota — professional and related occupations and service occupations — will increase the fastest and add the most jobs in Minnesota from 2009 to 2019. Fast-growing occupations tend to be in health care, education, and information technology.”

- Affordable housing has become more limited with greater competition of existing moderately priced units. In Dakota County the growing demand for affordable housing is especially critical for individuals employed in the service sector and for single head-of-household families with children. Further, the demand for affordable housing is critical for senior citizens, the population of which will increase substantially in Dakota County and metropolitan area in the next 20 years.
- Dakota County maintains the lowest property tax rate in the State of Minnesota. This means that for each unit of value for a property, property owners in Dakota County pay the least amount. The price of government in Dakota County (taxes versus personal income) has declined over the last ten years.



The above chart shows unemployment rates from 2001 through 2010. Dakota County maintains a lower average unemployment rate than Minnesota and the U.S.

Following is an analysis of non-agricultural wage and salary employment in Dakota County by industry:

	Dakota County		Distribution		% Change 2008-2009	
	Avg Number of Employees		Dakota	State of	County	State
	<u>2008</u>	<u>2009</u>	<u>County</u>	<u>Minnesota</u>		
Total, All Industries	174,593	169,348	100.00%	100.00%	-3.1%	-4.2%
Agricultural, Forestry, Fishing	779	772	0.5%	0.7%	-0.9%	0.5%
Mining	136	104	0.1%	0.2%	-30.8%	-24.7%
Construction	9,564	8,068	4.8%	4.3%	-18.5%	-6.2%
Manufacturing	19,442	18,063	10.7%	11.7%	-7.6%	-11.7%
Utilities	432	429	0.3%	0.5%	-0.7%	1.2%
Wholesale Trade	10,027	9,270	5.5%	4.9%	-8.2%	-5.4%
Retail Trade	22,021	21,236	12.5%	10.9%	-3.7%	-5.0%
Information	9,045	9,043	5.3%	2.3%	0.0%	-4.7%
Finance, Ins. & Real Estate	11,976	12,346	7.3%	6.7%	3.0%	-2.4%
Services	53,335	53,643	31.7%	37.1%	0.6%	-1.4%
Other	37,836	36,374	21.5%	20.7%	-4.0%	-4.8%
Total, All Industries -- Government	19,915	20,102	11.9%	14.5%	0.9%	-0.4%
Total, All Industries -- Private	154,678	149,245	88.1%	85.5%	-3.6%	-4.9%

Source: www.deed.state.mn.us

The following shows the change in the value of construction permits in Dakota County over the last five years. The construction permits have been separated into five categories.

Value of New Construction Permits Issued in the County (in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	\$746,442	\$651,100	\$350,166	\$230,307	\$149,576
Commercial	176,246	151,496	163,520	68,309	126,147
Industrial	22,047	6,730	23,711	12,220	2,023
Agricultural	3,732	3,454	2,087	1,814	1,476
Apartments	23,281	29,049	11,786	21,155	42,451
Total Value	\$971,748	\$841,829	\$551,270	\$333,805	\$321,673

Source: Dakota County Assessor's Office

Major Initiatives by Dakota County

In 2010, Dakota County government took action to reduce costs:

- The Dakota County Board of Commissioners adopted a \$307.5 million budget in December 2010 with a 0.8 percent levy increase. Staffing was pared back to 2001 levels and the operating budget was cut by 5 percent for the second year in a row.
- The Board permanently eliminated 60 county jobs, of which 17 positions were currently filled. This was in addition to the 55 jobs eliminated in 2009.

Dakota County government had the following highlights in 2010:

- For the fifth year in a row, Dakota County's Risk Management received the Award of Honor from the Governor's Safety Awards program in May 2010. It is the highest award given, and it's believed that Dakota County is the only public entity to ever receive the award five times. Fewer injuries for Dakota County government staff mean lower county costs.
- Dakota County was awarded the Local Government Innovation Award by the University of Minnesota's Humphrey Institute Public and Nonprofit-Leadership Center. The County was recognized as a leader in the development and use of the new electronic Certificate of Real Estate Value (eCRV) project.
- Dakota County signed agreements with the cities of Apple Valley and Lakeville allowing county staff to begin work with property owners to secure right of way for the Cedar Avenue Transitway project. The total budget for the project is \$57 million, not including transit stations and transit stops. The agreements establish cost participation for both cities.
- The opening of the Apple Valley Transit Station was celebrated on January 8, 2010. This station is part of the improvements being made to Cedar Avenue to accommodate bus rapid transit service as well as enhanced express service.
- Staff with Dakota County's transportation department held numerous open houses seeking public input on the Cedar Avenue Transitway project as well as the 2030 Transportation Plan, which is part of *DC2030*, Dakota County's Comprehensive Plan.
- In fall 2010 construction began along Cedar Avenue as utility companies began moving utilities to prepare for road construction.
- Dakota County held workshops in April 2010 for the public to meet with project planners for the Vermillion River corridor. It was an opportunity for the public to learn more about the plan and provide input to the planners.
- Dakota County was awarded two \$200,000 grants from the Environmental Protection Agency to evaluate properties with possible environmental problems and redevelopment potential known as brownfields. The three-year grant period runs from August 1, 2010 through July 31, 2013. The EPA grants are aimed at opening doors to new businesses, new homes and new jobs. Evaluating brownfields can lead to cleanup and redevelopment, which is good for the environment and the economy.
- In 2010, Veteran Services staff worked with two Vietnam War veterans to ensure they received the medals and honor they earned 40 years ago. At a ceremony held at the Northern Service Center, Tim Callister was presented The Distinguished Flying Cross award by former State Senator Jim Carlson. Kim Zarbinski was presented the Purple Heart by Senator Amy Klobuchar with Commissioner Tom Egan in attendance.

- In March 2010, Dakota County Public Health awarded nine mini-grants for up to \$2,000 for community gardens to grow produce for low-income families. Dakota County was able to give out the almost \$18,000 worth of mini-grants for the community gardens because of funding it received from the State Health Improvement Program (SHIP) through the Minnesota Department of Health.
- The Dakota County Library hosted Rhythm and Words, a free family music and book festival, on June 12, 2010. It was held at the Burnsville Performing Arts Center and attracted more than 1,000 people. The event was funded with money from Minnesota's Arts and Cultural Heritage Fund.
- The Dakota County Burnhaven Library closed in September 2010 for remodeling. Improvements included the addition of a license center and computer lab, a new meeting room, a redesigned front entry and energy-saving upgrades.
- In October 2010, the Galaxie Library in Apple Valley celebrated 20 years of service with a variety of programs scheduled throughout the month.

Employee Labor Contracts

The 16 collective bargaining units listed below represent approximately 70% of the County's employees. The status of the contracts is as of December 31, 2010.

<u>Bargaining Unit</u>	<u>Term of contract</u>	<u>Status of Contract</u>
AFSCME - Human Services	2010	Settled
AFSCME – Library	2010	Settled
Assessing Services	2010	Settled
Attorney Employees' Assoc.	2010	Not Settled
Community Corrections	2010	Not Settled
Human Services Supervisors' Assoc.	2010	Settled
Park Maintenance	2010	Settled
Facilities Management	2010	Settled
Public Health Services/MNA	2010	Settled
Public Health Support	2010	Settled
Road & Bridge Maintenance	2010	Not Settled
Sheriff Adm/Support	2010	Settled
Sheriff Licensed Deputies	2010	Not Settled
Sheriff Jail	2010	Not Settled
Sheriff Supervisor	2010	Not Settled
Sheriff Nonlicense Supervisor	2010	Not Settled

All contracts start January 1 and end December 31.

Awards and Acknowledgements

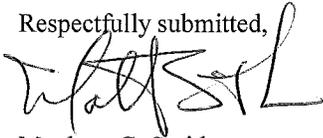
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dakota County for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the 21st consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the GFOA presented an award of Distinguished Budget Presentation to Dakota County for its annual budget for the year 2010. This is the 14th year Dakota County has received the award.

The timely preparation of this report could not have been accomplished without the professional and dedicated hard work of the entire staff of the Financial Services Department. In addition, cooperation was essential from many other departments, especially the County Property Taxation and Records Department Office. We wish to express our appreciation to all members of the staff who assisted and contributed to the report's preparation. We also wish to thank the members of the County Board for their interest and support this past year in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matthew G. Smith', written in a cursive style.

Matthew G. Smith
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dakota County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

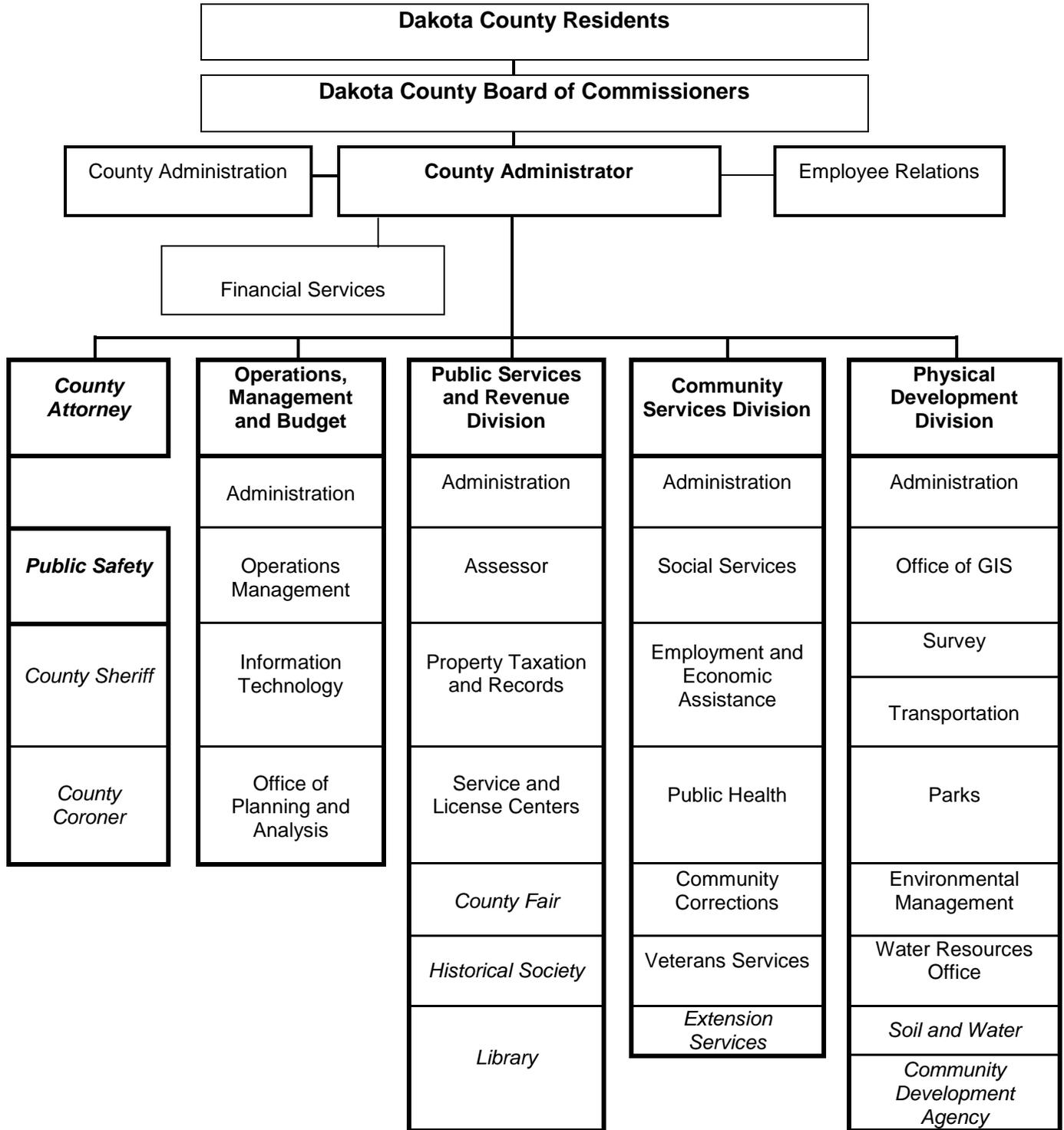
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

2010 Dakota County Organizational Structure



Notes:

- The County Board has a funding liaison role with departments listed in *italics* (*County Attorney; County Sheriff; County Coroner; County Library; Historical Society; County Fair; Extension Services; Soil and Water Conservation District; and Community Development Agency*). The County Board has direct administrative control over departments not listed in *italics*.

Dakota County MINNESOTA

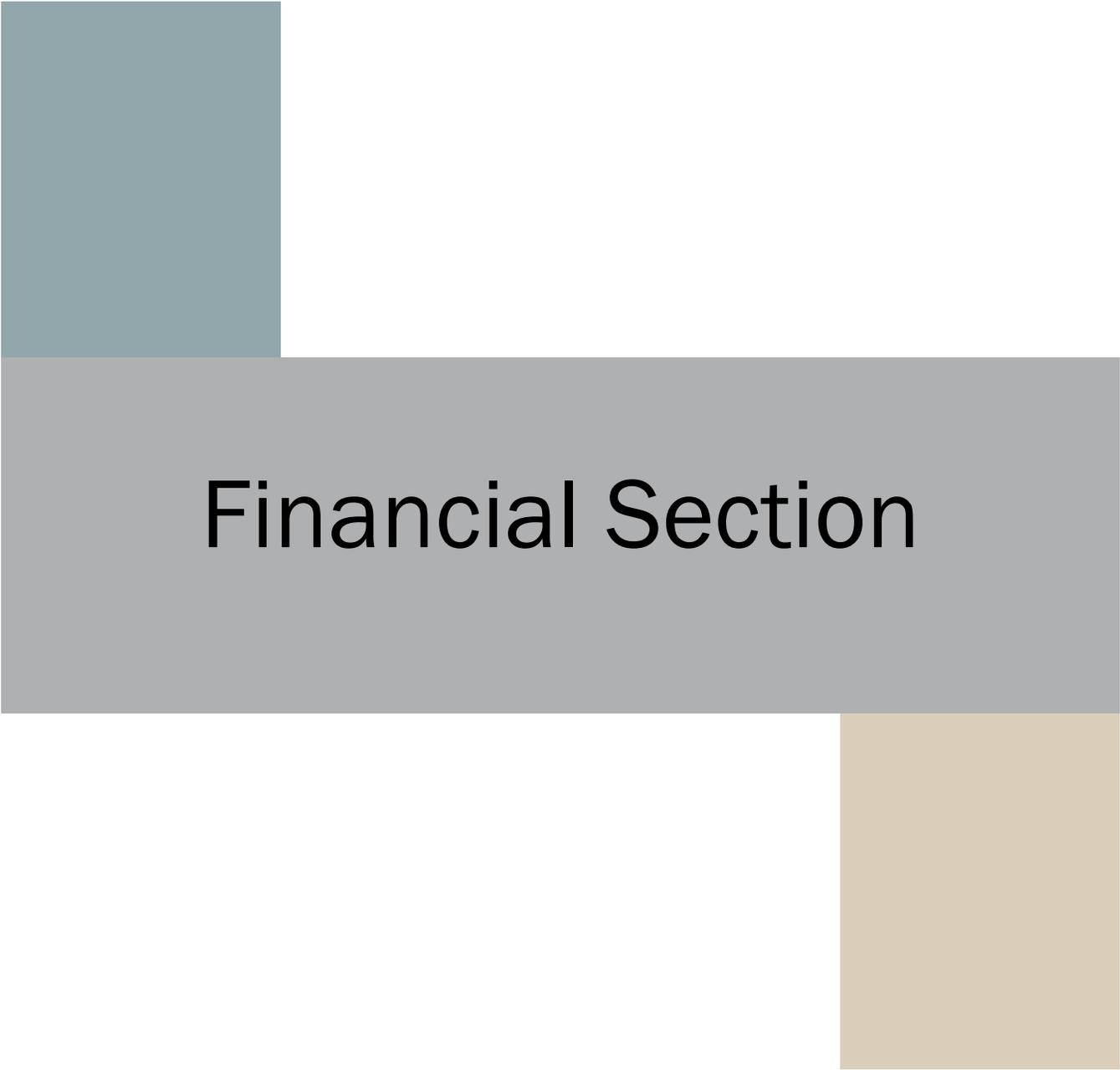
ORGANIZATION

2010

Officer	Name	From	Term To
Commissioners:			
1 st District	Joseph A. Harris	Jan. 1981	Dec. 2012
2 nd District	Kathleen A. Gaylord	Jan. 2003	Dec. 2014
3 rd District	*Thomas A. Egan	Jan. 2005	Dec. 2012
4 th District	Nancy Schouweiler	Jan. 1999	Dec. 2014
5 th District	Liz Workman	Jan. 2009	Dec. 2012
6 th District	Paul J. Krause	Jan. 1995	Dec. 2014
7 th District	Willis E. Branning	Jan. 1997	Dec. 2012
 Officers:			
Elected -			
Attorney	James C. Backstrom	Sep. 1987	Dec. 2014
Sheriff	David Bellows	Feb. 2010	Dec. 2014
 Appointed -			
County Administrator	Brandt Richardson	May 1992	Indefinite
Director of Operations, Mgmt. & Budget	Vacant	-	-
Director of Community Services	Kelly Harder	July 2010	Indefinite
Director of Physical Development	Lenora M. Thompson	Dec. 2008	Indefinite
Director of Public Service & Revenue Div.	Thomas V. Novak	July 1998	Indefinite

* Chair

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Financial Section



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dakota County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County, Minnesota, as of and for the year ended December 31, 2010, including the Community Development Agency (CDA) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Dakota County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dakota County CDA, which represent 99.4 percent, 99.4 percent, and 98.1 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dakota County CDA, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of December 31, 2010, including the Dakota County CDA as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Highway, Community Services, and County Parks Special Revenue Funds 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 Dakota County's basic financial statements. The introductory section, supplementary information, governmental revenue schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and governmental revenue schedules are the responsibility of management and were derived from and relate 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of Dakota County's internal control over financial reporting and our on tests of its compliance with certain provisions of laws, regulations, contracts, 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

June 24, 2011

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Dakota County's Financial Management offers readers this narrative overview and analysis of financial activities for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal and the notes to the financial statements.

Financial Highlights

- Dakota County's assets exceeded liabilities at the close of the most recent fiscal year (12/31/10) by \$772,568,478 (*net assets*). Of this amount, \$197,822,900 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Dakota County's total net assets increased by \$22,535,985 over 2009. This is primarily the result of an increase in capital assets.
- As of the close of the 2010 fiscal year, Dakota County governmental funds ending fund balances were \$225,599,386, compared to \$229,744,717 in 2009. This decrease is due to the use of fund balance of \$13,646,873 for capital projects, offset in part by the underspending in operational areas, as the County held significant numbers of positions vacant during the year to address risks to external funding. Approximately 82.5%, or \$186,179,817 of the total fund balance is available for spending at Dakota County's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$62,365,602 or 72.4% of total General Fund expenditures, a decrease of \$2,800,277 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Dakota County's basic financial statements. Dakota County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Dakota County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Dakota County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Dakota County is improving or deteriorating.

The *Statement of Activities* presents information showing how Dakota County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the *timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Dakota County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of Dakota County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Dakota County include the Dakota County Geographic Information System (GIS) and Dakota County Criminal Justice Information Integration Network (CJIIN).

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The government-wide financial statements include not only Dakota County (known as the *primary government*), but also the legally separate Community Development Agency (CDA) and the legally separate Vermillion River Watershed (VRW), for which Dakota County is financially accountable (known as *component units*). Financial information for the CDA and the VRW are reported separately from the financial information presented for the primary government itself. The Regional Rail Authority, although also legally separate, functions for all practical purposes as a department of Dakota County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements may be found on pages 25-29 of this report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Dakota County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Dakota County may be divided into three broad categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Within the governmental funds, Dakota County maintains four fund types: General, Special Revenue, Debt Services and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Major funds include: General Fund, Highway Fund, Community Services Fund, County Parks Fund, Debt Service Fund, and Capital Projects Fund. Data from the other five special revenue non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Dakota County adopts an annual budget for its six major governmental funds and the County Library, Regional Rail and Environmental Management non-major special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found on pages 30-42 of this report.

General Fund. The General Fund is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund. Special Revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Funds include:

- Highway
- County Library
- Regional Rail
- Community Services
- County Parks
- Law Library
- Environmental Management
- Attorney Forfeiture

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Debt Service Fund. The Debt Service Fund accounts for the payment of principal, interest and fiscal charges on long-term debt obligations of Dakota County.

Capital Projects Fund. The Capital Projects Fund tracks major building construction projects.

Proprietary Funds. Dakota County maintains two different types of proprietary funds: enterprise funds and an internal service fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Dakota County uses an enterprise fund to account for its Geographic Information System financial activity including the sale of GIS data/maps and costs of updating the GIS database. In 2009 an additional enterprise fund, Criminal Justice Information Integration Network (CJIIN) Fund, was created to account for revenue received from criminal justice agencies that use the County's applications. The internal service fund is an accounting device used to accumulate and allocate costs internally among Dakota County's various functions. Dakota County created such a fund in 1997 called the Employee Services Reserve Fund. All compensated absences were transferred to it in 1997. Each year an adjustment is made to reflect the current value of current vacation and sick balances. In 2007, the activity for the other post employment benefits was included in this fund. This fund has no equity balance as the cash balance is offset by a long-term liability. Because this service predominantly benefits governmental rather than business-type functions it has been included with governmental activities in the government wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the GIS Enterprise Fund and the CJIIN Enterprise Fund. The Employee Services Reserve Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found on pages 43-45 this report.

Fiduciary Funds. Fiduciary funds (Trust and Agency Funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Dakota County's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements may be found on pages 46-47 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements may be found on pages 48-78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following the notes to the financial statements.

Combining and individual fund statements and schedules may be found on pages 81-103 of this report.

Government-wide Financial Analysis

As noted earlier, the change in net asset amounts may serve over time as a useful indicator of a government's financial position. In the case of Dakota County, assets exceeded liabilities by \$772,568,478 at the close of 2010, which is an increase of \$22,535,985 over 2009.

Capital assets, net of related debt, of \$567,867,785 (e.g., land, buildings, machinery and equipment, infrastructure, improvements other than buildings and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net assets (73.5%). Dakota County uses capital assets to provide services

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to citizens; consequently, these assets are not available for current spending. Although Dakota County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate current liabilities.

Dakota County's Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 291,542,557	\$ 289,685,356	\$ 317,058	\$ 298,146	\$ 291,859,615	\$ 289,983,502
Capital assets	626,238,880	612,627,712	-	-	626,238,880	612,627,712
Total assets	<u>917,781,437</u>	<u>902,313,068</u>	<u>317,058</u>	<u>298,146</u>	<u>918,098,495</u>	<u>902,611,214</u>
Long-term liabilities outstanding	83,313,241	112,979,472	-	-	83,313,241	112,979,472
Other liabilities	62,199,422	39,599,249	17,354	-	62,216,776	39,599,249
Total liabilities	<u>145,512,663</u>	<u>152,578,721</u>	<u>17,354</u>	<u>-</u>	<u>145,530,017</u>	<u>152,578,721</u>
Net assets:						
Invested in capital assets, net						
of related debt	567,867,785	545,729,953	-	-	567,867,785	545,729,953
Restricted	6,578,089	5,860,387	299,704	166,432	6,877,793	6,026,819
Unrestricted	197,822,900	198,144,007	-	131,714	197,822,900	198,275,721
Total net assets	<u>\$ 772,268,774</u>	<u>\$ 749,734,347</u>	<u>\$ 299,704</u>	<u>\$ 298,146</u>	<u>\$ 772,568,478</u>	<u>\$ 750,032,493</u>

Dakota County's total net assets increased by \$22,535,985 from the 2009 ending balance. This increase is due to a combination of many factors, but the primary changes are in capital assets (increases in buildings, infrastructure, and the acquisition of land) and budget savings from operations.

An additional portion of Dakota County's net assets, \$6,877,793 or 0.9%, represents resources that are subject to external restrictions on how they may be used. Restricted net assets increased \$850,974 during the current fiscal year. This is due to the restrictions on funds for future debt payments and increased obligations for Property Records' equipment replacement. The remaining balance of unrestricted net assets of \$197,822,900 may be used to meet Dakota County's obligations to citizens and creditors.

At the end of 2010, Dakota County has positive balances in all three categories of net assets, including the government as a whole, as well as for its separate governmental and business-type activities. The results are similar to 2009.

Governmental Activities. Governmental activities increased Dakota County's net assets by \$22,534,427 from 2009, thereby accounting for more than 100% of the total growth in the net assets of Dakota County. A key element of this growth was the increase in capital assets of \$13,611,168. The majority of the increase in capital assets resulted from infrastructure (\$9,964,408) due to the completion of several street construction projects along with land (\$9,703,289) which includes the purchase of several properties to be used as parkland, some of which was purchased through the Farmland and Natural Area Program (FNAP), and buildings (\$3,858,001) due to the completion of the Empire Transportation Facility.

Business-type Activities. Business-type activities increased Dakota County's net assets by \$1,558 accounting for less than 1% of the total change in the government's net assets.

