

Dakota County, Minnesota

2012

Comprehensive

Annual Financial Report

For the Year Ended December 31, 2012



A premiere county in which to live and work.

Dakota
COUNTY

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

For The Year Ended December 31, 2012



Prepared by the Financial Services Department

Stephanie Shawback, Director

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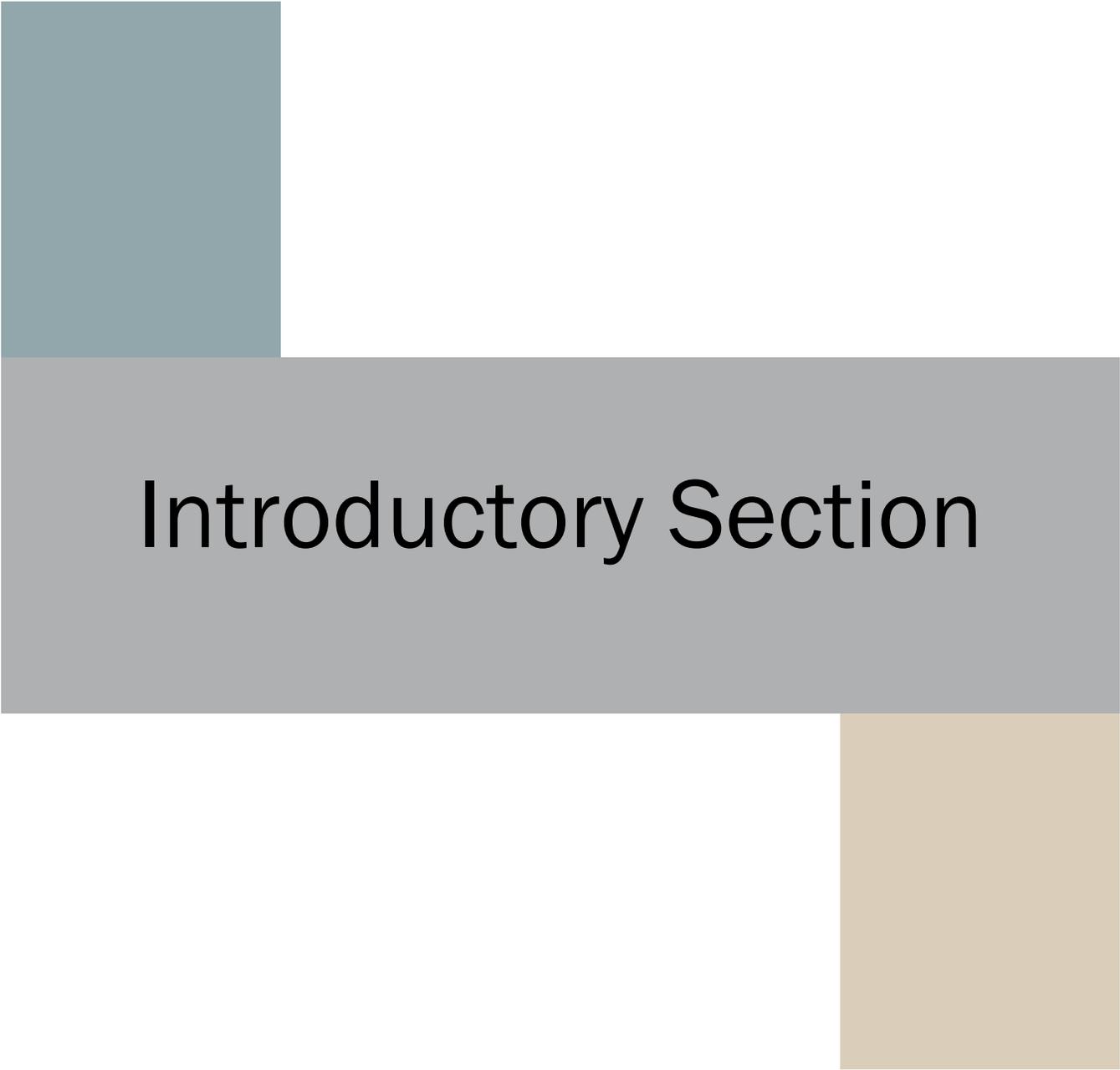
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Introductory Section



Financial Services
Department
Matt Smith
Director

July 31, 2013

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
www.dakotacounty.us

SUBJECT: ***2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT***

The Comprehensive Annual Financial Report (CAFR) of Dakota County is submitted for the fiscal year ended December 31, 2012. 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 record and transactions of the County by the Office of the State Auditor. This requirement has been complied with and the independent 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 2012 population was 405,088 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 while leaving the County Board to concentrate its efforts on significant budget issues.

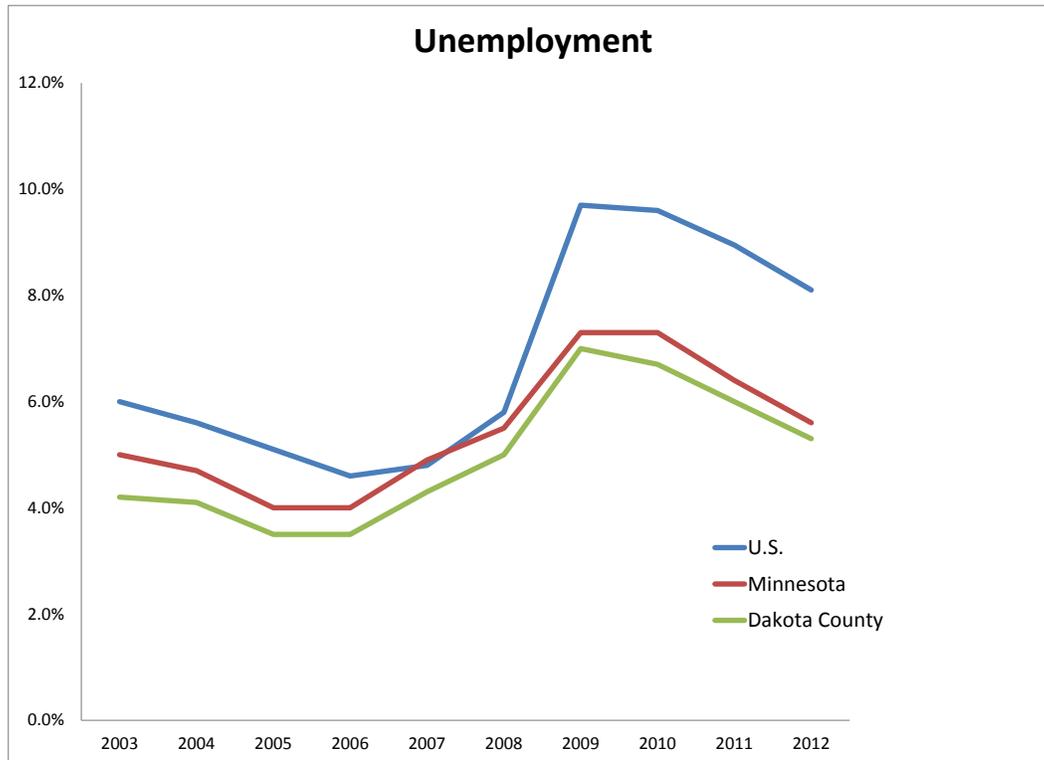
Factors Affecting Financial Condition

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's population change from 2000 to 2010 was an increase of 12%, adding more than 42,648 people. According to Census estimates, 2008 was the first year since 1977 that Dakota County gained less than 1 percent in population, with the trend continuing in 2010. Over the next 20 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 36.5% 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 2003, the unemployment rate in Dakota County generally increased, until 2009 where it began to decline, 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 2012, Dakota County's unemployment rate was 5.3%, the State's unemployment rate was 5.6% and the national unemployment rate was 8.1%.
- According to the Minnesota Department of Employment and Economic Development (DEED) there were 9,698 private sector firms and 154,057 private sector employees in Dakota County. Largest employing industry sectors in the county are retail trade (21,683), manufacturing (18,743), health care and social assistance (17,718), and accommodation and food services (14,057). The manufacturing and health care sectors account for approximately 21.1% of employment in Dakota County.
- 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 2003 through 2012. Dakota County maintains a lower average unemployment rate than Minnesota and the U.S.

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

	Dakota County		Distribution		% Change 2011-2012	
	Avg Number of Employees		Dakota	State of	County	State
	<u>2011</u>	<u>2012</u>	<u>County</u>	<u>Minnesota</u>	<u>County</u>	<u>State</u>
Total, All Industries	170,351	172,827	100.00%	100.00%	1.4%	1.5%
Agricultural, Forestry, Fishing	715	701	0.4%	0.8%	-2.0%	4.6%
Mining	143	159	0.1%	0.2%	10.1%	6.9%
Construction	7,320	7,599	4.5%	3.9%	3.7%	2.9%
Manufacturing	18,415	18,743	11.0%	11.7%	1.7%	1.5%
Utilities	426	419	0.2%	0.5%	-1.7%	-0.7%
Wholesale Trade	9,062	9,192	5.4%	4.9%	1.4%	2.0%
Retail Trade	21,124	21,683	12.7%	10.9%	2.6%	0.8%
Information	8,259	8,604	5.1%	2.2%	4.0%	0.1%
Finance, Insurance & Real Estate	12,248	13,537	7.9%	6.8%	9.5%	2.1%
Services	46,919	42,775	25.1%	26.6%	-9.7%	-42.3%
Other	38,510	28,513	16.7%	29.5%	-35.1%	29.2%
Total, All Industries -- Government	19,168	18,769	11.0%	14.1%	-2.1%	-1.5%
Total, All Industries -- Private	151,183	154,057	90.4%	87.4%	1.9%	3.5%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	\$350,166	\$230,307	\$149,576	\$146,271	\$149,700
Commercial	163,520	68,309	26,147	29,959	19,514
Industrial	23,711	12,220	2,023	8,009	3,165
Agricultural	2,087	1,814	1,476	2,038	2,846
Apartments	<u>11,786</u>	<u>21,155</u>	<u>42,451</u>	<u>14,601</u>	<u>22,061</u>
Total Value	<u>\$551,270</u>	<u>\$333,805</u>	<u>\$221,673</u>	<u>\$200,878</u>	<u>\$197,286</u>

Source: Dakota County Assessor's Office

Major Initiatives by Dakota County

Dakota County government 2012 highlights:

- The Dakota County Board of Commissioners adopted the Dakota County Strategic Plan on April 24. The plan outlined five key goals to guide the work of the County.
 - A great place to live: Dedicated to making Dakota County home to safe, welcoming communities where people can succeed.
 - A clean and green place: Dakota County protects open spaces and natural resources for future generations.
 - Thriving people: Dakota County protects the vulnerable and helps people realize their potential.
 - Good for business: Dakota County promotes and supports prosperity and job creation.
 - County government that leads the way: Dakota County is committed to excellence, achieved by continuously improving service through good financial stewardship, collaboration and leadership.
- In 2012, the County Board approved a levy of \$129.15 million for 2013, giving the third-largest County in the state the third-lowest county tax rate. The amount is a 0.2 percent decrease from the 2012 levy.
- The Board cut jobs and money from its budget to total a decrease of 134 jobs and nearly \$40 million in a three-year span.
- Construction of bus shoulders for the bus rapid transit service along Cedar Avenue was substantially completed in 2012. The bus service, known as the METRO Red Line, is the second line of the METRO transportation system, preceded only by the Hiawatha light rail transit, or Blue Line.
- In July, Dakota County commissioners Nancy Schouweiler and Will Branning, along with fellow county officials from across the country, attended the 2012 National Association of Counties' Annual Conference and Exposition to discuss critical issues of concern to county governments and the communities they serve.
- Commissioner Nancy Schouweiler was elected to chair NACo's Justice and Public Safety Steering Committee. NACo is the only national organization representing county government.
- Commissioner Will Branning was recognized Aug. 9 by the Minnesota Workforce Council Association for his years of service and leadership. Branning acted as Dakota County commissioner from 1997 to 2012, in addition to serving on NACo's Workforce Committee and chairing the Greater Metro Workforce Board and the Minnesota Workforce Council Association.

- At the beginning of the year, the Board unanimously adopted Whitetail Woods Regional Park as the name for its new park in Empire Township. The \$5.3 million budget for the park is being spent transforming 456 acres of rolling hills, woods and wetlands into an ideal location for recreational activities.
- Campgrounds in Dakota County Parks generated revenue of \$385,394 — a 5.4 percent increase from 2011. Weddings in the Parks also escalated in 2012, with 95 total ceremonies and receptions scheduled — a 37 percent increase from 2011. The Parks’ total revenue increased from \$568,291 in 2011 to \$724,967 in 2012.
- In the fall, the Board approved a \$1.1 million contract with Hennepin County for medical examiner services, saving Dakota County from having to construct a new building for a growing caseload of autopsies. The contract gives Dakota County the benefits of state-of-the-art technology and highly skilled staff.
- Dakota County launched a new website on Nov. 13. The user-friendly site has a cleaner appearance than the former design and allows residents to quickly find the information they need. Part of the updated design included giving Dakota County Parks and Dakota County Library their own websites within the County site.
- After the installation of tracking devices into 70 of the County’s fleet vehicles, safe driving behaviors improved significantly. Speeding decreased 42 percent from December 2011 to December 2012 and seat belt use increased 92 percent during the same time.
- The Dakota County Public Health Department was one of 39 public health programs throughout the nation to receive the National Association of County and City Health Officials’ Model Practice Award. The award recognized Public Health’s development of Smart Choices, a program to support healthy food options and physical activity for students and staff in nine Dakota County school districts.
- Dakota County was awarded two 2012 National Association of Counties Achievement Awards for the Juvenile Detention Alternatives Initiative and the Counties Transit Improvement Board.
- More than 2 million people visited one or more of Dakota County Library’s nine locations, and nearly 5 million items were checked out.

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, 2012.

<u>Bargaining Unit</u>	<u>Term of contract</u>	<u>Status of Contract</u>
AFSCME - Human Services	2012	Settled
AFSCME – Library	2011-2013	Settled
Assessing Services	2012	Settled
Attorney Employees’ Assoc.	2012	Settled
Community Corrections	2011-2012	Settled
Human Services Supervisors’ Assoc.	2012	Settled
Park Maintenance	2011-2012	Settled
Facilities Management	2011-2012	Settled
Public Health Services/MNA	2011-2012	Settled
Public Health Support	2011-2012	Settled
Road & Bridge Maintenance		Not Settled
Sheriff Adm/Support	2011-2012	Settled
Sheriff Licensed Deputies		Not Settled
Sheriff Jail		Not Settled
Sheriff Supervisor		Not Settled
Sheriff Nonlicense Supervisor		Not Settled

All contracts start January 1 and end December 31.

Awards and Acknowledgements

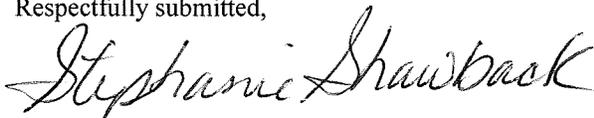
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dakota County for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the 23rd consecutive year 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 2012. This is the 16th 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 cursive script that reads "Stephanie Shawback".

Stephanie Shawback
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, 2011

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.



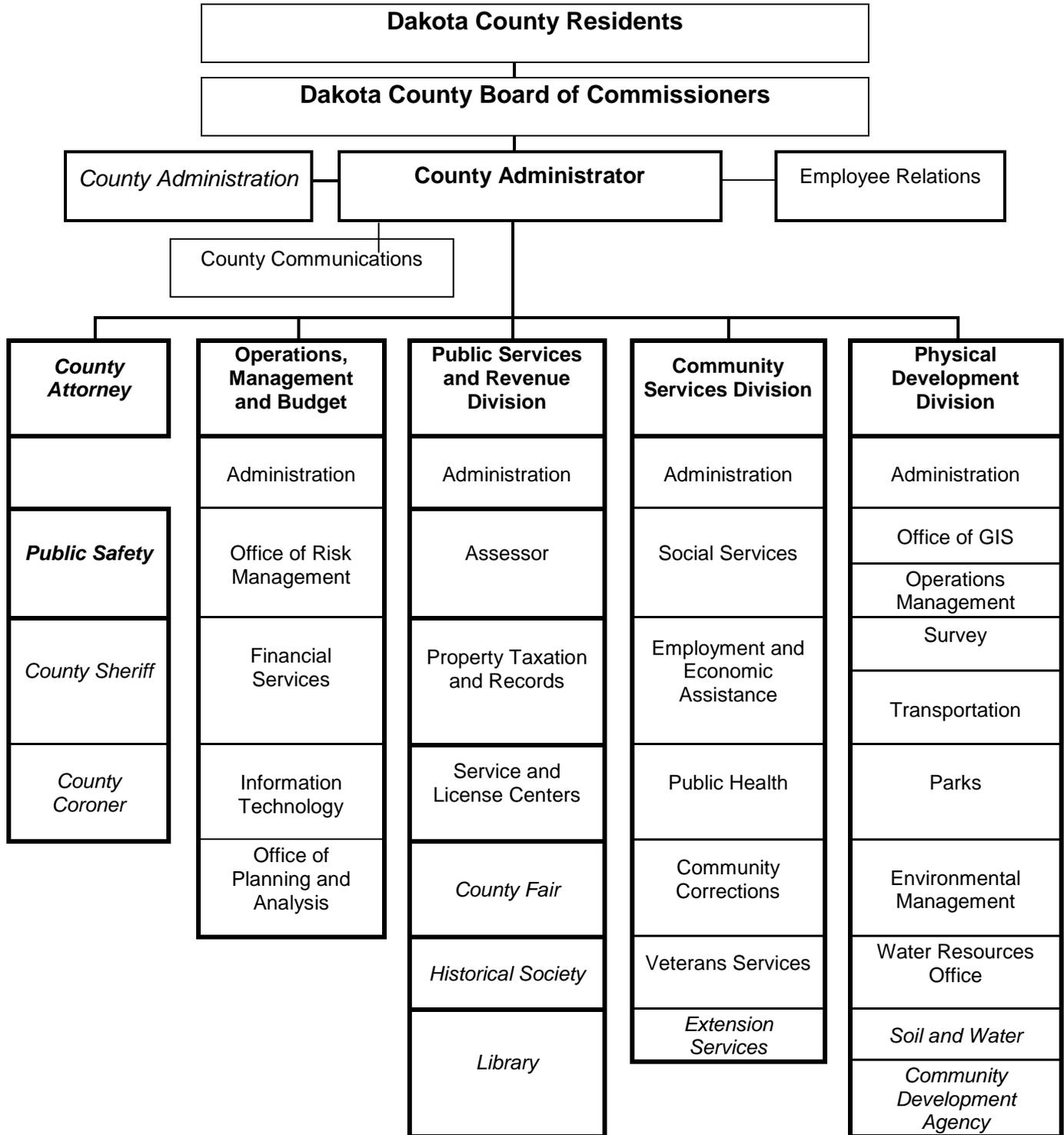
Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

2012 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*.

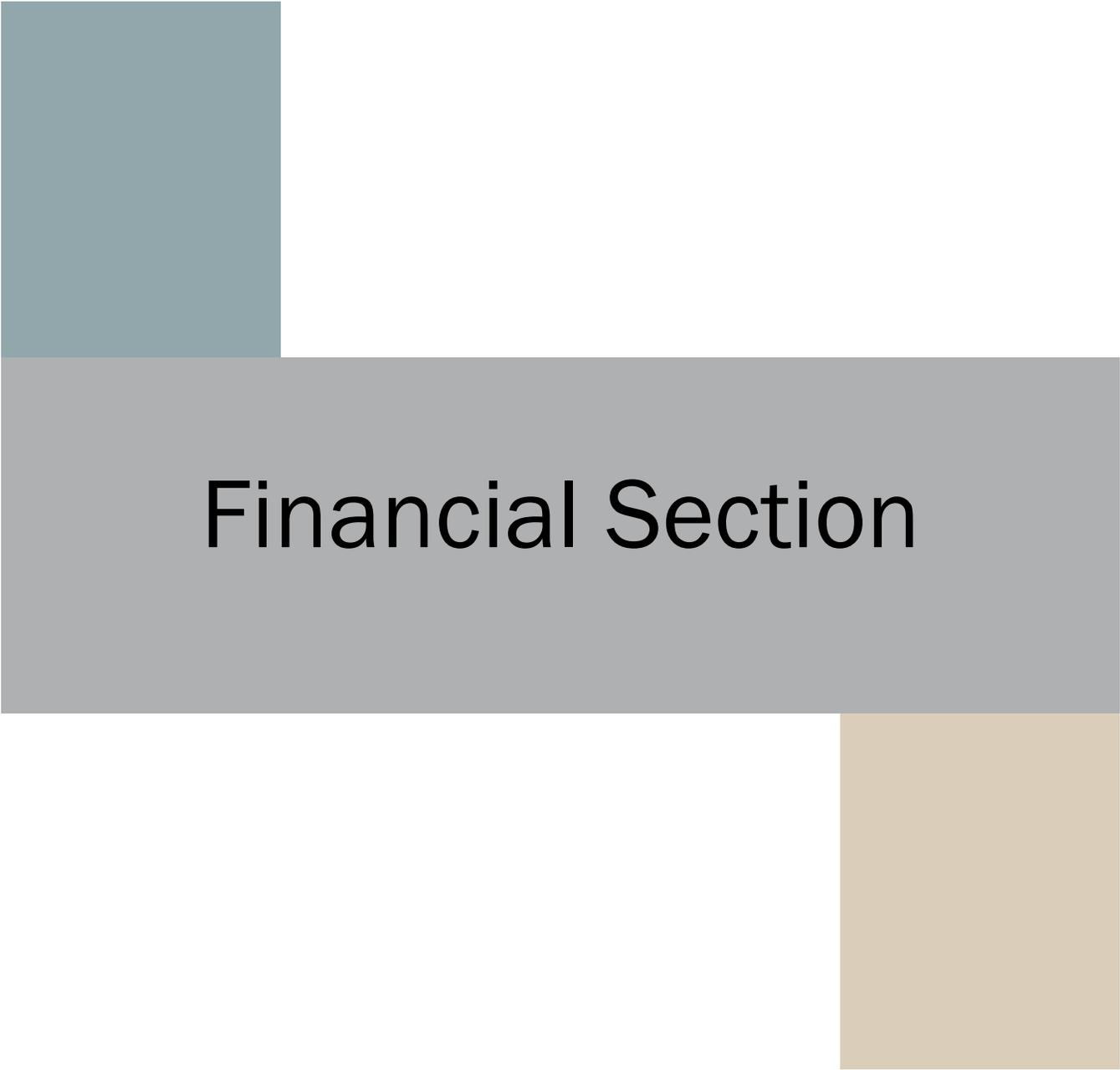
Dakota County MINNESOTA

ORGANIZATION

2012

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
Deputy County Administrator/Director of Operations, Mgmt. & Budget	Matthew G. Smith	Oct. 2011		Indefinite
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



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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dakota County

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Community Development Agency (CDA), and 99.4 percent, 99.3 percent, and 97.5 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Highway, Community Services, Environmental Management, and Regional Rail Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Supplementary and Other Information

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, the supplementary information, the governmental revenue schedules, and the statistical section 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 the 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. Such 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013, on our consideration of Dakota County's internal control over financial reporting and on our 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* in considering Dakota County's internal control over financial reporting and compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 31, 2013

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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, 2012. 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 (12/31/12) by \$899,676,041 (*net position*). Of this amount, \$250,601,958 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Dakota County's total net position increased by \$71,663,515 over 2011. This is primarily the result of budget savings from operations.
- As of the close of the 2012 fiscal year, Dakota County governmental funds ending fund balances were \$277,143,570 compared to \$236,566,085 in 2011. This increase is primarily due to budget savings in operations from vacancies and the receipt of state and federal revenue for highway capital improvement projects that were expensed in previous years. Approximately 94.2% or \$261,045,391 of the total fund balance is available for spending at Dakota County's discretion (committed, assigned, and unassigned fund balances).
- At the end of the current fiscal year, combined assigned and unassigned fund balance for the General Fund was \$63,684,136 or 76.25% of total General Fund expenditures.

