



# DAKOTA COUNTY

MINNESOTA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED DECEMBER 31, 2015



# 2015

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

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

**For The Year Ended December 31, 2015**



Prepared by the Financial Services Department

**Stephanie Shawback, Director**

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# Introductory Section

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June 23, 2016

**Financial Services**

Dakota County  
Administration Center  
1590 Highway 55  
Hastings, MN 55033

651.438.4585  
Fax 651.438.4603  
[www.dakotacounty.us](http://www.dakotacounty.us)

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

SUBJECT: ***2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT***

The Comprehensive Annual Financial Report (CAFR) of Dakota County is submitted for the fiscal year ended December 31, 2015. 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.

The Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* sets forth the audit requirements for state and local governments receiving federal assistance. They provide 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 Director of Financial Services and the staff have 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 2015 population was 414,686 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 Manager. The County Manager 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. The 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 Manager, 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.

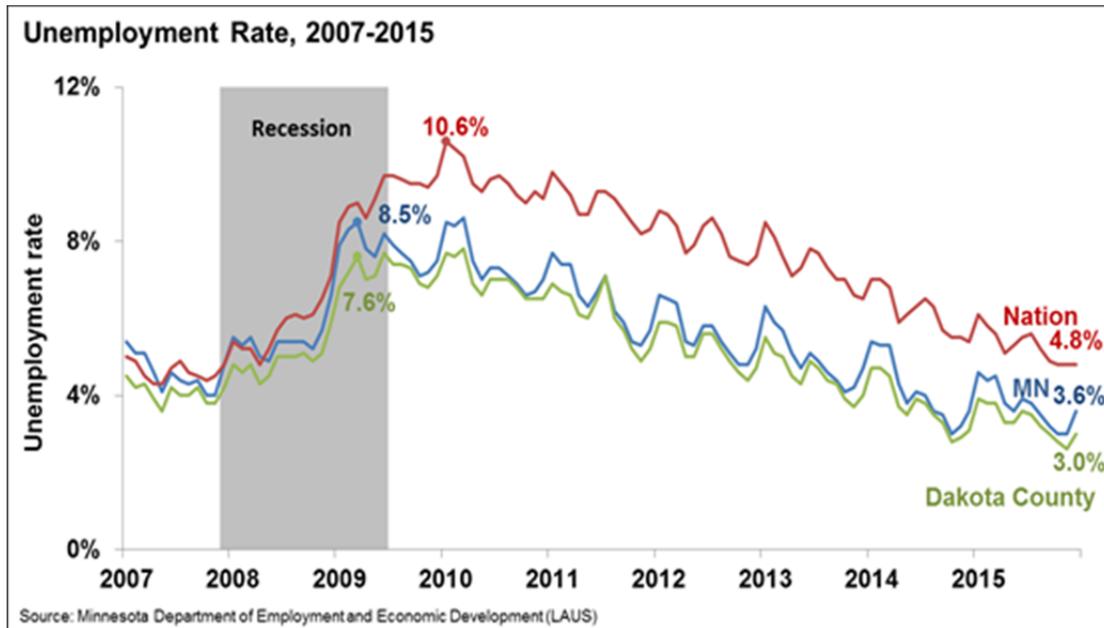
Division and department managers are held responsible for their budget performance. Authority for County staff to spend and amend the budget is identified in the Budget Compliance Policy, adopted in 1996. Compliance with budgets is essential for the County to maintain its sound financial condition. "Budget 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 increased from 2000 to 2015 by 16%, adding more than 58,000 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 through 2015. 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 36.5% between 2000 and 2030, to a total population of more than 3.6 million residents. The Metropolitan Council projects the County will attain a population of about 525,275 people by the year 2030.
- According to the Minnesota Department of Employment and Economic Development (DEED) there were 9,268 private sector firms and 161,287 private sector employees in Dakota County. The largest employing industry sectors in the county are Trade, Transportation and Utilities (46,306), Education and Health Services (34,241), Manufacturing (19,775), Professional and Business Services (18,759), and Leisure and Hospitality (18,752). The trade and education/health service sectors account for approximately 44% of employment in Dakota County.
- Affordable rental housing is in greater demand due to record low vacancy rates, modest job growth and slow income growth for renter households. In Dakota County the growing demand for affordable housing is especially critical for individuals employed in the retail and hospitality 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. In fact, by 2035, more than 1 in 4 Dakota County residents will be seniors (age 65+) compared to 1 in 9 Dakota County residents in 2010. (Projections by the state demographer).
- Dakota County maintains one of the lowest property tax rates 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.
- Recent economic conditions have resulted in challenges for many residents of Dakota County. Since 2003, the unemployment rate in Dakota County generally increased slowly until 2009 and 2010 peaking at 8% during the economic recession, when it began to decline. At the end of 2015, the County's unemployment rate was 3%. At the same time, the state's unemployment rate was 3.6% and the national unemployment rate was 4.8%.