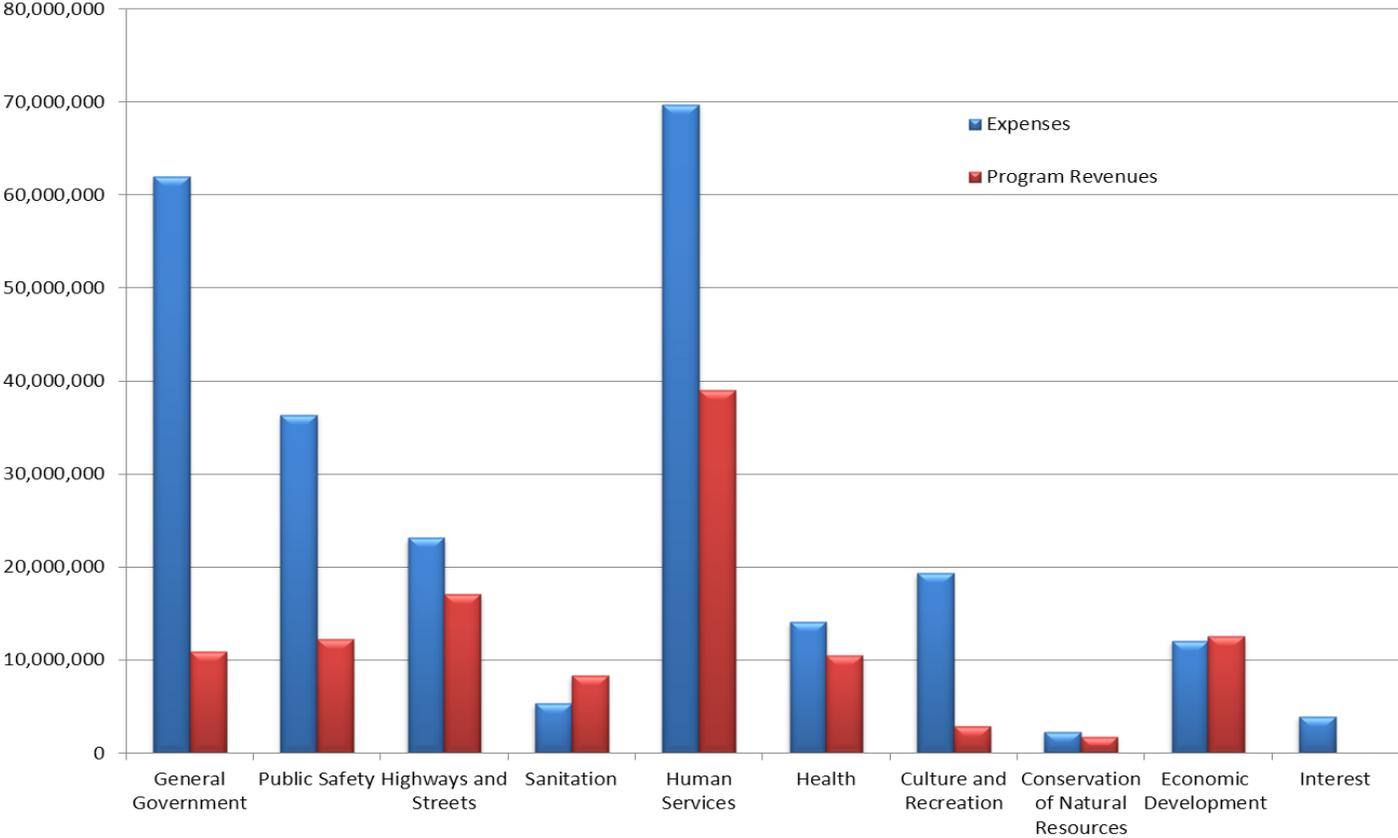
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Dakota County's Changes in Net Assets

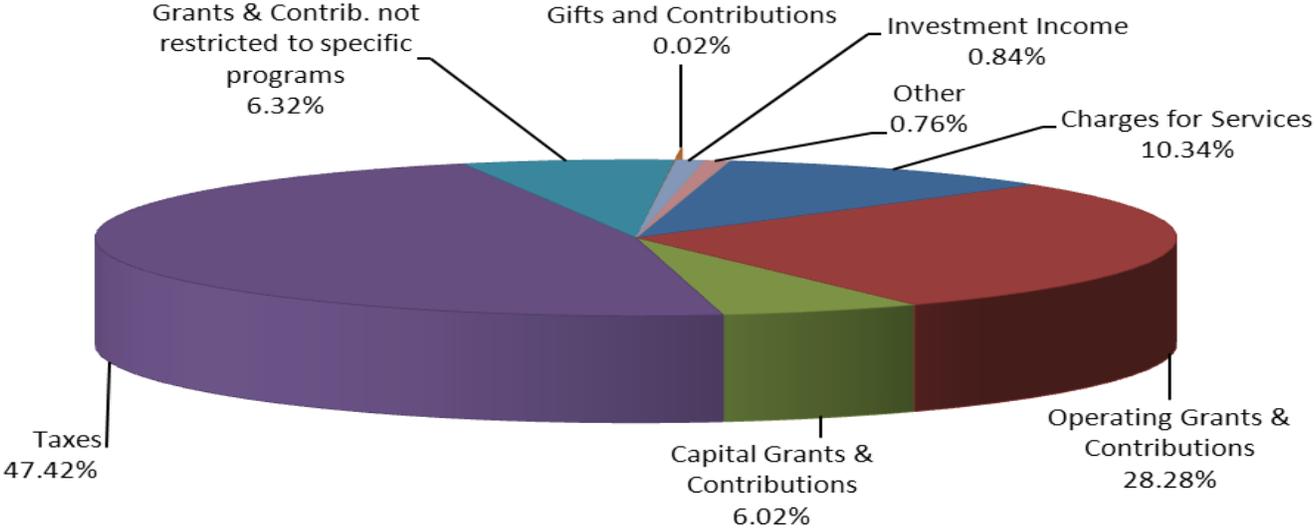
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Fees, charges, fines and other	\$ 28,025,755	\$ 32,644,093	\$ 107,804	\$ 151,235	\$ 28,133,559	\$ 32,795,328
Operating grants & contributions	76,617,938	104,397,450	-	-	76,617,938	104,397,450
Capital grants & contributions	16,311,723	10,568,802	-	-	16,311,723	10,568,802
General revenues:						
Taxes	128,427,591	129,546,340	-	-	128,427,591	129,546,340
Grants & contributions not restricted to specific programs	17,134,726	21,681,301	-	-	17,134,726	21,681,301
Gifts and contributions	63,531	54,260	-	-	63,531	54,260
Investment income	2,274,346	3,981,969	-	-	2,274,346	3,981,969
Other	2,058,589	2,035,555	-	-	2,058,589	2,035,555
Total revenues	<u>270,914,199</u>	<u>304,909,770</u>	<u>107,804</u>	<u>151,235</u>	<u>271,022,003</u>	<u>305,061,005</u>
Expenses:						
General government	61,982,946	48,513,659	-	-	61,982,946	48,513,659
Public safety	36,396,222	37,363,437	-	-	36,396,222	37,363,437
Highways and streets	23,114,442	24,016,682	-	-	23,114,442	24,016,682
Sanitation	5,314,375	5,476,281	-	-	5,314,375	5,476,281
Human services	69,757,126	85,401,690	-	-	69,757,126	85,401,690
Health	14,133,323	14,371,483	-	-	14,133,323	14,371,483
Culture and recreation	19,352,705	19,746,598	-	-	19,352,705	19,746,598
Conservation of natural resources	2,304,181	4,560,051	-	-	2,304,181	4,560,051
Economic development	12,076,877	10,540,298	-	-	12,076,877	10,540,298
Interest	3,947,575	4,360,037	-	-	3,947,575	4,360,037
Operating expenses - GIS	-	-	24,577	50,556	24,577	50,556
Operating expenses - CJIN	-	-	81,669	-	81,669	-
Total expenses	<u>248,379,772</u>	<u>254,350,216</u>	<u>106,246</u>	<u>50,556</u>	<u>248,486,018</u>	<u>254,400,772</u>
Increase (decrease) in net assets	22,534,427	50,559,554	1,558	100,679	22,535,985	50,660,233
Net assets 1/1	749,734,347	699,174,793	298,146	197,467	750,032,493	699,372,260
Net assets 12/31	<u>\$ 772,268,774</u>	<u>\$ 749,734,347</u>	<u>\$ 299,704</u>	<u>\$ 298,146</u>	<u>\$ 772,568,478</u>	<u>\$ 750,032,493</u>

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Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



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Financial Analysis of the Government's Funds

As noted earlier, Dakota County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Dakota County *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Dakota County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2010, Dakota County's governmental funds reported combined ending fund balances of \$225,599,386 a decrease of \$4,145,331 in comparison with the prior year. This includes budget savings from operations of \$8,746,009 offset by the use of fund balance of \$13,646,873 on capital projects. Most of the fund balance, \$186,179,817, is unreserved, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific purposes. Most of the reserved fund balance is for Debt Service (\$25,845,390), the Farmland and Natural Area Program (\$5,128,819), and encumbrances (\$3,952,003). These funds are dedicated for payment of bonds, the preservation of farmland and natural areas, and outstanding construction obligations.

General Fund. The General Fund is the chief operating fund of Dakota County. At the end of 2010, the General Fund fund balance was \$71,202,672 of which \$62,365,602 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 72.4% of total General Fund expenditures of \$86,154,211, while total fund balance represents 82.6% of that same amount.

The unreserved fund balance of Dakota County's General Fund decreased by \$2,800,277 during 2010. This change is primarily due to lower than expected interest rates causing a decrease in investment earnings.

Highway Fund. The Highway Fund had total fund balance of \$2,232,091 at the end of 2010. The fund balance of the Highway Fund decreased by \$4,991,982 during the current fiscal year. The decrease is due to the use of fund balance to pay for construction projects prior to receiving revenue expected to fund them.

Community Services Fund. The Community Services Fund had a total fund balance of \$67,940,683 at the end of 2010. This is Dakota County's largest operating fund due to receipt of external revenues. The fund balance of the Community Services Fund increased by \$7,475,050 during the current fiscal year compared to an increase of \$7,358,794 in the previous period. Expenditure savings in various Community Services programs, primarily personnel cost savings and savings from placement costs were the major factors in the increase.

County Parks Fund. The County Parks Fund had a total fund balance of \$7,802,732 at the end of 2010. The fund balance of the County Parks Fund increased by \$704,441 during the current fiscal year. This change is due to funds received from the Environmental Management Fund for FNAP and Parks projects.

Debt Service Fund. The Debt Service Fund had a total fund balance of \$33,044,992 at the end of 2010, all of which is reserved or designated for the payment of debt service. The fund balance of the Debt Service Fund decreased by \$221,631 during 2010. This change is due to the use of proceeds from the issuance of refunding bonds to make bond payments on bonds which have not yet reached their call date, offset by interest earnings on unspent bond proceeds.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$10,125,728. The fund balance for the Capital Projects Fund decreased by \$6,918,054 during 2010 compared to a decrease of \$2,960,516 in 2009. The decrease in 2010 was due to the use of fund balance to finance the construction of a maintenance building instead of using debt financing.

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Proprietary Funds. Dakota County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets restricted for equipment replacement of the *Geographic Information Systems Enterprise Fund* at the end of the year amounted to \$163,291. This is a decrease of \$3,141 compared to 2009. The *Criminal Justice Information Integration Network Fund* had a restricted net asset balance at the end of the year of \$136,413. This is an increase of \$4,699 compared to 2009. The *Employee Services Reserve Internal Service Fund*, also regarded as a proprietary fund, has no equity balance as the cash balance is offset by a long-term liability. Other factors concerning the finances of these two funds are addressed in the discussion of Dakota County's business-type activities.

General Fund Budgetary Highlights

Comparison of Original Budget to Final Amended Budget

The difference between the original budget and the final amended budget was an increase of \$21,433,048 for expenditures at fiscal year end. The major changes from original to final budget for expenditures may be summarized as follows:

- \$2.3 million carry-over of 2009 funds to expand the Farmland and Natural Area Program to acquire permanent agricultural easements.
- \$2.5 million carry-over in grant funding for implementation of homeland security initiatives and energy efficiency improvements.
- \$8.2 million for 2009 carry-over of unspent Budget Incentive Program (BIP) funds for all departments.
- \$6.2 million for 2009 carry-over of funds for various grants and unfinished projects, including the 800 MHz radio system and the Real Estate Management System.
- \$2.8 million in budget reductions were made, largely in salary and benefit savings to adjust for the loss of state aid.

The difference between the original budget and final amended budget for revenue was \$1,803,530. This increase from original to final budget for revenues includes:

- \$1.0 million decrease in taxes that come to the County as revenue from the state in the form of Market Value Homestead Credits for taxpayers.
- \$1.6 million of taxes were transferred to the General Fund from other county funds as a result of mid-year loss of state aid.
- \$2.5 million carryover of 2009 revenues for various programs and grants including Homeland Security grants and energy efficiency improvement grants.

The difference between the budgeted expenditure increase of \$21,433,048 and the budgeted revenue increase of \$1,803,530 was funded with budgeted use of fund balance.

Comparison of Actual Resources to Final Amended Budget

Actual expenditures were \$19,280,462 less than budget at fiscal year end. The difference between actual and budget for expenditures may be summarized as follows:

- \$5.6 million in unspent Capital Equipment Program (CEP) funds for all departments.
- \$2.3 million in unspent funds for the Farmland and Natural Area Program to acquire permanent agricultural easements.
- \$8.2 million unspent Budget Incentive Program (BIP) funds for all departments.
- \$10.3 million in salaries and employee benefits savings, arising primarily from budgeted positions held vacant.
- \$1.1 million in unspent grant revenue for election equipment.

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Actual revenues were less than the budget by \$1,988,371. This difference was primarily due to the inability to claim grant funds associated with the above expenditure savings along with a deficit in interest on investments due to lower than anticipated interest rates.

Capital Asset and Debt Administration

Capital Assets. Dakota County's investment in capital assets for its government and business-type activities as of December 31, 2010, amount to \$626,238,880 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Dakota County investment in capital assets for the current fiscal year was \$13,611,168, or 2.2%.

Major capital asset events during 2010 included the following:

- Acquired land and easements for the Farmland and Natural Area Program for \$1,501,337.
- Worked on a variety of county road construction projects and widening and expansion projects for existing streets and bridges; completed projects as of the close of the fiscal year totaled \$10,633,770.
- Acquired land for eventual use as right of way at a cost of \$8,111,175.
- Completed construction of the Empire Transportation Facility with expenditures through the end of 2010 of \$3,743,970.

Dakota County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
	Land	\$ 174,025,788	\$ 164,322,499	\$ -	\$ -	\$ 174,025,788
Buildings	137,501,305	137,485,389	-	-	137,501,305	137,485,389
Machinery and equipment	21,153,543	23,552,147	-	-	21,153,543	23,552,147
Infrastructure	210,203,469	207,170,370	-	-	210,203,469	207,170,370
Improvements other than buildings	3,783,508	3,087,148	-	-	3,783,508	3,087,148
Construction in progress	79,571,267	77,010,159	-	-	79,571,267	77,010,159
Total	\$ 626,238,880	\$ 612,627,712	\$ -	\$ -	\$ 626,238,880	\$ 612,627,712

Additional information on Dakota County's capital assets may be found in note III D of this report.

Long-term Debt. At the end of 2010, Dakota County had total bonded debt outstanding of \$89,060,000. This is a decrease of \$8,715,000 during the current fiscal year. The only factor in this decrease was the retirement of bond principal. Current and future county tax levies plus fund balance are used to finance the entire bonded indebtedness.

Dakota County maintains a "Aaa" rating from Moody's Investor Services, and the County was upgraded from "AA+" to "AAA" from Standard & Poor's during 2010 for general obligation debt.

Dakota County's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental activities	
	2010	2009
	General obligation bonds	\$89,060,000
Total	\$89,060,000	\$97,775,000

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State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the county. Based on the calculation, the current debt limitation for Dakota County is \$1,147,791,900, which is significantly in excess of Dakota County's outstanding general obligation debt of \$89,060,000. The net bonded debt per capita is \$140.

Additional information on Dakota County's long-term debt may be found in note III F beginning on page 66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Dakota County as of April, 2011 is 6.1%, which is a decrease from a rate of 6.4% a year ago. This compares favorably to both the state and national average unemployment rate of 6.6% and 8.7% respectively.
- Dakota County's property tax base will continue to decline through 2011 due to decreasing property values. The 2011 tax base is 6.5% lower than 2010.
- The State's budget problems will continue to create pressure for local budgets, both because of direct reductions in funding in the near term and the uncertainty of funding levels in the future. The continued long-time imbalance in revenues and spending in the State's budget makes state aid a less reliable funding source for the County. The County's 2011 adopted budget makes adjustments in budgeted revenue because of these factors.

On December 14, 2010, the Dakota County Board of Commissioners approved the 2011 budget for \$307.5 million. This is an overall decrease of \$60.6 million or 16.5%. This decrease in the overall budget is driven by a \$48.6 million decrease in the Capital Improvement Program as well as a \$12.0 million decline in the operating budget.

The 2011 total property tax levy is \$129.4 million, which is an increase of 0.8% from the 2010 levy. Additionally, as a means of helping manage the risk of state aid reductions, the adopted budget continues to budget remaining anticipated State county program aid almost entirely in capital budgets.

Requests for Information

This financial report is designed to provide a general overview of Dakota County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Department, 1590 Highway 55, Hastings, MN 55033 or contact us via email at finance@co.dakota.mn.us or visit our web site at www.dakotacounty.us.



Basic Financial Statements

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
Assets					
Cash and pooled investments	\$ 227,056,861	\$ 298,031	\$ 227,354,892	\$ 35,166,813	\$ 1,518,239
Petty cash and change funds	19,445	-	19,445	-	-
Cash with escrow agent	25,845,390	-	25,845,390	-	-
Investments	-	-	-	13,344,400	-
Taxes receivable					
Current - net	-	-	-	5,629,678	74,380
Prior - net	3,893,858	-	3,893,858	-	4,122
Special assessments receivable - net	-	-	-	-	-
Accounts receivable - net	2,103,146	-	2,103,146	635,263	234
Note receivable	-	-	-	49,055,269	-
Accrued interest receivable	625,787	-	625,787	717,089	-
Internal balances	(12,000)	12,000	-	-	-
Due from other governments	23,506,269	7,027	23,513,296	7,979,215	27,338
Inventories	1,292,223	-	1,292,223	-	-
Prepaid items	60,367	-	60,367	101,266	-
Restricted assets					
Cash and pooled investments	-	-	-	17,919,864	-
Accrued interest receivable-temporary	-	-	-	17,918	-
Deferred charges	472,535	-	472,535	491,070	-
Investment in joint venture	-	-	-	9,873,194	-
Lease receivable	6,678,676	-	6,678,676	-	-
Capital assets					
Non-depreciable	253,597,055	-	253,597,055	30,978,221	-
Depreciable - net of accumulated depreciation	372,641,825	-	372,641,825	94,201,455	-
Total Assets	\$ 917,781,437	\$ 317,058	\$ 918,098,495	\$ 266,110,715	\$ 1,624,313
Liabilities					
Accounts payable	\$ 7,269,138	\$ 354	\$ 7,269,492	\$ 2,913,902	\$ 47,398
Salaries payable	4,121,880	-	4,121,880	-	-
Contracts payable	1,117,266	-	1,117,266	-	-
Due to other governments	5,792,311	-	5,792,311	284,263	436,105
Accrued interest payable	1,605,192	-	1,605,192	1,294,802	-
Deferred revenue - unearned	10,553,959	17,000	10,570,959	13,799,693	-
Compensated absences					
Due within one year	292,097	-	292,097	398,166	-
Due in more than one year	19,089,036	-	19,089,036	305,383	-
Claims and judgments payable					
Due within one year	267,579	-	267,579	-	-
Due in more than one year	1,478,887	-	1,478,887	-	-
General obligation bonds payable					
Due within one year	31,180,000	-	31,180,000	2,845,000	-
Due in more than one year	58,187,241	-	58,187,241	50,266,570	-
OPEB liability					
Due in more than one year	4,558,077	-	4,558,077	-	-
Notes payable					
Due within one year	-	-	-	171,269	-
Due in more than one year	-	-	-	6,703,485	-
Total Liabilities	\$ 145,512,663	\$ 17,354	\$ 145,530,017	\$ 78,982,533	\$ 483,503

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
<u>Net Assets</u>					
Invested in capital assets - net of related debt	\$ 567,867,785	\$ -	\$ 567,867,785	\$ 70,836,500	\$ -
Restricted for					
Capital projects	-	-	-	10,433,556	-
Public safety	-	136,413	136,413	-	-
Debt service	5,287,169	-	5,287,169	-	-
Equipment replacement	1,290,920	163,291	1,454,211	-	-
Federal grants	-	-	-	14,783,581	-
Tax increment	-	-	-	6,611,090	-
HOPE program	-	-	-	14,201,079	-
Unrestricted	197,822,900	-	197,822,900	70,262,376	1,140,810
Total Net Assets	<u>\$ 772,268,774</u>	<u>\$ 299,704</u>	<u>\$ 772,568,478</u>	<u>\$ 187,128,182</u>	<u>\$ 1,140,810</u>

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DAKOTA COUNTY
MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
Functions/Programs									
Primary government									
Governmental activities									
General government	\$ 61,982,946	\$ 7,124,643	\$ 3,798,215	\$ -	\$ (51,060,088)	\$ -	\$ (51,060,088)		
Public safety	36,396,222	3,127,028	9,127,015	205,987	(23,936,192)	-	(23,936,192)		
Highways and streets	23,114,442	1,589,965	4,902,202	16,105,736	(516,539)	-	(516,539)		
Sanitation	5,314,375	8,019,709	276,939	-	2,982,273	-	2,982,273		
Human services	69,757,126	3,164,919	35,807,530	-	(30,784,677)	-	(30,784,677)		
Health	14,133,323	3,119,419	7,341,345	-	(3,672,559)	-	(3,672,559)		
Culture and recreation	19,352,705	1,754,286	1,151,534	-	(16,446,885)	-	(16,446,885)		
Conservation of natural resources	2,304,181	85,654	1,656,906	-	(561,621)	-	(561,621)		
Economic development	12,076,877	40,132	12,556,252	-	519,507	-	519,507		
Interest	3,947,575	-	-	-	(3,947,575)	-	(3,947,575)		
Total governmental activities	\$ 248,379,772	\$ 28,025,755	\$ 76,617,938	\$ 16,311,723	\$ (127,424,356)	\$ -	\$ (127,424,356)		
Business-type activities									
Geographic Information System	24,577	21,436	-	-	-	(3,141)	(3,141)		
Criminal Justice Information Integration	81,669	86,368	-	-	-	4,699	4,699		
Total business-type activities	\$ 106,246	\$ 107,804	\$ -	\$ -	\$ -	\$ 1,558	\$ 1,558		
Total primary government	\$ 248,486,018	\$ 28,133,559	\$ 76,617,938	\$ 16,311,723	\$ (127,424,356)	\$ 1,558	\$ (127,422,798)		
Component units									
Community Development Agency	\$ 42,276,141	\$ 16,064,611	\$ 29,355,549	\$ 1,142,458			\$ 4,286,477	\$ -	
Vermillion River Watershed	1,105,654	-	95,540	-			-	(1,010,114)	
Total component units	\$ 43,381,795	\$ 16,064,611	\$ 29,451,089	\$ 1,142,458			\$ 4,286,477	\$ (1,010,114)	

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
				Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
General Revenues								
Property taxes				\$ 126,012,038	\$ -	\$ 126,012,038	\$ 7,829,702	\$ 939,533
Gravel taxes				322,788	-	322,788	-	-
Mortgage registry and deed tax				378,235	-	378,235	-	-
Tax increment financing				-	-	-	3,303,413	-
Taxes - other				1,714,530	-	1,714,530	-	-
Gifts and contributions - Unrestricted				63,531	-	63,531	-	-
Grants and contributions not restricted to specific programs				17,134,726	-	17,134,726	-	84,066
Investment income				2,274,346	-	2,274,346	493,547	13,569
Miscellaneous				1,875,304	-	1,875,304	-	234
Gain on sale of capital assets				183,285	-	183,285	-	-
Total general revenues				\$ 149,958,783	\$ -	\$ 149,958,783	\$ 11,626,662	\$ 1,037,402
Change in net assets				\$ 22,534,427	\$ 1,558	\$ 22,535,985	\$ 15,913,139	\$ 27,288
Net Assets - Beginning				749,734,347	298,146	750,032,493	171,215,043	1,113,522
Net Assets - Ending				\$ 772,268,774	\$ 299,704	\$ 772,568,478	\$ 187,128,182	\$ 1,140,810

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>								
Cash and pooled investments	\$ 73,921,787	\$ -	\$ 66,631,308	\$ 11,504,486	\$ 1,445,328	\$ 16,206,129	\$ 34,258,842	\$ 203,967,880
Petty cash and change funds	9,095	-	6,790	1,100	-	-	2,460	19,445
Cash with escrow agent	-	-	-	-	25,845,390	-	-	25,845,390
Taxes receivable								
Prior	1,689,438	226,416	1,338,797	88,998	217,869	15,847	316,493	3,893,858
Accounts receivable	589,949	85,253	609,597	10,059	-	56,219	752,069	2,103,146
Accrued interest receivable	625,787	-	-	-	-	-	-	625,787
Due from other funds	3,857,220	3,124,941	375,317	405,753	5,725,701	482,158	532,926	14,504,016
Due from other governments	2,206,564	10,007,298	10,782,259	421,563	-	-	88,585	23,506,269
Advance to other funds	1,872,670	-	-	-	-	-	-	1,872,670
Prepaid items	57,328	3,039	-	-	-	-	-	60,367
Inventories	507,547	784,676	-	-	-	-	-	1,292,223
Lease receivable	6,678,676	-	-	-	-	-	-	6,678,676
Total Assets	\$ 92,016,061	\$ 14,231,623	\$ 79,744,068	\$ 12,431,959	\$ 33,234,288	\$ 16,760,353	\$ 35,951,375	\$ 284,369,727
<u>Liabilities and Fund Balances</u>								
Liabilities								
Accounts payable	\$ 2,925,340	\$ 382,249	\$ 2,779,914	\$ 136,493	\$ -	\$ 662,981	\$ 382,161	\$ 7,269,138
Salaries payable	1,509,603	212,991	1,930,228	99,281	-	-	369,777	4,121,880
Claims and judgments payable-current	28,517	-	-	-	-	-	-	28,517
Contracts payable	-	869,129	-	44,432	-	203,705	-	1,117,266
Due to other funds	5,650,229	2,106,380	752,593	261,374	-	5,750,756	844,913	15,366,245
Due to other governments	2,203,429	338,025	3,169,824	15,623	-	3,323	62,087	5,792,311
Deferred revenue - unavailable	1,435,200	7,970,453	2,264,758	498,840	189,296	13,860	275,948	12,648,355
Deferred revenue - unearned	7,061,071	120,305	906,068	1,700,514	-	-	766,001	10,553,959
Advance from other funds	-	-	-	1,872,670	-	-	-	1,872,670
Total Liabilities	\$ 20,813,389	\$ 11,999,532	\$ 11,803,385	\$ 4,629,227	\$ 189,296	\$ 6,634,625	\$ 2,700,887	\$ 58,770,341

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

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Liabilities and Fund Balances</u>								
(Continued)								
Fund Balances								
Reserved for								
Encumbrances	\$ -	\$ 1,870,374	\$ -	\$ 1,000,224	\$ -	\$ 1,081,405	\$ -	\$ 3,952,003
Advances to other funds	1,872,670	-	-	-	-	-	-	1,872,670
Inventories	507,547	784,676	-	-	-	-	-	1,292,223
Recorder's equipment purchases	1,290,920	-	-	-	-	-	-	1,290,920
Debt service	-	-	-	-	25,845,390	-	-	25,845,390
Farmland and Natural Area Program	5,128,819	-	-	-	-	-	-	5,128,819
Spring Lake Park	-	-	-	430	-	-	-	430
Victim Witness	37,114	-	-	-	-	-	-	37,114
Unreserved								
Designated for debt service	6,000,000	-	-	-	7,199,602	-	-	13,199,602
Designated for future expenditures	3,908,059	-	455,520	-	-	-	-	4,363,579
Designated for cash flows	18,549,024	-	33,235,516	1,364,224	-	548,319	-	53,697,083
Designated for capital improvements	-	-	-	5,090,676	-	8,496,004	-	13,586,680
Designated for contingencies	2,390,662	-	-	-	-	-	-	2,390,662
Designated for petty cash funds	9,095	-	6,790	1,100	-	-	-	16,985
Designated for capital equipment	18,048,958	-	7,734	-	-	-	-	18,056,692
Designated for OPEB	6,543,341	-	9,373,113	346,078	-	-	-	16,262,532
Designated for budget incentive program	6,916,463	-	1,823,598	-	-	-	-	8,740,061
Designated for budget stabilization fund	-	-	23,038,412	-	-	-	-	23,038,412
Undesignated	-	(422,959)	-	-	-	-	-	(422,959)
Unreserved, reported in nonmajor Special revenue funds	-	-	-	-	-	-	33,250,488	33,250,488
Total Fund Balances	\$ 71,202,672	\$ 2,232,091	\$ 67,940,683	\$ 7,802,732	\$ 33,044,992	\$ 10,125,728	\$ 33,250,488	\$ 225,599,386
Total Liabilities and Fund Balances	\$ 92,016,061	\$ 14,231,623	\$ 79,744,068	\$ 12,431,959	\$ 33,234,288	\$ 16,760,353	\$ 35,951,375	\$ 284,369,727

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

**DAKOTA COUNTY
MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Fund balances - total governmental funds		\$	225,599,386
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.			626,238,880
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.			12,648,355
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	\$	(89,060,000)	
Unamortized premiums on G.O. Bonds		(559,061)	
Unamortized discounts on G.O. Bonds		251,820	
Claims and judgments payable		(1,717,949)	
Accrued interest payable		(1,605,192)	
Deferred debt issuance charges		472,535	
		<u> </u>	<u>(92,217,847)</u>
Net assets of governmental activities			<u><u>\$ 772,268,774</u></u>

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**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues								
Taxes	\$ 48,016,000	\$ 7,586,345	\$ 49,012,421	\$ 3,012,478	\$ 7,777,629	\$ 539,835	\$ 12,393,841	\$ 128,338,549
Licenses and permits	43,569	150,483	-	111,520	-	-	817,161	1,122,733
Intergovernmental	19,323,806	20,040,919	61,014,106	1,183,408	-	1,051,735	2,978,310	105,592,284
Charges for services	11,466,801	1,277,495	6,927,848	781,762	-	-	8,193,293	28,647,199
Fines and forfeits	57,643	-	-	9,173	-	-	54,149	120,965
Gifts and contributions	5,679	-	-	395	-	-	63,136	69,210
Investment earnings	941,594	-	-	430	1,070,159	-	34,264	2,046,447
Miscellaneous	3,331,509	287,046	1,609,641	11,541	-	31,323	425,212	5,696,272
Total Revenues	\$ 83,186,601	\$ 29,342,288	\$ 118,564,016	\$ 5,110,707	\$ 8,847,788	\$ 1,622,893	\$ 24,959,366	\$ 271,633,659
Expenditures								
Current								
General government	\$ 58,619,222	\$ -	\$ 582,164	\$ -	\$ -	\$ -	\$ 495,227	\$ 59,696,613
Public safety	19,075,985	-	16,337,313	-	-	-	-	35,413,298
Highways and streets	1,247,514	34,254,426	-	-	-	-	-	35,501,940
Sanitation	-	-	-	-	-	-	7,408,981	7,408,981
Human services	-	-	72,523,762	-	-	-	-	72,523,762
Health	-	-	14,158,886	-	-	-	-	14,158,886
Culture and recreation	697,573	-	-	5,532,148	-	-	12,715,197	18,944,918
Conservation of natural resources	1,916,451	-	373,483	-	-	-	-	2,289,934
Economic development	4,597,466	-	6,731,914	-	-	-	719,262	12,048,642
Capital outlay	-	-	-	-	-	5,419,530	-	5,419,530
Debt service								
Principal	-	-	-	-	8,715,000	-	-	8,715,000
Interest	-	-	-	-	4,052,158	-	-	4,052,158
Administrative - fiscal charges	-	-	-	-	350	-	-	350
Total Expenditures	\$ 86,154,211	\$ 34,254,426	\$ 110,707,522	\$ 5,532,148	\$ 12,767,508	\$ 5,419,530	\$ 21,338,667	\$ 276,174,012
Excess of Revenues Over (Under)	\$ (2,967,610)	\$ (4,912,138)	\$ 7,856,494	\$ (421,441)	\$ (3,919,720)	\$ (3,796,637)	\$ 3,620,699	\$ (4,540,353)