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 Position* presents information on all of Dakota County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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), the Dakota County Criminal Justice Information Integration Network (CJIIN), and the Byllesby Dam.

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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, Environmental Management Fund, and Regional Rail, Debt Service Fund, and Capital Projects Fund. Data from the other four 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 seven major governmental funds and the County Library and County Parks 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 30-43 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. In 2011, the Byllesby Dam Fund was added to account for the net revenue generated from producing electricity at the Byllesby Dam Hydro-electric facility and subsequently sold to Xcel Energy after expenses paid to a third-party operator contracted to operate the turbines and generators. 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. At the end of 2012 a transfer of \$5,000,000 was made from the General Fund to this fund to establish a reserve for the self-funded health care program beginning January 1, 2013. 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, the CJIIN Enterprise Fund, and the Byllesby Dam 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 44-46 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 47-48 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 49-78 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 81-94 of this report.

Government-wide Financial Analysis

As noted earlier, the change in net position 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 \$899,676,041 at the close of 2012, which is an increase of \$71,663,515 over 2011.

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Net investment in capital assets, of \$634,821,240 (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 position (70.6%). Dakota County uses capital assets to provide services 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 Position

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 357,029,763	\$ 304,961,700	\$ 2,235,170	\$ 2,234,704	\$ 359,264,933	\$ 307,196,404
Capital assets	658,324,508	633,146,205	-	-	658,324,508	633,146,205
Total assets	<u>1,015,354,271</u>	<u>938,107,905</u>	<u>2,235,170</u>	<u>2,234,704</u>	<u>1,017,589,441</u>	<u>940,342,609</u>
Long-term liabilities outstanding	71,541,216	77,385,108	-	-	71,541,216	77,385,108
Other liabilities	46,200,355	34,837,541	171,829	107,434	46,372,184	34,851,989
Total liabilities	<u>117,741,571</u>	<u>112,222,649</u>	<u>171,829</u>	<u>107,434</u>	<u>117,913,400</u>	<u>112,237,097</u>
Net position:						
Net investment in capital assets	634,821,240	605,455,040	-	-	634,821,240	605,455,040
Restricted	12,189,502	12,124,268	2,063,341	2,127,270	14,252,843	14,251,538
Unrestricted	250,601,958	208,305,948	-	-	250,601,958	208,305,948
Total net position	<u>\$ 897,612,700</u>	<u>\$ 825,885,256</u>	<u>\$ 2,063,341</u>	<u>\$ 2,127,270</u>	<u>\$ 899,676,041</u>	<u>\$ 828,012,526</u>

Dakota County's total net position increased by \$71,663,515 from the 2011 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 and the receipt of state and federal revenue for highway capital improvement projects that were expensed in previous years.

An additional portion of Dakota County's net position \$14,252,843 or 1.6%, represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$1,305 during the current fiscal year. The remaining balance of unrestricted net position of \$250,601,958 may be used to meet Dakota County's obligations to citizens and creditors.

At the end of 2012, Dakota County has positive balances in all three categories of net position, including the government as a whole, as well as for its separate governmental and business-type activities. The results are similar to 2011.

Governmental Activities. Governmental activities increased Dakota County's net position by \$71,727,444 from 2011, thereby accounting for 100.09% of the total growth in the net position of Dakota County. A key element of this growth was the receipt of state and federal revenue for highway capital improvement projects that were expensed in previous years.

Business-type Activities. Business-type activities decreased Dakota County's net position by \$63,929 accounting for (0.09)% of the total change in the government's net position.

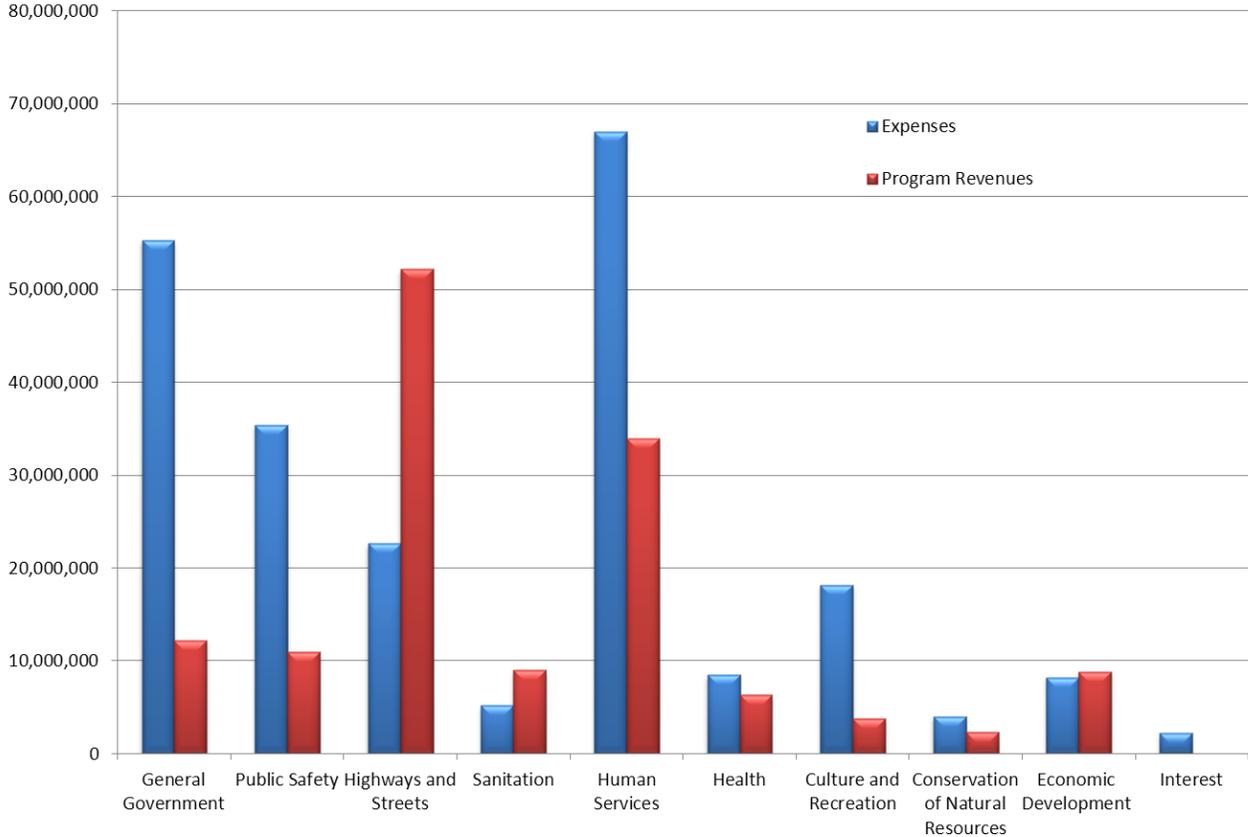
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Dakota County's Changes in Net Position

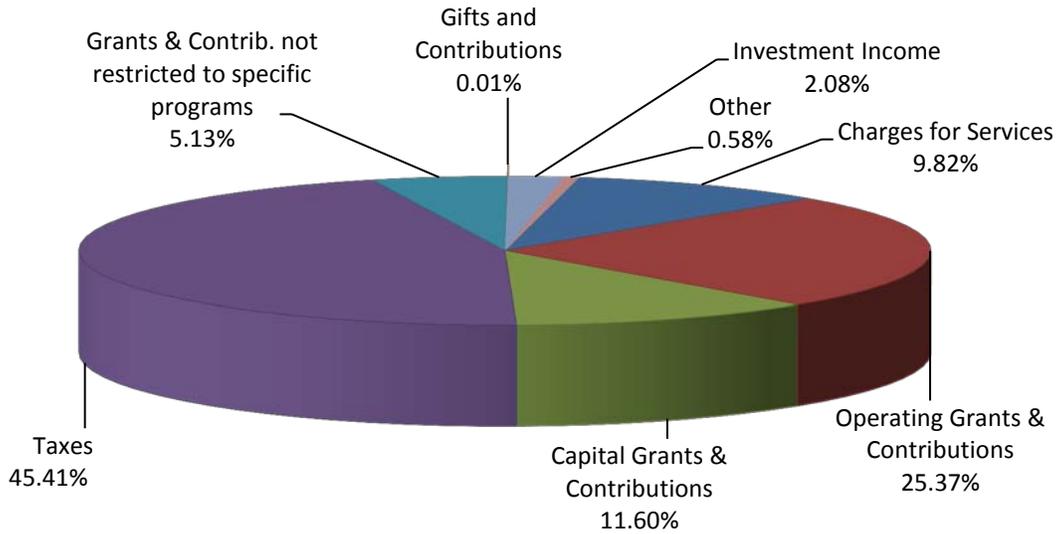
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Fees, charges, fines and other	\$ 29,289,267	\$ 29,003,951	\$ 764,319	\$ 2,370,347	\$ 30,053,586	\$ 31,374,298
Operating grants & contributions	75,709,446	91,800,234	157,769	17,325	75,867,215	91,367,469
Capital grants & contributions	34,620,817	27,030,033	-	-	34,620,817	27,480,123
General revenues:						
Taxes	135,515,385	129,105,484	-	-	135,515,385	129,105,484
Grants & contributions not restricted to specific programs	15,293,028	16,346,749	-	-	15,293,028	16,346,749
Gifts and contributions	38,595	22,614	-	-	38,595	22,614
Investment income	6,212,921	11,348,301	-	-	6,212,921	11,348,301
Other	1,737,431	2,041,733	-	-	1,737,431	2,041,733
Total revenues	<u>298,416,890</u>	<u>306,699,099</u>	<u>922,088</u>	<u>2,370,347</u>	<u>299,338,978</u>	<u>306,920,969</u>
Expenses:						
General government	55,323,557	67,066,253	-	-	55,323,557	67,066,253
Public safety	35,409,600	35,447,935	-	-	35,409,600	35,447,935
Highways and streets	22,657,918	31,587,930	-	-	22,657,918	31,587,930
Sanitation	5,197,563	4,954,461	-	-	5,197,563	4,954,461
Human services	66,997,873	68,904,678	-	-	66,997,873	98,904,678
Health	8,486,409	10,727,236	-	-	8,486,409	10,727,236
Culture and recreation	18,171,501	19,368,747	-	-	18,171,501	19,368,747
Conservation of natural resources	4,016,128	3,960,904	-	-	4,016,128	3,960,904
Economic development	8,216,401	8,145,271	-	-	8,216,401	8,145,271
Interest	2,212,496	2,919,202	-	-	2,212,496	2,919,202
Operating expenses - GIS	-	-	9,072	58,164	9,072	58,164
Operating expenses -Byllesby	-	-	928,924	417,750	928,924	417,750
Operating expenses - CJIN	-	-	48,021	84,192	9,072	84,192
Total expenses	<u>226,689,446</u>	<u>253,082,617</u>	<u>986,017</u>	<u>560,106</u>	<u>227,675,463</u>	<u>253,642,723</u>
Increase (decrease) in net position	71,727,444	53,616,482	(63,929)	1,827,566	71,663,515	55,444,048
Net position 1/1	<u>825,885,256</u>	<u>772,268,774</u>	<u>2,127,270</u>	<u>299,704</u>	<u>828,012,526</u>	<u>772,568,478</u>
Net Position 12/31	<u>\$ 897,612,700</u>	<u>\$ 825,885,256</u>	<u>\$ 2,063,341</u>	<u>\$ 2,127,270</u>	<u>\$ 899,676,041</u>	<u>\$ 828,012,526</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, *committed, assigned and unassigned 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 2012, Dakota County's governmental funds reported combined ending fund balances of \$277,143,570 an increase of \$40,577,485 in comparison with the prior year. This increase includes budget savings from operations. Most of the fund balance, \$261,045,391 constitutes committed, assigned or unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been restricted for specific purposes.

General Fund. The General Fund is the chief operating fund of Dakota County. At the end of 2012, the General Fund's fund balance was \$69,727,396 of which \$64,193,932 was committed, assigned or unassigned. As a measure of the General Fund's liquidity, it may be useful to compare committed, assigned and unassigned fund balance and total fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 76.9% of total General Fund expenditures of \$83,518,927, while total fund balance represents 83.5% of that same amount.

Highway Fund. The Highway Fund had total fund balance of \$51,538,533 at the end of 2012. The fund balance of the Highway Fund increased by \$22,630,575 during the current fiscal year. The increase is due to receiving city, state, and federal revenues from prior year projects in 2012 and County Program Aid (CPA) coming in greater than budgeted.

Community Services Fund. The Community Services Fund had a total fund balance of \$82,211,938 at the end of 2012. This is Dakota County's largest operating fund due to receipt of external revenues. The fund balance of the Community Services Fund increased by \$7,983,486 during the current fiscal year compared to an increase of \$6,287,769 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.

Environmental Management. The Environmental Management fund had a total fund balance of \$32,434,430 at the end of 2012. The fund balance of the Environmental Management fund increased by \$3,137,594 during the current fiscal year. This change is from host fee revenues exceeding budgeted amounts.

Regional Rail Fund. The Regional Rail Fund had a total fund balance of \$6,106,842 at the end of 2012. The fund balance of the Regional Rail Fund increased by \$1,256,106 during the current fiscal year. This change is due to advance receipt of revenue for capital improvement projects not completed.

Debt Service Fund. The Debt Service Fund had a total fund balance of \$7,873,365 at the end of 2012, all of which is restricted for the payment of debt service. The fund balance of the Debt Service Fund increased by \$7,667 during 2012. This change is due to the payment on bonds, offset by taxes received.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$16,316,696. The fund balance for the Capital Projects Fund increased by \$6,042,360 during 2012 compared to an increase of \$148,608 in 2011. The increase in 2012 is due to more County Program Aid allocated to the fund and a transfer of \$4,000,000 from the General Fund for the funding of future projects.

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

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Net position restricted for equipment replacement of the *Geographic Information Systems Enterprise Fund* at the end of the year amounted to \$147,370. This is an increase of \$4,094 compared to 2011. The *Criminal Justice Information Integration Network Fund* had a restricted net position balance at the end of the year of \$335,505. This is an increase of \$99,563 compared to 2011. The *Byllesby Dam Enterprise Fund* had a restricted net position balance at the end of the year of \$1,580,466. The *Employee Services Reserve Internal Service Fund*, also regarded as a proprietary fund, has a restricted net position balance at the end of the year of \$4,819,965. Other factors concerning the finances of these 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 \$20,925,036 for expenditures at fiscal year end. The major changes from original to final budget for expenditures may be summarized as follows:

- \$6.7 million carry-over of 2011 funds to expand the Farmland and Natural Area Program to acquire permanent agricultural easements.
- \$5.8 million for 2011 carry-over of unspent Budget Incentive Program (BIP) funds for all departments.
- \$8.0 million for 2011 carry-over of funds for various grants and unfinished projects, including the 800 MHz radio system, the Real Estate Management System and the Enterprise Resource Planning System.

The difference between the original budget and final amended budget for revenue was \$2,806,713. This majority of increase from original to final budget for revenues relates to carryover of 2011 revenues for various programs and grants including Homeland Security grants and open space grants.

Comparison of Actual Resources to Final Amended Budget

Actual expenditures were \$18,067,911 less than budget at fiscal yearend. The variance of final budget versus actual was due to unspent Capital Equipment Program (CEP) and Budget Incentive Program (BIP) dollars, and project grants that have not been completed.

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, 2012, amount to \$658,324,508 (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 \$25,178,303, or 3.9%.

Major capital asset events during 2012 included the following:

- Acquired land and easements for the Farmland and Natural Area Program for \$3,129,055.
- 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 \$20,438,760.
- Acquired land for eventual use as right of way at a cost of \$8,317,017.
- Acquired land and easements for Parks for \$1,515,875.

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Dakota County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2010	2012	2011
Land	\$ 194,225,087	\$ 181,263,140	\$ -	\$ -	\$ 194,225,087	\$ 181,263,140
Buildings	131,967,633	135,846,358	-	-	131,967,633	135,846,358
Machinery and equipment	12,855,477	14,729,134	-	-	12,855,477	14,729,134
Infrastructure	257,092,044	265,394,986	-	-	257,092,044	265,394,986
Improvements other than buildings	12,498,223	4,504,852	-	-	12,498,223	4,504,852
Construction in progress	49,686,044	31,407,735	-	-	49,686,044	31,407,735
Total	\$ 658,324,508	\$ 633,146,205	\$ -	\$ -	\$ 658,324,508	\$ 633,146,205

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 2012, Dakota County had total bonded debt outstanding of \$52,255,000. This is a decrease of \$5,625,000 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 an "Aaa" rating from Moody's Investor Services, and an "AAA" rating from Standard & Poor's for general obligation debt.

Dakota County's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental activities	
	2012	2011
General obligation bonds	\$52,255,000	\$57,880,000
Total	\$52,255,000	\$57,880,000

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 \$1,004,078,914, which is significantly in excess of Dakota County's outstanding general obligation debt of \$52,255,000. The net bonded debt per capita is \$110.

Additional information on Dakota County's long-term debt may be found in note III F beginning on page 67 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Dakota County as of April, 2013 is 5.3%, which is an increase from a rate of 4.9% a year ago. This compares favorably to both the state and national average unemployment rate of 5.6% and 8.1% respectively.
- Dakota County's property tax base will continue to decline through 2013 due to decreasing property values. The 2012 tax base is 6.8% lower than 2011.

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- The State budget problems 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 2013 adopted budget makes adjustments in budgeted revenue because of these factors.

On December 11, 2012, the Dakota County Board of Commissioners approved the 2013 budget for \$291.8 million. This is an overall decrease of \$13.7 million or 4.5%. This decrease in the overall budget is driven by an \$8.73 million decrease in the operating budget as well as a \$4.4 million decrease in the Capital Improvement Program budget.

The 2013 total property tax levy is \$129.2 million, which is a 0.2% decrease from the 2012 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 POSITION
DECEMBER 31, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
Assets					
Cash and pooled investments	\$ 316,853,652	\$ 2,058,224	\$ 318,911,876	\$ 38,570,116	\$ 1,895,475
Petty cash and change funds	18,995	-	18,995	-	-
Investments	-	-	-	24,468,323	-
Taxes receivable					
Current - net	-	-	-	4,397,222	69,588
Prior - net	3,506,843	-	3,506,843	-	4,878
Special assessments receivable - net	-	-	-	-	-
Accounts receivable - net	1,541,720	106,822	1,648,542	1,322,424	-
Note receivable	-	-	-	56,031,325	-
Accrued interest receivable	497,164	-	497,164	1,200,470	-
Due from other governments	26,543,809	70,124	26,613,933	5,820,858	8,549
Inventories	1,907,636	-	1,907,636	-	-
Prepaid items	128,371	-	128,371	24,652	-
Restricted assets					
Cash and pooled investments	-	-	-	23,947,035	-
Deferred charges	278,814	-	278,814	693,926	-
Investment in joint venture	-	-	-	10,359,781	-
Lease receivable	5,752,759	-	5,752,759	-	-
Capital assets					
Non-depreciable	243,911,131	-	243,911,131	40,735,464	-
Depreciable - net of accumulated depreciation	414,413,377	-	414,413,377	110,008,199	-
Total Assets	\$ 1,015,354,271	\$ 2,235,170	\$ 1,017,589,441	\$ 317,579,795	\$ 1,978,490
Liabilities					
Accounts payable	\$ 11,347,653	\$ 171,829	\$ 11,519,482	\$ 6,515,665	\$ 212,565
Salaries payable	4,714,673	-	4,714,673	-	-
Contracts payable	1,809,457	-	1,809,457	-	-
Retainage payable	181,439	-	181,439	-	-
Due to other governments	2,446,789	-	2,446,789	312,765	-
Accrued interest payable	894,905	-	894,905	1,683,997	-
Deferred revenue - unearned	18,257,671	-	18,257,671	9,766,213	119,696
Compensated absences					
Due within one year	312,939	-	312,939	390,379	-
Due in more than one year	17,383,905	-	17,383,905	362,728	-
Claims and judgments payable					
Due within one year	379,829	-	379,829	-	-
Due in more than one year	1,451,682	-	1,451,682	-	-
General obligation bonds payable					
Due within one year	5,855,000	-	5,855,000	2,775,000	-
Due in more than one year	46,503,268	-	46,503,268	68,400,485	-
OPEB liability					
Due in more than one year	6,202,361	-	6,202,361	-	-
Notes payable					
Due within one year	-	-	-	190,078	-
Due in more than one year	-	-	-	6,166,191	-
Total Liabilities	\$ 117,741,571	\$ 171,829	\$ 117,913,400	\$ 96,563,501	\$ 332,261

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
<u>Net Position</u>					
Net investment in capital assets	\$ 634,821,240	\$ -	\$ 634,821,240	\$ 82,152,316	\$ -
Restricted for					
Capital projects	-	-	-	8,577,169	-
General government	1,744,351	-	1,744,351	-	-
Public safety	457,277	335,505	792,782	-	-
Culture and recreation	489	-	489	-	-
Debt service	7,873,365	-	7,873,365	-	-
Equipment replacement	2,114,020	1,727,836	3,841,856	-	-
Federal grants	-	-	-	17,831,351	-
Tax increment	-	-	-	8,972,058	-
HOPE program	-	-	-	16,975,097	-
Senior Levy	-	-	-	2,574,805	-
Unrestricted	250,601,958	-	250,601,958	83,933,498	1,646,229
Total Net Position	<u>\$ 897,612,700</u>	<u>\$ 2,063,341</u>	<u>\$ 899,676,041</u>	<u>\$ 221,016,294</u>	<u>\$ 1,646,229</u>

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**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Community Development Agency	Vermillion River Watershed
					Governmental Activities	Business-Type Activities	Total		
Functions/Programs									
Primary government									
Governmental activities									
General government	\$ 55,323,557	\$ 7,817,635	\$ 4,387,424	\$ -	\$ (43,118,498)	\$ -	\$ (43,118,498)		
Public safety	35,409,600	3,491,571	7,460,653	53,349	(24,404,027)	-	(24,404,027)		
Highways and streets	22,657,918	576,243	17,177,991	34,413,883	29,510,199	-	29,510,199		
Sanitation	5,197,563	8,433,603	544,354	-	3,780,394	-	3,780,394		
Human services	66,997,873	5,683,801	28,276,091	-	(33,037,981)	-	(33,037,981)		
Health	8,486,409	1,463,958	4,841,022	-	(2,181,429)	-	(2,181,429)		
Culture and recreation	18,171,501	1,558,792	2,114,445	153,585	(14,344,679)	-	(14,344,679)		
Conservation of natural resources	4,016,128	20,021	2,289,603	-	(1,706,504)	-	(1,706,504)		
Economic development	8,216,401	243,643	8,617,863	-	645,105	-	645,105		
Interest	2,212,496	-	-	-	(2,212,496)	-	(2,212,496)		
Total governmental activities	\$ 226,689,446	\$ 29,289,267	\$ 75,709,446	\$ 34,620,817	\$ (87,069,916)	\$ -	\$ (87,069,916)		
Business-type activities									
Geographic Information System	9,072	13,166	-	-	-	4,094	4,094		
Criminal Justice Information Integration	48,021	147,584	-	-	-	99,563	99,563		
Byllesby Dam	928,924	603,569	157,769	-	-	(167,586)	(167,586)		
Total business-type activities	\$ 986,017	\$ 764,319	\$ 157,769	\$ -	\$ -	\$ (63,929)	\$ (63,929)		
Total primary government	\$ 227,675,463	\$ 30,053,586	\$ 75,867,215	\$ 34,620,817	\$ (87,069,916)	\$ (63,929)	\$ (87,133,845)		
Component units									
Community Development Agency	\$ 38,850,422	\$ 16,618,820	\$ 26,391,926	\$ 877,276			\$ 5,037,600	\$ -	
Vermillion River Watershed	908,946	77	70,007	-			-	(838,862)	
Total component units	\$ 39,759,368	\$ 16,618,897	\$ 26,461,933	\$ 877,276			\$ 5,037,600	\$ (838,862)	