The above chart shows unemployment rates from 2007 through 2015. 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 2014-2015	
	Avg Number of Employees 2014	2015	Dakota County	State of Minnesota	County	State
Total, All Industries	179,086	182,960	100.00%	100.00%	2.1%	1.6%
Agricultural, Forestry, Fishing	800	760	0.4%	0.8%	-5.3%	3.0%
Mining	197	208	0.1%	0.2%	5.3%	-0.3%
Construction	9,936	10,901	6.4%	4.6%	8.9%	6.7%
Manufacturing	19,386	19,749	11.6%	12.2%	1.8%	2.0%
Utilities	422	533	0.3%	0.6%	20.8%	1.1%
Wholesale Trade	9,323	9,572	5.6%	5.1%	2.6%	0.8%
Retail Trade	22,296	23,374	13.7%	11.2%	4.6%	1.5%
Information	8,046	7,221	4.2%	2.1%	-11.4%	-1.8%
Finance, Insurance & Real Estate	13,819	14,476	8.5%	6.9%	4.5%	1.3%
Services	52,069	52,726	31.0%	39.8%	1.2%	1.4%
Other	30,086	25,300	14.9%	18.9%	-18.9%	1.2%
Total, All Industries -- Government	18,963	21,679	12.7%	14.2%	12.5%	0.6%
Total, All Industries -- Private	160,122	161,287	94.7%	91.8%	0.7%	1.8%

Source: [www.deed.state.mn.us](http://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.

<b>Value of New Construction Permits Issued in the County (in thousands)</b>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	\$146,271	\$149,700	\$202,165	\$321,838	\$334,521
Commercial	29,959	19,514	41,064	63,131	86,512
Industrial	8,009	3,165	12,546	7,716	36,908
Agricultural	2,038	2,846	2,392	1,564	2,847
Apartments	<u>14,601</u>	<u>22,061</u>	<u>41,855</u>	<u>28,001</u>	<u>4,739</u>
Total Value	<u>\$200,878</u>	<u>\$197,286</u>	<u>\$300,022</u>	<u>\$422,250</u>	<u>\$465,527</u>

*Source: Dakota County Assessor's Office*

### **Major Initiatives by Dakota County**

Dakota County government 2015 highlights:

#### *Leadership*

- Dakota County continues to have the lowest per capita property tax levy among Minnesota's 87 counties, and the lowest county tax rate among the seven Metropolitan-area counties.
- In early of 2016 (February), we reached the point of eliminating all debt obligations supported by property taxes.
- Maintained a Aaa bond rating from Moody's.
- Named a new executive director for the County's highly respected Community Development Agency (October), a person with a long background in community development as well as affordable housing.

#### *Physical Environment and Infrastructure*

- Added another gem to our 5,000+ acre County Parks system, which attracted 1.1 million visitors in 2015, by adding a 62-acre conservation area next to the Vermillion River. Some of those parks visitors helped us break new records for the number of campers at two of our regional parks.
- At the conclusion of an extensive public participation process, we completed a new long-term master plan for our biggest and busiest park that will expand recreation opportunities to residents who are disabled, and will protect and restore natural resources within the park.
- Opened another trailhead in our extensive trails and greenways system, the Rock Island Swing Bridge along the Mississippi River Regional Trail (MRRT), and started construction on a new 4.3-mile section of the MRRT through Spring Lake Park Reserve. The Spring Lake section is scheduled to open in 2017. After opening, only one remaining 3.7-mile section of the MRRT through Rosemount will be left to complete a 27-mile trail between Hastings and South St. Paul.
- Made it a priority to increase time and effort spent to restore natural resources in our parks, which included many volunteers.
- Improved our transportation system with a new intersection at a major chokepoint (Highway 13 and County Road 5 interchange in Burnsville), and constructed a multi-lane roundabout to more efficiently and safely move traffic through the intersection of County roads 50 and 60 in Lakeville.
- We also invested in rebuilding several county road segments in Eureka Township, rehabilitated 50 lane miles of pavement, and replaced three bridges.
- Partnered with area schools to recycle and divert food waste from the trash, resulting in a diversion rate of 25%.