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)								
Transfers in	\$ 1,420,114	\$ -	\$ 473,691	\$ 1,167,000	\$ 3,698,089	\$ -	\$ 10,101	\$ 6,768,995
Transfers out	(1,060,464)	(318,662)	(855,135)	(44,003)	-	(3,121,417)	(1,369,314)	(6,768,995)
Proceeds from sale of assets	186,779	-	-	2,885	-	-	-	189,664
Total Other Financing Sources (Uses)	<u>\$ 546,429</u>	<u>\$ (318,662)</u>	<u>\$ (381,444)</u>	<u>\$ 1,125,882</u>	<u>\$ 3,698,089</u>	<u>\$ (3,121,417)</u>	<u>\$ (1,359,213)</u>	<u>\$ 189,664</u>
Change in Fund Balance	\$ (2,421,181)	\$ (5,230,800)	\$ 7,475,050	\$ 704,441	\$ (221,631)	\$ (6,918,054)	\$ 2,261,486	\$ (4,350,689)
Fund Balance - January 1	73,657,313	7,224,073	60,465,633	7,098,291	33,266,623	17,043,782	30,989,002	229,744,717
Increase (decrease) in reserved for inventories	<u>(33,460)</u>	<u>238,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,358</u>
Fund Balance - December 31	<u><u>\$ 71,202,672</u></u>	<u><u>\$ 2,232,091</u></u>	<u><u>\$ 67,940,683</u></u>	<u><u>\$ 7,802,732</u></u>	<u><u>\$ 33,044,992</u></u>	<u><u>\$ 10,125,728</u></u>	<u><u>\$ 33,250,488</u></u>	<u><u>\$ 225,599,386</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Net change in fund balances - total governmental funds **\$ (4,350,689)**

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 as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets	\$ 29,635,100	
Current year depreciation	<u>(15,968,368)</u>	13,666,732

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets. (55,564)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,920,046

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

Principal repayments		
General obligation bonds		8,715,000

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	\$ 166,417	
Amortization of premiums and bond issuance costs	166,415	
Change in claims and judgments payable	(899,288)	
Change in inventories	<u>205,358</u>	<u>(361,098)</u>

Change in net assets of governmental activities **\$ 22,534,427**

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
FOR THE 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>		
Revenues				
Taxes	\$ 51,099,626	\$ 47,615,597	\$ 48,016,000	\$ 400,403
Licenses and permits	23,000	23,000	43,569	20,569
Intergovernmental	10,264,619	15,338,259	19,323,806	3,985,547
Charges for services	11,187,384	11,240,445	11,466,801	226,356
Fines and forfeits	45,000	45,000	57,643	12,643
Gifts and contributions	2,500	2,500	5,679	3,179
Investment earnings	5,000,000	5,000,000	941,594	(4,058,406)
Miscellaneous	5,749,313	5,910,171	3,331,509	(2,578,662)
Total Revenues	\$ 83,371,442	\$ 85,174,972	\$ 83,186,601	\$ (1,988,371)
Expenditures				
Current				
General government				
Commissioners	\$ 724,480	\$ 814,890	\$ 650,331	\$ 164,559
Courts services	260,733	260,733	282,232	(21,499)
County administration	1,384,744	1,890,739	1,109,780	780,959
OMB division administration/OPED	2,510,545	3,360,084	2,502,011	858,073
Public service and revenue admin	894,160	999,031	758,793	240,238
Service and license centers	1,752,949	1,791,106	1,762,640	28,466
County treasurer	4,224,392	5,631,695	4,297,688	1,334,007
County assessor	3,320,762	3,496,583	3,298,686	197,897
Accounting and auditing	2,715,187	3,153,407	2,399,409	753,998
Information technology	9,163,360	17,303,812	10,288,847	7,014,965
Operations management services	15,722,075	21,480,375	14,665,885	6,814,490
Employee relations	2,594,679	2,715,812	2,408,119	307,693
Attorney	8,802,528	9,477,945	8,539,923	938,022
Surveyor	687,839	713,284	694,257	19,027
Physical development administration	1,648,944	1,952,926	1,536,307	416,619
Communications	932,391	918,740	813,398	105,342
GIS	906,407	926,029	861,635	64,394
County-wide operations	4,891,495	444,709	1,749,281	(1,304,572)
Total general government	\$ 63,137,670	\$ 77,331,900	\$ 58,619,222	\$ 18,712,678
Public safety				
Sheriff	\$ 18,756,336	\$ 20,548,792	\$ 18,557,142	\$ 1,991,650
Coroner	517,571	517,571	518,843	(1,272)
Total public safety	\$ 19,273,907	\$ 21,066,363	\$ 19,075,985	\$ 1,990,378
Highway and streets				
Other-highway and streets	\$ 739,500	\$ 739,500	\$ 1,247,514	\$ (508,014)
Total highway and streets	\$ 739,500	\$ 739,500	\$ 1,247,514	\$ (508,014)

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
FOR THE 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>		
Expenditures				
Current (Continued)				
Culture and recreation				
Historical society	\$ 112,134	\$ 137,134	\$ 162,134	\$ (25,000)
County fair	128,521	128,521	128,521	-
Parks	187,500	268,500	374,397	(105,897)
County library	-	-	32,521	(32,521)
Total culture and recreation	\$ 428,155	\$ 534,155	\$ 697,573	\$ (163,418)
Conservation of natural resources				
Soil and water conservation	\$ 282,361	\$ 282,361	\$ 314,412	\$ (32,051)
Farmland and natural area program	140,032	5,480,394	1,602,039	3,878,355
Total conservation of natural resources	\$ 422,393	\$ 5,762,755	\$ 1,916,451	\$ 3,846,304
Economic development				
Administration	\$ -	\$ -	\$ 4,597,466	\$ (4,597,466)
Total economic development	\$ -	\$ -	\$ 4,597,466	\$ (4,597,466)
Total Expenditures	\$ 84,001,625	\$ 105,434,673	\$ 86,154,211	\$ 19,280,462
Excess of Revenues Over (Under) Expenditures	\$ (630,183)	\$ (20,259,701)	\$ (2,967,610)	\$ 17,292,091
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 66,824	\$ 1,420,114	\$ 1,353,290
Transfers out	-	(1,070,132)	(1,060,464)	9,668
Proceeds from sale of assets	132,000	132,000	186,779	54,779
Total Other Financing Sources (Uses)	\$ 132,000	\$ (871,308)	\$ 546,429	\$ 1,417,737
Change in Fund Balance	\$ (498,183)	\$ (21,131,009)	\$ (2,421,181)	\$ 18,709,828
Fund Balance - January 1	73,657,313	73,657,313	73,657,313	-
Increase (decrease) in reserved for inventories	-	-	(33,460)	(33,460)
Fund Balance - December 31	\$ 73,159,130	\$ 52,526,304	\$ 71,202,672	\$ 18,676,368

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
HIGHWAY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,906,368	\$ 6,300,276	\$ 7,586,345	\$ 1,286,069
Licenses and permits	140,000	140,000	150,483	10,483
Intergovernmental	74,390,474	101,807,706	20,040,919	(81,766,787)
Charges for services	1,459,400	1,459,400	1,277,495	(181,905)
Miscellaneous	284,375	564,495	287,046	(277,449)
Total Revenues	\$ 82,180,617	\$ 110,271,877	\$ 29,342,288	\$ (80,929,589)
Expenditures				
Current				
Highway and streets				
Administration	\$ 597,895	\$ 703,224	\$ 498,923	\$ 204,301
Maintenance	5,209,060	5,682,798	5,106,201	576,597
Construction	75,936,407	103,717,427	28,649,302	75,068,125
Total Expenditures	\$ 81,743,362	\$ 110,103,449	\$ 34,254,426	\$ 75,849,023
Excess of Revenues Over (Under) Expenditures	\$ 437,255	\$ 168,428	\$ (4,912,138)	\$ (5,080,566)
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (318,662)	\$ (318,662)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (318,662)	\$ (318,662)
Change in Fund Balance	\$ 437,255	\$ 168,428	\$ (5,230,800)	\$ (5,399,228)
Fund Balance - January 1	7,224,073	7,224,073	7,224,073	-
Increase (decrease) in reserved for inventories	-	-	238,818	238,818
Fund Balance - December 31	\$ 7,661,328	\$ 7,392,501	\$ 2,232,091	\$ (5,160,410)

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE 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>		
Revenues				
Taxes	\$ 50,044,592	\$ 50,516,279	\$ 49,012,421	\$ (1,503,858)
Intergovernmental	57,090,259	64,009,905	61,014,106	(2,995,799)
Charges for services	19,394,415	19,394,415	6,927,848	(12,466,567)
Miscellaneous	1,868,511	1,764,523	1,609,641	(154,882)
Total Revenues	\$ 128,397,777	\$ 135,685,122	\$ 118,564,016	\$ (17,121,106)
Expenditures				
Current				
General government				
Veterans service officer	\$ 660,885	\$ 635,148	\$ 582,164	\$ 52,984
Total general government	\$ 660,885	\$ 635,148	\$ 582,164	\$ 52,984
Public safety				
Community corrections	\$ 18,741,159	\$ 19,472,963	\$ 16,337,313	\$ 3,135,650
Total public safety	\$ 18,741,159	\$ 19,472,963	\$ 16,337,313	\$ 3,135,650
Human services				
Income maintenance	\$ 24,132,879	\$ 25,213,770	\$ 24,232,409	\$ 981,361
Social services	63,876,669	65,960,096	48,291,353	17,668,743
Total human services	\$ 88,009,548	\$ 91,173,866	\$ 72,523,762	\$ 18,650,104
Health				
Public health	\$ 15,571,583	\$ 16,793,609	\$ 14,158,886	\$ 2,634,723
Total health	\$ 15,571,583	\$ 16,793,609	\$ 14,158,886	\$ 2,634,723
Conservation of natural resources				
Cooperative extension	\$ 388,221	\$ 441,432	\$ 373,483	\$ 67,949
Total conservation of natural resources	\$ 388,221	\$ 441,432	\$ 373,483	\$ 67,949
Economic development				
Community development	\$ 4,548,004	\$ 9,927,592	\$ 6,731,914	\$ 3,195,678
Total economic development	\$ 4,548,004	\$ 9,927,592	\$ 6,731,914	\$ 3,195,678
Total Expenditures	\$ 127,919,400	\$ 138,444,610	\$ 110,707,522	\$ 27,737,088
Excess of Revenues Over (Under) Expenditures	\$ 478,377	\$ (2,759,488)	\$ 7,856,494	\$ 10,615,982

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE 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>		
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 473,691	\$ 473,691	\$ -
Transfers out	-	(4,870)	(855,135)	(850,265)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 468,821</u>	<u>\$ (381,444)</u>	<u>\$ (850,265)</u>
Change in Fund Balance	\$ 478,377	\$ (2,290,667)	\$ 7,475,050	\$ 9,765,717
Fund Balance - January 1	<u>60,465,633</u>	<u>60,465,633</u>	<u>60,465,633</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 60,944,010</u></u>	<u><u>\$ 58,174,966</u></u>	<u><u>\$ 67,940,683</u></u>	<u><u>\$ 9,765,717</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COUNTY PARKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,085,314	\$ 3,092,847	\$ 3,012,478	\$ (80,369)
Licenses and permits	59,300	59,300	111,520	52,220
Intergovernmental	16,389,567	15,419,279	1,183,408	(14,235,871)
Charges for services	1,972,379	805,379	781,762	(23,617)
Fines and forfeits	-	-	9,173	9,173
Gifts and contributions	-	-	395	395
Investment earnings	-	-	430	430
Miscellaneous	201,800	201,800	11,541	(190,259)
Total Revenues	\$ 21,708,360	\$ 19,578,605	\$ 5,110,707	\$ (14,467,898)
Expenditures				
Current				
Culture and recreation				
Parks	\$ 23,146,674	\$ 26,190,996	\$ 5,532,148	\$ 20,658,848
Total Expenditures	\$ 23,146,674	\$ 26,190,996	\$ 5,532,148	\$ 20,658,848
Excess of Revenues Over (Under) Expenditures	\$ (1,438,314)	\$ (6,612,391)	\$ (421,441)	\$ 6,190,950
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 1,167,000	\$ 1,167,000	\$ -
Transfers out	-	-	(44,003)	(44,003)
Proceeds from sale of assets	-	-	2,885	2,885
Total Other Financing Sources (Uses)	\$ -	\$ 1,167,000	\$ 1,125,882	\$ (41,118)
Change in Fund Balance	\$ (1,438,314)	\$ (5,445,391)	\$ 704,441	\$ 6,149,832
Fund Balance - January 1	7,098,291	7,098,291	7,098,291	-
Fund Balance - December 31	\$ 5,659,977	\$ 1,652,900	\$ 7,802,732	\$ 6,149,832

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

	Nonmajor Enterprise Funds	Governmental Activities - Employee Services Reserve Internal Service Fund
<u>Assets</u>		
Current assets:		
Cash and pooled investments	\$ 298,031	\$ 23,088,981
Due from other funds	12,000	2,236,294
Due from other governments	7,027	-
	\$ 317,058	\$ 25,325,275
Total current assets	\$ 317,058	\$ 25,325,275
Total Assets	\$ 317,058	\$ 25,325,275
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 354	\$ -
Compensated absences payable - current	-	292,097
Due to other funds	-	1,386,065
Deferred revenue	17,000	-
	\$ 17,354	\$ 1,678,162
Total current liabilities	\$ 17,354	\$ 1,678,162
Noncurrent liabilities:		
Compensated absences payable - long-term	\$ -	\$ 19,089,036
Net OPEB liability	-	4,558,077
	\$ -	\$ 23,647,113
Total noncurrent liabilities	\$ -	\$ 23,647,113
Total Liabilities	\$ 17,354	\$ 25,325,275
Net Assets		
Restricted for		
Equipment replacement	\$ 163,291	\$ -
Public safety	136,413	-
	\$ 299,704	\$ -
Total Net Assets	\$ 299,704	\$ -

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Nonmajor Enterprise Funds	Governmental Activities - Employee Services Reserve Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues		
Charges for services	\$ 107,804	\$ 2,729,356
	<u> </u>	<u> </u>
Total Operating Revenues	\$ 107,804	\$ 2,729,356
	<u> </u>	<u> </u>
Operating Expenses		
Personal services	\$ -	\$ 611,766
Professional services	81,669	-
OPEB expense	-	2,117,590
Other services and charges	24,577	-
	<u> </u>	<u> </u>
Total Operating Expenses	\$ 106,246	\$ 2,729,356
	<u> </u>	<u> </u>
Operating income	\$ 1,558	\$ -
	<u> </u>	<u> </u>
Change in Net Assets	\$ 1,558	\$ -
	<u> </u>	<u> </u>
Net Assets - January 1	298,146	-
	<u> </u>	<u> </u>
Net Assets - December 31	\$ 299,704	\$ -
	<u> </u>	<u> </u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
Increase (Decrease) in Cash and Cash Equivalents**

	Nonmajor Enterprise Funds	Governmental Activities - Employee Services Reserve Internal Service Fund
	<u> </u>	<u> </u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 176,457	\$ -
Receipts from internal services provided	-	3,596,777
Payments to suppliers	(105,892)	-
Payments to internal services used	-	(507,663)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	\$ 70,565	\$ 3,089,114
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 70,565	\$ 3,089,114
	<u> </u>	<u> </u>
Cash and Cash Equivalents at January 1	227,466	19,999,867
	<u> </u>	<u> </u>
Cash and Cash Equivalents at December 31	\$ 298,031	\$ 23,088,981
	<u> </u>	<u> </u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ 1,558	\$ -
	<u> </u>	<u> </u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
(Increase) decrease in accounts receivable	\$ 4,000	\$ -
(Increase) decrease in due from other governments	59,653	-
(Increase) decrease in due from other funds	(12,000)	867,421
Increase (decrease) in accounts payable	354	-
Increase (decrease) in compensated absences payable	-	(611,766)
Increase (decrease) in due to other funds	-	1,371,464
Increase (decrease) in OPEB liability	-	1,461,995
Increase (decrease) in deferred revenue	17,000	-
	<u> </u>	<u> </u>
Total adjustments	\$ 69,007	\$ 3,089,114
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Operating Activities	\$ 70,565	\$ 3,089,114
	<u> </u>	<u> </u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	Private-Purpose Trusts	Agency Funds
<u>Assets</u>		
Cash and pooled investments	\$ 4,391,363	\$ 33,878,060
Departmental cash	-	35,477
Accounts receivable	-	90,445
Due from other governments	468,776	158,870
Total Assets	\$ 4,860,139	\$ 34,162,852
<u>Liabilities</u>		
Accounts payable	\$ 110,691	\$ 942,745
Salaries payable	-	29,731
Accrued expenses	88,353	-
Due to other governments	4,285,983	33,190,376
Total Liabilities	\$ 4,485,027	\$ 34,162,852
<u>Net Assets</u>		
Net assets, held in trust for other purposes	\$ 375,112	
Total Net Assets	\$ 375,112	

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Private-Purpose Trusts</u>
<u>ADDITIONS:</u>	
State Grants	
Mn Dept of Trial Courts	\$ 3,194,106
Mn Pollution Control Agency	754,083
Payments from other governments	348,004
Other agencies	17,600
Miscellaneous	9,756
Investment earnings:	
Interest	23,162
Total additions	<u>\$ 4,346,711</u>
<u>DEDUCTIONS:</u>	
Judicial District expenses	\$ 3,194,106
Solid waste expenses	1,125,598
Emergency preparedness expenses	62,072
Total deductions	<u>\$ 4,381,776</u>
Change in net assets	\$ (35,065)
Net assets - January 1	<u>410,177</u>
Net assets - December 31	<u><u>\$ 375,112</u></u>

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

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

I. Summary of significant accounting policies

The financial statements of Dakota County have been prepared in conformity with generally accepted accounting principles. This financial report has been prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

A. Reporting entity

Dakota County (County) was established October 27, 1849, and is an organized county having the powers, duties and privileges granted counties by *Minnesota State Statutes*. A seven-member Board of Commissioners elected from districts within the County governs the County. The accompanying financial statements present the County and its component units, for which the County is considered to be financially accountable. The blended component unit, although legally a separate entity, is in substance, part of the County's operations. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended component unit. The Regional Rail Authority (Authority) serves the citizens of the County. The seven member Regional Rail Authority Board is appointed by the Dakota County Board of Commissioners. Currently, the Regional Rail Authority Board consists of the seven Dakota County Commissioners. The Authority has the power to levy taxes, issue bonds and enter into contracts and agreements. The Authority was established to promote the development of transit options for the County, maintain involvement in metropolitan activities, including light rail transit and transit-related linkages, and play a role in the acquisition of abandoned railroad right-of-way for transportation purposes. Separate financial statements are not available for the Regional Rail Authority.

Discretely presented component units. Dakota County presents two discrete component units: 1) Dakota County Community Development Agency and 2) Vermillion River Watershed Joint Powers Organization.

Dakota County Community Development Agency (CDA) was established in 1971 pursuant to special Minnesota legislation. The mission of the CDA is to improve the lives of Dakota County residents through affordable housing and community development. The CDA utilizes available federal, state, and local resources to serve the residents of the County by working to upgrade and maintain the existing housing stock; encourage the construction of new housing affordable to low and moderate income households; promote economic development efforts and provide assistance to the County communities through community-development programs; and to provide low and moderate income family and senior households with decent, safe, and affordable rental housing opportunities.

The County appoints all seven members of the CDA's Board of Commissioners. Additionally the County has underwritten several of the bond issues of the CDA. The CDA is therefore included as a discretely presented unit since the significance of the relationship between the CDA and the County is such that exclusion would cause the County's financial statements to be incomplete.

Complete financial statements for the component unit may be obtained at the CDA's website or in their administrative offices:

Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, Minnesota 55123
www.dakotacda.org

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

The Vermillion River Watershed Joint Powers Organization (VRW) was established in 2002 for purposes set forth in Minn. Stat. § 103B.201 within the political boundary of the Vermillion River watershed located in Dakota County and Scott County. The purpose of the VRW is to establish a joint powers board that will exercise leadership in the development of policies, programs and projects that will promote the accomplishment of the purposes found in Minn. Stat. § 103B.201, including the preparation, adoption and implementation of the plan required by Minn. Stat. § 103B.211 for the Vermillion River Watershed. The Vermillion River Watershed Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota County. Additionally, the Vermillion River Watershed is a special taxing district within Dakota County. It is therefore included as a discretely presented component unit since the significance of the relationship between the VRW and the County is such that exclusion would cause the County's financial statements to be incomplete. Separate financial statements for the VRW are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely significantly on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributed to program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private purpose trust fund financial statements. Agency funds have no measurement focus. 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for taxes, charges for services, and reimbursements for services and 90 days for Intergovernmental grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

The government reports the following major governmental funds:

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

Highway Special Revenue Fund accounts for all costs for maintenance and construction of streets and highways. Financing comes primarily from an annual property tax levy and intergovernmental revenue from local, State and Federal Governments.

Community Services Special Revenue Fund accounts for all costs for human services. Financing comes primarily from an annual property tax levy, charges for services, and intergovernmental revenue from the State and Federal Governments.

County Park Special Revenue Fund is to account for park acquisition, development and operating costs. Financing is provided by an annual property tax levy and grants from Metropolitan Council.

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

Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The government reports the following nonmajor governmental funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

- *County Library Fund* is to account for the operating cost of the Dakota County Library. Financing is provided by an annual property tax levy.
- *Environmental Management Fund* accounts for environmental management activities within the county including waste reduction, planning, administration, regulation and education.
- *Regional Rail Fund* is used to account for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail and other transit alternatives within the County.
- *Law Library Fund* is used to account for revenues and expenditures of the Law Library. Revenues are derived from fees collected from certain litigants and expenditures are primarily law books and minor administrative and personal service costs.
- *Attorney Forfeiture Fund* is to account for the 20 percent of the proceeds from the sale of forfeited property which is distributed to the County Attorney as a supplement to operating monies for prosecutorial purposes.

Additionally, the government reports the following fund types:

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services.

- *GIS Fund* accounts for the sale of geographic information such as data and maps.
- *Criminal Justice Information Integration Network* accounts for revenue received from criminal justice agencies that use the County's applications. Expenses from the fund are used for technical infrastructure purchases and upgrades as well as development of further criminal justice technology applications.

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Internal Service Fund accounts for services provided to departments by employees, specifically employee benefits including compensated absences.

Private-Purpose Trust Funds are used to account for resources legally held in trust for use by other governmental units. All resources of the funds, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

- *First Judicial District* accounts for certain expenses of the District and their subsequent reimbursement from the state. The First Judicial District is a subdivision of the state and is legally separate from the County. This fund also incorporates expenses for Dakota County District Court which is reimbursed by the state.
- *Rural Solid Waste Commission* accounts for 13 townships and six rural communities in Dakota County who have pooled their resources to provide solid waste abatement activities for the rural areas. It is a legally separate entity for which the County is the fiscal agent. The County maintains membership in but not control over the Commission.
- *Solid Waste Management Coordinating Board* accounts for local and state grant funds provided jointly to participating counties. Funds are used in solid waste environmental activities. The Board is a legally separate entity from the County. The County maintains membership in but not control over the Board, as a member, the County is providing fiscal services to the Board.
- *Domestic Preparedness Team Fund* accounts for the coordination of emergency preparedness and homeland security services. Membership includes Dakota County and 11 of the largest cities within the county.

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

- *4-H* - to account for receipts and disbursements for 4-H programs.
- *Agricultural Conservation* - to account for fees used to reimburse the local taxing districts for the amount of property taxes lost because of the agricultural preserve credit.
- *Arbitrage* - to account for arbitrage interest earnings on the 1989 CIP Bonds which must be remitted to the federal government.
- *Assurance* - to account for fees received for the registration of Torrens certificates of title. Per State statute, the fees are transmitted to the State Treasurer for administration of the assurance program.
- *Community Development Agency* - to account for collecting and distribution of Community Development Agency funds relating primarily to housing and redevelopment.
- *Conservation* - to account for fees received per transaction on recording of a mortgage prior to transfer to the County portion and State portion.
- *Dakota-Scott WSA* - to account for collecting and distribution of employment grant funds relating to the workforce services program.
- *DUI Forfeiture Fund* - to account for the proceeds from the sales of vehicles forfeited for DUI.
- *Forfeited Tax* - to account for all monies collected per State statute for sale of lands forfeited for unpaid taxes.

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- *Forfeited Tax Assurance* - to account for monies collected from the sale of tax delinquent land. Monies are held in trust until disposition is made to various entities.
- *Historical Society* - to account for monies administered by the Historical Society.
- *Local Collaboratives* - to account for federal funds disbursed through Minnesota Departments of Human Services or Children, Families, and Learning.
- *Metro Alliance for Healthy Families* - to account for monies administered by the metro counties and cities that are collaborating to provide services to public health clients. Dakota County is the lead agent for this effort.
- *Metro Council* - to account for the Council's share of property taxes collected by the County.
- *Metro Transit* - to account for Metro Transit's share of property taxes collected by the County.
- *MESB* - to account for payroll and benefit costs for the Metropolitan Emergency Services Board which are reimbursed by the MESB.
- *MICA* - to account for the investments made on behalf of the Metropolitan Inter-County Association.
- *Minnesota Conservation Fund* - to account for the State's share of funding for agricultural preserve property tax credit.
- *Mosquito Control* - to account for the District's share of property taxes collected by the County.
- *Payroll Deductions* - to account for monies deducted from employees' salaries for benefits and payments on their behalf.
- *School Districts* - to account for the collection and payments of property taxes due to school districts.
- *Sheriff Civil Fees* - to account for collection and payments of civil fees due to different municipalities and agencies.
- *Sheriff Evidence Fund* - to account for cash seized as evidence or pending forfeiture action.
- *Sheriff Inmate Funds* - to account for funds received from individuals booked into the County jail and returned to the individual upon their release.
- *Sheriff Trust Fund* - to account for receipts from redemption's, executions, sheriff sales and subsequently paid out.
- *Social Welfare* - to account for clients' receipts from Social Security and maternity support, legal settlements, and Veterans Administration used for personal needs of the client.
- *State Revenue* - to account for the fines collected which are to be remitted to the State.
- *Taxes and Penalties* - to account for the collection and payment of tax and penalties to various taxing districts.
- *Towns and Cities* - to account for the collection and payments of taxes due to towns and cities.
- *Watershed Levy* - to account for property taxes collected by the County and due to the watershed district.

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for direct interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenue of the Geographic Information System (GIS) enterprise fund is the sale of geographic information. The Criminal Justice Information Integration Network (CJIIN) enterprise fund's primary revenue includes the fee charged to outside agencies that use the criminal justice applications. The Employee Services Reserve internal service fund's primary revenue is derived from charges for services to departments for employee benefits. Operating expenses for the enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County and the CDA to invest in obligations of the U.S. Treasury, commercial paper, mutual funds, general obligations of the State of Minnesota and its municipalities, bankers' acceptances, and guaranteed investment contracts subject to specific requirements. The County records its investment earnings in the General Fund as required by state statute unless directed otherwise by statutory or external authority.

Investments for the government, as well as for its component units, are reported at fair value.

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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Property taxes are levied as of January 1st on property values assessed as of the prior year. The tax levy is divided into two billings: the first half is due May 15th; the second half is due either October 15th or November 15th. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material. Taxes, which remain unpaid by property owners at December 31st, are considered delinquent.

3. *Inventories and prepaid items*

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory in the General Fund and the Highway Special Revenue Fund consists of expendable supplies held for consumption. The inventory items within General Fund include: postage meter, telephone equipment and fleet equipment. All inventories are evaluated based on the purchases method.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are evaluated based on the consumption method.

4. *Restricted assets*

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

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 applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets 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 value at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

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

For the CDA major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by CDA during the current fiscal year was \$2,221,582. Of this amount, \$475,222 was included as part of the cost of capital assets under construction in connection with housing projects.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method.