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, 2012**

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	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				\$ 132,725,693	\$ -	\$ 132,725,693	\$ 7,261,674	\$ 1,257,737
Gravel taxes				571,663	-	571,663	-	-
Mortgage registry and deed tax				481,980	-	481,980	-	-
Tax increment financing				-	-	-	1,635,537	-
Taxes - other				1,736,049	-	1,736,049	-	-
Gifts and contributions - Unrestricted				38,595	-	38,595	-	-
Grants and contributions not restricted to specific programs				15,293,028	-	15,293,028	-	33,337
Investment income				6,212,921	-	6,212,921	316,807	14,528
Miscellaneous				1,633,838	-	1,633,838	-	-
Gain on sale of capital assets				103,593	-	103,593	-	-
Total general revenues				\$ 158,797,360	\$ -	\$ 158,797,360	\$ 9,214,018	\$ 1,305,602
Change in net position				\$ 71,727,444	\$ (63,929)	\$ 71,663,515	\$ 14,251,618	\$ 466,740
Net Position - Beginning				825,885,256	2,127,270	828,012,526	206,764,676	1,179,489
Net Position - Ending				\$ 897,612,700	\$ 2,063,341	\$ 899,676,041	\$ 221,016,294	\$ 1,646,229

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</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	\$ 81,643,043	\$ 50,674,763	\$ 79,272,318	\$ 32,347,820	\$ 14,198,351	\$ -	\$ 15,694,521	\$ 14,421,382	\$ 288,252,198
Petty cash and change funds	10,095	-	5,290	-	-	-	-	3,610	18,995
Taxes receivable									
Prior	1,413,071	191,216	1,304,006	11,441	25,604	177,048	22,549	361,908	3,506,843
Accounts receivable	215,117	113,725	209,568	943,641	-	-	-	59,669	1,541,720
Accrued interest receivable	497,164	-	-	-	-	-	-	-	497,164
Due from other funds	3,690,953	24,972	30,074	472,312	-	10,310,396	8,000,000	1,870,399	24,399,106
Due from other governments	1,986,706	15,206,699	8,268,917	117,769	103,849	-	-	859,869	26,543,809
Advance to other funds	1,872,670	-	-	-	-	-	-	-	1,872,670
Prepaid items	122,284	5,687	400	-	-	-	-	-	128,371
Inventories	647,057	1,260,579	-	-	-	-	-	-	1,907,636
Lease receivable	5,752,759	-	-	-	-	-	-	-	5,752,759
Total Assets	\$ 97,850,919	\$ 67,477,641	\$ 89,090,573	\$ 33,892,983	\$ 14,327,804	\$ 10,487,444	\$ 23,717,070	\$ 17,576,837	\$ 354,421,271
<u>Liabilities and Fund Balances</u>									
Liabilities									
Accounts payable	\$ 3,516,451	\$ 3,613,694	\$ 2,536,052	\$ 292,915	\$ 183,769	\$ 2,600	\$ 155,115	\$ 1,047,057	\$ 11,347,653
Salaries payable	1,719,307	228,941	2,241,849	104,764	-	-	-	419,812	4,714,673
Claims and judgments payable-current	87,148	-	-	-	-	-	-	-	87,148
Contracts payable	-	1,699,379	-	-	-	-	10,892	99,186	1,809,457
Retainage payable	181,439	-	-	-	-	-	-	-	181,439
Due to other funds	12,962,827	110,759	448,208	930,617	19,200	2,442,594	7,212,649	389,968	24,516,822
Due to other governments	2,163,464	1,460	275,991	3,972	-	-	-	1,902	2,446,789
Deferred revenue - unavailable	1,679,079	8,147,908	1,229,169	10,633	23,416	168,885	21,718	762,571	12,043,379
Deferred revenue - unearned	5,813,808	2,136,967	147,366	115,652	7,994,577	-	-	2,049,301	18,257,671
Advance from other funds	-	-	-	-	-	-	-	1,872,670	1,872,670
Total Liabilities	\$ 28,123,523	\$ 15,939,108	\$ 6,878,635	\$ 1,458,553	\$ 8,220,962	\$ 2,614,079	\$ 7,400,374	\$ 6,642,467	\$ 77,277,701

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

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</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									
Non-spendable:									
Inventories	\$ 647,057	\$ 1,260,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,907,636
Prepays	122,284	5,687	400	-	-	-	-	-	128,371
Advances to other funds	1,872,670	-	-	-	-	-	-	-	1,872,670
Restricted for:									
Debt service	-	-	-	-	-	7,873,365	-	-	7,873,365
Law library	-	-	-	-	-	-	-	1,012,137	1,012,137
Recorder's equipment purchases	1,809,804	-	-	-	-	-	-	-	1,809,804
Spring Lake Park	-	-	-	-	-	-	-	489	489
Victim Witness	10,041	-	-	-	-	-	-	-	10,041
Sheriff-911	231,931	-	-	-	-	-	-	-	231,931
Elections-HAVA	304,216	-	-	-	-	-	-	-	304,216
Boat and water	221,849	-	-	-	-	-	-	-	221,849
Attorney-Diversion	61,964	-	-	-	-	-	-	-	61,964
Sheriff-Alcohol compliance	3,497	-	-	-	-	-	-	-	3,497
Criminal forfeitures	248,151	-	-	-	-	-	-	412,058	660,209
Committed to:									
Farmland and Natural Area Program	509,796	-	-	-	-	-	-	-	509,796
Investigation and remediation/waste sites	-	-	-	16,800,000	-	-	-	-	16,800,000
Assigned to:									
General government	1,735,306	-	-	-	-	-	-	-	1,735,306
Public safety	195,328	-	-	-	-	-	-	-	195,328
Highway and streets	-	26,532,057	-	-	-	-	-	-	26,532,057
Sanitation	-	-	-	15,461,703	-	-	-	-	15,461,703
Human services	-	-	77,334,079	-	-	-	-	-	77,334,079
Culture and recreation	1,965	-	-	-	-	-	-	691,403	693,368
Economic development	-	-	-	-	6,106,842	-	-	-	6,106,842
Debt service	2,000,000	-	-	-	-	-	-	-	2,000,000
Capital improvements	-	23,280,492	-	-	-	-	16,316,696	7,327,807	46,924,995
Insurance	2,016,467	-	-	-	-	-	-	-	2,016,467
Budget incentive program	4,751,783	-	266,311	-	-	-	-	154,623	5,172,717
Capital equipment	16,193,389	-	-	-	-	-	-	518,142	16,711,531
Petty cash	10,095	-	5,290	-	-	-	-	3,610	18,995
Other post employment benefits	3,621,568	459,718	4,605,858	172,727	-	-	-	814,101	9,673,972
Unassigned	33,158,235	-	-	-	-	-	-	-	33,158,235
Total Fund Balances	\$ 69,727,396	\$ 51,538,533	\$ 82,211,938	\$ 32,434,430	\$ 6,106,842	\$ 7,873,365	\$ 16,316,696	\$ 10,934,370	\$ 277,143,570
Total Liabilities and Fund Balances	\$ 97,850,919	\$ 67,477,641	\$ 89,090,573	\$ 33,892,983	\$ 14,327,804	\$ 10,487,444	\$ 23,717,070	\$ 17,576,837	\$ 354,421,271

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

**DAKOTA COUNTY
MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

Fund balances - total governmental funds		\$ 277,143,570
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		658,324,508
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		12,043,379
Internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,819,965
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	\$ (52,255,000)	
Unamortized premiums on G.O. Bonds	(103,268)	
Claims and judgments payable	(1,744,363)	
Accrued interest payable	(894,905)	
Deferred debt issuance charges	278,814	
	(54,718,722)	
Net position of governmental activities		<u><u>\$ 897,612,700</u></u>

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

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**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues									
Taxes	\$ 58,318,662	\$ 7,053,220	\$ 48,022,247	\$ 636,456	\$ 1,632,177	\$ 5,329,645	\$ 581,201	\$ 13,694,156	\$ 135,267,764
Licenses and permits	29,043	190,085	-	903,090	-	-	-	86,465	1,208,683
Intergovernmental	9,978,326	60,904,987	49,754,755	1,991,474	444,922	-	2,729,941	5,476,616	131,281,021
Charges for services	12,178,064	282,105	8,973,499	7,324,735	-	-	-	1,604,047	30,362,450
Fines and forfeits	73,902	-	-	-	-	-	-	79,736	153,638
Gifts and contributions	3,640	-	1,161	-	-	-	-	34,955	39,756
Investment earnings	5,493,626	-	-	-	102,653	-	-	1,621	5,597,900
Miscellaneous	3,039,588	264,400	1,140,058	205,778	-	-	-	195,406	4,845,230
Total Revenues	\$ 89,114,851	\$ 68,694,797	\$ 107,891,720	\$ 11,061,533	\$ 2,179,752	\$ 5,329,645	\$ 3,311,142	\$ 21,173,002	\$ 308,756,442
Expenditures									
Current									
General government	\$ 56,257,173	\$ -	\$ 472,850	\$ -	\$ -	\$ -	\$ -	\$ 393,189	\$ 57,123,212
Public safety	18,711,485	-	16,653,759	-	-	-	-	-	35,365,244
Highways and streets	1,610,988	41,539,396	-	-	-	-	-	-	43,150,384
Sanitation	-	-	-	7,028,601	-	-	-	-	7,028,601
Human services	-	-	69,426,226	-	-	-	-	-	69,426,226
Health	-	-	8,476,575	-	-	-	-	-	8,476,575
Culture and recreation	499,780	-	-	-	-	-	-	20,850,563	21,350,343
Conservation of natural resources	3,684,870	-	328,723	-	-	-	-	-	4,013,593
Economic development	2,754,631	-	4,919,447	-	923,646	-	-	-	8,597,724
Capital outlay	-	-	-	-	-	-	1,268,782	-	1,268,782
Debt service									
Principal	-	-	-	-	-	5,625,000	-	-	5,625,000
Interest	-	-	-	-	-	2,270,450	-	-	2,270,450
Administrative - fiscal charges	-	-	-	-	-	3,200	-	-	3,200
Total Expenditures	\$ 83,518,927	\$ 41,539,396	\$ 100,277,580	\$ 7,028,601	\$ 923,646	\$ 7,898,650	\$ 1,268,782	\$ 21,243,752	\$ 263,699,334
Excess of Revenues Over (Under) Expenditures	\$ 5,595,924	\$ 27,155,401	\$ 7,614,140	\$ 4,032,932	\$ 1,256,106	\$ (2,569,005)	\$ 2,042,360	\$ (70,750)	\$ 45,057,108

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, 2012**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</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	\$ 5,191,000	\$ -	\$ 369,346	\$ 4,662	\$ -	\$ 2,576,672	\$ 4,000,000	\$ 2,230,904	\$ 14,372,584
Transfers out	(13,281,584)	(4,910,000)	-	(900,000)	-	-	-	(281,000)	(19,372,584)
Proceeds from sale of assets	102,471	-	-	-	-	-	-	1,725	104,196
Total Other Financing Sources (Uses)	<u>\$ (7,988,113)</u>	<u>\$ (4,910,000)</u>	<u>\$ 369,346</u>	<u>\$ (895,338)</u>	<u>\$ -</u>	<u>\$ 2,576,672</u>	<u>\$ 4,000,000</u>	<u>\$ 1,951,629</u>	<u>\$ (4,895,804)</u>
Change in Fund Balance	<u>\$ (2,392,189)</u>	<u>\$ 22,245,401</u>	<u>\$ 7,983,486</u>	<u>\$ 3,137,594</u>	<u>\$ 1,256,106</u>	<u>\$ 7,667</u>	<u>\$ 6,042,360</u>	<u>\$ 1,880,879</u>	<u>\$ 40,161,304</u>
Fund Balance - January 1	<u>72,088,578</u>	<u>28,907,958</u>	<u>74,228,452</u>	<u>29,296,836</u>	<u>4,850,736</u>	<u>7,865,698</u>	<u>10,274,336</u>	<u>9,053,491</u>	<u>236,566,085</u>
Increase (decrease) in inventories	<u>31,007</u>	<u>385,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,181</u>
Fund Balance - December 31	<u><u>\$ 69,727,396</u></u>	<u><u>\$ 51,538,533</u></u>	<u><u>\$ 82,211,938</u></u>	<u><u>\$ 32,434,430</u></u>	<u><u>\$ 6,106,842</u></u>	<u><u>\$ 7,873,365</u></u>	<u><u>\$ 16,316,696</u></u>	<u><u>\$ 10,934,370</u></u>	<u><u>\$ 277,143,570</u></u>

**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, 2012**

Net change in fund balances - total governmental funds		\$ 40,161,304
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets	\$ 42,912,074	
Current year depreciation	<u>(16,633,656)</u>	26,278,418
<p>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.</p>		
		(1,100,114)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(4,850,254)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal repayments		
General obligation bonds		5,625,000
<p>Internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences. The net revenue of certain activities of the internal service funds is reported with governmental activities.</p>		
		4,819,965
<p>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.</p>		
Change in accrued interest payable	\$ 102,233	
Amortization of premiums and bond issuance costs	186,820	
Change in claims and judgments payable	87,892	
Change in inventories	<u>416,180</u>	<u>793,125</u>
Change in net position of governmental activities		<u>\$ 71,727,444</u>

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 58,172,592	\$ 58,102,867	\$ 58,318,662	\$ 215,795
Licenses and permits	40,500	40,500	29,043	(11,457)
Intergovernmental	5,952,762	9,236,269	9,978,326	742,057
Charges for services	11,457,383	11,491,633	12,178,064	686,431
Fines and forfeits	45,000	45,000	73,902	28,902
Gifts and contributions	2,500	2,500	3,640	1,140
Investment earnings	2,610,000	2,610,000	5,493,626	2,883,626
Miscellaneous	2,543,138	2,101,819	3,039,588	937,769
Total Revenues	\$ 80,823,875	\$ 83,630,588	\$ 89,114,851	\$ 5,484,263
Expenditures				
Current				
General government				
Commissioners	\$ 708,261	\$ 801,921	\$ 643,461	\$ 158,460
Courts services	260,733	260,733	303,180	(42,447)
County administration	1,605,701	2,153,978	1,401,501	752,477
OMB division administration/OPED	1,875,610	2,100,649	1,699,317	401,332
Public service and revenue admin	815,177	923,019	867,745	55,274
Service and license centers	1,745,452	1,768,405	1,689,841	78,564
County treasurer	3,692,061	4,393,666	4,308,672	84,994
County assessor	3,251,141	3,387,611	3,055,479	332,132
Accounting and auditing	2,971,435	3,600,479	2,856,852	743,627
Information technology	8,015,854	13,488,487	10,965,660	2,522,827
Operations management services	10,723,266	11,998,510	8,849,629	3,148,881
Employee relations	2,374,561	2,500,108	1,813,181	686,927
Attorney	8,700,638	9,273,994	8,708,515	565,479
Risk management	4,212,762	5,415,222	3,838,353	1,576,869
Surveyor	719,155	728,494	740,431	(11,937)
Physical development administration	1,488,337	2,608,538	1,865,877	742,661
Communications	795,389	806,584	691,218	115,366
GIS	835,685	950,141	944,741	5,400
County-wide operations	4,694,968	5,726,874	1,013,520	4,713,354
Total general government	\$ 59,486,186	\$ 72,887,413	\$ 56,257,173	\$ 16,630,240
Public safety				
Sheriff	\$ 18,088,653	\$ 18,761,024	\$ 18,136,833	\$ 624,191
Coroner	559,359	567,066	574,652	(7,586)
Total public safety	\$ 18,648,012	\$ 19,328,090	\$ 18,711,485	\$ 616,605
Highway and streets				
Other-highway and streets	\$ 1,611,661	\$ 1,774,944	\$ 1,610,988	\$ 163,956
Total highway and streets	\$ 1,611,661	\$ 1,774,944	\$ 1,610,988	\$ 163,956

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, 2012**

	<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	\$ 100,000	\$ 100,000	\$ 150,000	\$ (50,000)
County fair	115,000	115,000	115,000	-
Parks	273,634	300,634	234,780	65,854
Total culture and recreation	\$ 488,634	\$ 515,634	\$ 499,780	\$ 15,854
Conservation of natural resources				
Soil and water conservation	\$ 263,482	\$ 263,482	\$ 263,482	\$ -
Farmland and natural area program	163,827	6,817,275	3,421,388	3,395,887
Total conservation of natural resources	\$ 427,309	\$ 7,080,757	\$ 3,684,870	\$ 3,395,887
Economic development				
Administration	\$ -	\$ -	\$ 2,754,631	\$ (2,754,631)
Total economic development	\$ -	\$ -	\$ 2,754,631	\$ (2,754,631)
Total Expenditures	\$ 80,661,802	\$ 101,586,838	\$ 83,518,927	\$ 18,067,911
Excess of Revenues Over (Under) Expenditures	\$ 162,073	\$ (17,956,250)	\$ 5,595,924	\$ 23,552,174
Other Financing Sources (Uses)				
Transfers in	\$ 4,900,000	\$ 5,183,278	\$ 5,191,000	\$ 7,722
Transfers out	(7,500,672)	(12,872,376)	(13,281,584)	(409,208)
Proceeds from sale of assets	133,500	154,772	102,471	(52,301)
Total Other Financing Sources (Uses)	\$ (2,467,172)	\$ (7,534,326)	\$ (7,988,113)	\$ (453,787)
Change in Fund Balance	\$ (2,305,099)	\$ (25,490,576)	\$ (2,392,189)	\$ 23,098,387
Fund Balance - January 1	72,088,578	72,088,578	72,088,578	-
Increase (decrease) in inventories	-	-	31,007	31,007
Fund Balance - December 31	\$ 69,783,479	\$ 46,598,002	\$ 69,727,396	\$ 23,129,394

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,122,592	\$ 5,155,351	\$ 7,053,220	\$ 1,897,869
Licenses and permits	150,000	150,000	190,085	40,085
Intergovernmental	50,907,978	109,403,986	60,904,987	(48,498,999)
Charges for services	322,155	446,255	282,105	(164,150)
Miscellaneous	235,425	235,425	264,400	28,975
Total Revenues	\$ 56,738,150	\$ 115,391,017	\$ 68,694,797	\$ (46,696,220)
Expenditures				
Current				
Highway and streets				
Administration	\$ 683,885	\$ 698,253	\$ 686,228	\$ 12,025
Maintenance	5,406,768	5,432,629	4,636,434	796,195
Construction	54,502,479	114,084,835	36,216,734	77,868,101
Total Expenditures	\$ 60,593,132	\$ 120,215,717	\$ 41,539,396	\$ 78,676,321
Excess of Revenues Over (Under) Expenditures	\$ (3,854,982)	\$ (4,824,700)	\$ 27,155,401	\$ 31,980,101
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (4,910,000)	\$ (4,910,000)
Change in Fund Balance	\$ (3,854,982)	\$ (4,824,700)	\$ 22,245,401	\$ 27,070,101
Fund Balance - January 1	28,907,958	28,907,958	28,907,958	-
Increase (decrease) in inventories	-	-	385,174	385,174
Fund Balance - December 31	\$ 25,052,976	\$ 24,083,258	\$ 51,538,533	\$ 27,455,275

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 47,989,165	\$ 48,027,681	\$ 48,022,247	\$ (5,434)
Intergovernmental	52,147,628	55,210,930	49,754,755	(5,456,175)
Charges for services	8,693,575	8,757,067	8,973,499	216,432
Gifts and contributions	-	-	1,161	1,161
Miscellaneous	1,707,951	1,841,945	1,140,058	(701,887)
Total Revenues	\$ 110,538,319	\$ 113,837,623	\$ 107,891,720	\$ (5,945,903)
Expenditures				
Current				
General government				
Veterans service officer	\$ 534,175	\$ 519,818	\$ 472,850	\$ 46,968
Total general government	\$ 534,175	\$ 519,818	\$ 472,850	\$ 46,968
Public safety				
Community corrections	\$ 17,624,486	\$ 17,914,648	\$ 16,653,759	\$ 1,260,889
Total public safety	\$ 17,624,486	\$ 17,914,648	\$ 16,653,759	\$ 1,260,889
Human services				
Income maintenance	\$ 22,203,801	\$ 23,232,436	\$ 22,634,891	\$ 597,545
Social services	53,103,207	54,208,915	46,791,335	7,417,580
Total human services	\$ 75,307,008	\$ 77,441,351	\$ 69,426,226	\$ 8,015,125
Health				
Public health	\$ 8,990,771	\$ 9,399,137	\$ 8,476,575	\$ 922,562
Total health	\$ 8,990,771	\$ 9,399,137	\$ 8,476,575	\$ 922,562
Conservation of natural resources				
County extension	\$ 339,298	\$ 350,469	\$ 328,723	\$ 21,746
Total conservation of natural resources	\$ 339,298	\$ 350,469	\$ 328,723	\$ 21,746
Economic development				
Community development	\$ 6,034,470	\$ 7,504,582	\$ 4,919,447	\$ 2,585,135
Total economic development	\$ 6,034,470	\$ 7,504,582	\$ 4,919,447	\$ 2,585,135
Total Expenditures	\$ 108,830,208	\$ 113,130,005	\$ 100,277,580	\$ 12,852,425
Excess of Revenues Over (Under) Expenditures	\$ 1,708,111	\$ 707,618	\$ 7,614,140	\$ 6,906,522