### *Libraries*

- Our nine library branches had more than 1.8 million visitors who checked out 4.7 million (physical) materials. Our libraries hosted almost 2,000 youth programs during 2015 – and our STEAM (Science, Technology, Engineering, Arts, Math) programs were so popular we had to add many more.
- The libraries’ popular summer reading program for children attracted a 25% increase (over 2014) in participants. We also launched a “Raise a Reader” program to promote the importance of early childhood literacy.
- Responding to the interest in applying technology to Library services, we were the first library system in the Minneapolis-St. Paul metro area to offer an online streaming service that allows people to download – for free – films, TV shows, audiobooks and more.

### *Community Services*

- Piloted new screening tools so customers are more efficiently connected to the right services.
- Integrated emergency preparedness, response and recovery plans and constructed a new Emergency Operations Center that uses technology for efficiency and connectedness.
- Established a Countywide collaboration to coordinate the many public and private transportation services, particularly for older adults and people with disabilities.
- The County’s caseload shows how much assistance is being provided to people who need it:
  - 161,000 cases in community services programs for children, seniors, those with disabilities, or mental/chemical health issues;
  - 90,000 cases of health care, cash and food assistance;
  - 27,500 veterans services cases; and
  - 13,000 child support cases.
  - For those who are disabled, we improved their employment rate by 67%.
  - We successfully transitioned residents from jail to the community showing a 65% reduction in recidivism.
- By adding a full-time volunteer coordinator, we expanded volunteer efforts in 2015 to more than 25,000 hours, which saved the County an estimated \$590,000 in costs.
- Installed a new online management system for Real Estate (property) data that offers more automated workflows to improve efficiency and service.
- Launched a “Be More” campaign, an organization brand that acknowledges the reality that the work we do is diverse and essential to our mission: making Dakota County a great place to live and work.

### **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, 2015.

<b><u>Bargaining Unit</u></b>	<b><u>Term of Contract</u></b>	<b><u>Status of Contract</u></b>
AFSCME - Human Services	2014-2015	Settled
AFSCME - Library	2014-2015	Settled
Assessing Services	2014-2015	Settled
Attorney Employees' Assoc.	2014-2015	Settled
Community Corrections	2014-2015	Settled
Human Services Supervisors' Assoc.	2014-2015	Settled
Park Maintenance	2014-2015	Settled
Facilities Management	2014-2015	Settled
Public Health Services/MNA	2014-2015	Settled
Public Health Support	2014-2015	Settled
Road & Bridge Maintenance	2014-2015	Settled
Sheriff Adm/Support	2014-2015	Settled
Sheriff Licensed Deputies	2014-2015	Settled
Sheriff Jail	2014-2015	Settled
Sheriff Supervisor	2014-2015	Settled
Sheriff Non-license Supervisor	2014-2015	Settled

## Awards and Acknowledgements

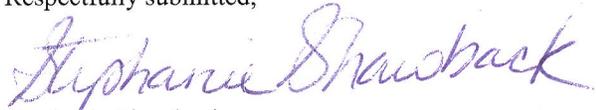
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dakota County for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the 26<sup>th</sup> consecutive 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 2015. This is the 19<sup>th</sup> 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,



Stephanie Shawback  
Director of Financial Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