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For the County the estimated useful lives are:

<u>Assets</u>	<u>Years</u>
Buildings	50-100
Building improvements	10-30
Infrastructure	50-70
Machinery & equipment	1-10
Land improvement	10-30

For the Agency the estimated useful lives are:

<u>Assets</u>	<u>Years</u>
Buildings & improvements	10-40
Furniture & equipment	3-10
Land improvement	15

6. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused flex leave, vacation and sick pay benefits. Under the County's personnel policies and union contracts, County employees are granted flex leave or vacation and sick leave in varying amounts based on length of service. Certain County employees are also granted compensatory time. Unused accumulated flex leave, vacation leave, compensatory time, and sick leave, are paid to employees upon termination. Vacation and sick leave accruals vary from 12 to 20 days per year. Flextime accruals vary from 20 to 40 days per year. A liability for the compensated absences is reported in the internal service fund and the governmental activities column of the government-wide statement of net assets.

7. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

8. *Fund Equity*

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.

E. Revenues

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by all governmental fund types. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes, fines and penalties, and property forfeitures are imposed nonexchange transactions.

Revenues from property taxes are recognized in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred revenue and will be recognized as revenue in the fiscal year that they become available. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating that the County perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. Gifts and contributions from individuals are also considered voluntary nonexchange transactions and are generally recognized when received.

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments for highway maintenance and construction are recognized as revenue in the year of allotment.

Exchange Transactions

Special assessments levied against benefiting properties are recognized under the modified accrual basis when available to finance current expenditures. Other revenues, such as licenses and permits, charges for services, and investment income are recognized as revenue when earned.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Law Library and Attorney Forfeiture special revenue funds, which are not budgeted. All annual appropriations lapse at fiscal year end.

In accordance with state law, the County Board adopts the proposed property levy on or before September 15. The County Administrator presents the recommended budget to the County Board who then holds public hearings on the proposed budgets with departments during October, November and December. In accordance with truth in taxation legislation, the County Board holds a public hearing for the budget on the first Thursday in December. The budget is adopted following the truth in taxation public meeting, typically during the final meeting of the year.

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The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between funds require the approval of the County Administrator or the County Board. The County Administrator can approve the transfer if it is below \$50,000; anything exceeding that threshold needs approval from the County Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Board made several supplemental budgetary appropriations throughout the year. The material supplemental budgetary appropriations were:

<u>Fund</u>	<u>Amount</u>
General	\$ 21,433,048
Highway	\$ 28,360,087
Community Services	\$ 10,525,210
Environmental Management	\$ (521,495)
Capital Projects	\$ 353,766
County Library	\$ 1,395,423
County Parks	\$ 3,044,322

B. Excess of expenditures over appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations in Courts Services in the General Fund by \$21,499, County-wide Operations in the General Fund by \$1,304,572, Coroner in the General Fund by \$1,272, Other-highways and streets in the General Fund by \$508,014, Historical Society in the General Fund by \$25,000, Parks in the General Fund by \$105,897, County Library in the General Fund by \$32,521, Soil and Water Conservation in the General Fund by \$32,051, and Economic Development Administration in the General Fund by \$4,597,466. These excess expenditures were funded by available fund balance and current year savings.

III. Detailed notes on all funds

A. Deposits and investments

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer-Auditor for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2010. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2010 were \$941,594.

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Reconciliation of County's and VRW's total deposits, cash on hand, and investments to the basic financial statements are as follows:

Government-wide statement of net assets		
Governmental activities		
Cash and pooled investments	\$	227,056,861
Petty cash and change funds		19,445
Business-type activities		
Cash and pooled investments		298,031
Discrete component unit		
Cash and pooled investments		1,518,239
Statement of fiduciary net assets		
Cash and pooled investments		38,269,423
Total Cash and Investments	\$	267,161,999
Cash on hand	\$	71,081
Deposits		140,788,384
Petty cash and change funds		19,445
Investments		126,283,089
Total Deposits, Cash on hand, and Investments	\$	267,161,999

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. §118A.03 requires that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. As of December 31, 2010, the County's deposits were not exposed to custodial credit risk. The County policy is in accordance with state statutes.

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

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- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. To limit exposure to interest rate risk, the County's investment policy is to invest in shorter-term investments with duration of less than one year to meet current operating expenses and long-term investments of two-five years or longer to fund needed renewal and replacement of capital, capital expenditures, building debt, and other special projects that require funding in the future. The investment maturities are as follows:

At December 31, 2010, the County had the following investments:

	Credit Risk	Less Than 1 Year	2-5 Years	More Than 5 Years	Total Fair Value
Government:					
US Treasuries	AAA	\$ -	\$ 35,592,208	\$ 6,949,350	\$ 42,541,558
US Department of Agriculture	AAA	-	-	666,736	666,736
Government Agencies:					
Federal Farm Credit Bank	AAA	-	1,127,039	-	1,127,039
Federal Home Loan Bank	AAA	-	3,038,700	3,229,140	6,267,840
Federal Home Loan Mortgage Corp	AAA	-	10,180,701	11,525,816	21,706,517
Financial Corp	AAA	-	3,330,232	539,274	3,869,506
Federal National Mortgage Assoc.	AAA	-	17,057,317	7,410,675	24,467,992
Mortgage Backed Securities	AAA	-	1,690,912	1,189,331	2,880,243
Resolution Funding Corp	AAA	-	-	708,728	708,728
Tennessee Valley Authority	AAA	-	989,250	14,031,894	15,021,144
Municipal Bond	AAA	445,003	99,392	447,552	991,947
Municipal Bond	AA	324,606	1,040,859	4,668,374	6,033,839
Total Investments		\$ 769,609	\$ 74,146,610	\$ 51,366,870	\$ 126,283,089

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

The County's exposure to credit risk as of December 31, 2010 is listed in the table above.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As required by County policy, at December 31, 2010, all of Dakota County's investments are held by a third party custodian and were not exposed to custodial credit risk.

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Concentration of Credit Risk. The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. Agency Securities, and obligations backed by U.S. Treasury and/or U.S. Agency securities, may be held without limit. These investments are implicitly guaranteed by the U.S. government. Investments in any one issuer that represent 5% or more of the County's investments are as follows:

Issuer	Reported Amount	Percentage
Federal Home Loan Mortgage Corporation	\$ 21,706,517	17.19%
Federal National Mortgage Association	24,467,992	19.38%
Tennessee Valley Authority	15,021,144	11.89%
Municipal bonds	7,025,786	5.56%
Total	\$ 68,221,439	54.02%

As of June 30, 2010, the Community Development Agency (CDA) had the following investments:

Investment Type	Reported Amount/ Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	More Than 5
U.S. Government Agencies	\$ 16,364,080	\$ -	\$ 16,364,080	\$ -
Municipal bonds	4,177,140	-	4,177,140	-
Local government investment pool	31,238,102	31,238,102	-	-
Money market mutual funds	12,478,846	12,478,846	-	-
	<u>\$ 64,258,168</u>	<u>\$ 43,716,948</u>	<u>\$ 20,541,220</u>	<u>\$ -</u>

The CDA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition that are not specifically restricted as to use.

The CDA's investment policy requires compliance with State statutes which allow investment in obligations guaranteed by the U.S. Treasury or its agencies, mutual funds, general obligations of state and local governments, bankers acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, and the Minnesota Municipal Money Market Fund (4M Fund).

The Minnesota Municipal Money Market Fund (4M Fund) is an external investment pool sponsored by the League of Minnesota Cities. The pool is restricted to invest in instruments authorized by Minnesota State Statutes.

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its investment policy, the CDA manages its exposure to declines in fair values by limiting non-bond reserve investment maturities to five years or less.

Credit risk. Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The CDA's investment policy places no restrictions on credit risk other than requiring compliance with State Law. While State Law does not limit investments in securities of U.S. Government Agencies by credit quality, these investments were rated AAA by Standard & Poor's, and Fitch Ratings, and Aaa by Moody's Investors Service. All investments in securities of local government complied with State Law requiring general obligations backed by taxing powers to be rated "A" or better and revenue obligations backed by taxing powers to be rated "AA" or better. The local government investment pool and money market mutual funds are unrated. Investments held by the local government investment pool conform to state restrictions and the investments in money market mutual funds comply with state requirements for being rated in one of the highest two categories by a NRSRO.

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Concentration of credit risk. The CDA places no limit on the amount that may be invested in any one issuer.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the CDA's deposits may not be returned to it. The CDA follows State law which requires all deposits with financial institutions to be collateralized in an amount equal to 110 percent of deposits in excess of FDIC insurance. At June 30, 2010, the entire amount of the CDA's bank balances was covered by federal-depository insurance and collateral held by the CDA's agent in the CDA's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the CDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2010, all U.S. Government Agency securities are held by counterparties, are insured or registered, and are not exposed to custodial risk.

B. Receivables

There is currently no allowance for uncollectible receivables. The collection rate for taxes exceeds 99% and it has been determined that the other receivables will be collected within one year.

Government funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Deferred Unavailable	Deferred/ Unearned
Property taxes receivable	\$ 2,930,427	\$ -
Charges for services	114,902	57,794
Grant Receivables that do not provide current financial resources	9,603,026	-
Miscellaneous	-	56,343
Lease Receivable	-	6,678,676
Grant drawdowns prior to meeting all eligibility requirements	-	3,761,146
Total deferred/unearned revenue for governmental funds	\$ 12,648,355	\$ 10,553,959

C. Lease Receivable

Dakota Communications Center Joint Powers Board

Issuing \$6,050,000 of G.O. Capital Improvement Plan Bonds in 2005, the County constructed a new building to be used for a centralized dispatch center, which will be leased by the Dakota Communications Center Joint Powers Board. The term of the lease is for 15 years beginning September 2007 to September 30, 2022. The tenant shall pay rent in the amount of \$48,056 per month, which is equal to 1/180 of the total principal and interest costs incurred by the County, repaid by the tenant over 15 years, with interest at the bond issue rate, to finance the design and construction of the premises. The total principal and interest costs of the bonds to be paid by tenant are \$8,119,410. The base rent payment schedule will result in the tenant repaying the County for the total principal and interest costs of the bond issue approximately two years after the County has retired the bonds, and tenant agrees to pay the County its lost opportunity costs during this two year period on the unpaid balance of the base rent (at a rate equal to the bond interest rate), resulting in total base rent payments of \$8,650,048. The lease agreement also includes rent for additional construction costs of \$1,650,000. The rent is \$12,369 per month to be paid for 180 months.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

The annual lease requirement payments to maturity are as follows:

<u>Year Ended December 31</u>	<u>Lease Receivable</u>
2011	\$ 725,100
2012	725,100
2013	725,100
2014	725,100
2015	725,100
2016-2020	3,625,500
2021-2022	<u>1,208,500</u>
Total Lease Receivable	8,459,500
Less Interest	<u>(1,780,824)</u>
Present Value of Lease Receivable	<u>\$ 6,678,676</u>

After the 60th month, the tenant shall pay additional repair and maintenance rent in an amount equal to 2% annually of the cost to construct the premises to fund a reserve account for future building repairs and replacement of building components, equipment and fixtures. Beginning with the rent due for the 73rd month after the Commencement Date and annually thereafter, the amount of repair and maintenance rent will be adjusted by the annualized rate of inflation using the January Minnesota CPIU for the previous calendar year.

D. Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:
Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 164,322,499	\$ 9,703,289	\$ -	\$ 174,025,788
Construction in progress	77,010,159	17,371,801	(14,810,693)	79,571,267
Total capital assets, not being depreciated	<u>241,332,658</u>	<u>27,075,090</u>	<u>(14,810,693)</u>	<u>253,597,055</u>
Capital assets, being depreciated:				
Buildings	185,484,924	3,858,001	-	189,342,925
Improvements other than buildings	4,937,479	954,150	-	5,891,629
Machinery and equipment	39,501,975	2,594,144	(598,748)	41,497,371
Infrastructure	<u>339,869,034</u>	<u>9,964,408</u>	<u>-</u>	<u>349,833,442</u>
Total capital assets being depreciated	<u>569,793,412</u>	<u>17,370,703</u>	<u>(598,748)</u>	<u>586,565,367</u>
Less accumulated depreciation for:				
Buildings	(47,999,535)	(3,842,085)	-	(51,841,620)
Improvements other than buildings	(1,850,331)	(257,790)	-	(2,108,121)
Machinery and equipment	(15,949,828)	(4,937,184)	543,184	(20,343,828)
Infrastructure	<u>(132,698,664)</u>	<u>(6,931,309)</u>	<u>-</u>	<u>(139,629,973)</u>
Total accumulated depreciation	<u>(198,498,358)</u>	<u>(15,968,368)</u>	<u>543,184</u>	<u>(213,923,542)</u>
Total capital assets, being depreciated, net	<u>371,295,054</u>	<u>1,402,335</u>	<u>(55,564)</u>	<u>372,641,825</u>
Governmental activities capital assets, net	<u>\$ 612,627,712</u>	<u>\$ 28,477,425</u>	<u>\$ (14,866,257)</u>	<u>\$ 626,238,880</u>

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 142,989	\$ -	\$ -	\$ 142,989
Less accumulated depreciation for:				
Machinery and equipment	(142,989)	-	-	(142,989)
Total capital assets, being depreciated, net	\$ -	\$ -	\$ -	\$ -

Governmental activities:	
General Government	\$3,649,219
Public Safety	1,991,962
Highways and streets, including depreciation of general infrastructure assets	8,572,526
Human Services	20,894
Health	11,665
Economic Development	67,040
Culture and Recreation	1,636,966
Conservation of Natural Resources	14,247
Sanitation	3,849
Total depreciation expense--governmental activities	\$15,968,368

Business-type activities:	
Information Systems	\$ -
Total depreciation expense--business-type activities	\$ -

Construction commitments

The government has active construction projects as of December 31, 2010. The projects include the Empire Transportation Facility, the Burnhaven Library renovation and street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year-end the government's major commitments with contractors are as follows:

General Government

Project	Spent-to-Date	Remaining Commitment
Street construction	\$ 44,515,125	\$ 2,617,516
Empire Transportation Facility	3,743,970	2,286,030
Burnhaven Library Renovation	793,047	1,408,953
	\$ 49,052,142	\$ 6,312,499

Street and building construction are being financed by County taxes, bonds, and intergovernmental revenue from Local, State and Federal Governments.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

Discretely presented component unit

Activity for the CDA for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 6,993,126	\$ 3,808,637	\$ 2,558,702	\$ 8,243,061
Total capital assets, not being depreciated	<u>6,993,126</u>	<u>3,808,637</u>	<u>2,558,702</u>	<u>8,243,061</u>
Capital assets, being depreciated:				
Land improvements	145,351	8,615	1,253	152,713
Buildings	4,027,304	607,873	-	4,635,177
Furniture and equipment	<u>2,263,569</u>	<u>180,352</u>	<u>318,353</u>	<u>2,125,568</u>
Total capital assets being depreciated	<u>6,436,224</u>	<u>796,840</u>	<u>319,606</u>	<u>6,913,458</u>
Less accumulated depreciation for:				
Land improvements	(64,844)	(9,607)	-	(74,451)
Buildings	(673,810)	(103,036)	-	(776,846)
Furniture and equipment	<u>(1,463,371)</u>	<u>(224,003)</u>	<u>(318,353)</u>	<u>(1,369,021)</u>
Total accumulated depreciation	<u>(2,202,025)</u>	<u>(336,646)</u>	<u>(318,353)</u>	<u>(2,220,318)</u>
Total capital assets, being depreciated, net	<u>4,234,199</u>	<u>460,194</u>	<u>1,253</u>	<u>4,693,140</u>
Governmental activities capital assets, net	<u>\$ 11,227,325</u>	<u>\$ 4,268,831</u>	<u>\$ 2,559,955</u>	<u>\$ 12,936,201</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 10,176,774	\$ 3,356,557	\$ -	\$ 13,533,331
Construction in progress	<u>12,795,323</u>	<u>12,578,962</u>	<u>16,172,456</u>	<u>9,201,829</u>
Total capital assets, not being depreciated	<u>22,972,097</u>	<u>15,935,519</u>	<u>16,172,456</u>	<u>22,735,160</u>
Capital assets, being depreciated:				
Land improvements	2,764,005	264,593	31,400	2,997,198
Buildings	103,140,606	14,284,616	301,666	117,123,556
Furniture and equipment	<u>4,132,866</u>	<u>521,552</u>	<u>21,315</u>	<u>4,633,103</u>
Total capital assets being depreciated	<u>110,037,477</u>	<u>15,070,761</u>	<u>354,381</u>	<u>124,753,857</u>
Less accumulated depreciation for:				
Land improvements	(1,576,226)	(153,522)	(31,400)	(1,698,348)
Buildings	(27,597,778)	(2,761,868)	(150,657)	(30,208,989)
Furniture and equipment	<u>(3,080,107)</u>	<u>(279,413)</u>	<u>(21,315)</u>	<u>(3,338,205)</u>
Total accumulated depreciation	<u>(32,254,111)</u>	<u>(3,194,803)</u>	<u>(203,372)</u>	<u>(35,245,542)</u>
Total capital assets, being depreciated, net	<u>77,783,366</u>	<u>11,875,958</u>	<u>151,009</u>	<u>89,508,315</u>
Business-type activities capital assets, net	<u>\$ 100,755,463</u>	<u>\$ 27,811,477</u>	<u>\$ 16,323,465</u>	<u>\$ 112,243,475</u>

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

At year end, the CDA's commitment with contractors are as follows:

Component Unit

Project	Spent-to-Date	Remaining Commitment
Senior housing development	\$ 19,652,521	\$ 164,584
Lincoln Place	2,673,505	147,946
Total	\$ 22,326,026	\$ 312,530

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$204,014 and \$126,534 respectively for a carrying value of \$77,480.

E. Interfund receivables, payables, and transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Highway	\$ 1,987,676
	Capital Projects	25,055
	Community Services	752,593
	County Parks	135,280
	Nonmajor Governmental Funds	119,939
	Proprietary Funds	836,677
Highway	General	2,480,382
	Nonmajor Governmental Funds	632,353
	County Parks	12,206
Community Services	General	768
	County Parks	14,888
	Proprietary Funds	359,661
County Parks	General	305,331
	Nonmajor Governmental Funds	91,981
	Proprietary Funds	8,441
Capital Projects	General	482,158
Debt Service	Capital Projects	5,725,701
Nonmajor Governmental Funds	General	252,000
	Nonmajor Governmental Funds	640
	County Parks	99,000
	Proprietary Funds	181,286
Proprietary Funds	General	2,129,590
	Highway	118,704
Total		\$ 16,752,310

All interfund balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid within one year.

The General Fund advanced the County Parks Fund \$1,872,670 to be repaid when grant funds are received.

Dakota County, Minnesota | **December 31,**
Notes to the Financial Statements | **2010**

Interfund Transfers:	Transfer Out:						
Transfer In:	General Fund	Highway	Comm. Services	County Parks	Capital Projects	Nonmajor	Total Transfers in:
General	\$ -	\$ 318,662	\$ 855,135	\$ 44,003	\$ -	\$ 202,314	\$ 1,420,114
Highway	-	-	-	-	-	-	-
Community Services	473,691	-	-	-	-	-	473,691
Capital projects	-	-	-	-	-	-	-
County Parks	-	-	-	-	-	1,167,000	1,167,000
Debt Service	576,672	-	-	-	3,121,417	-	3,698,089
Nonmajor and other revenue	10,101	-	-	-	-	-	10,101
Total transfers out:	\$ 1,060,464	\$ 318,662	\$ 855,135	\$ 44,003	\$ 3,121,417	\$ 1,369,314	\$ 6,768,995

Transfers are used to move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due. Transfers additionally move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Examples from above include various Community Service grants entered into during the year along with the transfer of Dakota Communication Center lease payment revenue to fund debt service payments.

F. Long-term debt

Primary Government

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Bonds payable at December 31, 2010, are composed of the following issues:

Northern Service Center Bonds In 2001, the County issued General Obligation Capital Improvement Bonds in the amount of \$34,975,000. The proceeds of the bonds were used to construct a new Northern Service Center in West St. Paul. The bonds contain interest rates of 4.00 to 4.75 percent and mature 2002 through 2026.

\$26,950,000

Administration Center Bonds In 2003, the County issued General Obligation Capital Improvement Bonds in the amount of \$7,010,000 (Series 2003B) for construction of an addition to the Administration Center in the City of Hastings. The bonds have interest rates of 2.00 to 4.2 percent and mature 2004 through 2023.

\$ 5,040,000

Open Space Bonds In 2003, the County issued General Obligation bonds in the amount of \$20,000,000 for the purpose of Open Space Acquisition. These bonds have interest rates of 3.00 to 5.00 percent and mature 2004 through 2013.

\$6,705,000

Law Enforcement Center/Dakota Communications Center Bonds In 2005, the County issued General Obligation Capital Improvement Bonds in the amount of \$16,800,000 (Series 2005A) for construction of an addition to the Law Enforcement Center in the City of Hastings and the construction of the Dakota Communications Center in Empire Township. The bonds have interest rates of 3.50 to 4.3 percent and mature 2006 through 2020.

\$12,875,000

Dakota County, Minnesota

Notes to the Financial Statements

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Rosemount Library Bonds In 2006, the County issued General Obligation Capital Improvement Bonds in the amount of \$7,300,000 for construction of a new library in Rosemount. The bonds have interest rates 4.0 percent and mature 2007 through 2027.

\$ 6,565,000

General Obligation Refunding Bonds In 2007, the County issued General Obligation Refunding bonds in the amount of \$31,695,000 (Series 2007A). These bonds are refunding outstanding General Obligation Capital Improvement Bonds, series 1999A and 2001A. These bonds are being held in escrow through 2011. The bonds have interest rates of 4.0 to 4.25 percent and mature 2009-2026.

\$ 30,925,000

Total Bonds Payable **\$89,060,000**

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20 to 25-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00 - 4.75 %	\$ 58,135,000
Governmental activities-refunding	3.40 - 4.85 %	<u>30,925,000</u>
		<u>\$ 89,060,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2011	31,180,000	3,122,794
2012	5,625,000	2,270,450
2013	5,855,000	2,020,059
2014	3,670,000	1,819,997
2015	3,820,000	1,672,119
2016-2020	21,585,000	5,878,274
2021-2025	13,920,000	2,160,284
2026-2027	3,405,000	92,075
Total	<u>\$ 89,060,000</u>	<u>\$ 19,036,051</u>

Bond Refunding

In 2007, the County issued \$31,695,000 in General Obligation Capital Improvement Refunding Bonds to refund the 1999A General Obligation Capital Improvement Bonds, and the 2001A General Obligation Capital Improvement Bonds. This is a crossover refunding with the proceeds deposited with an escrow agent. The 1999A Series was called on February 1, 2008 and the 2001A Series was called on February 1, 2011. At that time they were redeemed with proceeds from the escrow account. On February 1, 2008 the County "crossovered" from the 1999A Series Bonds and began making payments on the 2007A General Obligation Capital Improvement Refunding Bonds. On February 1, 2011 the County "crossovered" from the 2001A Series Bonds and began making all remaining payments on the 2007A General Obligation Capital Improvement Bonds. This refunding resulted in an economic gain of \$1,012,131 and reduced future debt payments by \$1,534,489.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond Payable					
General obligation bonds	\$ 97,775,000	\$ -	\$ (8,715,000)	\$ 89,060,000	\$ 31,180,000
Premium on GO bonds	786,960	-	(227,899)	559,061	-
Discounts on GO bonds	(268,608)	-	16,788	(251,820)	-
Total bonds payable	<u>98,293,352</u>	<u>-</u>	<u>(8,926,111)</u>	<u>89,367,241</u>	<u>31,180,000</u>
Claims and judgments	882,067	1,113,139	(248,740)	1,746,466	267,579
OPEB liability	3,096,082	2,117,590	(655,595)	4,558,077	-
Compensated absences	19,992,899	11,582,197	(12,193,963)	19,381,133	292,097
Governmental activity					
Long-term liabilities	<u>\$ 122,264,400</u>	<u>\$ 14,812,926</u>	<u>\$ (22,024,409)</u>	<u>\$ 115,052,917</u>	<u>\$ 31,739,676</u>

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. Bonded debt is paid from the Debt Service Fund.

Discretely presented component unit

Activity for the CDA for the year ended June 30, 2010, was as follows:

Short-term debt

The CDA issues short-term notes for the purpose of refunding the principal of single family mortgage revenue bonds reported as conduit debt. This allows the CDA to preserve its federal volume cap for tax-exempt bonds. The single family mortgage revenue refunding note was dated December 18, 2008 allowed the CDA to borrow up to \$5,000,000 at 2.40% plus the one month LIBOR rate matured at December 17, 2009. Changes in the short-term notes payable during the fiscal year were as follows:

Changes in short-term notes payable

	Beginning Balance	Additions	Reductions	Ending Balance
Single Family Note	<u>\$ 3,377,627</u>	<u>\$ 1,622,373</u>	<u>\$ (5,000,000)</u>	<u>\$ -</u>

Bonds Payable and Other Long-Term Obligations

Notes payable consist of non-interest bearing loans from the Federal Home Loan Bank and the Minnesota Housing Finance Agency with principal due at maturities ranging from June 18, 2023 to June 1, 2028. The proceeds of these loans were used to finance capital contributions and loans to joint ventures.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

Housing Development Bonds are issued by the CDA in denominations of \$5,000 to finance the acquisition and construction of senior housing developments in Dakota County, Minnesota. The 1998, 2000, 2001, 2005 and 2007 series bonds are backed by the full faith and credit of Dakota County, Minnesota. These bonds are secured by and payable from the pooled gross rent receipts and other operating revenues related to the operation of housing developments financed by these bonds and an annual pledge of \$4,400,000 from the CDA's tax levy, and pledged tax increment revenues.

Bonds payable at June 30, 2010 are as follows:

Description of Note	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
1998 Housing Development Bonds	10/01/98	01/01/28	3.75 - 4.75%	\$ 3,480,000	\$ 2,920,000
2000 Housing Development Bonds	05/01/00	01/01/14	5.25 - 5.55%	6,365,000	2,525,000
2001 Housing Development Bonds	11/01/01	01/01/21	3.00 - 5.25%	22,800,000	17,725,000
2005 Housing Development Bonds	04/01/05	01/01/23	3.50 - 5.00%	15,040,000	8,375,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	21,025,000
Subtotal					52,570,000
Less current maturities					(2,845,000)
Total					<u>\$ 49,725,000</u>

The annual aggregate principal and interest maturities for the fiscal years subsequent to June 30, 2010 are as follows:

	Principal	Interest	Total
2011	2,845,000	2,579,205	5,424,205
2012	2,800,000	2,452,688	5,252,688
2013	2,910,000	2,322,714	5,232,714
2014	3,095,000	2,176,256	5,271,256
2015	3,105,000	2,022,889	5,127,889
2016-2020	15,655,000	7,826,478	23,481,478
2021-2025	9,410,000	4,427,607	13,837,607
2026-2030	5,925,000	2,646,405	8,571,405
2031-2035	6,825,000	1,074,970	7,899,970
Total	<u>\$ 52,570,000</u>	<u>\$ 27,529,212</u>	<u>\$ 80,099,212</u>

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

Changes in Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 441,044	\$ 301,847	\$ (271,935)	\$ 470,956	\$ 247,157
Notes payable	1,008,400	-	-	1,008,400	-
	<u>\$ 1,449,444</u>	<u>\$ 301,847</u>	<u>\$ (271,935)</u>	<u>\$ 1,479,356</u>	<u>\$ 247,157</u>
Business-type activities:					
Compensated absences	\$ 239,771	\$ 197,359	\$ (204,537)	\$ 232,593	\$ 151,009
Notes payable	3,263,986	2,767,064	(164,696)	5,866,354	171,269
Bonds payable	55,255,000	-	(2,685,000)	52,570,000	2,845,000
Less deferred amounts:					
For issuance premiums	635,117	-	(71,220)	563,897	-
On refunding	(26,465)	-	4,138	(22,327)	-
Total bonds payable	<u>55,863,652</u>	<u>-</u>	<u>(2,752,082)</u>	<u>53,111,570</u>	<u>2,845,000</u>
	<u>\$ 59,367,409</u>	<u>\$ 2,964,423</u>	<u>\$ (3,121,315)</u>	<u>\$ 59,210,517</u>	<u>\$ 3,167,278</u>

Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. At year end \$25,536 of internal service funds compensated absences are included in the above amounts. In governmental funds, compensated absences are generally liquidated by the General Fund.