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, 2012**

	<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	\$ -	\$ -	\$ 369,346	\$ 369,346
Change in Fund Balance	\$ 1,708,111	\$ 707,618	\$ 7,983,486	\$ 7,275,868
Fund Balance - January 1	<u>74,228,452</u>	<u>74,228,452</u>	<u>74,228,452</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 75,936,563</u></u>	<u><u>\$ 74,936,070</u></u>	<u><u>\$ 82,211,938</u></u>	<u><u>\$ 7,275,868</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 520,000	\$ 520,000	\$ 636,456	\$ 116,456
Licenses and permits	822,939	822,939	903,090	80,151
Intergovernmental	1,687,361	2,319,237	1,991,474	(327,763)
Charges for services	5,281,360	5,458,573	7,324,735	1,866,162
Miscellaneous	90,000	90,000	205,778	115,778
Total Revenues	\$ 8,401,660	\$ 9,210,749	\$ 11,061,533	\$ 1,850,784
Expenditures				
Current				
Sanitation				
Solid waste	\$ 7,624,880	\$ 8,664,282	\$ 7,028,601	\$ 1,635,681
Total Expenditures	\$ 7,624,880	\$ 8,664,282	\$ 7,028,601	\$ 1,635,681
Excess of Revenues Over (Under) Expenditures	\$ 776,780	\$ 546,467	\$ 4,032,932	\$ 3,486,465
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 4,662	\$ 4,662	\$ -
Transfers out	(900,000)	(900,000)	(900,000)	-
Total Other Financing Sources (Uses)	\$ (900,000)	\$ (895,338)	\$ (895,338)	\$ -
Change in Fund Balance	\$ (123,220)	\$ (348,871)	\$ 3,137,594	\$ 3,486,465
Fund Balance - January 1	29,296,836	29,296,836	29,296,836	-
Fund Balance - December 31	\$ 29,173,616	\$ 28,947,965	\$ 32,434,430	\$ 3,486,465

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
REGIONAL RAIL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,640,516	\$ 1,640,516	\$ 1,632,177	\$ (8,339)
Intergovernmental	14,614,658	9,421,998	444,922	(8,977,076)
Investment earnings	-	-	102,653	102,653
Total Revenues	<u>\$ 16,255,174</u>	<u>\$ 11,062,514</u>	<u>\$ 2,179,752</u>	<u>\$ (8,882,762)</u>
Expenditures				
Current				
Economic development				
Community development	\$ 15,349,658	\$ 12,899,280	\$ 714,187	\$ 12,185,093
Administration	595,418	595,418	209,459	385,959
Total Expenditures	<u>\$ 15,945,076</u>	<u>\$ 13,494,698</u>	<u>\$ 923,646</u>	<u>\$ 12,571,052</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 310,098</u>	<u>\$ (2,432,184)</u>	<u>\$ 1,256,106</u>	<u>\$ 3,688,290</u>
Change in Fund Balance	<u>\$ 310,098</u>	<u>\$ (2,432,184)</u>	<u>\$ 1,256,106</u>	<u>\$ 3,688,290</u>
Fund Balance - January 1	<u>4,850,736</u>	<u>4,850,736</u>	<u>4,850,736</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 5,160,834</u></u>	<u><u>\$ 2,418,552</u></u>	<u><u>\$ 6,106,842</u></u>	<u><u>\$ 3,688,290</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

	Nonmajor Enterprise Funds	Governmental Activities - Employee Services Reserve Internal Service Fund
<u>Assets</u>		
Current assets:		
Cash and pooled investments	\$ 2,058,224	\$ 28,601,454
Accounts receivable (net)	106,822	-
Due from other funds	-	469,275
Due from other governments	70,124	-
Total current assets	\$ 2,235,170	\$ 29,070,729
Total Assets	\$ 2,235,170	\$ 29,070,729
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 171,829	\$ -
Compensated absences payable - current	-	312,939
Due to other funds	-	351,559
Total current liabilities	\$ 171,829	\$ 664,498
Noncurrent liabilities:		
Compensated absences payable - long-term	\$ -	\$ 17,383,905
Net OPEB liability	-	6,202,361
Total noncurrent liabilities	\$ -	\$ 23,586,266
Total Liabilities	\$ 171,829	\$ 24,250,764
Net Position		
Restricted for		
Equipment replacement	\$ 1,727,836	\$ -
Public safety	335,505	-
Self-funded health insurance	-	4,819,965
Total Net Position	\$ 2,063,341	\$ 4,819,965

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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Nonmajor Enterprise Funds	Governmental Activities - Employee Services Reserve Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues		
Charges for services	\$ 764,189	\$ 1,169,276
Total Operating Revenues	\$ 764,319	\$ 1,169,276
Operating Expenses		
Personal services	\$ -	\$ 76,487
Professional services	-	180,050
Repairs and maintenance	928,924	-
OPEB expense	-	1,092,789
Other services and charges	57,093	-
Total Operating Expenses	\$ 986,017	\$ 1,349,326
Operating income	\$ (221,698)	\$ (180,050)
Nonoperating revenues (expenses)		
Intergovernmental	\$ 157,769	\$ -
Investment earnings	-	15
Total Nonoperating revenues (expenses)	\$ 157,769	\$ 15
Income before contributions and transfers	\$ (63,929)	\$ (180,035)
Transfers in	<u>-</u>	<u>5,000,000</u>
Change in Net Position	\$ (63,929)	\$ 4,819,965
Net Position - January 1	<u>2,127,270</u>	<u>-</u>
Net Position - December 31	<u>\$ 2,063,341</u>	<u>\$ 4,819,965</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, 2012
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Employee Services Reserve Internal Service Fund</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 587,373	\$ -
Receipts from internal services provided	-	2,000,028
Payments to suppliers	(921,622)	-
Payments to internal services used	-	(2,337,799)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ (334,249)</u>	<u>\$ (337,771)</u>
Cash Flows from Noncapital Financing Activities		
Intergovernmental	\$ 157,769	\$ -
Transfers in	-	5,000,000
	<u> </u>	<u> </u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 157,769</u>	<u>\$ 5,000,000</u>
Cash Flows from Investing Activities		
Investment earnings	\$ -	\$ 15
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>\$ 15</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (176,480)</u>	<u>\$ 4,662,244</u>
Cash and Cash Equivalents at January 1	<u>2,234,704</u>	<u>23,939,210</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 2,058,224</u></u>	<u><u>\$ 28,601,454</u></u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	<u>\$ (221,698)</u>	<u>\$ (180,050)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
(Increase) decrease in accounts receivable	\$ (106,822)	\$ -
(Increase) decrease in due from other governments	(70,124)	-
(Increase) decrease in due from other funds	-	830,752
Increase (decrease) in accounts payable	64,395	-
Increase (decrease) in compensated absences payable	-	(76,488)
Increase (decrease) in due to other funds	-	(1,286,238)
Increase (decrease) in OPEB liability	-	374,253
	<u> </u>	<u> </u>
Total adjustments	<u>\$ (112,551)</u>	<u>\$ (157,721)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (334,249)</u></u>	<u><u>\$ (337,771)</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	Private-Purpose Trusts	Agency Funds
<u>Assets</u>		
Cash and pooled investments	\$ 1,588,352	\$ 37,156,162
Accounts receivable	231	134,624
Due from other governments	929,944	561,540
Total Assets	\$ 2,518,527	\$ 37,852,326
<u>Liabilities</u>		
Accounts payable	\$ 76,412	\$ 955,995
Due to other governments	1,472,878	36,896,331
Total Liabilities	\$ 1,549,290	\$ 37,852,326
<u>Net Position</u>		
Net position held in trust for other purposes	\$ 969,237	
Total Net Position	\$ 969,237	

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Private-Purpose Trusts
<u>ADDITIONS:</u>	
State Grants	
Mn Dept of Trial Courts	\$ 1,371,840
Payments from other governments	1,479,132
Other agencies	17,800
Miscellaneous	13,338
Investment earnings:	
Interest	17,018
Total additions	\$ 2,899,128
<u>DEDUCTIONS:</u>	
Judicial District expenses	\$ 1,371,840
Solid waste expenses	815,049
Emergency preparedness expenses	59,834
Total deductions	\$ 2,246,723
Change in net position	\$ 652,405
Net position - January 1	316,832
Net position - December 31	\$ 969,237

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

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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, 2012

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 position and the statement of changes in net position) 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.

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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 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 restricted 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 restricted intergovernmental revenue from the State and Federal Governments.

Environmental Management Special Revenue Fund accounts for environmental management activities within the county including waste reduction, planning, administration, regulation and education. These activities are primarily funded by restricted, committed or assigned revenue from state and federal governments.

Regional Rail Special Revenue 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.

Debt Service Fund accounts for the resources restricted, committed or assigned for principal and interest on long-term general obligation debt of the government.

Capital Projects Fund accounts for financial resources, restricted, committed or assigned, 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.
- *County Parks Special Revenue Fund* is to account for park acquisition, development and operating costs. Financing is provided by an annual property tax levy and restricted grants from Metropolitan Council.
- *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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- *Byllesby Dam Fund* accounts for the net revenue generated from producing electricity at the Byllesby Dam Hydro-electric facility and subsequently sold to Xcel Energy after expenses paid to a third-party operator contracted to operate the turbines and generators.

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.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2012. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

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 Byllesby Dam's primary source of revenue is the sale of electricity it generates from its Hydro-electric facility. The Employee Services Reserve internal service fund's primary revenue is derived from charges for

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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 position 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."

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 position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed

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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 one year. 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. Infrastructure has a threshold of \$50,000, Buildings and Building Improvements have a \$50,000 threshold, and Land has no minimum threshold; while Land Improvements have a \$50,000 threshold. Machinery and Equipment has a \$5,000 threshold and Controllable Items have no minimum threshold.

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. Net interest capitalized during the year ended June 30, 2012 was \$1,074,322.

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

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 position.

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 position. 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. Classification of Net Position

Net position in the government-wide and proprietary fund financial statements are classified in the following categories:

Net investment in capital assets - the amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the amount of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

9. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Dakota County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - amounts in the assigned fund balance classification the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In

the General Fund, assigned amounts represent intended uses established by the County Board or the Financial Services Director who has been delegated that authority by Board resolution.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Dakota County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

10. Minimum Fund Balance Policy

The Minnesota State Auditor's Office recommends that local governments determine, establish and maintain a desired minimum level of unrestricted fund balance of their governmental funds that is sufficient to provide cash flow until the first tax collections are received, to support self-insurance activities, and fund legal obligations that will be paid out of cash at a later date. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes or fees because of unpredicted one-time expenditures. It is the policy of Dakota County that we will follow the State Auditor's Recommendation as stated above. Accordingly, Dakota County policy requires a minimum unrestricted fund balance, in the General Fund, at the end of the fiscal year equivalent to 20% of the total operating budget of the General Fund. The Board will be notified if fund balance levels fall below this stated level.

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.

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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.

The appropriated budget is prepared by fund, function, and department. This appropriated budget is adopted at the department level. Budgets may be amended during the year with the approval of the County Administrator or County Board as required by the County Budget Compliance Policy. The County Administrator is authorized to transfer budgeted amounts between departments or appropriate certain revenues received in excess of the original budget estimate. Supplemental appropriations are reviewed by the County Administrator and submitted to the County Board for their approval. If approved, the adjustments are implemented by the Financial Services Department by budget revision. 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	\$ 20,925,036
Highway	\$ 59,622,585
Community Services	\$ 4,299,797
Environmental Management	\$ 1,039,402
Regional Rail	\$ (2,450,378)
Capital Projects	\$ 1,218,384
County Library	\$ 1,220,580
County Parks	\$ 13,843,186

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B. Excess of expenditures over appropriations

For the year ended December 31, 2012, expenditures exceeded appropriations in Courts Services in the General Fund by \$42,447, Surveyor in the General Fund by \$11,937, Coroner in the General Fund by \$7,586, Historical Society in the General Fund by \$50,000, Economic Development Administration in the General Fund by \$2,754,631 and Administrative - fiscal charges in the Debt Service Fund by \$3,200. 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 Director of Financial Services for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2012. 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 2012 were \$10,540,592.

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 position		
Governmental activities		
Cash and pooled investments	\$	316,853,652
Petty cash and change funds		18,995
Business-type activities		
Cash and pooled investments		2,058,224
Discrete component unit		
Cash and pooled investments		1,895,475
Statement of fiduciary net position		
Cash and pooled investments		38,744,514
Total Cash and Investments	\$	359,570,860
Deposits	\$	181,751,412
Petty cash and change funds		18,995
Investments		177,800,453
Total Deposits, Cash on hand, and Investments	\$	359,570,860

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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 standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution 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, 2012, 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;
- (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:

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At December 31, 2012, the County had the following investments:

	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total Fair Value
Government:					
US Treasuries	AAA	\$ 3,047,194	\$ 25,895,205	\$ 13,783,642	\$ 42,726,041
Treasury Inflation Protected Securities	AA	-	2,609,822	-	2,609,822
Government Agencies:					
Corporate Bond	AAA	-	-	172,391	172,391
Federal Agricultural Mortgage Assoc.	AAA	-	-	1,166,831	1,166,831
Federal Farm Credit Bank	AAA	1,050,126	-	-	1,050,126
Federal Home Loan Bank	AAA	155,325	4,262,733	-	4,418,058
Federal Home Loan Mortgage Corp	AAA	-	3,062,033	8,023,299	11,085,332
Federal Home Loan Mortgage Corp	AA	-	2,039,142	-	2,039,142
Federal Home Loan Mortgage Corp	Other	-	6,303,920	4,851,434	11,155,354
Financing Corp	Other	-	7,249,763	632,560	7,882,323
Federal National Mortgage Assoc.	AAA	3,047,790	21,412,877	14,608,659	39,069,326
Federal National Mortgage Assoc.	Other	-	1,208,763	8,149,683	9,358,446
Government National Mortgage Assoc	AAA	-	-	4,042,659	4,042,659
Municipal Bond	AAA	551,880	2,593,238	2,012,775	5,157,893
Municipal Bond	AA1	277,563	2,924,313	771,987	3,973,863
Municipal Bond	AA2	311,731	3,082,239	468,430	3,862,400
Municipal Bond	AA3	-	1,058,014	-	1,058,014
Municipal Bond	AA	-	-	101,087	101,087
Municipal Bond	AA-	100,081	2,214,513	702,060	3,016,654
National Credit Union Assoc Notes	AAA	299,985	148,547	1,501,272	1,949,804
Negotiable Certificates of Deposit	AAA	491,098	737,095	-	1,228,193
Overseas Private Investment Corp	AAA	204,022	604,137	325,976	1,134,135
Resolution Funding Corp	N/R	-	786,936	-	786,936
Small Business Administration	AA	-	616,804	532,740	1,149,544
Tennessee Valley Authority	N/R	-	2,465,123	15,140,956	17,606,079
Total Investments		\$ 9,536,795	\$ 91,275,217	\$ 76,988,441	\$ 177,800,453

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, 2012 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, 2012, all of Dakota County's investments are held by a third party custodian and were not exposed to custodial credit risk.

Concentration of Credit Risk. The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. Agency Securities, and

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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	\$ 24,279,829	13.66%
Federal National Mortgage Association	48,427,773	27.24%
Municipal Bonds	17,169,911	9.66%
US Treasury	42,726,040	24.03%
Tennessee Valley Authority	17,606,079	9.90%
Total	\$ 150,209,632	84.49%

As of June 30, 2012, 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	\$ 20,267,135	\$ -	\$ 20,267,135	\$ -
Mortgage Backed Securities	2,208,935	-	-	2,208,935
Money market mutual funds	20,738,761	20,738,761	-	-
Local government investment pool	39,687,898	39,687,898	-	-
	<u>\$ 82,902,729</u>	<u>\$ 60,426,659</u>	<u>\$ 20,267,135</u>	<u>\$ 2,208,935</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.

All investments except the Minnesota Municipal Money Market Fund (4M Fund) are reported at fair value based on quoted market prices. The Minnesota Municipal Money Market Fund (4M) is reported at the CDA's share of the net position of the pool which is reported at fair value based upon the quoted market prices of the pool's holdings.

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. The mortgage backed securities held by the CDA were obtained through the defeasance of a single family bond issue and are expected to be held until maturity.

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. State Law does not limit investments in securities of U.S. Government Agencies including mortgaged backed securities by credit quality. 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 while the investments in money market mutual funds comply with state requirements for being rated in one of the highest two categories by a NRSRO. Commercial paper investments

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

comply with State Law requiring it to be rated in the highest quality category by two nationally recognized rating agencies and having maturities of 270 days or less.

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, 2012, the entire amount of the CDA's bank balances was covered by federal-depository insurance.

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, 2012, all investments 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	\$ 3,156,554	\$ -
Charges for services	114,125	65,927
Grant Receivables that do not provide current financial resources	8,385,593	-
Miscellaneous	387,107	60,027
Lease Receivable	-	5,752,759
Grant drawdowns prior to meeting all eligibility requirements	-	12,378,958
Total deferred/unearned revenue for governmental funds	\$ 12,043,379	\$ 18,257,671

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, 2012

The annual lease requirement payments to maturity are as follows:

<u>Year Ended December 31</u>	<u>Lease Receivable</u>
2013	\$ 725,100
2014	725,100
2015	725,100
2016	725,100
2017	725,100
2018-2022	<u>3,383,800</u>
Total Lease Receivable	7,009,300
Less Interest	<u>(1,256,541)</u>
Present Value of Lease Receivable	<u>\$ 5,752,759</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

Capital asset activity for the year ended December 31, 2012, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 181,263,140	\$ 12,961,947	\$ -	\$ 194,225,087
Construction in progress	31,407,735	26,740,450	(8,462,141)	49,686,044
Total capital assets, not being depreciated	<u>212,670,875</u>	<u>39,702,397</u>	<u>(8,462,141)</u>	<u>243,911,131</u>
Capital assets, being depreciated:				
Buildings	191,574,699	8,159	-	191,582,858
Improvements other than buildings	6,904,492	8,443,252	-	15,347,744
Machinery and equipment	34,745,989	3,209,677	(2,973,987)	34,981,679
Infrastructure	404,113,112	10,730	-	404,123,842
Total capital assets being depreciated	<u>637,338,292</u>	<u>11,671,818</u>	<u>(2,973,987)</u>	<u>646,036,123</u>
Less accumulated depreciation for:				
Buildings	(55,728,341)	(3,886,884)	-	(59,615,225)
Improvements other than buildings	(2,399,640)	(449,881)	-	(2,849,521)
Machinery and equipment	(20,016,855)	(3,983,219)	1,873,872	(22,126,202)
Infrastructure	(138,718,126)	(8,313,672)	-	(147,031,798)
Total accumulated depreciation	<u>(216,862,962)</u>	<u>(16,633,656)</u>	<u>1,873,872</u>	<u>(231,622,746)</u>
Total capital assets, being depreciated, net	<u>420,475,330</u>	<u>(4961,838)</u>	<u>(1,100,115)</u>	<u>414,413,377</u>
Governmental activities capital assets, net	<u>\$ 633,146,205</u>	<u>\$ 34,740,559</u>	<u>\$ (9,562,256)</u>	<u>\$ 658,324,508</u>

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

	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	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$3,585,632
Public Safety	1,368,645
Highways and streets, including depreciation of general infrastructure assets	9,489,424
Human Services	55,574
Health	11,577
Economic Development	-
Culture and Recreation	2,116,024
Conservation of Natural Resources	3,764
Sanitation	3,016
Total depreciation expense--governmental activities	\$16,633,656
Business-type activities:	
Information Systems	\$ -
Total depreciation expense--business-type activities	\$ -

Construction commitments

The government has active construction projects as of December 31, 2012. The projects include 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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 32,351,323	\$ 7,327,297
Parks Construction	1,983,720	149,791
	\$ 34,335,043	\$ 7,477,088

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, 2012

Discretely presented component unit

Activity for the CDA for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,366,022	\$ 1,661,194	\$ 2,285,786	\$ 6,741,430
Total capital assets, not being depreciated	<u>7,366,022</u>	<u>1,661,194</u>	<u>2,285,786</u>	<u>6,741,430</u>
Capital assets, being depreciated:				
Land improvements	144,098	-	-	144,098
Buildings	4,669,274	82,107	-	4,751,381
Furniture and equipment	2,282,689	17,099	-	2,299,788
Total capital assets being depreciated	<u>7,096,061</u>	<u>99,206</u>	<u>-</u>	<u>7,195,267</u>
Less accumulated depreciation for:				
Land improvements	(84,057)	(9,607)	-	(93,664)
Buildings	(888,752)	(116,731)	-	(1,005,483)
Furniture and equipment	(1,577,686)	(208,964)	-	(1,786,650)
Total accumulated depreciation	<u>(2,550,495)</u>	<u>(335,302)</u>	<u>-</u>	<u>(2,885,797)</u>
Total capital assets, being depreciated, net	<u>4,545,566</u>	<u>(236,096)</u>	<u>-</u>	<u>4,309,470</u>
Governmental activities capital assets, net	<u>\$ 11,911,588</u>	<u>\$ 1,425,098</u>	<u>\$ 2,285,786</u>	<u>\$ 11,050,900</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 15,855,012	\$ 3,557,658	\$ 3,241	\$ 19,409,429
Construction in progress	7,881,719	21,369,272	14,666,386	14,584,605
Total capital assets, not being depreciated	<u>23,736,731</u>	<u>24,926,930</u>	<u>14,669,627</u>	<u>33,994,034</u>
Capital assets, being depreciated:				
Land improvements	3,156,977	465,882	42,700	3,580,159
Buildings	125,400,757	14,470,278	124,965	139,746,070
Furniture and equipment	4,900,078	505,784	26,181	5,379,681
Total capital assets being depreciated	<u>133,457,812</u>	<u>15,441,944</u>	<u>193,846</u>	<u>148,705,910</u>
Less accumulated depreciation for:				
Land improvements	(1,863,757)	(184,268)	(42,700)	(2,005,325)
Buildings	(33,321,126)	(3,795,733)	(53,844)	(37,063,015)
Furniture and equipment	(3,652,853)	(312,169)	(26,181)	(3,938,841)
Total accumulated depreciation	<u>(38,837,736)</u>	<u>(4,292,170)</u>	<u>(122,725)</u>	<u>(43,007,181)</u>
Total capital assets, being depreciated, net	<u>94,620,076</u>	<u>11,149,774</u>	<u>71,121</u>	<u>105,698,729</u>
Business-type activities capital assets, net	<u>\$ 118,356,807</u>	<u>\$ 36,076,704</u>	<u>\$ 14,740,748</u>	<u>\$ 139,692,763</u>

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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

Component Unit

Project	Spent-to-Date	Remaining Commitment
Senior housing development	\$ 22,332,476	\$ 3,768,401

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$204,014 and \$160,942 respectively for a carrying value of \$43,072.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Highway	\$ 63,836
	Community Services	429,188
	Environmental Management	2,571
	Regional Rail	19,200
	Capital Projects	55,597
	Debt Service	2,442,594
	Nonmajor Governmental Funds	378,301
	Proprietary Funds	299,666
Highway	General	24,972
	Nonmajor Governmental Funds	10,634
Community Services	General	19,440
	Nonmajor Governmental Funds	10,634
Environmental Management	General	469,534
	Proprietary Funds	2,778
Capital Projects	General	8,000,000
Debt Service	General	3,153,344
	Capital Projects	7,157,052
Nonmajor Governmental Funds	General	921,284
	Environmental Management	900,000
	Proprietary Funds	49,115
Proprietary Funds	General	374,253
	Highway	46,923
	Community Services	19,020
	Environmental Management	28,046
	Nonmajor Governmental Funds	1,033
Total		\$ 24,868,381

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.

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

Interfund Transfers:	Transfer Out:				
Transfer In:	General Fund	Highway	Environmental Management	Nonmajor Governmental Funds	Total Transfers in:
General	\$ -	\$4,910,000	\$ -	\$ 281,000	\$ 5,191,000
Community Services	369,346				369,346
Environmental Management	4,662				4,662
Capital Projects	4,000,000				4,000,000
Debt Service	2,576,672				2,576,672
Nonmajor Governmental Funds	1,330,904		900,000		2,230,904
Internal Service Fund	5,000,000				5,000,000
Total transfers out:	\$ 13,281,584	\$4,910,000	\$ 900,000	\$ 281,000	\$ 19,372,584

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 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, 2012, are composed of the following issues:

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.