Conduit Debt

The CDA has issued certain limited-obligation revenue bonds, including: 1) mortgage revenue bonds issued to provide funding for first time homebuyer loans; 2) multifamily housing revenue bonds issued to provide funds to finance specific multifamily rental housing projects; 3) industrial development revenue bonds issued to assist manufacturing companies in financing new facilities, structural improvements and expansions, and new equipment; 4) essential function bonds to finance facilities used by the general public; and 5) 501(c)3 bonds issued to finance specific rental housing projects developed by nonprofit organizations. This debt is secured by the property financed and is payable solely from payments received on the underlying loans. The CDA is not obligated in any manner for repayment of this debt and accordingly, it is not reported as liabilities in the accompanying financial statements. The aggregate amount of all outstanding conduit debt obligations at June 30, 2010 was \$318,756,887.

G. Unreserved - Fund Balance

In the fund financial statements, Unreserved Fund Balances for nonmajor special revenue funds were designated to show the portion segregated from unreserved spendable resources as follows:

	Nonmajor Governmental Funds
Designated for:	
Designated for future expenditures	\$ 30,266,010
Designated for cash flows	890,453
Designated for petty cash and change funds	2,460
Designated for capital equipment	172,524
Designated for capital improvements	235,000
Designated for OPEB	1,486,334
Designated for budget incentive program	197,707
Total Unreserved	<u>\$ 33,250,488</u>

IV. Other information

A. Risk management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured for all areas except employee health, auto, property, and fidelity insurance. For these areas, the County has purchased commercial insurance. Dakota County has not reduced insurance coverage in the past year and has not had settlements in excess of insurance coverage in any of the past three years. The County currently reports all of its risk management activities in its General Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent settlement trends (including frequency and amount pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 12/31/10	Year ended 12/31/09
Unpaid claims, beginning of fiscal year	\$ 882,067	\$ 904,201
Incurred claims (including IBNR)	1,113,139	151,631
Claim payments	(248,740)	(173,765)
Unpaid claims, end of fiscal year	\$ 1,746,466	\$ 882,067

B. Contingent liabilities

Amounts received or receivables from grant agencies are subject to audit and adjustments 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 expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

C. Joint Powers Debt Commitment

On August 25, 2005 Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, West St. Paul, Minnesota, and Dakota County Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a countywide public safety answering point and communications center for law enforcement, fire, emergency medical services, and other public safety services for the mutual benefit of residents residing in the abovementioned cities and county (members). Pursuant to the joint powers agreement, members are required to provide DCC their pro rata share of cost of operations and maintenance, and capital projects.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

On May 1, 2007, the DCC issued Pubic Safety Revenue Bonds, Series 2007 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special obligations of the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due to the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.5%-5.0%. The debt will be re-paid with member assessments over a seven year amortization. All members reserve the right to repay, in whole or in part on any date, its allocated share of principal and interest on the bonds.

Payments from Dakota County are provided from General Fund appropriations. Dakota County's future member payments to the DCC as of December 31, 2010 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2011	83,750
2012	85,250
2013	82,250
2014	<u>89,250</u>
Total	<u>\$ 340,500</u>

Pursuant to Section 9.5 of the joint powers agreement, member payments are submitted monthly and held in escrow by U.S. Bank National Association (trustee) until the funds are remitted to the bond holders according to the established bond principal and interest due dates. The interest earnings from the escrow account will reduce future member obligations on the debt. Information regarding the Dakota Communications Center can be obtained at the website www.mn-dcc.org/stats.asp or by contacting Dennis Feller at the City of Lakeville, 20195 Holyoke Avenue, Lakeville, Minnesota 55044. Telephone (952) 985-4482 or email address: dfeller@ci.lakeville.mn.us.

D. Joint ventures

Dakota County in conjunction with other governmental entities has formed the joint ventures listed below.

1. Metropolitan Emergency Services Board: Dakota County entered into a joint powers agreement with the Counties of Anoka, Carver, Chisago, Hennepin, Isanti, Ramsey, Scott, Washington, and the City of Minneapolis, pursuant to Minnesota Statutes section 471.59 to comply with the mandate of Minnesota Statutes, Chapter 403, for the implementation and administration of a regional 911 system and encourage the development of new resources and the coordination of emergency medical services. Dakota County paid annual dues of \$150,323 in 2010. Except for annual dues the County has no other financial obligations. Current financial statements are available at the 911 Board Office, 2099 University Avenue West, St. Paul, MN 55104-3431.
2. Metropolitan Library Service Agency (MELSA): Dakota County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of Saint Paul and Minneapolis to improve public library services within the various jurisdictions. The Board of Directors of MELSA consists of one representative from each member entity. Financing is provided by gifts, grants, and other property of assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. Dakota County did not provide any gifts to MELSA in 2010. The MELSA agency handles the accounting function for the Board. Current financial statements are available from the MELSA office, 1619 Dayton Avenue, Suite 314, Saint Paul, MN 55104-6276.
3. Minnesota River Basin: Dakota County entered into a joint powers agreement to promote the orderly water quality improvement and management of the Minnesota River Watershed, pursuant to Minnesota Statutes section 471.59. The management of the Joint Powers Board is vested in the Board of Directors consisting of one member and one alternate from each county board of commissioners included in this agreement.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

According to the latest information available, 37 counties are members under this agreement. Financing is provided by a contribution from each member county based upon its share of the annual budget. Dakota County's 2010 contributions were \$2,500. Complete financial statements for the Joint Powers Board can be obtained from its administrative offices at: MN River Board, MN State University - Mankato, 184 Trafton Science Center S, Mankato, MN 56001.

4. Hope Fund: Dakota County entered into a joint powers agreement with the Dakota County Community Development Agency (CDA) to provide a source of gap financing used to leverage public and private sector funds for the construction of affordable housing in Dakota County. The County will appropriate funds, as the County Board deems appropriate. Dakota County did not appropriate funds in 2010. The CDA will administer the fund.
5. Dakota Communications Center: Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to acquire and provide the facilities, infrastructure, hardware, software, services and other items necessary for the establishment and operation of a joint law enforcement, fire, emergency medical services and other emergency communications system. The Board of Directors consists of an elected official from each Member. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member and call volume. The fiscal agent is the City of Lakeville. Current financial statements are available from the City of Lakeville Finance Department, City Hall, 20195 Holyoke Avenue, Lakeville, MN 55044.
6. Domestic Preparedness Agency: Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to provide for the joint exercise of the parties' powers to plan for and to respond to the need of the first responders for special response operations caused by the occurrence of large-scale disasters and emergencies. The Board of Directors consists of an appointed individual from each Member, one city manager, the Dakota County Emergency Coordinator. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member less any grants received. This agency is presented as the Domestic Preparedness Private Purpose Trust Fund.
7. Counties Transit Improvement Board (CTIB): CTIB was created on April 1, 2008, as required by Minn. Statute Section 297A.992, by joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the new ¼ cent transit sales tax for the development, construction and operation of transit ways serving the five-county area. Hennepin County is the fiscal agent. Financial statements are available from Hennepin County, Department of Finance, 300 South Sixth Street, A-2301 Government Center, Minneapolis, Minnesota 55487.

E. Jointly governed organizations

Dakota County in conjunction with other governmental entities and various private organizations has formed the collaboratives listed below.

1. Dakota County Collaborative: The Dakota County Collaborative is an integrated Children's Mental Health and Family Services Collaborative. The duties and membership of collaboratives is defined in Minnesota Statutes 124D.23 and 245.493. By resolution No. 05-601 (November 29, 2005), the County Board approved execution of a new Joint Powers Agreement between Dakota County, Scott-Carver Dakota CAP Agency, and the ten school districts in Dakota County to establish the Dakota County Collaborative, which combined the Children's Mental Health Collaborative and Family Service Collaborative into one integrated collaborative in January 2006. The Collaborative Governing Board, which includes three Dakota County members, oversees the Collaborative's integrated fund. Dakota County serves as the fiscal agent for the Collaborative. The County has shown \$673,849 in expenditures in 2010 related to the Collaborative.

2. Dakota County Drug Enforcement Task Force: Pursuant to Minnesota Statutes section 471.59, the Dakota County Sheriff's Office entered into a joint powers agreement with the police departments of the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Rosemount, South Saint Paul, and West Saint Paul. The purpose of this agreement is for apprehending and prosecuting drug offenders in Dakota County. A Board comprised of a representative from each Member City and Dakota County shall govern the Task force. No audited financial statements are available.
3. Mental Health Crisis Alliance: A Cooperative Agreement was established with Ramsey County to provide funding to increase mental health crisis services for adults. A Cooperative Agreement was created with a governing board which will be referred to as the East Metropolitan Adult Crisis Stabilization Collaborative ("EMACS"). Ramsey County is the fiscal agent. Dakota County has no operational or financial control over the collaborative.

F. Employee retirement systems and pension plans

Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. 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 jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. 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 fully 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.

Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. 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 Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

For all General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for General Employees Retirement Fund 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 yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. 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. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.4 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2010:

	2010
General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan members	7.00
Public Employees Police and Fire Fund	14.10
Public Employees Correctional Fund	8.75

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

	2010		2009		2008
General Employees Retirement Fund	\$ 6,411,153	\$	6,670,560	\$	5,954,014
Public Employees Police and Fire Fund	721,357		799,571		708,290
Public Employees Correctional Fund	423,288		456,978		416,865

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

Dakota County, Minnesota

Notes to the Financial Statements

December 31,

2010

Defined Contribution Plan

Three employees of Dakota County are covered by the Public Employees Defined Contribution Plan, a multiple-employer, deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of the employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2010, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$9,183	\$9,183
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

G. Other post-employment benefits

Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees, who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program.

In addition to providing the pension benefits described above, the County provides post retirement health care benefits. This benefit is provided based on County Board Resolution #81-519 as part of the Sheriff contract settlement. The eligible participants were employees of the Sheriff Department who have retired. The County currently has 31 eligible participants. Based on this plan, the County contributes \$60 a month per participant for health insurance. The participant contributes either \$486 for single coverage or \$1,811 for family coverage per month. During 2010, the County expended \$22,320 for this benefit.

Annual OPEB Costs and Net OPEB Obligation

In 2007 the County implemented the requirements of a new accounting statement GASB No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. In preparation for implementing the statement, the County had an actuarial study performed for its other post employment benefits. The following information is provided to disclose the impact of the new financial reporting requirement on future periods.

Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2010 there were approximately 232 retirees receiving health benefits from the County's health plan.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2010

Participants of the plan consisted of the following at January 1, 2010, the date of the most recent actuarial valuation:

Active employees	1,516
Retirees and Beneficiaries	70
Total	1,586

The County's annual other post employment 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 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	\$ 2,168,338
Interest on net OPEB obligation	139,324
Adjustment to ARC	(190,072)
Annual OPEB Cost	2,117,590
Contributions during the year	(655,595)
Increase in net OPEB obligation	1,461,995
Net OPEB beginning of year	3,096,082
Net OPEB End of year	\$ 4,558,077

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$1,625,936	\$469,923	28.90%	\$2,026,173
December 31, 2009	\$1,664,152	\$594,243	35.71%	\$3,096,082
December 31, 2010	\$2,117,590	\$655,595	30.96%	\$4,558,077

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)
1/1/2010	\$0	\$19,866,455	\$19,866,455	0.00%	\$113,111,525	17.56%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of 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.

Dakota County, Minnesota | **December 31,** **Notes to the Financial Statements** | **2010**

In the January 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% 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 3.0%. The annual healthcare cost trend rate is 8.38% initially, reduced incrementally to an ultimate rate of 5% after twenty years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2007.

This actuarial valuation was done with three scenarios, based on 30-year, 10-year and 1-year funding options. In 2010, the County continued with the 30-year model.

A copy of the actuarial valuation can be obtained by contacting Dakota County, Financial Services Department, 1590 Highway 55, Hastings, Minnesota 55033.



Required Supplementary Information

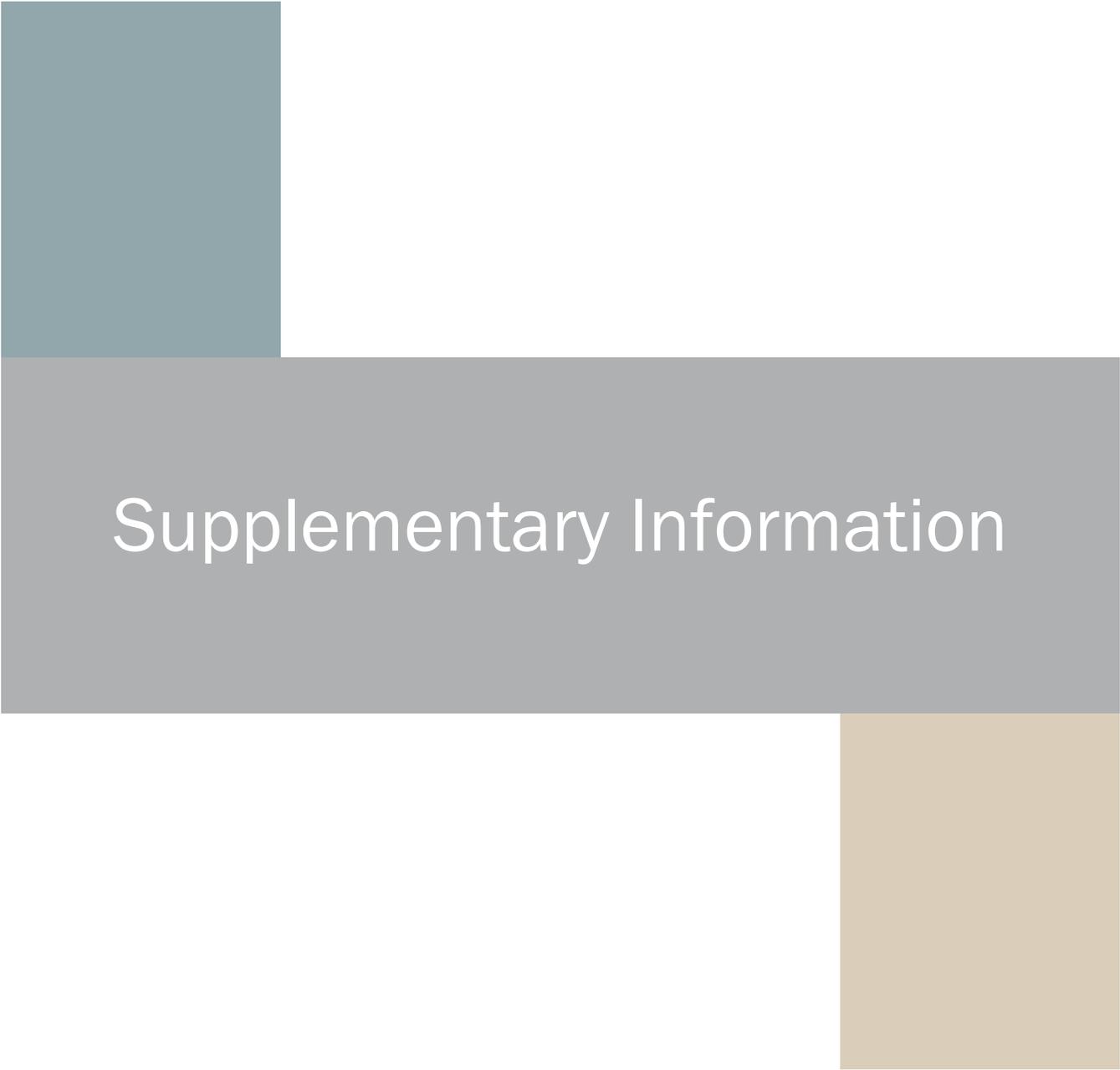
**DAKOTA COUNTY
MINNESOTA**

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Acturial 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)
1/1/2006	\$0	\$10,103,661	\$10,103,661	0.00%	\$101,860,878	9.92%
1/1/2008	\$0	\$14,588,881	\$14,588,881	0.00%	\$112,903,961	12.92%
1/1/2010	\$0	\$19,866,455	\$19,866,455	0.00%	\$113,111,525	17.56%

See Note IV, I, Post-Employment Benefits, for more information.

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Supplementary Information

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE 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>		
Revenues				
Taxes	\$ 8,000,000	\$ 8,000,000	\$ 7,777,629	\$ (222,371)
Investment earnings	-	-	1,070,159	1,070,159
Total Revenues	\$ 8,000,000	\$ 8,000,000	\$ 8,847,788	\$ 847,788
Expenditures				
Debt service				
Principal	\$ 8,715,000	\$ 8,715,000	\$ 8,715,000	\$ -
Interest	4,052,158	4,052,158	4,052,158	-
Administrative - fiscal charges	-	-	350	(350)
Total Expenditures	\$ 12,767,158	\$ 12,767,158	\$ 12,767,508	\$ (350)
Excess of Revenues Over (Under) Expenditures	\$ (4,767,158)	\$ (4,767,158)	\$ (3,919,720)	\$ 847,438
Other Financing Sources (Uses)				
Transfers in	\$ 3,698,089	\$ 3,698,089	\$ 3,698,089	\$ -
Total Other Financing Sources (Uses)	\$ 3,698,089	\$ 3,698,089	\$ 3,698,089	\$ -
Change in Fund Balance	\$ (1,069,069)	\$ (1,069,069)	\$ (221,631)	\$ 847,438
Fund Balance - January 1	33,266,623	33,266,623	33,266,623	-
Fund Balance - December 31	\$ 32,197,554	\$ 32,197,554	\$ 33,044,992	\$ 847,438

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 560,842	\$ 423,349	\$ 539,835	\$ 116,486
Intergovernmental	914,917	914,917	1,051,735	136,818
Miscellaneous	38,000	38,000	31,323	(6,677)
Total Revenues	\$ 1,513,759	\$ 1,376,266	\$ 1,622,893	\$ 246,627
Expenditures				
Current				
Capital outlay				
Capital outlay	\$ 13,120,669	\$ 13,474,435	\$ 5,419,530	\$ 8,054,905
Total capital outlay	\$ 13,120,669	\$ 13,474,435	\$ 5,419,530	8,054,905
Total Expenditures	\$ 13,120,669	\$ 13,474,435	\$ 5,419,530	\$ 8,054,905
Excess of Revenues Over (Under) Expenditures	\$ (11,606,910)	\$ (12,098,169)	\$ (3,796,637)	\$ 8,301,532
Other Financing Sources (Uses)				
Transfers out	\$ (3,121,417)	\$ (3,121,417)	\$ (3,121,417)	\$ -
Total Other Financing Sources (Uses)	\$ (3,121,417)	\$ (3,121,417)	\$ (3,121,417)	\$ -
Change in Fund Balance	\$ (14,728,327)	\$ (15,219,586)	\$ (6,918,054)	\$ 8,301,532
Fund Balance - January 1	17,043,782	17,043,782	17,043,782	-
Fund Balance - December 31	\$ 2,315,455	\$ 1,824,196	\$ 10,125,728	\$ 8,301,532

**DAKOTA COUNTY
MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>Special Revenue Funds</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>County Library</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Law Library</u>	<u>Attorney Forfeiture</u>	
<u>Assets</u>						
Cash and pooled investments	\$ 2,041,095	\$ 26,698,438	\$ 4,086,861	\$ 1,100,863	\$ 331,585	\$ 34,258,842
Petty cash and change funds	2,400	-	-	60	-	2,460
Taxes receivable						
Prior	286,229	-	30,264	-	-	316,493
Accounts receivable	28,760	666,949	24,772	31,588	-	752,069
Due from other funds	369,506	160,954	-	2,466	-	532,926
Due from other governments	8,128	5,124	75,333	-	-	88,585
Total Assets	\$ 2,736,118	\$ 27,531,465	\$ 4,217,230	\$ 1,134,977	\$ 331,585	\$ 35,951,375
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 107,289	\$ 178,081	\$ 75,333	\$ 11,186	\$ 10,272	\$ 382,161
Salaries payable	287,501	75,180	-	7,096	-	369,777
Due to other funds	452	211,457	632,353	651	-	844,913
Due to other governments	38,156	22,603	-	1,328	-	62,087
Deferred revenue - unavailable	249,557	-	26,391	-	-	275,948
Deferred revenue - unearned	-	766,001	-	-	-	766,001
Total Liabilities	\$ 682,955	\$ 1,253,322	\$ 734,077	\$ 20,261	\$ 10,272	\$ 2,700,887
Fund Balances						
Unreserved						
Designated for future expenditures	\$ 96,067	\$ 25,967,821	\$ 3,483,153	\$ 397,656	\$ 321,313	\$ 30,266,010
Designated for cash flows	408,453	-	-	482,000	-	890,453
Designated for capital improvements	-	-	-	235,000	-	235,000
Designated for petty cash and change funds	2,400	-	-	60	-	2,460
Designated for capital equipment	172,524	-	-	-	-	172,524
Designated for OPEB	1,176,012	310,322	-	-	-	1,486,334
Designated for budget incentive program	197,707	-	-	-	-	197,707
Total Fund Balances	\$ 2,053,163	\$ 26,278,143	\$ 3,483,153	\$ 1,114,716	\$ 321,313	\$ 33,250,488
Total Liabilities and Fund Balances	\$ 2,736,118	\$ 27,531,465	\$ 4,217,230	\$ 1,134,977	\$ 331,585	\$ 35,951,375

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	County Library	Environmental Management	Regional Rail	Law Library	Attorney Forfeiture	
Revenues						
Taxes	\$ 11,243,651	\$ -	\$ 1,150,190	\$ -	\$ -	\$ 12,393,841
License and permits	-	817,161	-	-	-	817,161
Intergovernmental	1,080,529	1,579,577	318,204	-	-	2,978,310
Charges for services	671,475	7,086,098	-	435,720	-	8,193,293
Fines and forfeits	-	-	-	-	54,149	54,149
Gifts and contributions	63,136	-	-	-	-	63,136
Investment earnings	2,036	-	32,228	-	-	34,264
Miscellaneous	170,392	254,584	236	-	-	425,212
Total Revenues	\$ 13,231,219	\$ 9,737,420	\$ 1,500,858	\$ 435,720	\$ 54,149	\$ 24,959,366
Expenditures						
Current						
General government	\$ -	\$ -	\$ -	\$ 470,933	\$ 24,294	\$ 495,227
Sanitation	-	7,408,981	-	-	-	7,408,981
Culture and recreation	12,715,197	-	-	-	-	12,715,197
Economic development	-	-	719,262	-	-	719,262
Total Expenditures	\$ 12,715,197	\$ 7,408,981	\$ 719,262	\$ 470,933	\$ 24,294	\$ 21,338,667
Excess of Revenues Over (Under) Expenditures	\$ 516,022	\$ 2,328,439	\$ 781,596	\$ (35,213)	\$ 29,855	\$ 3,620,699
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 10,101	\$ -	\$ -	\$ -	\$ 10,101
Transfers out	(130,692)	(1,238,622)	-	-	-	(1,369,314)
Total Other Financing Sources (Uses)	\$ (130,692)	\$ (1,228,521)	\$ -	\$ -	\$ -	\$ (1,359,213)
Net Change in Fund Balance	\$ 385,330	\$ 1,099,918	\$ 781,596	\$ (35,213)	\$ 29,855	\$ 2,261,486
Fund Balance - January 1	1,667,833	25,178,225	2,701,557	1,149,929	291,458	30,989,002
Fund Balance - December 31	\$ 2,053,163	\$ 26,278,143	\$ 3,483,153	\$ 1,114,716	\$ 321,313	\$ 33,250,488

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
COUNTY LIBRARY SPECIAL REVENUE FUND
FOR THE 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>		
Revenues				
Taxes	\$ 11,368,331	\$ 11,476,223	\$ 11,243,651	\$ (232,572)
Intergovernmental	741,304	741,304	1,080,529	339,225
Charges for services	510,000	510,000	671,475	161,475
Gifts and contributions	-	61,358	63,136	1,778
Investment earnings	-	-	2,036	2,036
Miscellaneous	96,000	133,768	170,392	36,624
Total Revenues	\$ 12,715,635	\$ 12,922,653	\$ 13,231,219	\$ 308,566
Expenditures				
Current				
Culture and recreation				
Regional library	\$ 12,575,635	\$ 13,971,058	\$ 12,715,197	\$ 1,255,861
Total Expenditures	\$ 12,575,635	\$ 13,971,058	\$ 12,715,197	\$ 1,255,861
Excess of Revenues Over (Under) Expenditures	\$ 140,000	\$ (1,048,405)	\$ 516,022	\$ 1,564,427
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (130,692)	\$ (130,692)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (130,692)	\$ (130,692)
Change in Fund Balance	\$ 140,000	\$ (1,048,405)	\$ 385,330	\$ 1,433,735
Fund Balance - January 1	1,667,833	1,667,833	1,667,833	-
Fund Balance - December 31	\$ 1,807,833	\$ 619,428	\$ 2,053,163	\$ 1,433,735

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 105,729	\$ 105,729	\$ -	\$ (105,729)
Licenses and permits	830,470	830,470	817,161	(13,309)
Intergovernmental	1,700,255	2,304,498	1,579,577	(724,921)
Charges for services	4,980,860	4,980,860	7,086,098	2,105,238
Miscellaneous	220,851	223,851	254,584	30,733
Total Revenues	\$ 7,838,165	\$ 8,445,408	\$ 9,737,420	\$ 1,292,012
Expenditures				
Current				
Sanitation				
Solid waste	\$ 9,561,624	\$ 9,040,129	\$ 7,408,981	\$ 1,631,148
Total Expenditures	\$ 9,561,624	\$ 9,040,129	\$ 7,408,981	\$ 1,631,148
Excess of Revenues Over (Under) Expenditures	\$ (1,723,459)	\$ (594,721)	\$ 2,328,439	\$ 2,923,160
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 19,769	\$ 10,101	\$ (9,668)
Transfers out	-	(1,228,954)	(1,238,622)	(9,668)
Total Other Financing Sources (Uses)	\$ -	\$ (1,209,185)	\$ (1,228,521)	\$ (19,336)
Change in Fund Balance	\$ (1,723,459)	\$ (1,803,906)	\$ 1,099,918	\$ 2,903,824
Fund Balance - January 1	25,178,225	25,178,225	25,178,225	-
Fund Balance - December 31	\$ 23,454,766	\$ 23,374,319	\$ 26,278,143	\$ 2,903,824

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
REGIONAL RAIL SPECIAL REVENUE FUND
FOR THE 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>		
Revenues				
Taxes	\$ 1,190,516	\$ 1,190,516	\$ 1,150,190	\$ (40,326)
Intergovernmental	275,000	275,000	318,204	43,204
Investment earnings	-	-	32,228	32,228
Miscellaneous	-	-	236	236
Total Revenues	<u>\$ 1,465,516</u>	<u>\$ 1,465,516</u>	<u>\$ 1,500,858</u>	<u>\$ 35,342</u>
Expenditures				
Current				
Economic development				
Community development	\$ 3,460,096	\$ 3,460,096	\$ 563,921	\$ 2,896,175
Administration	766,018	766,018	155,341	610,677
Total Expenditures	<u>\$ 4,226,114</u>	<u>\$ 4,226,114</u>	<u>\$ 719,262</u>	<u>\$ 3,506,852</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (2,760,598)</u>	<u>\$ (2,760,598)</u>	<u>\$ 781,596</u>	<u>\$ 3,542,194</u>
Change in Fund Balance	<u>\$ (2,760,598)</u>	<u>\$ (2,760,598)</u>	<u>\$ 781,596</u>	<u>\$ 3,542,194</u>
Fund Balance - January 1	<u>2,701,557</u>	<u>2,701,557</u>	<u>2,701,557</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ (59,041)</u></u>	<u><u>\$ (59,041)</u></u>	<u><u>\$ 3,483,153</u></u>	<u><u>\$ 3,542,194</u></u>

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2010**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Totals
<u>Assets</u>			
Current assets:			
Cash and pooled investments	\$ 163,645	\$ 134,386	\$ 298,031
Due from other funds	-	12,000	12,000
Due from other governments	-	7,027	7,027
	\$ 163,645	\$ 153,413	\$ 317,058
Total current assets	\$ 163,645	\$ 153,413	\$ 317,058
Total Assets	\$ 163,645	\$ 153,413	\$ 317,058
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 354	\$ -	\$ 354
Deferred revenue	-	17,000	17,000
	\$ 354	\$ 17,000	\$ 17,354
Total current liabilities	\$ 354	\$ 17,000	\$ 17,354
Total Liabilities	\$ 354	\$ 17,000	\$ 17,354
Net Assets			
Restricted for			
Equipment replacement	\$ 163,291	\$ -	\$ 163,291
Public safety	-	136,413	136,413
	\$ 163,291	\$ 136,413	\$ 299,704
Total Net Assets	\$ 163,291	\$ 136,413	\$ 299,704