\$ 4,430,000

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.

\$2,325,000

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.

\$10,650,000

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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.

\$ 5,995,000

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.

\$ 28,855,000

Total Bonds Payable **\$52,255,000**

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 %	\$ 23,400,000
Governmental activities-refunding	3.40 – 4.85 %	<u>28,855,000</u>
		<u>\$ 52,255,000</u>

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

Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 5,855,000	\$ 2,020,059
2014	3,670,000	1,819,997
2015	3,820,000	1,672,119
2016	3,965,000	1,517,373
2017	4,130,000	1,354,774
2018-2022	19,060,000	4,223,679
2023-2027	<u>11,755,000</u>	<u>1,034,806</u>
Total	<u>\$ 52,255,000</u>	<u>\$ 13,642,807</u>

Dakota County, Minnesota

Notes to the Financial Statements

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Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond Payable					
General obligation bonds	\$ 57,880,000	\$ -	\$ (5,625,000)	\$ 52,255,000	\$ 5,855,000
Premium on GO bonds	331,167	-	(227,899)	103,268	8,792
Total bonds payable	58,211,167	-	(5,852,899)	52,358,268	5,863,792
Claims and judgments	2,071,844	124,344	(364,677)	1,831,511	379,829
OPEB liability	5,828,108	1,092,789	(718,536)	6,202,361	-
Compensated absences	17,773,332	11,344,749	(11,421,237)	17,696,844	312,939
Governmental activity					
Long-term liabilities	\$ 83,884,451	\$ 12,561,882	\$ (18,357,349)	\$ 78,088,984	\$ 6,556,560

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, OPEB liability 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, 2012, was as follows:

Bonds Payable and Other Long-Term Obligations

Notes payable in governmental activities include non-interest bearing loans from the Federal Home Loan Bank and the Minnesota Housing Finance Agency. The principal on these loans is deferred until maturity with these 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.

Notes payable in business-type activities include a 3.92% Fannie Mae loan with a maturity date in 2016. The proceeds of this loan was used to finance capital improvements at Public Housing properties. The principal and interest payments for the Fannie Mae loan are made from Capital Fund Program grants. Notes payable also include two deferred loans from the Minnesota Housing Finance Agency (MHFA) and a deferred loan from the Hope fund for the construction of a youth housing development. The principal on the deferred loan is payable or forgiven at maturity with \$3,523,380 maturing June 1, 2029 and \$1,177,649 maturing on June 1, 2039.

Housing Development Bonds are issued by the CDA to finance the acquisition and construction of senior housing developments. These bonds are limited obligations of the government but are secured by the pledge of the full faith and credit and power of Dakota County, Minnesota to levy direct general ad valorem taxes. 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 \$5,600,000 from the CDA's tax levy, and pledged tax increment revenues. Housing development bonds are issued as serial bonds.

Dakota County, Minnesota

Notes to the Financial Statements

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Bonds payable at June 30, 2012 are as follows:

Description of Note	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
2005 Housing Development Bonds	04/01/05	01/01/23	3.50 - 5.00%	15,040,000	7,600,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	20,425,000
2010 Housing Development Bonds	7/21/10	01/01/40	2.00 - 6.00%	46,160,000	42,325,000
Subtotal					70,350,000
Less current maturities					(2,775,000)
Total					<u>\$ 67,575,000</u>

The annual aggregate principal and interest maturities for the fiscal years subsequent to June 30, 2012 are as follows:

	Principal	Interest	Total
2013	2,775,000	3,338,394	6,113,394
2014	2,715,000	3,254,594	5,969,594
2015	2,860,000	3,168,669	6,028,669
2016	2,850,000	3,075,282	5,925,282
2017	2,895,000	2,974,219	5,869,219
2018-2022	14,575,000	13,026,658	27,601,658
2023-2027	11,750,000	9,863,407	21,613,407
2028-2032	14,540,000	6,807,562	21,347,562
2033-2037	12,115,000	2,780,473	14,895,473
2038-2040	3,275,000	409,500	3,684,500
Total	<u>\$ 70,350,000</u>	<u>\$ 48,698,758</u>	<u>\$ 119,048,758</u>

Changes in Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 485,052	\$ 306,392	\$ (295,217)	\$ 496,227	\$ 232,767
Notes payable	1,008,400	-	-	1,008,400	-
	<u>\$ 1,493,452</u>	<u>\$ 306,392</u>	<u>\$ (295,217)</u>	<u>\$ 1,504,627</u>	<u>\$ 232,767</u>
Business-type activities:					
Compensated absences	\$ 246,291	\$ 200,263	\$ (189,674)	\$ 256,880	\$ 157,612
Notes payable	5,987,768	160,094	(799,993)	5,347,869	190,078
Bonds payable	73,045,000	-	(2,695,000)	70,350,000	2,775,000
Less deferred amounts:					
For issuance premiums	1,761,159	-	(142,955)	1,618,204	-
On refunding	(978,021)	-	185,302	(792,719)	-
Total bonds payable	<u>73,828,138</u>	<u>-</u>	<u>(2,652,653)</u>	<u>71,175,485</u>	<u>2,775,000</u>
	<u>\$ 80,062,197</u>	<u>\$ 306,357</u>	<u>\$ (3,642,320)</u>	<u>\$ 76,780,234</u>	<u>\$ 3,122,690</u>

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Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. At year end \$31,088 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, 2012 was \$320,757,589.

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 12/31/12	Year ended 12/31/11
Unpaid claims, beginning of fiscal year	\$ 2,071,844	\$ 1,746,466
Incurred claims (including IBNR)	124,344	962,684
Claim payments	(364,677)	(637,306)
Unpaid claims, end of fiscal year	\$ 1,831,511	\$ 2,071,844

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.

Dakota County, Minnesota

Notes to the Financial Statements

December 31,
2012

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, and West St. Paul, 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.

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 4.0%-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, 2012 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2013	82,250
2014	<u>89,250</u>
Total	<u>\$ 171,500</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 \$147,041 in 2012. 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.

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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 2012. 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.

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 2012 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 2012. 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, and 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 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.
8. The Minnesota Valley Transit Authority (MVTA): Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Rosemount, and Savage ("Cities"), under the laws of the State of

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

Minnesota, and Dakota County and Scott County, to provide public transit service in and for persons within the Cities and within the Metropolitan Area pursuant to Minnesota Statutes, Sections 473.388, 473.384, 471.59 and related statutes.

The governing body of the MVTA shall be its Board which will consist of seven voting commissioners. Each party shall appoint one commissioner, one alternate commissioner, and a staff member who shall serve on the Technical Work Group. In the event of the termination of this agreement of all parties from the MVTA, all of the assets which remain after payment of debts and obligations shall be distributed among the parties to this agreement immediately prior to its termination, subject to the terms and requirements of obligations issued by one or more municipalities pursuant to Minnesota Statute 473.388, Subd.7. Financial statements are available on the internet at www.myta.com or by calling 952-882-7500.

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 are defined in Minnesota Statutes Sections 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 \$475,451 in expenditures in 2012 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 and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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.

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 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

Dakota County, Minnesota December 31, Notes to the Financial Statements 2012

The County is required to contribute the following percentages of annual covered payroll in 2012:

	2012
General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2012, 2011, and 2010, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2012		2011		2010
General Employees Retirement Fund	\$ 6,401,444	\$	6,218,565	\$	6,411,153
Public Employees Police and Fire Fund	729,240		693,656		721,357
Public Employees Correctional Fund	439,897		411,324		423,288

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

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

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2012, were:

	<u>Employee</u>		<u>Employer</u>
Contribution amount	\$9,889		\$9,889
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

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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 37 eligible participants. Based on this plan, the County contributes \$60 a month per participant for health insurance. The participant contributes either \$483 for single coverage or \$1,723 for family coverage per month. During 2012, the County expended \$26,760 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, 2012, there were approximately 266 retirees receiving health benefits from the County's health plan.

Participants of the plan consisted of the following at January 1, 2012, the date of the most recent actuarial valuation:

Active employees	1,476
Retirees and Beneficiaries	<u>104</u>
Total	1,580

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 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,188,318
Interest on net OPEB obligation	262,265
Adjustment to ARC	<u>(357,794)</u>
Annual OPEB Cost	1,092,789
Contributions during the year	<u>(718,536)</u>
Increase in net OPEB obligation	374,253
Net OPEB beginning of year	<u>5,828,108</u>
Net OPEB End of year	<u>\$ 6,202,361</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010, 2011 and 2012 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, 2010	\$2,117,590	\$655,595	30.96%	\$4,558,077
December 31, 2011	\$2,213,940	\$943,909	42.63%	\$5,828,108
December 31, 2012	\$1,092,789	\$718,536	65.75%	\$6,202,361

Dakota County, Minnesota

Notes to the Financial Statements

December 31, 2012

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)
1/1/2012	\$0	\$10,766,761	\$10,766,761	0.00%	\$99,770,000	10.79%

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. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

In the January 1, 2012 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 8.10% 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 2012, 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

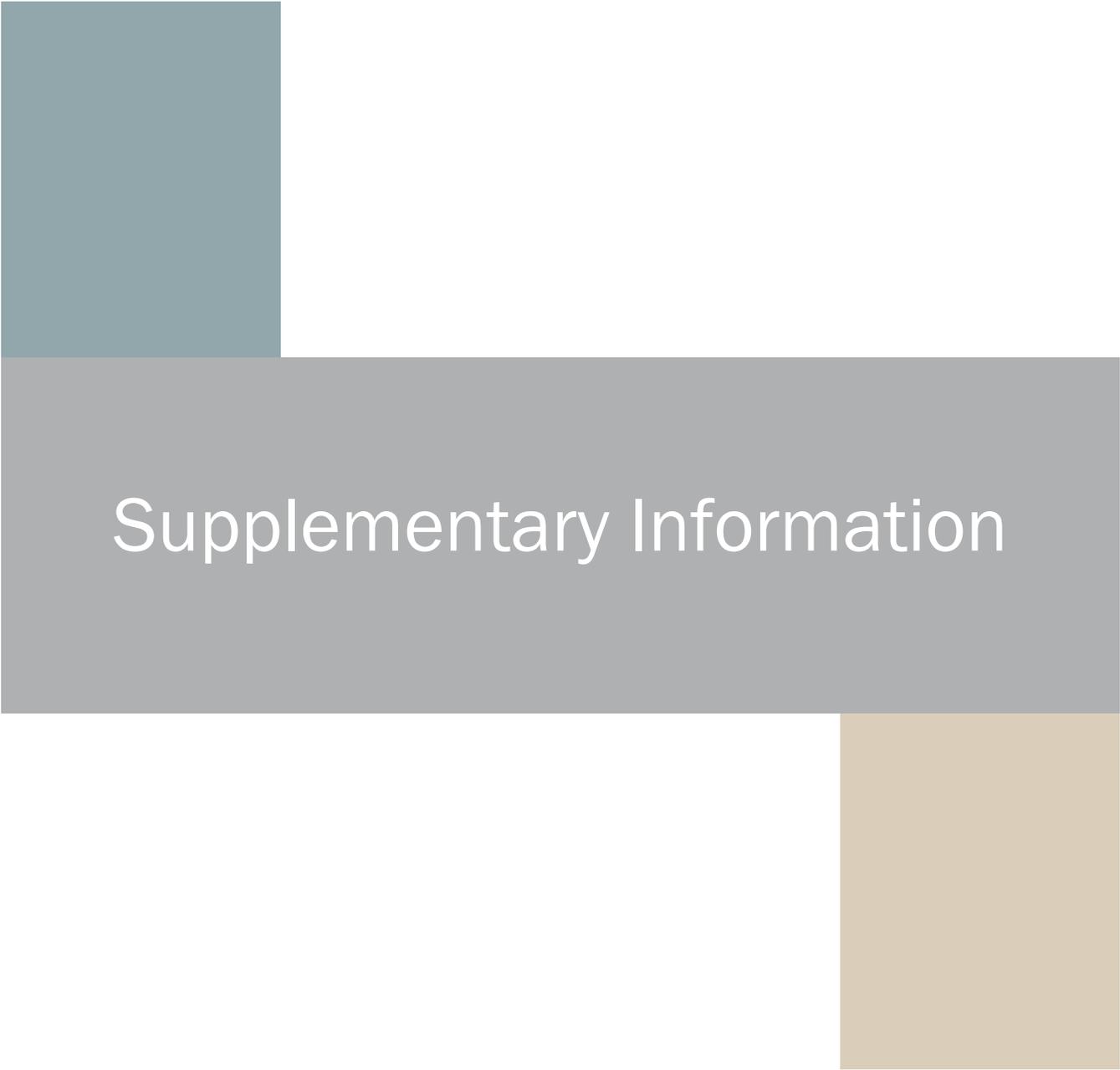
**DAKOTA COUNTY
MINNESOTA**

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
1/1/2008	\$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%
1/1/2012	\$0	\$10,766,761	\$10,766,761	0.00%	\$99,770,000	10.79%

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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,318,778	\$ 5,318,778	\$ 5,329,645	\$ 10,867
Total Revenues	<u>\$ 5,318,778</u>	<u>\$ 5,318,778</u>	<u>\$ 5,329,645</u>	<u>\$ 10,867</u>
Expenditures				
Debt service				
Principal	\$ 5,625,000	\$ 5,625,000	\$ 5,625,000	\$ -
Interest	2,270,450	2,270,450	2,270,450	-
Administrative - fiscal charges	-	-	3,200	(3,200)
Total Expenditures	<u>\$ 7,895,450</u>	<u>\$ 7,895,450</u>	<u>\$ 7,898,650</u>	<u>\$ (3,200)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,576,672)</u>	<u>\$ (2,576,672)</u>	<u>\$ (2,569,005)</u>	<u>\$ 7,667</u>
Other Financing Sources (Uses)				
Transfers in	\$ 2,576,672	\$ 2,576,672	\$ 2,576,672	\$ -
Total Other Financing Sources (Uses)	<u>\$ 2,576,672</u>	<u>\$ 2,576,672</u>	<u>\$ 2,576,672</u>	<u>\$ -</u>
Change in Fund Balance	\$ -	\$ -	\$ 7,667	\$ 7,667
Fund Balance - January 1	<u>7,865,698</u>	<u>7,865,698</u>	<u>7,865,698</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 7,865,698</u></u>	<u><u>\$ 7,865,698</u></u>	<u><u>\$ 7,873,365</u></u>	<u><u>\$ 7,667</u></u>

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 580,000	\$ 580,000	\$ 581,201	\$ 1,201
Intergovernmental	2,180,201	2,180,201	2,729,941	549,740
Total Revenues	\$ 2,760,201	\$ 2,760,201	\$ 3,311,142	\$ 550,941
Expenditures				
Current				
Capital outlay				
Capital outlay	\$ 5,223,000	\$ 6,441,384	\$ 1,268,782	\$ 5,172,602
Total capital outlay	\$ 5,223,000	\$ 6,441,384	\$ 1,268,782	\$ 5,172,602
Total Expenditures	\$ 5,223,000	\$ 6,441,384	\$ 1,268,782	\$ 5,172,602
Excess of Revenues Over (Under) Expenditures	\$ (2,462,799)	\$ (3,681,183)	\$ 2,042,360	\$ 5,723,543
Other Financing Sources (Uses)				
Transfers in	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ -
Change in Fund Balance	\$ 1,537,201	\$ 318,817	\$ 6,042,360	\$ 5,723,543
Fund Balance - January 1	10,274,336	10,274,336	10,274,336	-
Fund Balance - December 31	\$ 11,811,537	\$ 10,593,153	\$ 16,316,696	\$ 5,723,543

**DAKOTA COUNTY
MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	County Library	County Parks	Law Library	Attorney Forfeiture	
<u>Assets</u>					
Cash and pooled investments	\$ 2,382,243	\$ 10,603,725	\$ 1,006,848	\$ 428,566	\$ 14,421,382
Petty cash and change funds	2,450	1,100	60	-	3,610
Taxes receivable					
Prior	280,198	81,710	-	-	361,908
Accounts receivable	8,523	51,146	-	-	59,669
Due from other funds	27,025	1,843,374	-	-	1,870,399
Due from other governments	-	836,099	23,770	-	859,869
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,700,439</u>	<u>\$ 13,417,154</u>	<u>\$ 1,030,678</u>	<u>\$ 428,566</u>	<u>\$ 17,576,837</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 97,922	\$ 940,598	\$ 8,537	\$ -	\$ 1,047,057
Salaries payable	324,908	86,214	8,690	-	419,812
Contracts payable	-	99,186	-	-	99,186
Due to other funds	2,617	369,595	1,248	16,508	389,968
Due to other governments	-	1,896	6	-	1,902
Deferred revenue - unavailable	264,323	498,248	-	-	762,571
Deferred revenue - unearned	-	2,049,301	-	-	2,049,301
Advance from other funds	-	1,872,670	-	-	1,872,670
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 689,770</u>	<u>\$ 5,917,708</u>	<u>\$ 18,481</u>	<u>\$ 16,508</u>	<u>\$ 6,642,467</u>
Fund Balances					
Restricted for:					
Law library	\$ -	\$ -	\$ 1,012,137	\$ -	\$ 1,012,137
Spring Lake Park	-	489	-	-	489
Criminal forfeitures	-	-	-	412,058	412,058
Assigned to:					
Culture and recreation	691,403	-	-	-	691,403
Capital improvements	-	7,327,807	-	-	7,327,807
Budget incentive program	154,623	-	-	-	154,623
Capital equipment	518,142	-	-	-	518,142
Petty cash	2,450	1,100	60	-	3,610
Other post employment benefits	644,051	170,050	-	-	814,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 2,010,669</u>	<u>\$ 7,499,446</u>	<u>\$ 1,012,197</u>	<u>\$ 412,058</u>	<u>\$ 10,934,370</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,700,439</u>	<u>\$ 13,417,154</u>	<u>\$ 1,030,678</u>	<u>\$ 428,566</u>	<u>\$ 17,576,837</u>

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>County Library</u>	<u>County Parks</u>	<u>Law Library</u>	<u>Attorney Forfeiture</u>	
Revenues					
Taxes	\$ 10,854,470	\$ 2,839,686	\$ -	\$ -	\$ 13,694,156
License and permits	-	86,465	-	-	86,465
Intergovernmental	479,829	4,996,787	-	-	5,476,616
Charges for services	542,364	721,309	340,374	-	1,604,047
Fines and forfeits	-	13,248	-	66,488	79,736
Gifts and contributions	33,239	1,716	-	-	34,955
Investment earnings	1,621	-	-	-	1,621
Miscellaneous	182,666	12,740	-	-	195,406
Total Revenues	\$ 12,094,189	\$ 8,671,951	\$ 340,374	\$ 66,488	\$ 21,173,002
Expenditures					
Current					
General government	\$ -	\$ -	\$ 372,266	\$ 20,923	\$ 393,189
Culture and recreation	11,999,967	8,850,596	-	-	20,850,563
Total Expenditures	\$ 11,999,967	\$ 8,850,596	\$ 372,266	\$ 20,923	\$ 21,243,752
Excess of Revenues Over (Under)					
Expenditures	\$ 94,222	\$ (178,645)	\$ (31,892)	\$ 45,565	\$ (70,750)
Other Financing Sources (Uses)					
Transfers in	\$ 91,290	\$ 2,139,614	\$ -	\$ -	\$ 2,230,904
Transfers out	-	(281,000)	-	-	(281,000)
Proceeds from sale of assets	-	1,725	-	-	1,725
Total Other Financing Sources (Uses)	\$ 91,290	\$ 1,860,339	\$ -	\$ -	\$ 1,951,629
Net Change in Fund Balance	\$ 185,512	\$ 1,681,694	\$ (31,892)	\$ 45,565	\$ 1,880,879
Fund Balance - January 1	1,825,157	5,817,752	1,044,089	366,493	9,053,491
Fund Balance - December 31	\$ 2,010,669	\$ 7,499,446	\$ 1,012,197	\$ 412,058	\$ 10,934,370

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
COUNTY LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,863,817	\$ 10,864,458	\$ 10,854,470	\$ (9,988)
Intergovernmental	114,000	433,513	479,829	46,316
Charges for services	607,300	607,300	542,364	(64,936)
Gifts and contributions	-	32,134	33,239	1,105
Investment earnings	-	-	1,621	1,621
Miscellaneous	106,000	144,531	182,666	38,135
Total Revenues	\$ 11,691,117	\$ 12,081,936	\$ 12,094,189	\$ 12,253
Expenditures				
Current				
Culture and recreation				
Regional library	\$ 11,691,117	\$ 12,911,697	\$ 11,999,967	\$ 911,730
Total Expenditures	\$ 11,691,117	\$ 12,911,697	\$ 11,999,967	\$ 911,730
Excess of Revenues Over (Under) Expenditures	\$ -	\$ (829,761)	\$ 94,222	\$ 923,983
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 91,290	\$ 91,290
Change in Fund Balance	\$ -	\$ (829,761)	\$ 185,512	\$ 1,015,273
Fund Balance - January 1	1,825,157	1,825,157	1,825,157	-
Fund Balance - December 31	\$ 1,825,157	\$ 995,396	\$ 2,010,669	\$ 1,015,273

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
COUNTY PARKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,837,379	\$ 2,837,379	\$ 2,839,686	\$ 2,307
Licenses and permits	71,300	71,300	86,465	15,165
Intergovernmental	9,167,861	21,362,744	4,996,787	(16,365,957)
Charges for services	1,709,986	632,773	721,309	88,536
Fines and forfeits	-	-	13,248	13,248
Gifts and contributions	-	-	1,716	1,716
Miscellaneous	-	-	12,740	12,740
Total Revenues	\$ 13,786,526	\$ 24,904,196	\$ 8,671,951	\$ (16,232,245)
Expenditures				
Current				
Culture and recreation				
Parks	\$ 14,526,342	\$ 28,369,528	\$ 8,850,596	\$ 19,518,932
Total Expenditures	\$ 14,526,342	\$ 28,369,528	\$ 8,850,596	\$ 19,518,932
Excess of Revenues Over (Under) Expenditures	\$ (739,816)	\$ (3,465,332)	\$ (178,645)	\$ 3,286,687
Other Financing Sources (Uses)				
Transfers in	\$ 900,000	\$ 1,800,000	\$ 2,139,614	\$ 339,614
Transfers out	-	-	(281,000)	(281,000)
Proceeds from sale of assets	-	-	1,725	1,725
Total Other Financing Sources (Uses)	\$ 900,000	\$ 1,800,000	\$ 1,860,339	\$ 60,339
Change in Fund Balance	\$ 160,184	\$ (1,665,332)	\$ 1,681,694	\$ 3,347,026
Fund Balance - January 1	5,817,752	5,817,752	5,817,752	-
Fund Balance - December 31	\$ 5,977,936	\$ 4,152,420	\$ 7,499,446	\$ 3,347,026

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2012**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Byllesby Dam Enterprise Fund	Totals
<u>Assets</u>				
Current assets:				
Cash and pooled investments	\$ 155,870	\$ 259,709	\$ 1,642,645	\$ 2,058,224
Accounts receivable (net)	-	101,934	4,888	106,822
Due from other governments	-	4,413	65,711	70,124
Total current assets	\$ 155,870	\$ 366,056	\$ 1,713,244	\$ 2,235,170
Total Assets	\$ 155,870	\$ 366,056	\$ 1,713,244	\$ 2,235,170
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 8,500	\$ 30,551	\$ 132,778	\$ 171,829
Total current liabilities	\$ 8,500	\$ 30,551	\$ 132,778	\$ 171,829
Total Liabilities	\$ 8,500	\$ 30,551	\$ 132,778	\$ 171,829
Net Position				
Restricted for				
Equipment replacement	\$ 147,370	-	1,580,466	\$ 1,727,836
Public safety	-	335,505	-	335,505
Total Net Position	\$ 147,370	\$ 335,505	\$ 1,580,466	\$ 2,063,341