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Totals
Operating Revenues			
Charges for services	\$ 21,436	\$ 86,368	\$ 107,804
Total Operating Revenues	\$ 21,436	\$ 86,368	\$ 107,804
Operating Expenses			
Professional services	\$ -	\$ 81,669	\$ 81,669
Other services and charges	24,577	-	24,577
Total Operating Expenses	\$ 24,577	\$ 81,669	\$ 106,246
Operating income (loss)	\$ (3,141)	\$ 4,699	\$ 1,558
Change in Net Assets	\$ (3,141)	\$ 4,699	\$ 1,558
Net Assets - January 1	166,432	131,714	298,146
Net Assets - December 31	\$ 163,291	\$ 136,413	\$ 299,704

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
Increase (Decrease) in Cash and Cash Equivalents**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 25,436	\$ 151,021	\$ 176,457
Payments to suppliers	(24,223)	(81,669)	(105,892)
Net cash provided by (used in) operating activities	\$ 1,213	\$ 69,352	\$ 70,565
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,213	\$ 69,352	\$ 70,565
Cash and Cash Equivalents at January 1	162,432	65,034	227,466
Cash and Cash Equivalents at December 31	\$ 163,645	\$ 134,386	\$ 298,031
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ (3,141)	\$ 4,699	\$ 1,558
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
(Increase) decrease in accounts receivable	\$ 4,000	\$ -	\$ 4,000
(Increase) decrease in due from other governments	-	59,653	59,653
(Increase) decrease in due from other funds	-	(12,000)	(12,000)
Increase (decrease) in accounts payable	354	-	354
Increase (decrease) in deferred revenue	-	17,000	17,000
Total adjustments	\$ 4,354	\$ 64,653	\$ 69,007
Net Cash Provided by (Used in) Operating Activities	\$ 1,213	\$ 69,352	\$ 70,565

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
DECEMBER 31, 2010**

	<u>First Judicial District Trust Fund</u>	<u>Rural Solid Waste Commission Trust Fund</u>	<u>Solid Waste Management Coordinating Board Trust Fund</u>	<u>Domestic Preparedness Team Trust Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 24,903	\$ 4,206,747	\$ 159,713	\$ 4,391,363
Due from other governments	468,776	-	-	-	468,776
Total Assets	<u>\$ 468,776</u>	<u>\$ 24,903</u>	<u>\$ 4,206,747</u>	<u>\$ 159,713</u>	<u>\$ 4,860,139</u>
<u>Liabilities</u>					
Accounts payable	\$ 546	\$ 9,694	\$ 75,971	\$ 24,480	\$ 110,691
Accrued expenses	88,353	-	-	-	88,353
Due to other governments	379,877	-	3,900,036	6,070	4,285,983
Total Liabilities	<u>\$ 468,776</u>	<u>\$ 9,694</u>	<u>\$ 3,976,007</u>	<u>\$ 30,550</u>	<u>\$ 4,485,027</u>
<u>Net Assets</u>					
Net assets, held in trust for other purposes	\$ -	\$ 15,209	\$ 230,740	\$ 129,163	\$ 375,112
Total Net Assets	<u>\$ -</u>	<u>\$ 15,209</u>	<u>\$ 230,740</u>	<u>\$ 129,163</u>	<u>\$ 375,112</u>

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>First Judicial District Trust Fund</u>	<u>Rural Solid Waste Commission Trust Fund</u>	<u>Solid Waste Management Coordinating Board Trust Fund</u>	<u>Domestic Preparedness Team Trust Fund</u>	<u>Total Private- Purpose Trust Fund</u>
<u>ADDITIONS:</u>					
State Grants					
Mn Dept of Trial Courts	\$ 3,194,106	\$ -	\$ -	\$ -	\$ 3,194,106
Mn Pollution Control Agency	-	-	754,083	-	754,083
Payments from other governments	-	-	262,295	85,709	348,004
Other agencies	-	17,600	-	-	17,600
Miscellaneous	-	-	9,756	-	9,756
Investment earnings:					
Interest	-	276	22,886	-	23,162
Total additions	<u>\$ 3,194,106</u>	<u>\$ 17,876</u>	<u>\$ 1,049,020</u>	<u>\$ 85,709</u>	<u>\$ 4,346,711</u>
<u>DEDUCTIONS:</u>					
Judicial District expense	\$ 3,194,106	\$ -	\$ -	\$ -	\$ 3,194,106
Solid waste expenses	-	23,335	1,102,263	-	1,125,598
Emergency preparedness expenses	-	-	-	62,072	62,072
Total deductions	<u>\$ 3,194,106</u>	<u>\$ 23,335</u>	<u>\$ 1,102,263</u>	<u>\$ 62,072</u>	<u>\$ 4,381,776</u>
Change in net assets	<u>\$ -</u>	<u>\$ (5,459)</u>	<u>\$ (53,243)</u>	<u>\$ 23,637</u>	<u>\$ (35,065)</u>
Net assets - January 1	<u>-</u>	<u>20,668</u>	<u>283,983</u>	<u>105,526</u>	<u>410,177</u>
Net assets - December 31	<u>\$ -</u>	<u>\$ 15,209</u>	<u>\$ 230,740</u>	<u>\$ 129,163</u>	<u>\$ 375,112</u>

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<u>4-H</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 333,219	\$ 219,893	\$ 162,450	\$ 390,662
Accounts receivable	-	330	-	330
Due from other governments	2,150	2,112	2,304	1,958
	\$ 335,369	\$ 222,335	\$ 164,754	\$ 392,950
<u>Liabilities</u>				
Accounts payable	\$ 7,560	\$ 141,618	\$ 141,770	\$ 7,408
Due to other governments	327,809	385,824	328,091	385,542
	\$ 335,369	\$ 527,442	\$ 469,861	\$ 392,950
 <u>AGRICULTURAL CONSERVATION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 140,412	\$ 74,460	\$ 70,999	\$ 143,873
<u>Liabilities</u>				
Accounts payable	\$ 140,412	\$ 74,460	\$ 70,999	\$ 143,873
 <u>ARBITRAGE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 50,904	\$ -	\$ -	\$ 50,904
<u>Liabilities</u>				
Due to other governments	\$ 50,904	\$ -	\$ -	\$ 50,904

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<u>ASSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 6,528	\$ 25,848	\$ 24,786	\$ 7,590
<u>Liabilities</u>				
Due to other governments	\$ 6,528	\$ 25,848	\$ 24,786	\$ 7,590
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 366	\$ 15,555,279	\$ 15,394,815	\$ 160,830
<u>Liabilities</u>				
Due to other governments	\$ 366	\$ 15,555,279	\$ 15,394,815	\$ 160,830
<u>CONSERVATION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 149,550	\$ 148,155	\$ 1,395
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 149,550	\$ 148,155	\$ 1,395
<u>DAKOTA-SCOTT WSA</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 4,564,266	\$ 4,564,266	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 4,564,266	\$ 4,564,266	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
<u>DUI FORFEITURE FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 10,986	\$ 10,128	\$ 3,809	\$ 17,305
<u>Liabilities</u>				
Accounts payable	\$ 10,986	\$ 10,128	\$ 3,809	\$ 17,305
 <u>FORFEITED TAX</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 767,450	\$ 914	\$ 2,758	\$ 765,606
<u>Liabilities</u>				
Accounts payable	\$ 750	\$ 2,908	\$ 3,508	\$ 150
Due to other governments	766,700	1,664	2,908	765,456
Total Liabilities	\$ 767,450	\$ 4,572	\$ 6,416	\$ 765,606
 <u>FORFEITED TAX ASSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,322	\$ 26	\$ 4,348	\$ -
<u>Liabilities</u>				
Due to other governments	\$ 4,322	\$ 26	\$ 4,348	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
<u>HISTORICAL SOCIETY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 283,872	\$ 283,872	\$ -
Due from other governments	79,898	127,616	118,897	88,617
Total Assets	\$ 79,898	\$ 411,488	\$ 402,769	\$ 88,617
<u>Liabilities</u>				
Salaries payable	\$ 5,169	\$ 43,899	\$ 44,167	\$ 4,901
Due to other governments	74,729	83,716	74,729	83,716
Total Liabilities	\$ 79,898	\$ 127,615	\$ 118,896	\$ 88,617
<u>LOCAL COLLABORATIVES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 396,512	\$ 593,435	\$ 668,544	\$ 321,403
<u>Liabilities</u>				
Accounts payable	\$ 396,512	\$ 593,435	\$ 668,544	\$ 321,403
<u>METROPOLITAN EMERGENCY SERVICES BOARD (MESB)</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 918,870	\$ 918,870	\$ -
Due from other governments	64,349	68,295	64,349	68,295
Total Assets	\$ 64,349	\$ 987,165	\$ 983,219	\$ 68,295
<u>Liabilities</u>				
Salaries payable	\$ 21,769	\$ 220,155	\$ 217,094	\$ 24,830
Due to other governments	42,580	67,992	67,107	43,465
Total Liabilities	\$ 64,349	\$ 288,147	\$ 284,201	\$ 68,295

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
<u>METRO ALLIANCE FOR HEALTHY FAMILIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 558,454	\$ 741,021	\$ 738,509	\$ 560,966
Accounts receivable	93	10,000	93	10,000
Total Assets	<u>\$ 558,547</u>	<u>\$ 751,021</u>	<u>\$ 738,602</u>	<u>\$ 570,966</u>
<u>Liabilities</u>				
Accounts payable	\$ 405,502	\$ 92,904	\$ 405,502	\$ 92,904
Due to other governments	153,045	790,492	465,475	478,062
Total Liabilities	<u>\$ 558,547</u>	<u>\$ 883,396</u>	<u>\$ 870,977</u>	<u>\$ 570,966</u>
 <u>METRO COUNCIL</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 3,679,963	\$ 3,679,963	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 3,679,963	\$ 3,679,963	\$ -
 <u>METRO TRANSIT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 4,421,713	\$ 4,421,713	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 4,421,713	\$ 4,421,713	\$ -
 <u>METROPOLITAN INTER-COUNTY ASSOCIATION (MICA)</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 348,113	\$ 428,291	\$ 441,064	\$ 335,340
<u>Liabilities</u>				
Due to other governments	\$ 348,113	\$ 428,291	\$ 441,064	\$ 335,340

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
<u>MINNESOTA CONSERVATION FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 29,431	\$ 73,762	\$ 82,703	\$ 20,490
<u>Liabilities</u>				
Due to other governments	\$ 29,431	\$ 73,762	\$ 82,703	\$ 20,490
 <u>MOSQUITO CONTROL</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 2,150,576	\$ 2,150,576	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 2,150,576	\$ 2,150,576	\$ -
 <u>PAYROLL DEDUCTIONS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 51,991,804	\$ 51,991,804	\$ -
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 51,991,804	\$ 51,991,804	\$ -
 <u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 204,537,503	\$ 204,537,503	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 204,537,503	\$ 204,537,503	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
<u>SHERIFF CIVIL FEES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 53,569	\$ 600,275	\$ 454,381	\$ 199,463
<u>Liabilities</u>				
Due to other governments	\$ 53,569	\$ 600,275	\$ 454,381	\$ 199,463
 <u>SHERIFF EVIDENCE FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,390	\$ -	\$ -	\$ 1,390
<u>Liabilities</u>				
Due to other governments	\$ 1,390	\$ -	\$ -	\$ 1,390
 <u>SHERIFF INMATE FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 41	\$ -	\$ -	\$ 41
<u>Liabilities</u>				
Accounts payable	\$ 41	\$ -	\$ -	\$ 41
 <u>SHERIFF TRUST FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 73,350	\$ 18,487,494	\$ 18,495,973	\$ 64,871
<u>Liabilities</u>				
Due to other governments	\$ 73,350	\$ 18,487,494	\$ 18,495,973	\$ 64,871

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<u>SOCIAL WELFARE</u>				
<u>Assets</u>				
Departmental cash	\$ 196,931	\$ 509,761	\$ 671,215	\$ 35,477
<u>Liabilities</u>				
Accounts payable	\$ 196,931	\$ 509,761	\$ 671,215	\$ 35,477
 <u>STATE REVENUE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 220,410	\$ 25,049,732	\$ 25,157,300	\$ 112,842
<u>Liabilities</u>				
Due to other governments	\$ 220,410	\$ 25,049,732	\$ 25,157,300	\$ 112,842
 <u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 27,314,744	\$ 638,720,995	\$ 636,258,710	\$ 29,777,029
Accounts receivable	63,961	80,115	63,961	80,115
Total Assets	\$ 27,378,705	\$ 638,801,110	\$ 636,322,671	\$ 29,857,144
<u>Liabilities</u>				
Accounts payable	\$ 334,050	\$ 2,141,186	\$ 2,152,447	\$ 322,789
Unapportioned taxes payable	-	61,190,118	61,190,118	-
Due to other funds	-	50,745	50,745	-
Due to other governments	27,044,655	631,685,787	629,196,087	29,534,355
Total Liabilities	\$ 27,378,705	\$ 695,067,836	\$ 692,589,397	\$ 29,857,144

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 273,567,869	\$ 272,621,809	\$ 946,060
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 273,567,869	\$ 272,621,809	\$ 946,060
<u>WATERSHED LEVY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 60,529	\$ 60,529	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 60,529	\$ 60,529	\$ -
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 30,310,201	\$ 1,246,908,068	\$ 1,243,340,209	\$ 33,878,060
Departmental cash	196,931	509,761	671,215	35,477
Accounts receivable	64,054	90,445	64,054	90,445
Due from other governments	146,397	198,023	185,550	158,870
Total Assets	\$ 30,717,583	\$ 1,247,706,297	\$ 1,244,261,028	\$ 34,162,852
<u>Liabilities</u>				
Accounts payable	\$ 1,492,744	\$ 55,707,754	\$ 56,257,753	\$ 942,745
Salaries payable	26,938	264,054	261,261	29,731
Unapportioned taxes payable	-	61,190,118	61,190,118	-
Due to other funds	-	50,745	50,745	-
Due to other governments	29,197,901	1,186,218,601	1,182,226,126	33,190,376
Total Liabilities	\$ 30,717,583	\$ 1,303,431,272	\$ 1,299,986,003	\$ 34,162,852

**DAKOTA COUNTY
MINNESOTA**

**GOVERNMENTAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS
VERMILLION RIVER WATERSHED DISTRICT
DECEMBER 31, 2010**

Assets

Cash and investments	\$ 1,518,239
Taxes receivable	
Current	74,380
Prior - net	4,122
Accounts receivable	234
Due from other governments	<u>27,338</u>
Total Assets	<u><u>\$ 1,624,313</u></u>

Liabilities

Current liabilities	
Accounts payable	\$ 47,398
Due to other governments	<u>436,105</u>
Total Liabilities	<u><u>\$ 483,503</u></u>

Fund Balance/Net Assets

Unreserved - Undesignated/ Unrestricted	<u>\$ 1,140,810</u>
Total Fund Balance/Net Assets	<u><u>\$ 1,140,810</u></u>
Total Liabilities and Fund Balance/Net Assets	<u><u>\$ 1,624,313</u></u>

There are no capital assets nor long term liabilities. There is no difference to reconcile between modified and full accrual.

**DAKOTA COUNTY
MINNESOTA**

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
VERMILLION RIVER WATERSHED DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2010**

Revenues	
Taxes	\$ 939,533
Intergovernmental	179,606
Investment earnings	13,569
Miscellaneous	<u>234</u>
Total Revenues	<u>\$ 1,132,942</u>
Expenditures/Expenses	
Current	
Conservation of natural resources	<u>\$ 1,105,654</u>
Net Change in Fund Balance/ Net Assets	\$ 27,288
Fund Balance/Net Assets - January 1	<u>1,113,522</u>
Fund Balance/Net Assets - December 31	<u><u>\$ 1,140,810</u></u>

There are no capital outlays nor revenues that are not current financial resources. There is no difference to reconcile between modified and full accrual.

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Governmental Revenue Schedules

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Funds</u>
Shared Revenue	
State	
Highway users tax	\$ 4,705,092
PERA rate reimbursement	333,927
Disparity reduction aid	1,681
Police aid	482,036
Agricultural preserve credit	45,805
County program aid	12,630,881
Market value credit	<u>2,625,985</u>
Total Shared Revenue	<u>\$ 20,825,407</u>
Reimbursement for Services	
State	
Minnesota Department of Human Services	<u>\$ 8,646,712</u>
Payments	
Local	
County contributions	\$ 1,545
City contributions	1,137,242
Metropolitan council	2,173,963
City and agency share of construction	4,650,925
MELSA	322,448
Other contributions	715,491
Local contributions	609,778
Payments in lieu of taxes	<u>79,742</u>
Total Payments	<u>\$ 9,691,134</u>
Grants	
State	
Minnesota Department of Public Safety	\$ 143,037
Transportation	5,997
Health	2,387,405
Natural Resources	20,077
Human Services	13,074,264
Water and Soil Resources Board	88,062
Employment and Economic Development	1,399,923
Pollution Control Agency	1,214,576
Trial courts	59,217
Housing Finance Agency	131,925
Board of Peace Officers Standards and Training	28,321
Corrections	<u>5,099,426</u>
Total State	<u>\$ 23,652,230</u>

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Funds</u>
Grants (Continued)	
Federal	
Department of	
Agriculture	\$ 3,922,727
Housing and Urban Development	5,323,923
Justice	770,866
Labor	2,925,431
Transportation	4,488,357
Energy	264,208
Education	120,628
Health and Human Services	23,461,847
Homeland Security	1,498,814
	<hr/>
Total Federal	\$ 42,776,801
	<hr/>
Total State and Federal Grants	\$ 66,429,031
	<hr/>
Total Intergovernmental Revenue	\$ 105,592,284
	<hr/> <hr/>

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Direct			
Farm and Ranch Lands Protection Program	10.913	\$ 352,740	\$ -
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1,432,636	-
Passed Through Minnesota Department of Education Child Nutrition Cluster			
School Breakfast Program	10.553	16,254	-
National School Lunch Program	10.555	24,018	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP) Cluster			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	2,052,157	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program -- ARRA	10.561	44,922	-
		<u>3,922,727</u>	<u>-</u>
Total U.S. Department of Agriculture		\$ 3,922,727	\$ -
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grants - Entitlement Grants Cluster			
Community Development Block Grant	14.218	\$ 3,422,420	\$ 3,422,420
Community Development Block Grant -- ARRA	14.253	259,378	259,378
Supportive Housing Demonstrative Program	14.235	429,536	-
HOME Investment Partnerships Program	14.239	915,668	915,668
Homelessness Prevention-Rapid Re-Housing Program -- ARRA	14.257	296,921	-
		<u>5,323,923</u>	<u>4,597,466</u>
Total U.S. Department of Housing and Urban Development		\$ 5,323,923	\$ 4,597,466
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Juvenile Accountability Incentive Block Grant	16.523	\$ 35,852	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	90,500	-
Direct			
Edward Byrne Memorial Formula Grant Program	16.579	69,450	-
Drug Court Discretionary Grant Program	16.585	151,650	-
State Criminal Alien Assistance Program (SCAAP)	16.606	400	-
Public Safety Partnership and Community Policing Grant -- ARRA	16.710	16,903	-
Congressionally Recommended Awards	16.753	200,124	-
Edward Byrne Memorial JAG (ARRA)	16.804	205,987	-
		<u>770,866</u>	<u>-</u>
Total U.S. Department of Justice		\$ 770,866	\$ -

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

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor			
Passed Through Minnesota Department of Employment and and Economic Development			
Workforce Investment Act (WIA) Cluster			
WIA Adult Program	17.258	\$ 289,564	\$ 72,847
WIA Adult Program -- ARRA	17.258	123,486	61,000
WIA Youth Activities	17.259	388,809	167,978
WIA Youth Activities -- ARRA	17.259	179,511	160,904
WIA Dislocated Workers	17.260	1,704,407	146,114
WIA Dislocated Workers -- ARRA	17.260	<u>239,654</u>	<u>17,019</u>
Total U.S. Department of Labor		<u>\$ 2,925,431</u>	<u>\$ 625,862</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	\$ 3,190,466	\$ -
Highway Planning and Construction - ARRA	20.205	1,249,441	-
Passed Through Minnesota Department of Public Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	8,318	-
Passed Through Met Council			
Job Access - Reverse Commute	20.516	<u>40,132</u>	<u>-</u>
Total U.S. Department of Transportation		<u>\$ 4,488,357</u>	<u>\$ -</u>
U.S. Department of Energy			
Direct			
Energy Efficiency and Conservation Block Grant Program -- ARRA	81.128	<u>\$ 264,208</u>	<u>\$ -</u>
Total U.S. Department of Energy		<u>\$ 264,208</u>	<u>\$ -</u>
U.S. Department of Education			
Direct			
Special Education-Grants for Infants and Families	84.181	<u>\$ 120,628</u>	<u>\$ -</u>
Total U.S. Department of Education		<u>\$ 120,628</u>	<u>\$ -</u>

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

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	\$ 551,396	\$ -
Project Grants and Cooperative Agreements for Tuberculosis			
Control Programs	93.116	7,045	-
Immunization Cluster			
Immunization Research, Demonstration, Public Information and			
Immunization Grants	93.268	19,480	-
Immunization - ARRA	93.712	4,008	-
Centers for Disease Control and Prevention - Investigations			
and Technical Assistance	93.283	262,984	-
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	515,952	-
Refugee and Entrant Assistance Discretionary Grants	93.576	1,176	-
Maternal and Child Health Services Block Grant	93.994	281,973	-
Passed Through Minnesota Department of Human Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	21,640	-
Promoting Safe and Stable Families	93.556	244,761	-
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	3,519,654	-
Child Support Enforcement Cluster			
Child Support Enforcement Title IV-D	93.563	7,742,326	-
Child Support Enforcement Title IV-D - ARRA	93.563	428,591	-
Community Based Child Abuse Prevention Grant	93.590	111,781	-
Child Care Mandatory and Matching Funds	93.596	397,079	-
Child Welfare Services - State Grants	93.645	143,675	-
Foster Care IV-E Cluster			
Foster Care Title IV-E	93.658	1,500,669	-
Foster Care Title IV-E - ARRA	93.658	168,552	-
Adoption Assistance -- ARRA	93.659	12,003	-
Social Services Block Grant Title XX	93.667	1,310,677	-
Chafee Foster Care Independence Program	93.674	61,217	-
Medical Assistance Program	93.778	5,885,863	-
Block Grant for Community Mental Health Services	93.958	70,484	-
Block Grant for Prevention and Treatment of Substance Abuse	93.959	122,765	-
Passed Through Minnesota Department of Employment			
and Economic Development			
Temporary Assistance for Needy Families (Cluster)			
Emergency Contingency Fund (TANF) - ARRA	93.714	76,096	-
Total U.S. Department of Health and Human Services		\$ 23,461,847	\$ -

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

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	\$ 60,581	\$ -
Emergency Management Performance	97.042	82,733	-
Pre-Disaster Mitigation Grant	97.047	26,284	-
Homeland Security Grant Program	97.067	<u>1,329,216</u>	<u>-</u>
Total U.S. Department of Homeland Security		<u>\$ 1,498,814</u>	<u>\$ -</u>
Total Federal Awards		<u>\$ 42,776,801</u>	<u>\$ 5,223,328</u>
 VERMILLION RIVER WATERSHED DISTRICT (Component Unit)			
U.S. Department of Environmental Protection Agency			
Passed through Minnesota Pollution Control Agency			
Nonpoint Source Implementation Grants	66.460	<u>\$ 95,540</u>	<u>\$ -</u>
Total U.S. Department of Environmental Protection Agency		<u>\$ 95,540</u>	<u>\$ -</u>

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

**DAKOTA COUNTY
MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Dakota County. The County's reporting entity is defined in Note 1 to the financial statements. Dakota County's financial statements include the operations of the Dakota County Community Development Agency (the CDA) component unit, which expended \$22,923,463 in federal awards during the year ended June 30, 2010, which are not included in the schedule of expenditures of federal awards. The CDA has its own single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dakota 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 Dakota County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dakota 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. 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.

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The graphic consists of a central grey horizontal bar containing the text "Statistical Section". To the left of the bar, a teal-colored vertical rectangle extends upwards. To the right of the bar, a tan-colored vertical rectangle extends downwards. The overall composition is minimalist and modern.

Statistical Section

Statistical Section

This part of Dakota County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Contents

	<u>Page</u>
Financial Trends	115
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	122
These schedules contain information to help the reader assess the factors affecting the county’s ability to generate its property taxes.	
Debt Capacity	126
These schedules present information to help the reader assess the affordability to the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	129
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	131
These schedules contain information about the County’s operations and resources to help the reader understand how the County provides the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2001; therefore, schedules that present entity-wide information begin in that year.

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Dakota County, Minnesota

Net Assets by Component

Primary Government

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 314,326,218	\$ 335,676,562	\$ 321,795,149	\$ 362,641,327	\$ 382,932,632	\$ 395,989,603	\$ 435,373,306	\$ 502,664,473	\$ 545,729,953	\$ 567,867,785
Restricted	341,040	204,204	22,337,752	20,087,946	4,213,806	12,634,717	7,134,394	8,289,724	5,860,387	6,578,089
Unrestricted	173,739,229	178,363,479	185,637,223	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,144,007	197,822,900
Total Net Assets - Governmental Activities	488,406,487	514,244,245	529,770,124	551,403,367	574,599,976	604,019,685	650,666,250	699,174,793	749,734,347	772,268,774
Business-Type Activities										
Invested in Capital Assets, net of related debt	13,605	5,442	-	-	-	-	-	-	-	-
Restricted	314,166	280,606	267,292	273,787	257,526	244,026	217,240	197,467	166,432	299,704
Unrestricted	-	-	-	-	-	-	-	-	131,714	-
Total Net Assets - Business-Type Activities	327,771	286,048	267,292	273,787	257,526	244,026	217,240	197,467	298,146	299,704
Total Primary Government										
Invested in Capital Assets, net of related debt	314,339,823	335,682,004	321,795,149	362,641,327	382,932,632	395,989,603	435,373,306	502,664,473	545,729,953	567,867,785
Restricted	655,206	484,810	22,605,044	20,361,733	4,471,332	12,878,743	7,351,634	8,487,191	6,026,819	6,877,793
Unrestricted	173,739,229	178,363,479	185,637,223	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,275,721	197,822,900
Total Net Assets - Primary Government	\$ 488,734,258	\$ 514,530,293	\$ 530,037,416	\$ 551,677,154	\$ 574,857,502	\$ 604,263,711	\$ 650,883,490	\$ 699,372,260	\$ 750,032,493	\$ 772,568,478

Components Units

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community Development Agency										
Invested in Capital Assets, net of related debt	\$ 34,930,672	\$ 46,611,279	\$ 49,981,807	\$ 50,062,357	\$ 54,523,397	\$ 56,508,944	\$ 58,430,590	\$ 62,660,057	\$ 67,422,313	\$ 70,836,500
Restricted	9,919,536	14,465,003	18,993,737	22,552,239	25,110,847	29,434,579	34,964,470	40,927,194	41,172,119	46,029,306
Unrestricted	43,047,666	27,133,258	30,373,937	37,124,838	38,616,727	45,848,454	50,752,896	55,136,226	62,620,611	70,262,376
Total Net Assets - Community Development Agency	\$ 87,897,874	\$ 88,209,540	\$ 99,349,481	\$ 109,739,434	\$ 118,250,971	\$ 131,791,977	\$ 144,147,956	\$ 158,723,477	\$ 171,215,043	\$ 187,128,182
Vermillion River Watershed										
Invested in Capital Assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	228,945	452,087	836,040	1,172,206	1,113,522	1,140,810
Total Net Assets - Vermillion River Watershed	\$ -	\$ -	\$ -	\$ -	\$ 228,945	\$ 452,087	\$ 836,040	\$ 1,172,206	\$ 1,113,522	\$ 1,140,810