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Byllesby Dam Enterprise Fund	Totals
Operating Revenues				
Charges for services	\$ 13,166	\$ 147,584	\$ 603,439	\$ 764,189
Total Operating Revenues	\$ 13,166	\$ 147,584	\$ 603,569	\$ 764,319
Operating Expenses				
Repairs and maintenance	\$ -	\$ -	\$ 928,924	\$ 928,924
Other services and charges	9,072	48,021	-	57,093
Total Operating Expenses	\$ 9,072	\$ 48,021	\$ 928,924	\$ 986,017
Operating income (loss)	\$ 4,094	\$ 99,563	\$ (325,355)	\$ (221,698)
Nonoperating revenues (expenses)				
Intergovernmental	\$ -	\$ -	\$ 157,769	\$ 157,769
Change in Net Position	\$ 4,094	\$ 99,563	\$ (167,586)	\$ (63,929)
Net Position - January 1	143,276	235,942	1,748,052	2,127,270
Net Position - December 31	\$ 147,370	\$ 335,505	\$ 1,580,466	\$ 2,063,341

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
Increase (Decrease) in Cash and Cash Equivalents**

	Geographic Information System Enterprise Fund	Criminal Justice Information Integration Network	Byllesby Dam Enterprise Fund	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 13,166	\$ 41,237	\$ 532,970	\$ 587,373
Payments to suppliers	(572)	(31,918)	(889,132)	(921,622)
Net cash provided by (used in) operating activities	\$ 12,594	\$ 9,319	\$ (356,162)	\$ (334,249)
Cash Flows from Noncapital Financing Activities				
Intergovernmental	\$ -	\$ -	\$ 157,769	\$ 157,769
Net cash provided by (used in) noncapital financing activities	\$ -	\$ -	\$ 157,769	\$ 157,769
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 12,594	\$ 9,319	\$ (198,393)	\$ (176,480)
Cash and Cash Equivalents at January 1	143,276	250,390	1,841,038	2,234,704
Cash and Cash Equivalents at December 31	\$ 155,870	\$ 259,709	\$ 1,642,645	\$ 2,058,224
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 4,094	\$ 99,563	\$ (325,355)	\$ (221,698)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
(Increase) decrease in accounts receivable	\$ -	\$ (101,934)	\$ (4,888)	\$ (106,822)
(Increase) decrease in due from other governments	-	(4,413)	(65,711)	(70,124)
(Increase) decrease in due from other funds	-	-	-	-
Increase (decrease) in accounts payable	8,500	16,103	39,792	64,395
Increase (decrease) in deferred revenue	-	-	-	-
Total adjustments	\$ 8,500	\$ (90,244)	\$ (30,807)	\$ (112,551)
Net Cash Provided by (Used in) Operating Activities	\$ 12,594	\$ 9,319	\$ (356,162)	\$ (334,249)

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
DECEMBER 31, 2012**

	<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	\$ -	\$ 33,384	\$ 1,335,885	\$ 219,083	\$ 1,588,352
Accounts receivable	-	-	-	231	231
Due from other governments	191,403	-	733,888	4,653	929,944
Total Assets	\$ 191,403	\$ 33,384	\$ 2,069,773	\$ 223,967	\$ 2,518,527
<u>Liabilities</u>					
Accounts payable	\$ 1,132	\$ 14,248	\$ 60,215	\$ 817	\$ 76,412
Due to other governments	190,271	-	1,282,607	-	1,472,878
Total Liabilities	\$ 191,403	\$ 14,248	\$ 1,342,822	\$ 817	\$ 1,549,290
<u>Net Position</u>					
Net position held in trust for other purposes	\$ -	\$ 19,136	\$ 726,951	\$ 223,150	\$ 969,237
Total Net Position	\$ -	\$ 19,136	\$ 726,951	\$ 223,150	\$ 969,237

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 1,371,840	\$ -	\$ -	\$ -	\$ 1,371,840
Payments from other governments	-	-	1,369,783	109,349	1,479,132
Other agencies	-	17,800	-	-	17,800
Miscellaneous	-	-	12,550	788	13,338
Investment earnings:					
Interest	-	283	16,735	-	17,018
Total additions	\$ 1,371,840	\$ 18,083	\$ 1,399,068	\$ 110,137	\$ 2,899,128
<u>DEDUCTIONS:</u>					
Judicial District expense	\$ 1,371,840	\$ -	\$ -	\$ -	\$ 1,371,840
Solid waste expenses	-	14,943	800,106	-	815,049
Emergency preparedness expenses	-	-	-	59,834	59,834
Total deductions	\$ 1,371,840	\$ 14,943	\$ 800,106	\$ 59,834	\$ 2,246,723
Change in net position	\$ -	\$ 3,140	\$ 598,962	\$ 50,303	\$ 652,405
Net position - January 1	-	15,996	127,989	172,847	316,832
Net position - December 31	\$ -	\$ 19,136	\$ 726,951	\$ 223,150	\$ 969,237

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>Assets</u>				
Cash and pooled investments	\$ 38,733,400	\$ 1,542,682,233	\$ 1,544,259,471	\$ 37,156,162
Departmental cash	30,636	-	30,636	-
Accounts receivable	90,543	153,416	109,335	134,624
Due from other governments	359,809	662,481	460,750	561,540
Total Assets	<u>\$ 39,214,388</u>	<u>\$ 1,543,498,130</u>	<u>\$ 1,544,860,192</u>	<u>\$ 37,852,326</u>
<u>Liabilities</u>				
Accounts payable	\$ 674,000	\$ 634,524,202	\$ 634,242,207	\$ 955,995
Unapportioned taxes payable	-	130,961,718	130,961,718	-
Due to other funds	-	61,391	61,391	-
Due to other governments	38,540,388	1,292,409,519	1,294,053,576	36,896,331
Total Liabilities	<u>\$ 39,214,388</u>	<u>\$ 2,057,956,830</u>	<u>\$ 2,059,318,892</u>	<u>\$ 37,852,326</u>

**DAKOTA COUNTY
MINNESOTA**

**GOVERNMENTAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION
VERMILLION RIVER WATERSHED DISTRICT
DECEMBER 31, 2012**

Assets

Cash and investments	\$ 1,895,475
Taxes receivable	
Current	69,588
Prior - net	4,878
Due from other governments	<u>8,549</u>
Total Assets	<u><u>\$ 1,978,490</u></u>

Liabilities

Current liabilities	
Accounts payable	\$ 212,565
Deferred revenue - unearned	<u>119,696</u>
Total Liabilities	<u><u>\$ 332,261</u></u>

Fund Balance/Net Position

Unrestricted	<u>\$ 1,646,229</u>
Total Fund Balance/Net Position	<u><u>\$ 1,646,229</u></u>
Total Liabilities and Fund Balance/Net Position	<u><u>\$ 1,978,490</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, 2012**

Revenues	
Taxes	\$ 1,257,737
License and permits	77
Intergovernmental	103,344
Investment earnings	14,528
	<hr/>
Total Revenues	\$ 1,375,686
Expenditures/Expenses	
Current	
Conservation of natural resources	\$ 908,946
	<hr/>
Net Change in Fund Balance/ Net Position	\$ 466,740
Fund Balance/Net Position - January 1	1,179,489
	<hr/>
Fund Balance/Net Position - December 31	\$ 1,646,229
	<hr/> <hr/>

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



Governmental Revenue Schedules

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
Shared Revenue			
State			
Highway users tax	\$ 21,136,751	\$ -	\$ 21,136,751
PERA rate reimbursement	333,927	-	333,927
Disparity reduction aid	1,880	-	1,880
Police aid	428,265	-	428,265
Agricultural preserve credit	49,648	-	49,648
County program aid	12,630,881	-	12,630,881
Local performance aid	50,000	-	50,000
Market value credit	98,277	-	98,277
Total Shared Revenue	\$ 34,729,629	\$ -	\$ 34,729,629
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 5,426,244	\$ -	\$ 5,426,244
Total Reimbursement for Services	\$ 5,426,244	\$ -	\$ 5,426,244
Payments			
Local			
County contributions	\$ 74,071	\$ -	\$ 74,071
City contributions	955,239	-	955,239
Metropolitan council	3,747,862	-	3,747,862
City and agency share of construction	10,858,328	-	10,858,328
MELSA	422,470	-	422,470
Other contributions	850,936	-	850,936
Local contributions	404,961	-	404,961
Payments in lieu of taxes	6,405	-	6,405
Total Payments	\$ 17,320,272	\$ -	\$ 17,320,272
Grants			
State			
Minnesota Department of			
Agriculture	\$ 24,963	\$ -	\$ 24,963
Public Safety	185,947	-	185,947
Transportation	5,214,508	-	5,214,508
Health	1,129,764	-	1,129,764
Natural Resources	145,000	157,769	302,769
Human Services	11,794,451	-	11,794,451
Water and Soil Resources Board	102,750	-	102,750
Employment and Economic Development	1,609,150	-	1,609,150
Pollution Control Agency	1,319,407	-	1,319,407
Trial courts	41,821	-	41,821
Housing Finance Agency	108,500	-	108,500
Education	1,872	-	1,872
Board of Peace Officers Standards and Training	28,892	-	28,892
Corrections	4,889,457	-	4,889,457
Veterans Affairs	4,600	-	4,600
Other	549,960	-	549,960
Total State	\$ 27,151,042	\$ 157,769	\$ 27,308,811

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Funds	Enterprise Funds	Total Primary Government
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 3,762,921	\$ -	\$ 3,762,921
Housing and Urban Development	3,382,792	-	3,382,792
Justice	496,735	-	496,735
Labor	1,770,644	-	1,770,644
Transportation	14,674,185	-	14,674,185
Environmental Protection Agency	218,458	-	218,458
Health and Human Services	21,179,218	-	21,179,218
Homeland Security	1,168,881	-	1,168,881
Total Federal	\$ 46,653,834	\$ -	\$ 46,653,834
Total State and Federal Grants	\$ 73,804,876	\$ 157,769	\$ 73,962,645
Total Intergovernmental Revenue	\$ 131,281,021	\$ 157,769	\$ 131,438,790

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	\$ 722,446	\$ -
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1,303,953	-
Passed Through Minnesota Department of Education Child Nutrition Cluster			
School Breakfast Program	10.553	15,868	-
National School Lunch Program	10.555	24,151	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>1,696,503</u>	<u>-</u>
Total U.S. Department of Agriculture		<u>\$ 3,762,921</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grants - Entitlement Grants Cluster			
Community Development Block Grant - Entitlement Grants	14.218	\$ 1,763,198	\$ 1,763,198
Community Development Block Grant -- ARRA	14.253	76,573	76,573
Supportive Housing Program	14.235	437,565	-
HOME Investment Partnerships Program	14.239	914,860	914,860
Homelessness Prevention and Rapid Re-Housing Program -- ARRA	14.257	184,906	-
Asthma Interventions in Public and Assisted Multifamily Housing	14.914	<u>5,690</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 3,382,792</u>	<u>\$ 2,754,631</u>
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Block Grants	16.523	\$ 98,406	\$ -
Justice Assistance Grant Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	82,846	-
Direct			
Edward Byrne Memorial Formula Grant Program	16.579	82,851	-
Drug Court Discretionary Grant Program	16.585	64,214	-
State Criminal Alien Assistance Program	16.606	36,292	-
Justice Assistance Grant Program Cluster			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Government -- ARRA	16.804	53,349	-
Equitable Sharing Program	16.922	<u>78,777</u>	<u>-</u>
Total U.S. Department of Justice		<u>\$ 496,735</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, 2012**

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	\$ 238,648	\$ 197,419
WIA Youth Activities	17.259	483,612	406,877
WIA Dislocated Worker Formula Grants	17.278	481,162	389,935
WIA Dislocated Workers -- ARRA	17.260	216,655	179,010
Workforce Investment Act (WIA) National Emergency Grants	17.277	<u>350,567</u>	<u>245,445</u>
Total U.S. Department of Labor		<u>\$ 1,770,644</u>	<u>\$ 1,418,686</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	\$ 14,218,998	\$ -
Highway Planning and Construction - ARRA	20.205	405,187	-
(Total Highway Planning and Construction 20.205 \$14,624,185)			
Technical Assistance Grants	20.710	<u>50,000</u>	<u>-</u>
Total U.S. Department of Transportation		<u>\$ 14,674,185</u>	<u>\$ -</u>
U.S. Environmental Protection Agency			
Passed through Minnesota Pollution Control Agency			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	<u>218,458</u>	<u>-</u>
Total U.S. Environmental Protection Agency		<u>\$ 218,458</u>	<u>\$ -</u>
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	\$ 337,597	\$ -
Project Grants and Cooperative Agreements for Tuberculosis			
Control Programs	93.116	670	-
Universal Newborn Hearing Screening	93.251	4,975	-
Immunization Cooperative Agreements	93.268	10,120	-
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	325,356	-
(Total Temporary Assistance for Needy Families 93.558 \$3,173,546)			
Maternal and Child Health Services Block Grant to the States	93.994	276,783	-

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, 2012**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Cont.)			
Passed Through Minnesota Department of Human Services			
Guardianship Assistance -- ARRA	93.090	65,058	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	30,428	-
Promoting Safe and Stable Families	93.556	156,101	-
Temporary Assistance for Needy Families Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	2,848,190	-
(Total Temporary Assistance for Needy Families 93.558 \$3,173,546)			
Emergency Contingency Fund for Temporary Assistance for Needy Families State Program -- ARRA	93.714	159,522	-
Child Support Enforcement	93.563	7,587,218	-
Child Care and Development Block Grant	93.575	429,291	-
Community-Based Child Abuse Prevention Grants	93.590	145,958	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	19,443	-
Foster Care Title IV-E	93.658	230,198	-
Adoption Assistance	93.659	362,113	-
Social Services Block Grant	93.667	1,423,649	-
Chafee Foster Care Independence Program	93.674	59,308	-
Medical Assistance Program	93.778	6,586,746	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	120,494	-
		<u>21,179,218</u>	<u>-</u>
Total U.S. Department of Health and Human Services		\$ 21,179,218	\$ -
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	12,741	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	109,209	-
Hazard Mitigation Grant	97.039	134,104	-
Emergency Management Performance Grants	97.042	51,111	-
Homeland Security Grant Program	97.067	861,716	-
		<u>1,168,881</u>	<u>-</u>
Total U.S. Department of Homeland Security		\$ 1,168,881	\$ -
		<u>\$ 46,653,834</u>	<u>\$ 4,173,317</u>
VERMILLION RIVER WATERSHED DISTRICT (Component Unit)			
U.S. Environmental Protection Agency			
Passed through Minnesota Pollution Control Agency			
Nonpoint Source Implementation Grants	66.460	\$ 48,842	\$ -
		<u>48,842</u>	<u>-</u>
Total U.S. Environmental Protection Agency		\$ 48,842	\$ -

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, 2012**

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 I 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 \$21,822,977 in federal awards during the year ended June 30, 2012, 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, 2012. 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 position, 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. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Child Nutrition Cluster	\$ 40,019
CDBG - Entitlement Grants Cluster	1,839,771
JAG Program Cluster	136,195
WIA Cluster	1,203,422

**DAKOTA COUNTY
MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

4. Clusters (Continued)

Highway Planning and Construction Cluster	\$14,624,185
Temporary Assistance for Needy Families (TANF) Cluster	3,333,068

5. 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.

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	105
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	112
These schedules contain information to help the reader assess the factors affecting the county’s ability to generate its property taxes.	
Debt Capacity	116
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	119
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	121
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 Position by Component

Primary Government

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 321,795,149	\$ 362,641,327	\$ 382,932,632	\$ 395,989,603	\$ 435,373,306	\$ 502,664,473	\$ 545,729,953	\$ 567,867,785	\$ 605,455,040	\$ 634,821,240
Restricted	22,337,752	20,087,946	4,213,806	12,634,717	7,134,394	8,289,724	5,860,387	6,578,089	12,124,268	12,189,502
Unrestricted	185,637,223	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,144,007	197,822,900	208,305,948	250,601,958
Total Net Position - Governmental Activities	529,770,124	551,403,367	574,599,976	604,019,685	650,666,250	699,174,793	749,734,347	772,268,774	825,885,256	897,612,700
Business-Type Activities										
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-
Restricted	267,292	273,787	257,526	244,026	217,240	197,467	166,432	299,704	2,127,270	2,063,341
Unrestricted	-	-	-	-	-	-	131,714	-	-	-
Total Net Position - Business-Type Activities	267,292	273,787	257,526	244,026	217,240	197,467	298,146	299,704	2,127,270	2,063,341
Total Primary Government										
Net Investment in Capital Assets	321,795,149	362,641,327	382,932,632	395,989,603	435,373,306	502,664,473	545,729,953	567,867,785	605,455,040	634,821,240
Restricted	22,605,044	20,361,733	4,471,332	12,878,743	7,351,634	8,487,191	6,026,819	6,877,793	14,251,538	14,252,843
Unrestricted	185,637,223	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,275,721	197,822,900	208,305,948	250,601,958
Total Net Position - Primary Government	\$ 530,037,416	\$ 551,677,154	\$ 574,857,502	\$ 604,263,711	\$ 650,883,490	\$ 699,372,260	\$ 750,032,493	\$ 772,568,478	\$ 828,012,526	\$ 899,676,041

Components Units

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Development Agency										
Net Investment in Capital Assets	\$ 49,981,807	\$ 50,062,357	\$ 54,523,397	\$ 56,508,944	\$ 58,430,590	\$ 62,660,057	\$ 67,422,313	\$ 70,836,500	\$ 78,312,202	\$ 82,152,316
Restricted	18,993,737	22,552,239	25,110,847	29,434,579	34,964,470	40,927,194	41,172,119	46,029,306	52,565,562	54,930,480
Unrestricted	30,373,937	37,124,838	38,616,727	45,848,454	50,752,896	55,136,226	62,620,611	70,262,376	75,886,912	83,933,498
Total Net Position - Community Development Agency	\$ 99,349,481	\$ 109,739,434	\$ 118,250,971	\$ 131,791,977	\$ 144,147,956	\$ 158,723,477	\$ 171,215,043	\$ 187,128,182	\$ 206,764,676	\$ 221,016,294
Vermillion River Watershed										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	228,945	452,087	836,040	1,172,206	1,113,522	1,140,810	1,179,489	1,646,229
Total Net Position - Vermillion River Watershed	\$ -	\$ -	\$ 228,945	\$ 452,087	\$ 836,040	\$ 1,172,206	\$ 1,113,522	\$ 1,140,810	\$ 1,179,489	\$ 1,646,229

Dakota County, Minnesota

Changes in Net Position

<i>Expenses</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Primary Government										
<i>Governmental Activities</i>										
General Government	\$ 52,882,439	\$ 49,207,103	\$ 50,717,612	\$ 49,730,842	\$ 55,472,603	\$ 58,446,661	\$ 48,513,659	\$ 61,982,946	\$ 67,066,253	\$ 55,323,557
Public Safety	33,079,209	30,944,558	32,521,143	34,919,409	34,912,593	37,499,603	37,363,437	36,396,222	35,447,935	35,409,600
Highways and Streets	14,549,489	16,304,900	26,006,634	20,420,856	20,277,098	20,428,908	24,016,682	23,114,442	31,587,930	22,657,918
Sanitation	4,322,330	4,604,620	4,304,756	4,011,215	3,680,402	3,498,126	5,476,281	5,314,375	4,954,461	5,197,563
Human Services	82,227,949	76,680,727	85,113,843	89,579,810	94,635,381	94,467,561	85,401,690	69,757,126	68,904,678	66,997,873
Health	11,885,420	11,390,101	12,178,902	11,743,390	13,431,633	14,441,444	14,371,483	14,133,323	10,727,236	8,486,409
Culture and Recreation	15,102,985	15,802,865	15,208,101	16,641,571	17,447,398	17,160,436	19,746,598	19,352,705	19,368,747	18,171,501
Conservation of Natural Resources	1,441,578	634,311	603,508	5,061,173	4,819,932	4,783,651	4,560,051	2,304,181	3,960,904	4,016,128
Economic Development	6,330,521	7,609,962	6,102,141	7,760,382	12,810,832	7,712,727	10,540,298	12,076,877	8,145,271	8,216,401
Interest	3,732,525	4,178,776	3,644,666	4,317,700	5,509,766	4,910,143	4,360,037	3,947,575	2,919,202	2,212,496
Total Governmental Activities	225,554,445	217,357,923	236,401,306	244,186,348	262,997,638	263,349,260	254,350,216	248,379,772	253,082,617	226,689,446
<i>Business-Type Activities</i>										
Geographic Information Systems	59,429	45,355	51,166	42,591	47,012	40,082	50,556	24,577	58,164	9,072
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	81,669	84,192	48,021
Byllesby Dam	-	-	-	-	-	-	-	-	417,750	928,924
Total Business-Type Activities	59,429	45,355	51,166	42,591	47,012	40,082	50,556	106,246	560,106	986,017
Total Primary Government Expenses	\$ 225,613,874	\$ 217,403,278	\$ 236,452,472	\$ 244,228,939	\$ 263,044,650	\$ 263,389,342	\$ 254,400,772	\$ 248,486,018	\$ 253,642,723	\$ 227,675,463
 Program Revenues										
Primary Government										
<i>Governmental Activities</i>										
Fees, fines, charges and other:										
General Government	\$ 10,113,324	\$ 9,781,610	\$ 8,926,807	\$ 9,615,154	\$ 11,007,470	\$ 7,867,792	\$ 7,507,730	\$ 7,124,643	\$ 6,784,853	\$ 7,817,635
Public Safety	2,333,435	2,663,212	2,554,680	2,922,742	2,808,252	2,731,099	3,214,768	3,127,028	3,532,554	3,491,571
Highways and Streets	792,432	847,893	999,754	1,203,304	1,281,339	1,495,081	1,528,495	1,589,965	3,777,498	576,243
Sanitation	5,146,562	4,981,322	4,581,103	5,648,372	5,818,423	6,222,558	6,528,605	8,019,709	8,235,471	8,433,603
Human Services	38,213,785	34,389,557	40,411,091	35,103,513	46,166,824	2,782,157	6,474,404	3,164,919	3,743,711	5,683,801
Health	5,641,178	4,666,247	5,048,774	3,788,860	4,947,124	5,772,599	5,632,467	3,119,419	1,316,458	1,463,958
Culture and Recreation	922,694	1,180,256	1,316,474	1,343,261	1,606,090	1,622,497	1,730,132	1,754,286	1,564,452	1,558,792
Conservation of Natural Resources	94,167	65,666	37,789	60,388	51,076	43,906	27,492	85,654	47,707	20,021
Economic Development	-	-	-	-	-	-	-	40,132	1,247	243,643
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	63,257,577	58,575,763	63,876,472	59,685,594	73,686,598	28,537,689	32,644,093	28,025,755	29,003,951	29,289,267
<i>Business-Type Activities</i>										
Geographic Information Systems	40,673	51,850	34,905	29,091	20,226	20,309	19,521	21,436	38,149	13,166
Criminal Justice Information Integration Network	-	-	-	-	-	-	131,714	86,368	183,721	147,584
Byllesby Dam	-	-	-	-	-	-	-	-	2,148,477	603,569
Total Business-Type Program Revenues	40,673	51,850	34,905	29,091	20,226	20,309	151,235	107,804	2,370,347	764,319
Total Primary Government Program Revenues	\$ 63,298,250	\$ 58,627,613	\$ 63,911,377	\$ 59,714,685	\$ 73,706,824	\$ 28,557,998	\$ 32,795,328	\$ 28,133,559	\$ 31,374,298	\$ 30,053,586