Dakota County, Minnesota

Changes in Net Assets

Expenses	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government										
<i>Governmental Activities</i>										
General Government	\$ 37,908,226	\$ 45,342,380	\$ 52,882,439	\$ 49,207,103	\$ 50,717,612	\$ 49,730,842	\$ 55,472,603	\$ 58,446,661	\$ 48,513,659	\$ 61,982,946
Public Safety	26,970,843	30,523,481	33,079,209	30,944,558	32,521,143	34,919,409	34,912,593	37,499,603	37,363,437	36,396,222
Highways and Streets	15,966,207	17,350,300	14,549,489	16,304,900	26,006,634	20,420,856	20,277,098	20,428,908	24,016,682	23,114,442
Sanitation	4,448,583	4,396,621	4,322,330	4,604,620	4,304,756	4,011,215	3,680,402	3,498,126	5,476,281	5,314,375
Human Services	74,389,731	82,897,196	82,227,949	76,680,727	85,113,843	89,579,810	94,635,381	94,467,561	85,401,690	69,757,126
Health	9,738,114	11,065,807	11,885,420	11,390,101	12,178,902	11,743,390	13,431,633	14,441,444	14,371,483	14,133,323
Culture and Recreation	13,728,425	15,499,000	15,102,985	15,802,865	15,208,101	16,641,571	17,447,398	17,160,436	19,746,598	19,352,705
Conservation of Natural Resources	1,308,699	1,281,240	1,441,578	634,311	603,508	5,061,173	4,819,932	4,783,651	4,560,051	2,304,181
Economic Development	6,670,268	7,070,031	6,330,521	7,609,962	6,102,141	7,760,382	12,810,832	7,712,727	10,540,298	12,076,877
Interest	3,468,103	3,206,856	3,732,525	4,178,776	3,644,666	4,317,700	5,509,766	4,910,143	4,360,037	3,947,575
Total Governmental Activities	194,597,199	218,632,912	225,554,445	217,357,923	236,401,306	244,186,348	262,997,638	263,349,260	254,350,216	248,379,772
<i>Business-Type Activities</i>										
Geographic Information Systems	51,121	65,052	59,429	45,355	51,166	42,591	47,012	40,082	50,556	24,577
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	81,669
Total Business-Type Activities	51,121	65,052	59,429	45,355	51,166	42,591	47,012	40,082	50,556	106,246
Total Primary Government Expenses	\$ 194,648,320	\$ 218,697,964	\$ 225,613,874	\$ 217,403,278	\$ 236,452,472	\$ 244,228,939	\$ 263,044,650	\$ 263,389,342	\$ 254,400,772	\$ 248,486,018
Program Revenues										
Primary Government										
<i>Governmental Activities</i>										
Fees, fines, charges and other:										
General Government	\$ 6,716,442	\$ 7,705,629	\$ 10,113,324	\$ 9,781,610	\$ 8,926,807	\$ 9,615,154	\$ 11,007,470	\$ 7,867,792	\$ 7,507,730	\$ 7,124,643
Public Safety	1,902,074	1,977,624	2,333,435	2,663,212	2,554,680	2,922,742	2,808,252	2,731,099	3,214,768	3,127,028
Highways and Streets	651,390	708,101	792,432	847,893	999,754	1,203,304	1,281,339	1,495,081	1,528,495	1,589,965
Sanitation	5,161,588	5,179,568	5,146,562	4,981,322	4,581,103	5,648,372	5,818,423	6,222,558	6,528,605	8,019,709
Human Services	25,707,768	29,781,624	38,213,785	34,389,557	40,411,091	35,103,513	46,166,824	2,782,157	6,474,404	3,164,919
Health	3,376,751	5,150,701	5,641,178	4,666,247	5,048,774	3,788,860	4,947,124	5,772,599	5,632,467	3,119,419
Culture and Recreation	866,664	728,329	922,694	1,180,256	1,316,474	1,343,261	1,606,090	1,622,497	1,730,132	1,754,286
Conservation of Natural Resources	-	-	94,167	65,666	37,789	60,388	51,076	43,906	27,492	85,654
Economic Development	-	182,944	-	-	-	-	-	-	-	40,132
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	44,382,677	51,414,520	63,257,577	58,575,763	63,876,472	59,685,594	73,686,598	28,537,689	32,644,093	28,025,755
<i>Business-Type Activities</i>										
Geographic Information Systems	38,194	23,329	40,673	51,850	34,905	29,091	20,226	20,309	19,521	21,436
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	131,714	86,368
Total Business-Type Program Revenues	38,194	23,329	40,673	51,850	34,905	29,091	20,226	20,309	151,235	107,804
Total Primary Government Program Revenues	\$ 44,420,871	\$ 51,437,849	\$ 63,298,250	\$ 58,627,613	\$ 63,911,377	\$ 59,714,685	\$ 73,706,824	\$ 28,557,998	\$ 32,795,328	\$ 28,133,559

Dakota County, Minnesota

Changes in Net Assets

Program Revenues	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government										
<i>Governmental Activities</i>										
Operating Grants and Contributions:										
General Government	\$ 2,762,186	\$ 3,983,546	\$ 565,292	\$ 1,411,311	\$ 1,909,154	\$ 628,801	\$ 853,773	\$ 3,893,517	\$ 3,123,481	\$ 3,798,215
Public Safety	7,293,336	7,938,187	9,847,307	6,763,295	6,953,692	12,777,168	8,395,227	8,533,620	8,948,372	9,127,015
Highways and Streets	13,764,056	7,093,068	2,888,460	5,013,888	3,439,157	5,233,333	7,255,780	6,054,166	24,992,562	4,902,202
Sanitation	1,199,240	1,253,470	1,133,123	1,154,986	1,014,073	1,016,810	2,605	8,341	321,394	276,939
Human Services	18,960,120	20,533,390	17,388,737	18,634,901	19,492,199	21,047,402	23,115,310	59,829,926	47,133,328	35,807,530
Health	8,758,860	10,011,695	10,070,275	3,864,966	3,819,458	3,914,089	3,793,765	5,458,305	5,712,664	7,341,345
Culture and Recreation	2,424,371	3,415,582	363,748	842,998	3,239,484	434,868	4,499,611	10,126,045	941,566	1,151,534
Conservation of Natural Resources	391,425	109,003	90,785	37,248	133,592	96,522	5,412,063	2,153,127	3,827,241	1,656,906
Economic Development	5,934,463	5,607,121	6,403,015	7,894,503	6,935,833	7,905,728	8,681,447	7,252,218	9,396,842	12,556,252
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	<u>61,488,057</u>	<u>59,945,062</u>	<u>48,750,742</u>	<u>45,618,096</u>	<u>46,936,642</u>	<u>53,054,721</u>	<u>62,009,581</u>	<u>103,309,265</u>	<u>104,397,450</u>	<u>76,617,938</u>
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Network	-	-	-	-	-	-	-	-	-	-
Total Business-Type Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>							
Total Primary Government Program Revenues	<u>\$ 61,488,057</u>	<u>\$ 59,945,062</u>	<u>\$ 48,750,742</u>	<u>\$ 45,618,096</u>	<u>\$ 46,936,642</u>	<u>\$ 53,054,721</u>	<u>\$ 62,009,581</u>	<u>\$ 103,309,265</u>	<u>\$ 104,397,450</u>	<u>\$ 76,617,938</u>

Program Revenues	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government										
<i>Governmental Activities</i>										
Capital Grants and Contributions:										
General Government	\$ 689,071	\$ 120,838	\$ -	\$ -	\$ -	\$ 964,221	\$ 164,670	\$ -	\$ -	\$ -
Public Safety	-	68,978	439,703	346,184	132,576	-	-	-	-	205,987
Highways and Streets	12,429,667	18,622,321	10,519,399	14,927,590	15,615,808	15,362,204	15,923,156	24,648,824	10,568,802	16,105,736
Sanitation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	1,354,772	622,287	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	<u>13,118,738</u>	<u>20,166,909</u>	<u>11,581,389</u>	<u>15,273,774</u>	<u>15,748,384</u>	<u>16,326,425</u>	<u>16,087,826</u>	<u>24,648,824</u>	<u>10,568,802</u>	<u>16,311,723</u>
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Network	-	-	-	-	-	-	-	-	-	-
Total Business-Type Program Revenues	<u>-</u>									
Total Primary Government Program Revenues	<u>\$ 13,118,738</u>	<u>\$ 20,166,909</u>	<u>\$ 11,581,389</u>	<u>\$ 15,273,774</u>	<u>\$ 15,748,384</u>	<u>\$ 16,326,425</u>	<u>\$ 16,087,826</u>	<u>\$ 24,648,824</u>	<u>\$ 10,568,802</u>	<u>\$ 16,311,723</u>

Dakota County, Minnesota

Changes in Net Assets

Net (Expense) Revenue (a)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government										
<i>Governmental Activities</i>										
General Government	\$ (27,740,527)	\$ (33,532,367)	\$ (42,203,823)	\$ (38,014,182)	\$ (39,881,651)	\$ (38,522,666)	\$ (43,446,690)	\$ (46,685,352)	\$ (37,882,448)	\$ (51,060,088)
Public Safety	(17,775,433)	(20,538,692)	(20,458,764)	(21,171,867)	(22,880,195)	(19,219,499)	(23,709,114)	(26,234,884)	(25,200,297)	(23,936,192)
Highways and Streets	10,878,906	9,073,190	(349,198)	4,484,471	(5,951,915)	1,377,985	4,183,177	11,769,163	13,073,177	(516,539)
Sanitation	1,912,245	2,036,417	1,957,355	1,531,688	1,290,420	2,653,967	2,140,626	2,732,773	1,373,718	2,982,273
Human Services	(29,721,843)	(32,582,182)	(26,625,427)	(23,656,269)	(25,210,553)	(33,428,895)	(25,353,247)	(31,855,478)	(31,793,958)	(30,784,677)
Health	2,397,497	4,096,589	3,826,033	(2,858,888)	(3,310,670)	(4,040,441)	(4,690,744)	(3,210,540)	(3,026,352)	(3,672,559)
Culture and Recreation	(10,437,390)	(10,000,317)	(13,194,256)	(13,779,611)	(10,652,143)	(14,863,442)	(11,341,697)	(5,411,894)	(17,074,900)	(16,446,885)
Conservation of Natural Resources	(917,274)	(1,172,237)	(1,256,626)	(531,397)	(432,127)	(4,904,263)	643,207	(2,586,618)	(705,318)	(561,621)
Economic Development	(735,805)	(1,279,966)	72,494	284,541	833,692	145,346	(4,129,385)	(460,509)	(1,143,456)	519,507
Interest	(3,468,103)	(3,206,856)	(3,732,525)	(4,178,776)	(3,644,666)	(4,317,700)	(5,509,766)	(4,910,143)	(4,360,037)	(3,947,575)
Total Governmental Net (Expense) Revenue	(75,607,727)	(87,106,421)	(101,964,737)	(97,890,290)	(109,839,808)	(115,119,608)	(111,213,633)	(106,853,482)	(106,739,871)	(127,424,356)
<i>Business-Type Activities</i>										
Geographic Information Systems	(12,927)	(41,723)	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	(31,035)	(3,141)
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	131,714	4,699
Total Business-Type Net (Expense) Revenue	(12,927)	(41,723)	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558
Total Primary Government Net (Expense) Revenue	\$ (75,620,654)	\$ (87,148,144)	\$ (101,983,493)	\$ (97,883,795)	\$ (109,856,069)	\$ (115,133,108)	\$ (111,240,419)	\$ (106,873,255)	\$ (106,639,192)	\$ (127,422,798)
General Revenues										
Primary Government										
<i>Governmental Activities</i>										
Property Taxes	\$ 88,875,021	\$ 85,709,861	\$ 92,595,635	\$ 97,937,477	\$ 104,106,046	\$ 109,728,835	\$ 115,987,757	\$ 121,557,986	\$ 126,986,839	\$ 126,012,038
Gravel Taxes	-	-	446,802	524,688	469,396	447,678	384,320	356,562	451,950	322,788
Mortgage Registry and Deed Tax	-	-	1,129,220	885,223	909,765	648,912	599,797	431,561	408,750	378,235
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	-	-	-	14,895	1,531,322	1,684,323	1,698,801	1,714,530
Grants and Contributions (unrestricted)	13,777,771	21,112,656	18,263,496	15,413,836	19,455,306	19,135,474	37,065	34,890	54,260	63,531
Gift and Contributions (unrestricted)	19,274	74,068	74,062	28,810	50,934	-	18,642,707	15,950,219	21,681,301	17,134,726
Investment Income	12,441,705	6,643,048	3,905,500	3,391,277	7,216,182	13,224,287	18,436,886	13,764,069	3,981,969	2,274,346
Miscellaneous	4,515,449	3,841,039	687,389	1,270,329	1,479,465	1,655,869	2,032,541	1,516,087	1,951,035	1,875,304
Gain on Sale of Capital Assets	348,402	487,717	388,512	71,893	70,023	16,267	35,653	66,328	84,520	183,285
Special items	-	-	-	-	-	(160,750)	-	-	-	-
Governmental Activities General Revenues	119,977,622	117,868,389	117,490,616	119,523,533	133,757,117	144,711,467	157,688,048	155,362,025	157,299,425	149,958,783
Total Change in Net Assets - Governmental Activities	44,369,895	30,761,968	15,525,879	21,633,243	23,917,309	29,591,859	46,474,415	48,508,543	50,559,554	22,534,427
<i>Business-Type Activities</i>										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Special items	-	-	-	-	-	-	-	-	-	-
Total General Revenues - Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Change in Net Assets - Business-Type Activities	(12,927)	(41,723)	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558
Total Change in Net Assets - Primary Government	\$ 44,356,968	\$ 30,720,245	\$ 15,507,123	\$ 21,639,738	\$ 23,901,048	\$ 29,578,359	\$ 46,447,629	\$ 48,488,770	\$ 50,660,233	\$ 22,535,985

(a) Net revenue (expense) is the difference between the expenses and program revenue of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other government revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenue were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

Dakota County, Minnesota

Changes in Net Assets - Component Units

Expenses	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Component Unit										
Community Development Agency	\$ 24,488,706	\$ 26,349,314	\$ 29,534,299	\$ 31,257,253	\$ 32,973,947	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320	\$ 38,099,898	\$ 42,276,141
Vermillion River Watershed	-	-	-	-	325,209	759,557	1,157,625	1,017,956	1,245,246	1,105,654
Total Component Unit	24,488,706	26,349,314	29,534,299	31,257,253	33,299,156	33,517,431	35,167,385	35,636,276	39,345,144	43,381,795
Program Revenues										
Component Unit										
Community Development Agency	24,307,971	26,533,216	34,830,910	34,263,892	33,470,667	36,142,256	34,403,242	36,440,889	38,353,283	46,562,618
Vermillion River Watershed	-	-	-	-	-	-	434,567	196,434	53,997	95,540
Total Component Unit	24,307,971	26,533,216	34,830,910	34,263,892	33,470,667	36,142,256	34,837,809	36,637,323	38,407,280	46,658,158
General Revenues - Community Development Agency										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Taxes	\$ 9,977,930	\$ 5,020,422	\$ 3,339,917	\$ 4,694,249	\$ 5,278,362	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146	\$ 7,848,758	\$ 7,829,702
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	1,903,356	2,047,034	2,154,606	2,792,582	3,034,382	3,288,340	3,384,616	3,303,413
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	1,838,281	677,896	411,190	180,027	407,008	1,262,710	2,186,086	1,952,466	1,004,807	493,547
Miscellaneous	494,811	198,735	-	-	-	4,050	-	-	-	-
Gain on Sale of Capital Assets	7,163	(410,098)	188,867	462,004	174,841	-	-	-	-	-
Total General Revenues - Community Development Agency	12,318,185	5,486,955	5,843,330	7,383,314	8,014,817	10,156,624	11,962,497	12,752,952	12,238,181	11,626,662
Total Change in Net Assets - Community Development Agency	\$ 12,137,450	\$ 5,670,857	\$ 11,139,941	\$ 10,389,953	\$ 8,511,537	\$ 13,541,006	\$ 12,355,979	\$ 14,575,521	\$ 12,491,566	\$ 15,913,139
General Revenues - Vermillion River Watershed										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 376,609	\$ 886,480	\$ 982,967	\$ 1,032,731	\$ 1,023,239	\$ 939,533
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	40,391	84,622	85,293	88,235	87,084	84,066
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	2,787	11,595	31,526	36,722	20,541	13,569
Miscellaneous	-	-	-	-	24	2	7,225	-	-	234
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	1,701	-
Total General Revenues - Vermillion River Watershed	-	-	-	-	419,811	982,699	1,107,011	1,157,688	1,132,565	1,037,402
Total Change in Net Assets - Vermillion River Watershed	-	-	-	-	94,602	223,142	383,953	336,166	(58,684)	27,288
Total Change in Net Assets - Component Units	\$ 12,137,450	\$ 5,670,857	\$ 11,139,941	\$ 10,389,953	\$ 8,606,139	\$ 13,764,148	\$ 12,739,932	\$ 14,911,687	\$ 12,432,882	\$ 15,940,427

(a) Net revenue (expense) is the difference between the expenses and program revenue of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other government revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenue were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

Dakota County, Minnesota

*Fund Balances
Governmental Funds*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 409,520	\$ 419,928	\$ 23,064,024	\$ 22,341,956	\$ 16,038,637	\$ 13,200,485	\$ 15,182,375	\$ 13,449,225	\$ 8,491,434	\$ 8,837,070
Unreserved	66,780,697	65,136,385	63,799,931	64,530,381	71,088,338	80,646,902	81,962,712	67,923,464	65,165,879	62,365,602
Total General Fund	<u>\$ 67,190,217</u>	<u>\$ 65,556,313</u>	<u>\$ 86,863,955</u>	<u>\$ 86,872,337</u>	<u>\$ 87,126,975</u>	<u>\$ 93,847,387</u>	<u>\$ 97,145,087</u>	<u>\$ 81,372,689</u>	<u>\$ 73,657,313</u>	<u>\$ 71,202,672</u>
All Other Governmental Funds										
Reserved	\$ 21,158,832	\$ 12,753,392	\$ 27,733,952	\$ 17,247,019	\$ 24,848,723	\$ 18,311,212	\$ 46,784,920	\$ 41,065,067	\$ 38,726,557	\$ 30,582,499
Unreserved reported in:										
Special Revenue Funds	58,765,837	70,426,604	73,353,496	76,322,254	76,161,184	78,958,047	80,887,248	77,377,250	100,638,992	107,570,290
Debt Services	(960)	-	-	-	-	-	-	-	-	7,199,602
Capital Projects	37,085,908	21,998,679	15,914,591	22,917,240	26,712,667	29,997,591	27,661,764	19,379,182	16,721,855	9,044,323
Total Unreserved	95,850,785	92,425,283	89,268,087	99,239,494	102,873,851	108,955,638	108,549,012	96,756,432	117,360,847	123,814,215
Total All Other Governmental Funds	<u>\$ 117,009,617</u>	<u>\$ 105,178,675</u>	<u>\$ 117,002,039</u>	<u>\$ 116,486,513</u>	<u>\$ 127,722,574</u>	<u>\$ 127,266,850</u>	<u>\$ 155,333,932</u>	<u>\$ 137,821,499</u>	<u>\$ 156,087,404</u>	<u>\$ 154,396,714</u>

Dakota County, Minnesota

**Changes in Fund Balances
Governmental Funds**

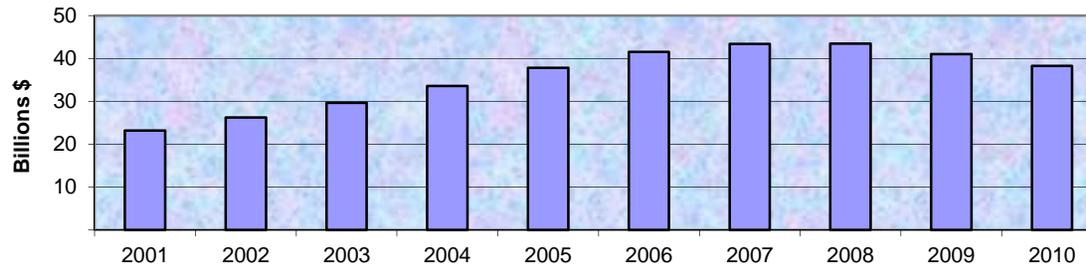
Revenues	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taxes	\$ 78,520,118	\$ 85,856,927	\$ 94,143,653	\$ 99,225,750	\$ 105,343,232	\$ 110,455,812	\$ 118,197,095	\$ 123,486,583	\$ 129,194,994	\$ 128,338,549
Licenses and Permits	632,217	781,615	660,334	781,824	871,760	977,836	1,046,379	954,087	1,131,419	1,122,733
Intergovernmental	84,847,328	96,309,522	83,481,558	74,459,048	83,801,670	84,160,902	100,882,470	139,767,926	143,779,937	105,592,284
Charges for Services	44,817,714	52,003,203	60,161,179	60,199,754	64,104,712	66,063,636	72,759,043	30,198,174	33,427,184	28,647,199
Fines and Forfeits	1,415,946	1,539,738	1,509,902	795,137	98,247	96,947	123,472	114,356	152,843	120,965
Gifts and Contributions	6,680	74,068	74,062	28,810	43,238	33,161	37,065	34,890	54,760	69,210
Insurance Proceeds	7,569	3,268	-	-	-	-	-	-	-	-
Sales	324,019	300,067	-	-	-	-	-	-	-	-
Interest on Investments	12,311,038	6,643,048	3,685,371	3,171,148	7,216,182	13,000,684	18,208,836	13,536,019	3,751,959	2,046,447
Miscellaneous	4,283,786	3,517,103	4,204,157	4,146,032	4,221,623	4,561,191	3,941,346	5,792,583	5,263,181	5,696,272
Total Revenues	\$ 227,166,415	\$ 247,028,559	\$ 247,920,216	\$ 242,807,503	\$ 265,700,664	\$ 279,350,169	\$ 315,195,706	\$ 313,884,618	\$ 316,756,277	\$ 271,633,659
Expenditures	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Current										
General Government	38,897,903	\$ 45,203,995	\$ 47,253,568	\$ 45,270,908	\$ 46,495,009	\$ 53,676,685	\$ 61,188,552	\$ 63,074,376	\$ 61,359,073	\$ 59,696,613
Public Safety	27,040,968	30,693,607	33,246,286	31,239,407	32,866,822	35,053,472	35,291,843	36,927,178	37,394,836	35,413,298
Highways and Streets	36,565,271	29,165,140	27,225,783	29,712,978	43,262,177	29,351,870	43,854,429	56,543,277	45,174,737	35,501,940
Sanitation	4,435,314	4,421,074	5,221,481	7,063,958	7,095,465	7,216,642	7,147,093	6,660,486	7,304,309	7,408,981
Human Services	73,676,674	82,929,871	83,077,177	79,078,525	87,468,346	92,009,151	96,888,230	96,753,204	87,426,542	72,523,762
Health	10,036,933	11,929,348	11,812,290	11,380,088	12,194,868	11,769,743	13,389,063	14,344,511	14,379,616	14,158,886
Culture and Recreation	446,817	19,110,237	16,957,429	14,968,314	16,093,344	16,463,667	18,550,559	32,511,779	19,225,249	18,944,918
Conservation	1,375,803	1,454,163	1,407,858	643,200	5,211,738	5,053,963	4,814,414	4,739,047	4,567,193	2,289,934
Economic Development	6,484,780	7,020,420	7,922,971	7,610,568	6,083,685	7,766,719	13,028,818	7,652,018	10,464,108	12,048,642
Capital Outlay	29,242,055	20,646,814	7,586,673	5,365,162	4,271,226	11,561,479	9,224,104	8,561,029	2,153,718	5,419,530
Debt Service	8,415,445	-	-	-	-	-	-	-	-	-
Principal Retirement	-	5,424,442	4,294,871	6,708,778	6,920,000	7,185,000	7,825,000	14,155,000	12,650,000	8,715,000
Interest	-	3,284,260	3,075,658	4,424,848	3,931,502	4,096,008	4,952,325	5,103,038	4,519,421	4,052,158
Bond Issuance Costs	-	-	125,235	-	68,489	26,699	191,801	-	-	-
Administrative Charges	-	500	-	-	-	-	-	4,900	2,100	350
Total Expenditures	\$ 236,617,963	\$ 261,283,871	\$ 249,207,280	\$ 243,466,734	\$ 271,962,671	\$ 281,231,098	\$ 316,346,231	\$ 347,029,843	\$ 306,620,902	\$ 276,174,012
Excess of Revenues Over/ (Under) Expenditures	\$ (9,451,548)	\$ (14,255,312)	\$ (1,287,064)	\$ (659,231)	\$ (6,262,007)	\$ (1,880,929)	\$ (1,150,525)	\$ (33,145,225)	\$ 10,135,375	\$ (4,540,353)
Other Financing Sources	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Transfers In	13,231,810	\$ 14,897,647	\$ 8,998,226	\$ 9,649,930	\$ 14,557,146	\$ 11,751,473	\$ 14,442,981	\$ 23,917,624	\$ 9,555,030	\$ 6,768,955
Transfers Out	(13,477,120)	(14,897,647)	(8,998,226)	(9,649,930)	(14,557,146)	(11,751,473)	(14,442,981)	(23,917,624)	(9,555,030)	(6,768,955)
Bonds Issued	34,555,300	-	32,335,000	-	16,800,000	7,300,000	-	-	-	-
Proceeds from sale of refunding bonds	-	-	-	-	-	-	31,695,000	-	-	-
Premium/(Discount) on Bond Issuance	-	-	2,044,813	-	(18,248)	26,620	88,934	-	-	-
Proceeds from Sale of Capital	22,467	862,649	100,387	77,370	1,792,420	583,421	710,185	75,589	100,919	189,664
Total Other Financing Sources	\$ 34,332,457	\$ 862,649	\$ 34,480,200	\$ 77,370	\$ 18,574,172	\$ 7,910,041	\$ 32,494,119	\$ 75,589	\$ 100,919	\$ 189,664
Net Change in Fund Balance	\$ 24,880,909	\$ (13,392,663)	\$ 33,193,136	\$ (581,861)	\$ 12,312,165	\$ 6,029,112	\$ 31,343,594	\$ (33,069,636)	\$ 10,236,294	\$ (4,350,689)
Debt Service Expenditures as Percent of Non-Capital Expenditures	4.48%	3.82%	3.36%	5.08%	4.71%	4.59%	4.89%	7.08%	6.20%	5.18%

Dakota County, Minnesota

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Fiscal Year Assessed	Real Property		Personal Property		Total		% of Total Assessed to Total Estimated Market Value	Total Direct County Tax Rate
	Assessed* Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
2001	272,591,835	22,921,579,100	5,089,348	260,367,400	277,681,183	23,181,946,500	1.2	0.25320
2002	303,246,273	25,936,773,800	5,228,097	267,987,400	308,474,370	26,204,761,200	1.2	0.33102
2003	338,159,517	29,375,690,500	5,544,992	284,642,600	343,704,509	29,660,333,100	1.2	0.32463
2004	379,955,145	33,272,415,600	5,859,007	300,730,500	385,814,152	33,573,146,100	1.1	0.30300
2005	427,133,158	37,531,168,000	5,875,141	302,403,100	433,008,299	37,833,571,100	1.1	0.28267
2006	471,234,957	41,167,642,300	6,196,860	319,020,400	477,431,817	41,486,662,700	1.2	0.26318
2007	495,383,991	43,049,023,300	6,286,380	324,904,600	501,670,371	43,373,927,900	1.2	0.25127
2008	499,594,005	43,061,778,400	6,868,328	355,081,700	506,462,333	43,416,860,100	1.2	0.25184
2009	475,008,140	40,648,278,700	6,916,149	358,042,600	481,924,289	41,006,321,300	1.2	0.25821
2010	442,537,353	37,854,672,500	7,877,537	405,057,500	450,414,890	38,259,730,000	1.2	0.27269

Estimated Market Value-Real and Personal Property



*Valuations are determined as of January 1 of the year preceding the tax collection year. Amounts are shown for the year in which taxes are payable.
 Assessed value is prior to Fiscal Disparity and Tax Increment District Adjustments.
 Total County Direct Tax Rate available only in %.