Dakota County, Minnesota

Changes in Net Position

Program Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Government										
<i>Governmental Activities</i>										
Operating Grants and Contributions:										
General Government	\$ 565,292	\$ 1,411,311	\$ 1,909,154	\$ 628,801	\$ 853,773	\$ 3,893,517	\$ 3,123,481	\$ 3,798,215	\$ 4,080,742	\$ 4,387,424
Public Safety	9,847,307	6,763,295	6,953,692	12,777,168	8,395,227	8,533,620	8,948,372	9,127,015	8,183,282	7,460,653
Highways and Streets	2,888,460	5,013,888	3,439,157	5,233,333	7,255,780	6,054,166	24,992,562	4,902,202	18,653,704	17,177,991
Sanitation	1,133,123	1,154,986	1,014,073	1,016,810	2,605	8,341	321,394	276,939	372,933	544,354
Human Services	17,388,737	18,634,901	19,492,199	21,047,402	23,115,310	59,829,926	47,133,328	35,807,530	40,837,578	28,276,091
Health	10,070,275	3,864,966	3,819,458	3,914,089	3,793,765	5,458,305	5,712,664	7,341,345	6,425,794	4,841,022
Culture and Recreation	363,748	842,998	3,239,484	434,868	4,499,611	10,126,045	941,566	1,151,534	2,536,834	2,114,445
Conservation of Natural Resources	90,785	37,248	133,592	96,522	5,412,063	2,153,127	3,827,241	1,656,906	2,981,223	2,289,603
Economic Development	6,403,015	7,894,503	6,935,833	7,905,728	8,681,447	7,252,218	9,396,842	12,556,252	7,728,144	8,617,863
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	48,750,742	45,618,096	46,936,642	53,054,721	62,009,581	103,309,265	104,397,450	76,617,938	91,800,234	75,709,446
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	-	-	-	17,325	157,769
Total Business-Type Program Revenues	-	-	-	-	-	-	-	-	17,325	157,769
Total Primary Government Program Revenues	\$ 48,750,742	\$ 45,618,096	\$ 46,936,642	\$ 53,054,721	\$ 62,009,581	\$ 103,309,265	\$ 104,397,450	\$ 76,617,938	\$ 91,817,559	\$ 75,867,215

Program Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Government										
<i>Governmental Activities</i>										
Capital Grants and Contributions:										
General Government	\$ -	\$ -	\$ -	\$ 964,221	\$ 164,670	\$ -	\$ -	\$ -	\$ 304,216	\$ -
Public Safety	439,703	346,184	132,576	-	-	-	-	205,987	55,225	53,349
Highways and Streets	10,519,399	14,927,590	15,615,808	15,362,204	15,923,156	24,648,824	10,568,802	16,105,736	26,670,592	34,413,883
Sanitation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	622,287	-	-	-	-	-	-	-	-	153,585
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	11,581,389	15,273,774	15,748,384	16,326,425	16,087,826	24,648,824	10,568,802	16,311,723	27,030,033	34,620,817
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	-	-	-	-	-
Total Business-Type Program Revenues	-									
Total Primary Government Program Revenues	\$ 11,581,389	\$ 15,273,774	\$ 15,748,384	\$ 16,326,425	\$ 16,087,826	\$ 24,648,824	\$ 10,568,802	\$ 16,311,723	\$ 27,030,033	\$ 34,620,817

Dakota County, Minnesota

Changes in Net Position

Net (Expense) Revenue (a)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Government										
<i>Governmental Activities</i>										
General Government	\$ (42,203,823)	\$ (38,014,182)	\$ (39,881,651)	\$ (38,522,666)	\$ (43,446,690)	\$ (46,685,352)	\$ (37,882,448)	\$ (51,060,088)	\$ (55,896,442)	\$ (43,118,498)
Public Safety	(20,458,764)	(21,171,867)	(22,880,195)	(19,219,499)	(23,709,114)	(26,234,884)	(25,200,297)	(23,936,192)	(23,676,874)	(24,404,027)
Highways and Streets	(349,198)	4,484,471	(5,951,915)	1,377,985	4,183,177	11,769,163	13,073,177	(516,539)	17,513,864	29,510,199
Sanitation	1,957,355	1,531,688	1,290,420	2,653,967	2,140,626	2,732,773	1,373,718	2,982,273	3,653,943	3,780,394
Human Services	(26,625,427)	(23,656,269)	(25,210,553)	(33,428,895)	(25,353,247)	(31,855,478)	(31,793,958)	(30,784,677)	(24,323,389)	(33,037,981)
Health	3,826,033	(2,858,888)	(3,310,670)	(4,040,441)	(4,690,744)	(3,210,540)	(3,026,352)	(3,672,559)	(2,984,984)	(2,181,429)
Culture and Recreation	(13,194,256)	(13,779,611)	(10,652,143)	(14,863,442)	(11,341,697)	(5,411,894)	(17,074,900)	(16,446,885)	(15,267,461)	(14,344,679)
Conservation of Natural Resources	(1,256,626)	(531,397)	(432,127)	(4,904,263)	643,207	(2,586,618)	(705,318)	(561,621)	(931,974)	(1,706,504)
Economic Development	72,494	284,541	833,692	145,346	(4,129,385)	(460,509)	(1,143,456)	519,507	(415,880)	645,105
Interest	(3,732,525)	(4,178,776)	(3,644,666)	(4,317,700)	(5,509,766)	(4,910,143)	(4,360,037)	(3,947,575)	(2,919,202)	(2,212,496)
Total Governmental Net (Expense) Revenue	(101,964,737)	(97,890,290)	(109,839,808)	(115,119,608)	(111,213,633)	(106,853,482)	(106,739,871)	(127,424,356)	(105,248,399)	(87,069,916)
<i>Business-Type Activities</i>										
Geographic Information Systems	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	(31,035)	(3,141)	(20,015)	4,094
Criminal Justice Information Integration Network	-	-	-	-	-	-	131,714	4,699	99,529	99,563
Byllesby Dam	-	-	-	-	-	-	-	-	1,748,052	(167,586)
Total Business-Type Net (Expense) Revenue	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558	1,827,566	(63,929)
Total Primary Government Net (Expense) Revenue	\$ (101,983,493)	\$ (97,883,795)	\$ (109,856,069)	\$ (115,133,108)	\$ (111,240,419)	\$ (106,873,255)	\$ (106,639,192)	\$ (127,422,798)	\$ (103,420,833)	\$ (87,133,845)
General Revenues										
Primary Government										
<i>Governmental Activities</i>										
Property Taxes	\$ 92,595,635	\$ 97,937,477	\$ 104,106,046	\$ 109,728,835	\$ 115,987,757	\$ 121,557,986	\$ 126,986,839	\$ 126,012,038	\$ 126,588,398	\$ 132,725,693
Gravel Taxes	446,802	524,688	469,396	447,678	384,320	356,562	451,950	322,788	448,585	571,663
Mortgage Registry and Deed Tax	1,129,220	885,223	909,765	648,912	599,797	431,561	408,750	378,235	358,521	481,980
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	-	14,895	1,531,322	1,684,323	1,698,801	1,714,530	1,709,980	1,736,049
Gift and Contributions (unrestricted)	74,062	28,810	50,934	-	37,065	34,890	54,260	63,531	22,614	38,595
Grants and Contributions (unrestricted)	18,263,496	15,413,836	19,455,306	19,135,474	18,642,707	15,950,219	21,681,301	17,134,726	16,346,749	15,293,028
Investment Income	3,905,500	3,391,277	7,216,182	13,224,287	18,436,886	13,764,069	3,981,969	2,274,346	11,348,301	6,212,921
Miscellaneous	687,389	1,270,329	1,479,465	1,655,869	2,032,541	1,516,087	1,951,035	1,875,304	1,825,569	1,633,838
Gain on Sale of Capital Assets	388,512	71,893	70,023	16,267	35,653	66,328	84,520	183,285	216,164	103,593
Special items	-	-	-	(160,750)	-	-	-	-	-	-
Governmental Activities General Revenues	117,490,616	119,523,533	133,757,117	144,711,467	157,688,048	155,362,025	157,299,425	149,958,783	158,864,881	158,797,360
Total Change in Net Position - Governmental Activities	15,525,879	21,633,243	23,917,309	29,591,859	46,474,415	48,508,543	50,559,554	22,534,427	53,616,482	71,727,444
<i>Business-Type Activities</i>										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	-	-	-	-	-	-	-	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Special items	-	-	-	-	-	-	-	-	-	-
Total General Revenues - Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Change in Net Position - Business-Type Activities	(18,756)	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558	1,827,566	(63,929)
Total Change in Net Position - Primary Government	\$ 15,507,123	\$ 21,639,738	\$ 23,901,048	\$ 29,578,359	\$ 46,447,629	\$ 48,488,770	\$ 50,660,233	\$ 22,535,985	\$ 55,444,048	\$ 71,663,515

(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

Dakota County, Minnesota

Changes in Net Position - Component Units

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Component Unit										
Community Development Agency	\$ 29,534,299	\$ 31,257,253	\$ 32,973,947	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320	\$ 38,099,898	\$ 42,276,141	\$ 43,100,632	\$ 38,850,422
Vermillion River Watershed			325,209	759,557	1,157,625	1,017,956	1,245,246	1,105,654	987,828	908,946
Total Component Unit	29,534,299	31,257,253	33,299,156	33,517,431	35,167,385	35,636,276	39,345,144	43,381,795	44,088,460	39,759,368
Program Revenues										
Component Unit										
Community Development Agency	34,830,910	34,263,892	33,470,667	36,142,256	34,403,242	36,440,889	38,353,283	46,562,618	51,619,585	43,888,022
Vermillion River Watershed	-	-	-	-	434,567	196,434	53,997	95,540	77,874	70,084
Total Component Unit	34,830,910	34,263,892	33,470,667	36,142,256	34,837,809	36,637,323	38,407,280	46,658,158	51,697,459	43,958,106
General Revenues - Community Development Agency										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Taxes	\$ 3,339,917	\$ 4,694,249	\$ 5,278,362	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146	\$ 7,848,758	\$ 7,829,702	\$ 7,566,507	\$ 7,261,674
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	3,207,383	1,635,537
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	411,190	180,027	407,008	1,262,710	2,186,086	1,952,466	1,004,807	493,547	343,651	316,807
Miscellaneous	-	-	-	4,050	-	-	-	-	-	-
Gain on Sale of Capital Assets	188,867	462,004	174,841	-	-	-	-	-	-	-
Total General Revenues - Community Development Agency	5,843,330	7,383,314	8,014,817	10,156,624	11,962,497	12,752,952	12,238,181	11,626,662	11,117,541	9,214,018
Total Change in Net Position - Community Development Agency	\$ 11,139,941	\$ 10,389,953	\$ 8,511,537	\$ 13,541,006	\$ 12,355,979	\$ 14,575,521	\$ 12,491,566	\$ 15,913,139	\$ 19,636,494	\$ 14,251,618
General Revenues - Vermillion River Watershed										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Taxes	\$ -	\$ -	\$ 376,609	\$ 886,480	\$ 982,967	\$ 1,032,731	\$ 1,023,239	\$ 939,533	\$ 850,408	\$ 1,257,737
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	81,866	33,337
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	2,787	11,595	31,526	36,722	20,541	13,569	16,359	14,528
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	948,633	1,305,602
Total Change in Net Position - Vermillion River Watershed	-	-	94,602	223,142	383,953	336,166	(58,684)	27,288	38,679	466,740
Total Change in Net Position - Component Units	\$ 11,139,941	\$ 10,389,953	\$ 8,606,139	\$ 13,764,148	\$ 12,739,932	\$ 14,911,687	\$ 12,432,882	\$ 15,940,427	\$ 19,675,173	\$ 14,718,358

(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*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 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	63,799,931	64,530,381	71,088,338	80,646,902	81,962,712	67,923,464	65,165,879	62,365,602	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,650,815	2,642,011
Restricted	-	-	-	-	-	-	-	-	2,847,559	2,891,453
Committed	-	-	-	-	-	-	-	-	3,180,168	509,796
Assigned	-	-	-	-	-	-	-	-	34,233,198	30,525,901
Unassigned	-	-	-	-	-	-	-	-	29,176,838	33,158,235
Total General Fund	\$ 86,863,955	\$ 86,872,337	\$ 87,126,975	\$ 93,847,387	\$ 97,145,087	\$ 81,372,689	\$ 73,657,313	\$ 71,202,672	\$ 72,088,578	\$ 69,727,396
All Other Governmental Funds										
Reserved	\$ 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	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	-	-	-	-	-	-	-	7,199,602	-	-
Capital Projects	15,914,591	22,917,240	26,712,667	29,997,591	27,661,764	19,379,182	16,721,855	9,044,323	-	-
Nonspendable	-	-	-	-	-	-	-	-	881,636	1,266,666
Restricted	-	-	-	-	-	-	-	-	9,276,709	9,298,049
Committed	-	-	-	-	-	-	-	-	16,800,000	16,800,000
Assigned	-	-	-	-	-	-	-	-	137,519,162	180,051,459
Total Unreserved	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	\$ 117,002,039	\$ 116,486,513	\$ 127,722,574	\$ 127,266,850	\$ 155,333,932	\$ 137,821,499	\$ 156,087,404	\$ 154,396,714	\$ 164,477,507	\$ 207,416,174

Dakota County, Minnesota

Changes in Fund Balances Governmental Funds

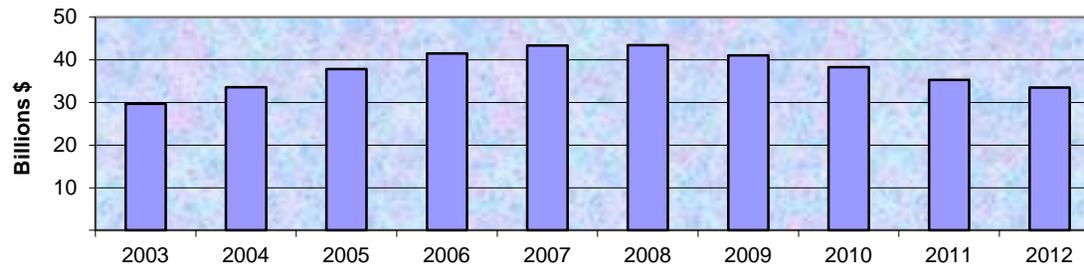
Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxes	\$ 94,143,653	\$ 99,225,750	\$ 105,343,232	\$ 110,455,812	\$ 118,197,095	\$ 123,486,583	\$ 129,194,994	\$ 128,338,549	\$ 129,126,978	\$ 135,267,764
Licenses and Permits	660,334	781,824	871,760	977,836	1,046,379	954,087	1,131,419	1,122,733	1,109,853	1,208,683
Intergovernmental	83,481,558	74,459,048	83,801,670	84,160,902	100,882,470	139,767,926	143,779,937	105,592,284	131,231,830	131,281,021
Charges for Services	60,161,179	60,199,754	64,104,712	66,063,636	72,759,043	30,198,174	33,427,184	28,647,199	30,650,575	30,362,450
Fines and Forfeits	1,509,902	795,137	98,247	96,947	123,472	114,356	152,843	120,965	122,031	153,638
Gifts and Contributions	74,062	28,810	43,238	33,161	37,065	34,890	54,760	69,210	28,426	39,756
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-
Interest on Investments	3,685,371	3,171,148	7,216,182	13,000,684	18,208,836	13,536,019	3,751,959	2,046,447	11,120,407	5,597,900
Miscellaneous	4,204,157	4,146,032	4,221,623	4,561,191	3,941,346	5,792,583	5,263,181	5,696,272	4,897,082	4,845,230
Total Revenues	\$ 247,920,216	\$ 242,807,503	\$ 265,700,664	\$ 279,350,169	\$ 315,195,706	\$ 313,884,618	\$ 316,756,277	\$ 271,633,659	\$ 308,287,182	\$ 308,756,442
Expenditures	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Current	\$ 47,253,568	\$ 45,270,908	\$ 46,495,009	\$ 53,676,685	\$ 61,188,552	\$ 63,074,376	\$ 61,359,073	\$ 59,696,613	\$ 61,322,951	\$ 57,123,212
General Government	33,246,286	31,239,407	32,866,822	35,053,472	35,291,843	36,927,178	37,394,836	35,413,298	35,507,606	35,365,244
Public Safety	27,225,783	29,712,978	43,262,177	29,351,870	43,854,429	56,543,277	45,174,737	35,501,940	39,862,672	43,150,384
Highways and Streets	5,221,481	7,063,958	7,095,465	7,216,642	7,147,093	6,660,486	7,304,309	7,408,981	6,976,314	7,028,601
Sanitation	83,077,177	79,078,525	87,468,346	92,009,151	96,888,230	96,753,204	87,426,542	72,523,762	71,697,720	69,426,226
Human Services	11,812,290	11,380,088	12,194,868	11,769,743	13,389,063	14,344,511	14,379,616	14,158,886	10,721,018	8,476,575
Health	16,957,429	14,968,314	16,093,344	16,463,667	18,550,559	32,511,779	19,225,249	18,944,918	22,195,346	21,350,343
Culture and Recreation	1,407,858	643,200	5,211,738	5,053,963	4,814,414	4,739,047	4,567,193	2,289,934	3,956,833	4,013,593
Conservation	7,922,971	7,610,568	6,083,685	7,766,719	13,028,818	7,652,018	10,464,108	12,048,642	8,411,523	8,597,724
Economic Development	7,586,673	5,365,162	4,271,226	11,561,479	9,224,104	8,561,029	2,153,718	5,419,530	2,823,748	1,268,782
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service	4,294,871	6,708,778	6,920,000	7,185,000	7,825,000	14,155,000	12,650,000	8,715,000	31,180,000	5,625,000
Principal Retirement	3,075,658	4,424,848	3,931,502	4,096,008	4,952,325	5,103,038	4,519,421	4,052,158	3,122,794	2,270,450
Interest	125,235	-	68,489	26,699	191,801	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	4,900	2,100	350	-	3,200
Administrative Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 249,207,280	\$ 243,466,734	\$ 271,962,671	\$ 281,231,098	\$ 316,346,231	\$ 347,029,843	\$ 306,620,902	\$ 276,174,012	\$ 297,778,525	\$ 263,699,334
Excess of Revenues Over/ (Under) Expenditures	\$ (1,287,064)	\$ (659,231)	\$ (6,262,007)	\$ (1,880,929)	\$ (1,150,525)	\$ (33,145,225)	\$ 10,135,375	\$ (4,540,353)	\$ 10,508,657	\$ 45,057,108
Other Financing Sources	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Transfers In	\$ 8,998,226	\$ 9,649,930	\$ 14,557,146	\$ 11,751,473	\$ 14,442,981	\$ 23,917,624	\$ 9,555,030	\$ 6,768,955	\$ 3,018,902	\$ 14,372,584
Transfers Out	(8,998,226)	(9,649,930)	(14,557,146)	(11,751,473)	(14,442,981)	(23,917,624)	(9,555,030)	(6,768,955)	(3,018,902)	(19,372,584)
Bonds Issued	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	100,387	77,370	1,792,420	583,421	710,185	75,589	100,919	189,664	218,082	104,196
Total Other Financing Sources	\$ 34,480,200	\$ 77,370	\$ 18,574,172	\$ 7,910,041	\$ 32,494,119	\$ 75,589	\$ 100,919	\$ 189,664	\$ 218,082	\$ (4,895,804)
Net Change in Fund Balance	\$ 33,193,136	\$ (581,861)	\$ 12,312,165	\$ 6,029,112	\$ 31,343,594	\$ (33,069,636)	\$ 10,236,294	\$ (4,350,689)	\$ 10,726,739	\$ 40,161,304
Debt Service Expenditures as Percent of Non-Capital Expenditures	3.36%	5.08%	4.71%	4.59%	4.89%	7.08%	6.20%	5.18%	13.17%	3.58%

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		
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
2011	411,472,047	34,893,431,896	8,111,805	417,754,800	419,583,852	35,311,186,696	1.2	0.29149
2012	391,453,804	33,032,629,112	8,488,045	436,668,024	399,941,849	33,469,297,136	1.2	0.31426

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>COUNTY</u>										
Dakota County	0.32463	0.30300	0.28267	0.26318	0.25127	0.25184	0.25821	0.27269	0.29149	0.31426
<u>CITIES</u>										
Apple Valley	0.41578	0.39610	0.36753	0.35690	0.34891	0.35537	0.37086	0.39867	0.42388	0.44110
Burnsville	0.41074	0.38928	0.38004	0.35414	0.34564	0.35005	0.36121	0.38566	0.42598	0.43213
Coates	0.25287	0.23476	0.19117	0.17908	0.16971	0.15252	0.13587	0.16605	0.14343	0.18984
Eagan	0.29912	0.28702	0.28186	0.26704	0.25232	0.25892	0.26886	0.30408	0.33675	0.34553
Farmington	0.46894	0.41174	0.43767	0.42770	0.41883	0.43821	0.44186	0.49274	0.55733	0.63093
Hampton	0.25138	0.24248	0.22029	0.20224	0.24064	0.22742	0.24038	0.32859	0.34774	0.48625
Hastings	0.50077	0.50110	0.50515	0.50010	0.49235	0.49475	0.49732	0.52677	0.55195	0.66083
Inver Grove Heights	0.40890	0.39904	0.37347	0.35546	0.36514	0.37403	0.37878	0.41757	0.43169	0.44883
Lakeville	0.32944	0.30050	0.31326	0.31610	0.31583	0.34195	0.33973	0.36624	0.38250	0.39051
Lilydale	0.24679	0.28927	0.29238	0.36721	0.41386	0.41239	0.44291	0.47297	0.31115	0.35128
Mendota	0.57538	0.52357	0.49717	0.38234	0.42969	0.37178	0.35265	0.38429	0.45860	0.46652
Mendota Heights	0.28287	0.27030	0.26898	0.28027	0.27633	0.24142	0.26165	0.28061	0.29758	0.32057
Miesville	0.29835	0.26124	0.26831	0.24494	0.21512	0.23654	0.23116	0.24904	0.27223	0.33151
New Trier	0.22851	0.22851	0.26535	0.28778	0.24418	0.32119	0.36932	0.44344	0.47895	0.54663
Northfield	0.39833	0.38841	0.37004	0.34227	0.35691	0.36648	0.38536	0.40370	0.43889	0.50947
Randolph	0.17541	0.16142	0.09358	0.11127	0.11643	0.12512	0.15832	0.17773	0.25048	0.30476
Rosemount	0.57123	0.52368	0.46041	0.43755	0.42521	0.42440	0.42323	0.43358	0.44661	0.46994
South St. Paul	0.41264	0.39452	0.36913	0.34999	0.34143	0.36142	0.38532	0.41428	0.48374	0.56466
Sunfish Lake	0.20896	0.20377	0.18259	0.16817	0.18090	0.17847	0.18967	0.18625	0.20671	0.23677
Vermillion	0.54447	0.51224	0.44767	0.40697	0.32507	0.32429	0.37706	0.38845	0.40864	0.48251
West St. Paul	0.38716	0.41679	0.42289	0.42671	0.42082	0.43706	0.44608	0.50873	0.56078	0.62205
<u>TOWNSHIPS</u>										
Castle Rock	0.21069	0.17038	0.15468	0.12776	0.11738	0.11215	0.11484	0.12109	0.13187	0.14779
Douglas	0.26932	0.23536	0.22325	0.18861	0.20097	0.18389	0.18500	0.17439	0.15358	0.20791
Empire	0.38114	0.30439	0.29553	0.24473	0.28244	0.25452	0.26113	0.27764	0.27953	0.30845
Eureka	0.18955	0.18350	0.18655	0.16951	0.18163	0.17001	0.16854	0.17262	0.16951	0.18544
Greenvale	0.13036	0.13396	0.13007	0.13739	0.13014	0.13433	0.14124	0.11828	0.12597	0.12507
Hampton	0.1238	0.10701	0.09895	0.09222	0.10796	0.13156	0.13187	0.12496	0.17815	0.18002
Marshan	0.24535	0.19263	0.18137	0.17730	0.18121	0.17902	0.17435	0.13143	0.13837	0.16292
Nininger	0.15026	0.13109	0.11492	0.10185	0.08972	0.11577	0.12550	0.13430	0.14261	0.15208
Randolph	0.09240	0.08128	0.07425	0.06682	0.05783	0.04988	0.05437	0.05304	0.05576	0.06626
Ravenna	0.18596	0.16694	0.16812	0.14355	0.14268	0.10474	0.13014	0.13610	0.13756	0.15104
Sciota	0.13770	0.12145	0.10836	0.14939	0.19194	0.17116	0.16661	0.15830	0.17164	0.17412
Vermillion	0.18299	0.16449	0.14339	0.12468	0.11052	0.17820	0.17147	0.16629	0.17605	0.18664
Waterford	0.11195	0.10587	0.09692	0.08685	0.08155	0.07109	0.09209	0.09456	0.11311	0.13769
<u>SCHOOL DISTRICTS</u>										
6	0.38735	0.29199	0.26194	0.25900	0.23765	0.27640	0.26907	0.26807	0.30681	0.32306
191	0.21226	0.18955	0.17729	0.18315	0.18185	0.19374	0.19842	0.20668	0.21854	0.21881
192	0.39614	0.35599	0.36540	0.43708	0.44190	0.45831	0.49238	0.53452	0.52157	0.55308
194	0.30962	0.26901	0.25411	0.25670	0.25252	0.26272	0.27062	0.27714	0.32138	0.32061
195	0.36679	0.29347	0.22065	0.22632	0.22492	0.19031	0.20022	0.18547	0.20126	0.20823
196	0.27638	0.26074	0.26251	0.27554	0.23607	0.21136	0.21109	0.25391	0.26959	0.28440
197	0.14401	0.12917	0.21878	0.21428	0.19838	0.18914	0.18051	0.18850	0.19692	0.21857
199	0.14565	0.10032	0.07793	0.17796	0.16607	0.19764	0.19303	0.21795	0.24679	0.28363
200	0.22906	0.22050	0.22126	0.18683	0.18157	0.16676	0.16735	0.20206	0.22140	0.25435
252	0.25253	0.23727	0.16143	0.16555	0.13827	0.20580	0.17642	0.18868	0.20850	0.22379
659	0.32944	0.33521	0.32590	0.32272	0.31463	0.29579	0.28549	0.30528	0.34380	0.34166
<u>SPECIAL DISTRICTS</u>										
Watershed M	0.00390	0.00390	0.00358	0.00296	0.00290	0.00448	0.00911	0.00531	0.00266	0.00440
Watershed V	0.00338	0.00203	0.00309	0.00640	0.00608	0.00603	0.00588	0.00566	0.00555	0.00541
Transit District	0.01659	0.01610	0.01464	0.01476	0.01253	0.01247	0.01223	0.01166	0.01215	0.01375
Transit District Lakeville	---	---	---	---	---	---	0.00608	---	---	---
Mosquito Control	0.00529	0.00527	0.00545	0.00483	0.00483	0.00490	0.00474	0.00481	0.00493	0.00553
Metro Council	0.01370	0.01124	0.01010	0.00834	0.00847	0.00817	0.00792	0.00826	0.00829	0.00968
Dakota County CDA	0.01604	0.01617	0.01637	0.01615	0.01635	0.01622	0.01594	0.01692	0.01718	0.01724
Burnsville EDA	0.01222	0.01150	0.00155	0.00397	0.00615	0.00565	0.00566	0.00607	0.00722	0.00806
Hastings HRA	0.01177	0.01174	0.01207	0.01216	0.01183	0.01169	0.01141	0.01510	0.01487	0.01640
Northfield EDA	---	---	---	0.01616	0.01646	0.01560	0.01539	0.01651	0.01761	0.01728
Northfield HRA	0.01199	0.01397	0.01295	0.01226	0.01307	0.01268	0.01251	0.01431	0.01528	0.01844
South St Paul HRA	0.01047	0.01066	0.01015	0.01294	0.01268	0.01267	0.01686	0.01463	0.01518	0.01618
Light Transit Rail	0.00063	0.00047	0.00251	0.00208	0.00198	0.00217	0.00245	0.00256	0.00389	0.00401

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>2003 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>	<u>Name</u>	<u>Type of Business</u>	<u>2012 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 4,945,991	1.4 %	Northern States Power Co	Electric Utility	\$ 6,781,268	1.8 %
Burnsville Minnesota LLC	Burnsville Center	1,829,250	0.5	Burnsville Center Spe LP	Burnsville Center	2,079,250	0.5
Dakota Electric Assn.	Electric Utility	1,796,497	0.5	Dakota Electric Assn.	Electric Utility	1,787,750	0.5
West Publishing Co.	Book Publishing	1,471,620	0.4	Flint Hills	Refinery	1,731,603	0.4
Great Northern Oil Co.	Refinery	1,129,336	0.3	Great Northern Oil Co	Refinery	1,604,692	0.4
Haight, Stephen E. & Roberta	Property Management	527,500	0.2	West Publishing Co.	Book Publishing	1,463,325	0.4
Koch Refinery Co.	Refinery	664,385	0.2	Northern Natural Gas Co.	Natural Gas Utility	1,338,438	0.3
BCBSM Inc.	Health Care	760,187	0.2	Minnegasco Inc.	Natural Gas Utility	1,070,610	0.3
Minnegasco Inc.	Natural Gas Utility	786,539	0.2	Eagan Promenade Inc	Health Care	780,284	0.2
IRET Properties	Investment Real Estate	573,405	0.2	Menard Inc	Retail	689,422	0.2
Total		<u>\$ 14,484,710</u>	<u>4.1 %</u>	Total		<u>\$ 19,326,642</u>	<u>5.0 %</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					
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
2011	129,402,073	127,626,444	98.6	2,010,636	129,637,080	100.2	2,422,429	1.9
2012	129,152,073	127,830,060	99.0	1,600,419	129,430,479	100.2	1,406,033	1.1

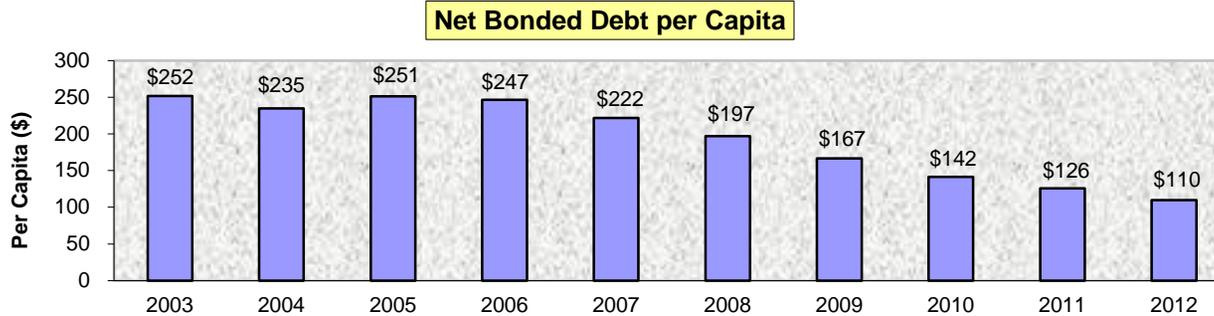
*Includes tax adjustments, tax credits and Fiscal Disparity adjustments

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>
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	92,133,691	3,793,808	88,339,883	22.90	235	0.58%
2005	381,027	433,008,299	101,840,359	6,071,069	95,769,290	22.12	251	0.60%
2006	385,076	477,431,817	101,775,164	6,783,501	94,991,663	19.90	247	0.57%
2007	389,418	501,670,371	125,522,836	39,109,079	86,413,757	17.23	222	0.49%
2008	393,528	506,462,333	111,156,574	33,675,182	77,481,392	15.30	197	0.42%
2009	390,478	481,924,289	98,293,352	33,266,623	65,026,729	13.49	167	0.37%
2010	397,650	450,414,890	89,367,241	33,044,992	56,322,249	12.50	142	0.31%
2011	400,480	419,583,852	58,211,167	7,865,698	50,345,469	12.00	126	0.27%
2012	405,088	399,941,849	52,358,268	7,873,365	44,484,903	11.12	110	N/A



Dakota County, Minnesota

COMPUTATION OF DIRECT, UNDERLYING AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS DECEMBER 31, 2012

<u>Government Unit</u>	Gross GO Debt	Applicable to Dakota County	
	<u>Outstanding¹</u>	<u>Percent²</u>	<u>Amount</u>
<u>Direct:</u>			
Dakota County	\$ 52,358,268	100.0 %	\$ 52,358,268
<u>Underlying:</u>			
Dakota County CDA	\$ 335,340,469	100.0 %	\$ 335,340,469
City of Apple Valley	35,690,000	100.0	35,690,000
City of Burnsville	65,835,000	100.0	65,835,000
City of Eagan	14,685,000	100.0	14,685,000
City of Farmington	35,511,859	100.0	35,511,859
City of Hampton	2,236,000	100.0	2,236,000
City of Hastings	28,380,000	99.9	28,351,620
Hastings EDA	2,750,000	100.0	2,750,000
City of Inver Grove Hts	50,030,273	100.0	50,030,273
City of Lakeville	109,755,000	100.0	109,755,000
City of Lilydale	2,670,000	100.0	2,670,000
City of Mendota	14,279	100.0	14,279
City of Mendota Heights	13,960,000	100.0	13,960,000
City of Northfield	47,023,000	7.9	3,714,817
City of Rosemount	18,860,000	100.0	18,860,000
City of South St. Paul	16,497,241	100.0	16,497,241
City of Sunfish Lake	286,000	100.0	286,000
City of Vermillion	320,000	100.0	320,000
City of West St. Paul	27,875,000	100.0	27,875,000
Empire Township	1,295,000	100.0	1,295,000
Greenvale Township	55,456	100.0	55,456
Special S.D. #6 (South St Paul)	15,285,203	100.0	15,285,203
Ind. S.D. #191 (Burnsville)	113,620,000	75.8	86,123,960
Ind. S.D. #192 (Farmington)	227,474,722	100.0	227,474,722
Ind. S.D. #194 (Lakeville)	166,122,884	80.0	132,898,307
Ind. S.D. #195 (Randolph)	10,575,000	88.2	9,327,150
Ind. S.D. #196 (Rosemount)	142,835,000	100.0	142,835,000
Ind. S.D. #197 (W. St. Paul)	51,545,000	100.0	51,545,000
Ind. S.D. #199 (Inver Grove Hts.)	48,680,000	100.0	48,680,000
Ind. S.D. #200 (Hastings)	52,855,000	87.2	46,089,560
Ind. S.D. #252 (Cannon Falls)	19,960,000	4.9	978,040
Ind. S.D. #659 (Northfield)	70,310,000	14.8	10,405,880
Total underlying debt	\$ 1,728,332,386		\$ 1,537,375,836
<u>Overlapping:</u>			
Metropolitan Council (Pks & Solid Waste)	\$ 10,975,000 ³	13.4 %	\$ 1,470,650
Metropolitan Transit Commission	411,415,000	13.4	55,129,610
Total overlapping debt	\$ 422,390,000		\$ 56,600,260
Total debt	\$ 2,203,080,654		\$ 1,646,334,364

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 \$1,043,237,846 of general obligation sanitary sewer bonds and loans which are supported by system revenues.

Dakota County, Minnesota

**Legal Debt Margin
Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Value	\$ 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	\$ 35,311,186,696	\$ 33,469,297,136
Legal Debt Margin										
Debt Limit (3% of assessed value)*	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	1,059,335,601	1,004,078,914
Debt Applicable to limit:										
General Obligation Bonds	97,415,000	90,715,000	100,595,000	100,710,000	124,580,000	110,425,000	97,775,000	89,060,000	57,880,000	52,255,000
Less: amount reserved for repayment of general obligation debt	(3,910,970)	(3,793,808)	(6,098,546)	(6,783,501)	(39,109,079)	(33,675,182)	(33,266,623)	(25,845,390)	(7,865,698)	(7,873,365)
Total Debt Applicable to Limit	93,504,030	86,921,192	94,496,454	93,926,499	85,470,921	76,749,818	64,508,377	63,214,610	50,014,302	44,381,635
Legal Debt Margin	\$ 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	\$ 1,009,321,299	\$ 959,697,279
Total debt applicable to the limit as a percent of debt limit	15.8%	12.9%	12.5%	11.3%	9.9%	5.9%	5.2%	5.5%	4.7%	4.4%

*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
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	399,155	17,970,760,000	45,022	36.8	73,792	6.7
2011	400,480	18,612,486,000	46,299	36.5	73,193	6.1
2012	405,088	NA	NA	36.7	73,222	4.9

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

2010 U.S. Census Bureau

Dakota County, Minnesota

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	2003 <u>Employees</u>	Percentage of Total County <u>Employment</u>	<u>Employer</u>	2012 <u>Employees</u>	Percentage of Total County <u>Employment</u>
West Group	5,500	2.47%	Reuters Thomson West	7,100	3.06%
Independent School District 196	4,000	1.80%	Independent School District 196	4,120	1.78%
Burnsville Center	3,100	1.39%	Blue Cross-Blue Shield	3,523	1.52%
Northwest Airlines	2,400	1.08%	Dakota County	1,725	0.74%
Blue Cross-Blue Shield	2,200	0.99%	Independent School District 191	1,600	0.69%
Dakota County	2,027	0.91%	US Postal Service	1,570	0.68%
Unisys Corporation	1,750	0.79%	Fairview Ridges Hospital	1,400	0.60%
Independent School District 191	1,747	0.78%	Independent School District 194	1,273	0.55%
Lockheed Martin	1,450	0.65%	UTC (Goodrich)	1,200	0.52%
US Postal Service	1,435	0.64%	Koch Refinery (Flint Hills)	1,200	0.52%
	<hr/>			<hr/>	
Total County Employment	<u>222,653</u>	<u>11.51%</u>	Total County Employment	<u>231,946</u>	<u>10.66%</u>

Source: Department of Employment and Economic Development

Dakota County, Minnesota

COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Wide										
County Wide	-	-	2.0	-	-	-	0.5	-	4.0	3.0
Public Service										
Public Service	7.0	10.9	10.4	10.1	10.1	10.1	10.3	10.3	9.3	10.3
Assessor	38.5	37.0	37.0	37.0	37.0	38.0	38.0	36.0	36.0	35.0
Property Records	22.3	22.3	22.3	23.3	23.3	-	-	-	-	0.0
Treasurer-Auditor	34.7	27.7	27.7	28.1	28.1	51.4	50.7	48.1	-	43.6
Service & Licensing	19.3	19.3	19.3	19.3	19.3	23.3	23.8	22.8	22.8	23.8
Library	148.1	141.8	142.6	148.9	148.9	158.9	158.9	150.9	143.4	135.9
Operations Management										
Risk Management										5.7
Information Technology	59.0	54.3	56.3	59.3	59.3	62.3	61.3	58.3	55.8	51.8
Financial Services	32.5	32.0	31.5	30.5	30.3	29.3	30.2	29.0	29.0	33.5
OMB Division Administration	6.9	4.9	3.0	6.0	8.0	9.0	11.0	4.0	2.0	0.0
Planning, Evaluation	6.0	6.0	6.0	6.0	6.5	6.5	13.8	13.8	12.0	12.0
CJIN	-	-	-	-	-	-	-	5.0	6.00	6.0
Administration										
County Administration	8.3	8.0	8.5	8.0	11.0	8.0	8.0	7.5	8.0	10.0
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	7.1	6.1
Employee Relations	21.6	20.2	20.7	21.2	21.2	21.2	21.2	20.7	19.1	19.1
Community Services										
Community Services Administration	21.0	20.0	18.0	18.0	18.0	17.0	13.0	13.0	12.0	14.0
Social Services	270.6	266.6	269.6	263.7	264.5	276.5	285.5	279.5	268.0	297.5
Employment & Economic Assistance	248.7	242.7	243.7	244.7	243.7	248.7	250.7	252.7	243.0	245.5
Public Health	126.3	123.1	122.9	126.8	134.0	145.9	146.3	144.8	142.7	95.2
Veterans Services	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	6.0	6.0
Community Corrections	167.8	165.8	168.5	175.3	177.3	179.0	180.6	174.6	168.6	169.7
Extension	7.3	1.5	-	-	-	-	-	-	-	-
Public Safety										
Sheriff	164.5	161.5	170.7	180.2	169.3	175.3	176.3	173.3	171.3	171.3
County Attorney										
County Attorney	81.6	79.4	80.2	82.7	83.7	85.1	85.1	82.5	84.0	84.0
Courts										
District Court	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	7.0	7.0
Physical Development	5.0	5.0	15.8	18.0	24.6	22.4	20.9	16.9	16.9	20.5
Transportation	83.1	82.0	85.0	86.7	87.7	83.5	82.7	83.7	81.4	82.4
Operations Management	43.1	41.6	45.1	46.7	48.2	63.0	64.1	61.0	60.7	46.5
Parks	58.0	54.1	43.5	45.0	47.8	48.2	50.8	48.30	46.0	44.3
Water Resources	-	-	-	-	13.3	17.2	16.9	17.6	16.0	16.0
Physical Development Planning	11.8	12.8	11.8	10.8	-	-	-	-	-	-
Environmental	32.0	32.7	28.9	29.0	21.5	16.5	16.5	13.4	13.4	14.7
Survey	10.0	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total	1,837.3	1,784.6	1,722.0	1,757.3	1,768.6	1,837.3	1,856.1	1,806.3	1,706.5	1,725.2

Source: Dakota County Departmental documents

Dakota County, Minnesota
Operating Indicators
By Governmental Function

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Property Documents Recorded	221,216	151,980	138,479	113,202	107,507	90,531	95,015	92,340	88,904	98,546
Employment Applications	3,253	8,810	7,718	15,558	14,160	10,699	6,526	6,565	14,080	15,035
County Veterans Population	32,040	31,776	30,987	31,000	30,500	29,974	29,854	29,671	29,481	27,617
New Adult Criminal Court Cases	4,785	4,636	4,821	4,815	4,836	4,310	4,444	4,627	4,751	NA
Juvenile Delinquency Referrals	4,323	4,093	3,927	4,095	3,848	3,315	3,164	2,612	2,497	NA
Commitment Referrals	220	232	237	246	277	258	254	218	188	NA
Plat Reviews	249	251	261	202	157	84	54	37	55	51
Public Safety										
Probation Offenders Served	17,383	17,757	18,219	19,858	20,327	20,576	22,405	19,649	18,665	11,902
Community Restoration Hours Served	92,429	93,985	92,984	98,961	105,592	97,809	96,967	86,518	72,316	85,762
Driving While Impaired Arrests	292	193	282	307	269	249	247	215	162	209
Applications for Permit to Carry Handguns	1,147	572	566	741	756	1,541	1,263	1,323	1,701	2,765
Daily Inmate Responsibility Average	251	263	301	308	334	291	239	263	254	247
Highways and Streets										
Fuel Used (Diesel and Unleaded)	144,126	120,560	123,601	105,096	120,086	136,865	120,602	132,317	121,207	92,342
Sanitation										
Pounds of Household Hazardous Waste Collected	1,356,000	1,390,000	1,484,000	1,525,000	2,150,000	3,017,291	2,032,791	3,393,183	3,412,859	3,569,518
Human Services										
Intake and Crisis Calls	37,365	39,716	42,956	44,800	45,687	44,410	41,326	36,911	34,034	40,470
Average Monthly # of Children in Out-of-Home Placement	213	204	220	230	213	188	139	122	102	121
Chemical Health Assessments Completed	na	1,065	1,172	1,260	1,304	1,535	1,858	1,103	988	847
Public Assistance Caseload	13,051	12,706	13,593	14,513	15,000	16,075	17,850	19,635	21,173	21,979
Child Support Collections	\$44,688,674	\$45,827,907	\$46,592,308	\$47,584,658	\$47,890,683	\$49,497,925	48,324,209	47,243,560	47,385,912	47,316,219
Average # Families served - Child Care Assistance Programs	2,116	1,783	1,763	1,878	1,900	1,121	1,273	1,310	1,285	1,264
Health										
Family Health Referrals	1,607	915	765	863	812	1,011	842	618	693	651
WIC Clients	9,052	10,146	11,146	11,988	12,366	12,730	12,752	12,256	10,560	11,098
Long Term Care Clients on Medicaid Waiver	1,742	1,826	2,013	2,160	2,247	2,431	2,782	2,970	2,872	3,151
Number of Confirmed Tuberculosis Cases	18	20	29	31	27	21	23	15	14	16
Health Alerts Issued	29	31	27	19	30	24	68	27	18	35
Vaccinations Administered	4,655	3,701	3,693	2,745	3,630	3,596	4,895	4,952	4,585	3,236
Culture and Recreation										
Visitors to Library (Gate Counts)	1,604,406	1,625,621	1,665,874	1,918,538	1,809,828	1,942,459	2,193,975	2,114,952	2,074,789	1,930,725
Master Gardener Education Events	15	25	30	87	99	114	104	100	-	-
Economic Development										
Employment and Training Caseload	4,814	4,300	3,875	3,660	4,199	4,959	6,566	5,700	5,275	5,544
Number of Adults Program Participants Placed in Employment	1,096	1,596	920	1,025	1,084	1,300	1,201	1,035	1,429	1,167

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Government Centers	3	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	72	84	85	72	74	84	95	105	105	105
Bituminous (miles)	354.8	353.3	352.7	354.7	353.2	352.8	350.1	356.2	356.2	356.2
Concrete (miles)	1.9	1.8	1.8	1.8	1.8	2.8	2.8	2.8	2.8	2.8
Gravel (miles)	81	77.5	72.4	70.4	70.4	67.9	67.5	65	65	61.5
Bridges	29	27	27	27	29	29	32	34	34	34
Traffic signals	106	107	111	113	132	133	134	134	134	134
Culverts	49	51	51	51	51	51	47	47	47	47
Highway Shops	4	4	4	4	3	3	3	2	2	2
Culture & Recreation										
Acreage	4698	4698	4698	4698	4698	5200	5900	5320	5044	5322
County Parks	1	1	1	1	1	1	1	1	1	1
Regional parks & trails	5	5	5	5	5	5	6	8	8	8
Libraries	8	8	8	8	8	8	9	9	9	9

Data Sources: Various county departments

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