Source: Dakota County Property Taxation and Records Department

Dakota County, Minnesota

DIRECT AND OVERLAPPING GOVERNMENTS TAX CAPACITY RATES LAST TEN YEARS

<u>Governments</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>COUNTY</u>										
Dakota County	0.25320	0.33102	0.32463	0.30300	0.28267	0.26318	0.25127	0.25184	0.25821	0.27269
<u>CITIES</u>										
Apple Valley	0.31320	0.45942	0.41578	0.39610	0.36753	0.35690	0.34891	0.35537	0.37086	0.39867
Burnsville	0.29204	0.43296	0.41074	0.38928	0.38004	0.35414	0.34564	0.35005	0.36121	0.38566
Coates	0.23929	0.28405	0.25287	0.23476	0.19117	0.17908	0.16971	0.15252	0.13587	0.16605
Eagan	0.23441	0.31715	0.29912	0.28702	0.28186	0.26704	0.25232	0.25892	0.26886	0.30408
Farmington	0.29953	0.48892	0.46894	0.41174	0.43767	0.42770	0.41883	0.43821	0.44186	0.49274
Hampton	0.11688	0.24767	0.25138	0.24248	0.22029	0.20224	0.24064	0.22742	0.24038	0.32859
Hastings	0.33147	0.58661	0.50077	0.50110	0.50515	0.50010	0.49235	0.49475	0.49732	0.52677
Inver Grove Heights	0.25098	0.44637	0.40890	0.39904	0.37347	0.35546	0.36514	0.37403	0.37878	0.41757
Lakeville	0.20079	0.34545	0.32944	0.30050	0.31326	0.31610	0.31583	0.34195	0.33973	0.36624
Lilydale	0.15112	0.21838	0.24679	0.28927	0.29238	0.36721	0.41386	0.41239	0.44291	0.47297
Mendota	0.42942	0.58069	0.57538	0.52357	0.49717	0.38234	0.42969	0.37178	0.35265	0.38429
Mendota Heights	0.19392	0.30180	0.28287	0.27030	0.26898	0.28027	0.27633	0.24142	0.26165	0.28061
Miesville	0.15381	0.24843	0.29835	0.26124	0.26831	0.24494	0.21512	0.23654	0.23116	0.24904
New Trier	0.19621	0.22208	0.22851	0.22851	0.26535	0.28778	0.24418	0.32119	0.36932	0.44344
Northfield	0.33565	0.41524	0.39833	0.38841	0.37004	0.34227	0.35691	0.36648	0.38536	0.40370
Randolph	0.12746	0.19517	0.17541	0.16142	0.09358	0.11127	0.11643	0.12512	0.15832	0.17773
Rosemount	0.36553	0.59546	0.57123	0.52368	0.46041	0.43755	0.42521	0.42440	0.42323	0.43358
South St. Paul	0.28244	0.44889	0.41264	0.39452	0.36913	0.34999	0.34143	0.36142	0.38532	0.41428
Sunfish Lake	0.13593	0.21436	0.20896	0.20377	0.18259	0.16817	0.18090	0.17847	0.18967	0.18625
Vermillion	0.21928	0.42449	0.54447	0.51224	0.44767	0.40697	0.32507	0.32429	0.37706	0.38845
West St. Paul	0.25205	0.44516	0.38716	0.41679	0.42289	0.42671	0.42082	0.43706	0.44608	0.50873
<u>TOWNSHIPS</u>										
Castle Rock	0.19025	0.23315	0.21069	0.17038	0.15468	0.12776	0.11738	0.11215	0.11484	0.12109
Douglas	0.18049	0.29011	0.26932	0.23536	0.22325	0.18861	0.20097	0.18389	0.18500	0.17439
Empire	0.34230	0.38108	0.38114	0.30439	0.29553	0.24473	0.28244	0.25452	0.26113	0.27764
Eureka	0.15167	0.20492	0.18955	0.18350	0.18655	0.16951	0.18163	0.17001	0.16854	0.17262
Greenvale	0.08789	0.13889	0.13036	0.13396	0.13007	0.13739	0.13014	0.13433	0.14124	0.11828
Hampton	0.08425	0.11031	0.1238	0.10701	0.09895	0.09222	0.10796	0.13156	0.13187	0.12496
Marshan	0.16864	0.24612	0.24535	0.19263	0.18137	0.17730	0.18121	0.17902	0.17435	0.13143
Nininger	0.13113	0.16377	0.15026	0.13109	0.11492	0.10185	0.08972	0.11577	0.12550	0.13430
Randolph	0.06801	0.09788	0.09240	0.08128	0.07425	0.06682	0.05783	0.04988	0.05437	0.05304
Ravenna	0.11358	0.18329	0.18596	0.16694	0.16812	0.14355	0.14268	0.10474	0.13014	0.13610
Sciota	0.08882	0.12748	0.13770	0.12145	0.10836	0.14939	0.19194	0.17116	0.16661	0.15830
Vermillion	0.14587	0.21329	0.18299	0.16449	0.14339	0.12468	0.11052	0.17820	0.17147	0.16629
Waterford	0.16651	0.20588	0.11195	0.10587	0.09692	0.08685	0.08155	0.07109	0.09209	0.09456
<u>SCHOOL DISTRICTS</u>										
6	0.57939	0.38406	0.38735	0.29199	0.26194	0.25900	0.23765	0.27640	0.26907	0.26807
191	0.45095	0.24120	0.21226	0.18955	0.17729	0.18315	0.18185	0.19374	0.19842	0.20668
192	0.60936	0.34095	0.39614	0.35599	0.36540	0.43708	0.44190	0.45831	0.49238	0.53452
194	0.56209	0.25984	0.30962	0.26901	0.25411	0.25670	0.25252	0.26272	0.27062	0.27714
195	0.59228	0.34185	0.36679	0.29347	0.22065	0.22632	0.22492	0.19031	0.20022	0.18547
196	0.53249	0.28883	0.27638	0.26074	0.26251	0.27554	0.23607	0.21136	0.21109	0.25391
197	0.43088	0.15272	0.14401	0.12917	0.21878	0.21428	0.19838	0.18914	0.18051	0.18850
199	0.44570	0.16824	0.14565	0.10032	0.07793	0.17796	0.16607	0.19764	0.19303	0.21795
200	0.51024	0.22943	0.22906	0.22050	0.22126	0.18683	0.18157	0.16676	0.16735	0.20206
252	0.46390	0.14471	0.25253	0.23727	0.16143	0.16555	0.13827	0.20580	0.17642	0.18868
659	0.53783	0.36023	0.32944	0.33521	0.32590	0.32272	0.31463	0.29579	0.28549	0.30528
<u>SPECIAL DISTRICTS</u>										
Watershed M	0.00279	0.00515	0.00390	0.00390	0.00358	0.00296	0.00290	0.00448	0.00911	0.00531
Watershed V	---	---	0.00338	0.00203	0.00309	0.00640	0.00608	0.00603	0.00588	0.00566
Transit District	0.04424	0.01471	0.01659	0.01610	0.01464	0.01476	0.01253	0.01247	0.01223	0.01166
Transit District Lakeville	0.00402	---	---	---	---	---	---	---	0.00608	---
Mosquito Control	0.00312	0.00478	0.00529	0.00527	0.00545	0.00483	0.00483	0.00490	0.00474	0.00481
Metro Council	0.00782	0.01408	0.01370	0.01124	0.01010	0.00834	0.00847	0.00817	0.00792	0.00826
Dakota County CDA	0.00402	0.01598	0.01604	0.01617	0.01637	0.01615	0.01635	0.01622	0.01594	0.01692
Burnsville EDA	---	---	0.01222	0.01150	0.00155	0.00397	0.00615	0.00565	0.00566	0.00607
Hastings HRA	0.00796	0.01107	0.01177	0.01174	0.01207	0.01216	0.01183	0.01169	0.01141	0.01510
Northfield EDA	---	---	---	---	---	0.01616	0.01646	0.01560	0.01539	0.01651
Northfield HRA	---	---	0.01199	0.01397	0.01295	0.01226	0.01307	0.01268	0.01251	0.01431
South St Paul HRA	0.00798	0.01906	0.01047	0.01066	0.01015	0.01294	0.01268	0.01267	0.01686	0.01463
Light Transit Rail	0.00039	0.00066	0.00063	0.00047	0.00251	0.00208	0.00198	0.00217	0.00245	0.00256

The Tax Capacity Rate is determined by dividing a taxing district's property tax levy amount by the taxing district's total tax capacity.

Source: Dakota County Property Taxation and Records Department

Unaudited

Dakota County, Minnesota

PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Name</u>	<u>Type of Business</u>	<u>2001 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>	<u>Name</u>	<u>Type of Business</u>	<u>2010 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 4,442,874	1.2 %	Northern States Power Co	Electric Utility	\$ 5,886,339	1.5 %
Burnsville Minnesota LLC	Burnsville Center	1,717,182	0.5	Flint Hills	Refinery	3,367,573	0.9
Dakota Electric Assn.	Electric Utility	1,651,443	0.5	Burnsville Center Spe LP	Burnsville Center	2,079,250	0.5
West Publishing Co.	Book Publishing	1,483,771	0.4	Dakota Electric Assn.	Electric Utility	1,861,542	0.5
Great Northern Oil Co.	Refinery	1,055,504	0.3	West Publishing Co.	Book Publishing	1,490,872	0.4
Duke Realty LTD Prtnshp	Eagan Commerce Center	747,850	0.2	Northern Natural Gas Co.	Natural Gas Utility	1,368,303	0.4
Haight, Stephen E. & Roberta	Property Mangement	728,280	0.2	Minnegasco Inc.	Natural Gas Utility	972,574	0.3
AMB Property	Property Mangement	689,470	0.2	BCBSM Inc.	Health Care	913,911	0.2
Minnegasco Inc.	Natural Gas Utility	676,252	0.2	AMB Property LP	Property Management	860,932	0.2
Koch Refinery Co.	Refinery	603,082	0.2	Duke Realty LTD Prtnshp	Eagan Commerce Center	746,794	0.2
Total		<u>\$ 13,795,708</u>	<u>3.9 %</u>	Total		<u>\$ 19,548,090</u>	<u>5.1 %</u>

Source: Dakota County Property Taxation and Records Department

Dakota County, Minnesota

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Fiscal Year	Total Tax Levy	Current Collections		Delinquent Collections	Total Collections	% of Current Levy	Outstanding Delinquent Taxes	Total Delinquent Taxes as a % of Current Levy
		Amount	% of Levy					
2001	86,831,352	85,996,569	99.0	790,525	86,787,094	99.9	968,760	1.1
2002	90,675,753	89,938,648	99.2	949,884	90,888,532	100.2	835,917	0.9
2003	98,435,625	97,587,990	99.1	871,280	98,459,270	100.0	841,405	0.9
2004	103,400,325	102,481,424	99.1	878,779	103,360,203	100.0	931,291	0.9
2005	107,794,839	106,745,857	99.0	922,621	107,668,478	99.9	1,053,565	1.0
2006	112,427,346	111,040,475	98.8	1,118,912	112,159,387	99.8	1,412,980	1.3
2007	117,897,237	116,273,805	98.6	1,444,306	117,718,111	99.8	1,660,437	1.4
2008	123,561,877	121,561,943	98.4	1,486,006	123,047,949	99.6	2,064,492	1.7
2009	128,375,073	126,149,491	98.3	1,955,030	128,104,521	99.8	2,347,957	1.8
2010	129,403,054	127,519,688	98.5	2,043,233	129,562,921	100.1	2,587,586	2.0

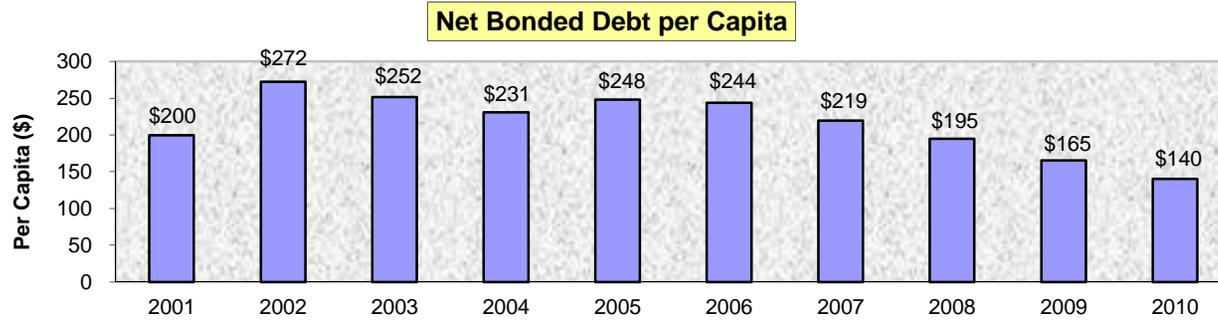
*Includes tax adjustments, tax credits and Fiscal Disparity adjustments

Source: Dakota County Property Taxation and Records Department

Dakota County, Minnesota

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN YEARS

<u>Fiscal Year Assessed</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>	<u>Percentage of Personal Income</u>
2001	363,509	277,681,183	74,685,000	2,115,263	72,569,737	26.13	200	0.54%
2002	368,028	308,474,370	101,670,000	1,441,409	100,228,591	32.49	272	0.72%
2003	371,759	343,705,509	97,415,000	3,910,970	93,504,030	27.20	252	0.65%
2004	376,537	385,814,152	90,715,000	3,793,808	86,921,192	22.53	231	0.57%
2005	381,027	433,008,299	100,595,000	6,071,069	94,523,931	21.83	248	0.59%
2006	385,076	477,431,817	100,710,000	6,783,501	93,926,499	19.67	244	0.57%
2007	389,418	501,670,371	124,580,000	39,109,079	85,470,921	17.04	219	0.49%
2008	393,528	506,462,333	110,425,000	33,675,182	76,749,818	15.15	195	0.42%
2009	390,478	481,924,289	97,775,000	33,266,623	64,508,377	13.39	165	0.37%
2010	397,650	450,414,890	89,060,000	33,266,623	55,793,377	12.39	140	N/A



Dakota County, Minnesota

COMPUTATION OF DIRECT, UNDERLYING AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS DECEMBER 31, 2010

<u>Government Unit</u>	<u>Gross GO Debt</u>		<u>Applicable to Dakota County</u>	
	<u>Outstanding¹</u>		<u>Percent²</u>	<u>Amount</u>
<u>Direct:</u>				
Dakota County	\$ 89,060,000		100.0 %	\$ 89,060,000
<u>Underlying:</u>				
Dakota County CDA	\$ 393,779,640		100.0 %	\$ 393,779,640
City of Apple Valley	45,750,000		100.0	45,750,000
City of Burnsville	64,118,400		100.0	64,118,400
City of Eagan	23,515,000		100.0	23,515,000
City of Farmington	45,804,173		100.0	45,804,173
City of Hampton	1,845,000		100.0	1,845,000
City of Hastings	32,625,000		99.9	32,592,375
Hastings EDA	2,885,000		100.0	2,885,000
City of Inver Grove Hts	60,753,847		100.0	60,753,847
City of Lakeville	91,695,000		100.0	91,695,000
City of Lilydale	1,280,000		100.0	1,280,000
City of Mendota	36,946		100.0	36,946
City of Mendota Heights	11,695,000		100.0	11,695,000
City of Northfield	62,493,912		7.9	4,937,019
City of Rosemount	23,285,000		100.0	23,285,000
City of South St. Paul	13,411,000		100.0	13,411,000
City of Sunfish Lake	350,000		100.0	350,000
City of Vermillion	440,000		100.0	440,000
City of West St. Paul	23,347,600		100.0	23,347,600
Empire Township	1,584,849		100.0	1,584,849
Greenvale Township	102,423		100.0	102,423
Special S.D. #6 (South St Paul)	22,725,000		100.0	22,725,000
Ind. S.D. #191 (Burnsville)	89,255,000		75.8	67,655,290
Ind. S.D. #192 (Farmington)	268,913,152		100.0	268,913,152
Ind. S.D. #194 (Lakeville)	184,622,202		80.0	147,697,762
Ind. S.D. #195 (Randolph)	7,940,000		88.2	7,003,080
Ind. S.D. #196 (Rosemount)	151,685,337		100.0	151,685,337
Ind. S.D. #197 (W. St. Paul)	56,040,000		100.0	56,040,000
Ind. S.D. #199 (Inver Grove Hts.)	45,240,000		100.0	45,240,000
Ind. S.D. #200 (Hastings)	54,220,000		87.2	47,279,840
Ind. S.D. #252 (Cannon Falls)	21,335,000		4.9	1,045,415
Ind. S.D. #659 (Northfield)	80,475,000		14.8	11,910,300
Total underlying debt	\$ 1,883,248,481			\$ 1,670,403,448
<u>Overlapping:</u>				
Metropolitan Council (Pks & Solid Waste)	\$ 13,525,000 ³		13.4 %	\$ 1,812,350
Metropolitan Transit Commission	241,765,000		13.4	32,396,510
Total overlapping debt	\$ 255,290,000			\$ 34,208,860
Total debt	\$ 2,227,598,481			\$ 1,793,672,308

¹ The Gross G.O. Debt Outstanding includes that portion of debt which is secured by the authority to levy taxes on real estate.

² Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

³ The Metropolitan Council also has outstanding \$956,315,500 of general obligation sanitary sewer bonds and loans which are supported by system revenues.

Dakota County, Minnesota

**Legal Debt Margin
Last Ten Fiscal Years**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value	\$ 23,181,946,500	\$ 26,204,761,200	\$ 29,660,333,100	\$ 33,573,146,100	\$ 37,833,571,100	\$ 41,486,662,700	\$ 43,373,927,900	\$ 43,416,860,100	\$ 41,006,321,300	\$ 38,259,730,000
Legal Debt Margin										
Debt Limit (3% of assessed value)*	463,638,930	524,095,224	593,206,662	671,462,922	756,671,422	829,733,254	867,478,558	1,302,505,803	1,230,189,639	1,147,791,900
Debt Applicable to limit:										
General Obligation Bonds	74,685,000	101,670,000	97,415,000	90,715,000	100,595,000	100,710,000	124,580,000	110,425,000	97,775,000	89,060,000
Less: amount reserved for repayment of general obligation debt	(2,115,263)	(1,441,409)	(3,910,970)	(3,793,808)	(6,098,546)	(6,783,501)	(39,109,079)	(33,675,182)	(33,266,623)	(25,845,390)
Total Debt Applicable to Limit	72,569,737	100,228,591	93,504,030	86,921,192	94,496,454	93,926,499	85,470,921	76,749,818	64,508,377	63,214,610
Legal Debt Margin	\$ 391,069,193	\$ 423,866,633	\$ 499,702,632	\$ 584,541,730	\$ 662,174,968	\$ 735,806,755	\$ 782,007,637	\$ 1,225,755,985	\$ 1,165,681,262	\$ 1,084,577,290
Total debt applicable to the limit as a percent of debt limit	15.7%	19.1%	15.8%	12.9%	12.5%	11.3%	9.9%	5.9%	5.2%	5.5%

*Debt Limit was 2% of assessed value for years 2000 - 2007.

Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 474.74 to 475.51, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of two percent of the estimated market value.

Dakota County, Minnesota

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Fiscal Year	Population¹	Personal Income	Per Capita Income	Median Age²	School Enrollment K thru 12³	Annual Average Unemployment Rate⁴
2001	363,610	13,372,750,000	36,788	N/A	72,818	3.1
2002	368,275	13,843,891,000	37,591	N/A	72,493	4.0
2003	372,100	14,458,266,000	38,856	N/A	73,760	4.3
2004	377,009	15,286,872,000	40,548	34.7	74,281	4.0
2005	381,608	15,915,188,000	41,706	35.2	74,033	3.7
2006	385,827	16,627,273,000	43,095	35.7	74,382	3.6
2007	389,418	17,541,174,000	45,045	34.6	73,342	4.1
2008	393,528	18,242,899,000	46,357	36.0	73,324	4.9
2009	396,500	17,594,416,000	44,374	34.6	73,033	7.3
2010	397,650	N/A	N/A	36.3	73,792	6.7

Data Sources:

¹ US Dept Of Commerce, Bureau of Economic Analysis

² US Dept Of Commerce, Bureau of Economic Analysis

³ State Department of Education

⁴ State Department of Employment and Economic Development

Dakota County, Minnesota

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

<u>Employer (1)</u>	2001 <u>Employees</u>	Percentage of Total County <u>Employment</u>	<u>Employer</u>	2010 <u>Employees</u>	Percentage of Total County <u>Employment</u>
West Group	5,396	2.55%	Reuters Thomson West	7,500	3.44%
Blue Cross-Blue Shield	2,916	1.38%	Independent School District 196	4,300	1.97%
School District #196	2,773	1.31%	Blue Cross-Blue Shield	3,500	1.61%
Burnsville Center	2,950	1.39%	Dakota County	1,806	0.83%
UNISYS	2,150	1.02%	Independent School District 191	1,600	0.73%
Land O lakes	2,003	0.95%	Independent School District 194	1,596	0.73%
Dakota County	1,673	0.79%	US Postal Service	1,570	0.72%
Lockheed Martin	1,600	0.76%	Sun Country	1,200	0.55%
Independent School District 194	1,488	0.70%	Flint Hills Resources	1,200	0.55%
U.S. Postal Service	1,435	0.68%	Evergreen Industries	1,200	0.55%
	<hr/>			<hr/>	
Total County Employment	<u>211,589</u>	<u>11.53%</u>	Total County Employment	<u>217,790</u>	<u>11.68%</u>

Source: Department of Employment and Economic Development

Dakota County, Minnesota

COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Wide										
County Wide	-	-	-	-	2.00	-	-	-	0.5	-
Public Service										
Public Service	6.0	7.0	7.0	10.9	10.4	10.1	10.1	10.1	10.3	10.3
Assessor	38.0	38.0	38.5	37.0	37.0	37.0	37.0	38.0	38.0	36.0
Property Records	22.0	22.3	22.3	22.3	22.3	23.3	23.3	-	-	-
Treasurer-Auditor	34.7	34.7	34.7	27.7	27.7	28.1	28.1	51.4	50.7	48.1
Service & Licensing	14.5	19.5	19.3	19.3	19.3	19.3	19.3	23.3	23.8	22.8
Library	147.9	147.9	148.1	141.8	142.6	148.9	148.9	158.9	158.9	150.9
Operations Management										
Operations Management	38.6	42.6	43.1	41.6	45.1	46.7	48.2	63.0	64.1	61.0
Information Technology	54.0	57.0	59.0	54.3	56.3	59.3	59.3	62.3	61.3	58.3
Financial Services	29.0	29.0	32.5	32.0	31.5	30.5	30.3	29.3	30.2	29.0
OMB Division Administration	7.3	6.3	6.9	4.9	3.0	6.0	8.0	9.0	11.0	4.0
Planning, Evaluation	5.2	6.0	6.0	6.0	6.0	6.0	6.5	6.5	13.8	13.8
CJIN	-	-	-	-	-	-	-	-	-	5.0
Administration										
County Administration	9.8	9.0	8.3	8.0	8.5	8.0	11.0	8.0	8.0	7.5
County Board	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Communications	-	-	-	-	-	-	-	8.0	8.0	7.6
Employee Relations	20.6	21.6	21.6	20.2	20.7	21.2	21.2	21.2	21.2	20.7
Community Services										
Community Services Administration	19.0	20.0	21.0	20.0	18.0	18.0	18.0	17.0	13.0	13.0
Social Services	243.1	259.6	270.6	266.6	269.6	263.7	264.5	276.5	285.5	279.5
Employment & Economic Assistance	238.0	243.7	248.7	242.7	243.7	244.7	243.7	248.7	250.7	252.7
Public Health	129.1	136.0	126.3	123.1	122.9	126.8	134.0	145.9	146.3	144.8
Veterans Services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Community Corrections	164.1	165.8	167.8	165.8	168.5	175.3	177.3	179.0	180.6	174.6
Extension	7.5	7.3	7.3	1.5	-	-	-	-	-	-
Public Safety										
Sheriff	158.8	163.8	164.5	161.5	170.7	180.2	169.3	175.3	176.3	173.3
County Attorney										
County Attorney	81.1	81.1	81.6	79.4	80.2	82.7	83.7	85.1	85.1	82.5
Courts										
District Court	77.9	80.3	80.3	80.4	-	-	-	-	-	-
Physical Development										
Office of GIS	-	-	8.0	8.0	8.0	10.0	10.0	10.0	8.0	8.0
Physical Development	4.0	4.0	5.0	5.0	15.8	18.0	24.6	22.4	20.9	16.9
Transportation	80.1	82.1	83.1	82.0	85.0	86.7	87.7	83.5	82.7	83.7
Parks	56.0	56.1	58.0	54.1	43.5	45.0	47.8	48.2	50.8	48.30
Water Resources	-	-	-	-	-	-	13.3	17.2	16.9	17.6
Physical Development Planning	12.0	10.8	11.8	12.8	11.8	10.8	-	-	-	-
Environmental	33.3	31.8	32.0	32.7	28.9	29.0	21.5	16.5	16.5	13.4
Survey	18.5	19.0	10.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0
Total	1,764.1	1,816.3	1,837.3	1,784.6	1,722.0	1,757.3	1,768.6	1,837.3	1,856.1	1,806.3

Source: Dakota County Departmental documents

Dakota County, Minnesota
Operating Indicators
By Governmental Function

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Property Documents Recorded	131,281	161,798	221,216	151,980	138,479	113,202	107,507	90,531	95,015	92,340
Employment Applications	8,916	12,390	3,253	8,810	7,718	15,558	14,160	10,699	6,526	6,565
County Veterans Population	29,368	27,900	32,040	31,776	30,987	31,000	30,500	29,974	29,854	29,671
New Adult Criminal Court Cases	4,195	4,679	4,785	4,636	4,821	4,815	4,836	4,310	4,444	4,627
Juvenile Delinquency Referrals	4,540	4,438	4,323	4,093	3,927	4,095	3,848	3,315	3,164	2,612
Commitment Referrals	239	264	220	232	237	246	277	258	254	218
Plat Reviews	204	256	249	251	261	202	157	84	54	37
Public Safety										
Probation Offenders Served	17,490	16,585	17,383	17,757	18,219	19,858	20,327	20,576	22,405	19,649
Community Restoration Hours Served	na	91,785	92,429	93,985	92,984	98,961	105,592	97,809	96,967	86,518
Driving While Impaired Arrests	192	274	292	193	282	307	269	249	247	215
Applications for Permit to Carry Handguns	na	na	1,147	572	566	741	756	1,541	1,263	1,323
Daily Inmate Responsibility Average	212	232	251	263	301	308	334	291	239	263
Highways and Streets										
Fuel Used (Diesel and Unleaded)	155,700	144,360	144,126	120,560	123,601	105,096	120,086	136,865	120,602	132,317
Sanitation										
Pounds of Household Hazardous Waste Collected	966,000	1,256,000	1,356,000	1,390,000	1,484,000	1,525,000	2,150,000	3,017,291	2,032,791	3,393,183
Human Services										
Intake and Crisis Calls	42,317	40,483	37,365	39,716	42,956	44,800	45,687	44,410	41,326	36,911
Average Monthly # of Children in Out-of-Home Placement	na	293	213	204	220	230	213	188	139	122
Chemical Health Assessments Completed	na	na	na	1,065	1,172	1,260	1,304	1,535	1,858	1,103
Public Assistance Caseload	10,183	11,663	13,051	12,706	13,593	14,513	15,000	16,075	17,850	19,635
Child Support Collections	\$41,914,403	\$42,954,071	\$44,688,674	\$45,827,907	\$46,592,308	\$47,584,658	\$47,890,683	\$49,497,925	48,324,209	47,243,560
Average # Families served - Child Care Assistance Programs	1,865	2,108	2,116	1,783	1,763	1,878	1,900	1,121	1,273	na
Health										
Family Health Referrals	1,930	1,658	1,607	915	765	863	812	1,011	842	618
WIC Clients	8,215	9,022	9,052	10,146	11,146	11,988	12,366	12,730	12,752	na
Long Term Care Clients on Medicaid Waiver	1,207	1,500	1,742	1,826	2,013	2,160	2,247	2,431	2,782	2,970
Number of Confirmed Tuberculosis Cases	11	18	18	20	29	31	27	21	23	15
Health Alerts Issued	21	13	29	31	27	19	30	24	68	27
Vaccinations Administered	3,348	3,538	4,655	3,701	3,693	2,745	3,630	3,596	4,895	4,952
Culture and Recreation										
Visitors to Library (Gate Counts)	1,547,881	1,613,931	1,604,406	1,625,621	1,665,874	1,918,538	1,809,828	1,942,459	2,193,975	2,114,952
Master Gardener Education Events	na	4	15	25	30	87	99	114	104	100
Economic Development										
Employment and Training Caseload	2,850	3,884	4,814	4,300	3,875	3,660	4,199	4,959	6,566	5,700
Number of Adults Program Participants Placed in Employment	596	663	1,096	1,596	920	1,025	1,084	1,300	1,201	1,035

Source: County Departmental budget documents, web-sites, and staff.

Dakota County, Minnesota

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Government Centers	2	3	3	3	3	3	3	3	3	3
Public Safety										
Justice Center	1	1	1	1	1	1	1	1	1	1
Patrol Units	64	67	72	84	85	72	74	84	95	105
Bituminous (miles)	346	354.8	354.8	353.3	352.7	354.7	353.2	352.8	350.1	356.2
Concrete (miles)	1.3	1.9	1.9	1.8	1.8	1.8	1.8	2.8	2.8	2.8
Gravel (miles)	83	81	81	77.5	72.4	70.4	70.4	67.9	67.5	65
Bridges	29	29	29	27	27	27	29	29	32	34
Traffic signals	103	105	106	107	111	113	132	133	134	134
Culverts	49	49	49	51	51	51	51	51	47	47
Highway Shops	3	4	4	4	4	4	3	3	3	2
Culture & Recreation										
Acreage	4509	4509	4698	4698	4698	4698	4698	5200	5900	5320
County Parks	1	1	1	1	1	1	1	1	1	1
Regional parks & trails	5	5	5	5	5	5	5	5	6	8
Libraries	9	8	8	8	8	8	8	8	9	9

Data Sources: Various county departments

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