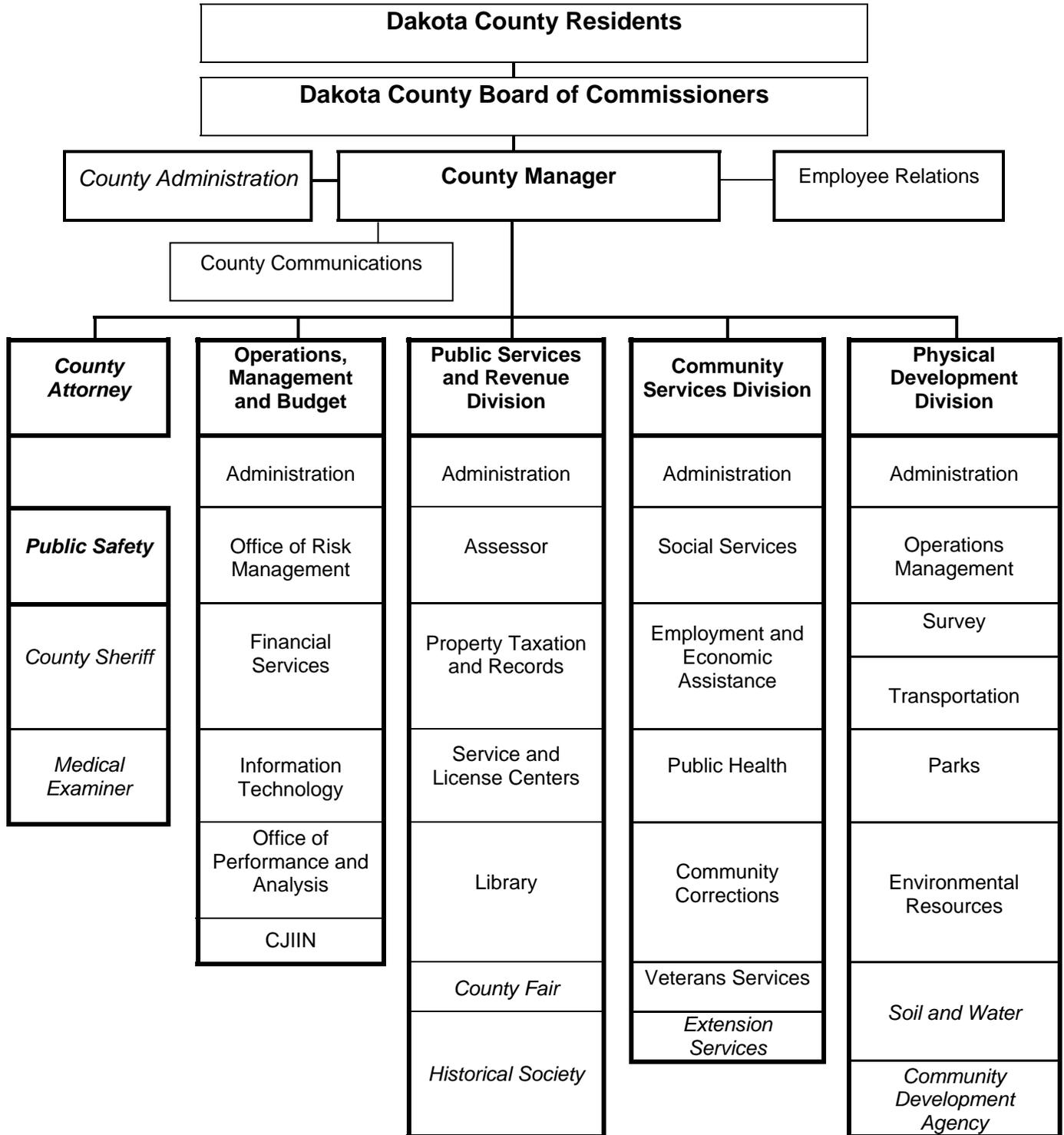
**Dakota County  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

## 2015 Dakota County Organizational Structure



**Notes:**

- The County Board has a funding liaison role with departments listed in *italics* (*County Attorney; County Sheriff; Medical Examiner; 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

## LIST OF ELECTED AND APPOINTED OFFICIALS

2015

Officer	Name	From	Term To
<b>Commissioners:</b>			
1 <sup>st</sup> District	Mike Slavik	Jan. 2013	Dec. 2018
2 <sup>nd</sup> District	Kathleen A. Gaylord	Jan. 2003	Dec. 2018
3 <sup>rd</sup> District	*Thomas A. Egan	Jan. 2005	Dec. 2016
4 <sup>th</sup> District	Nancy Schouweiler	Jan. 1999	Dec. 2016
5 <sup>th</sup> District	Liz Workman	Jan. 2009	Dec. 2016
6 <sup>th</sup> District	Mary Liz Holberg	Jan. 2015	Dec. 2018
7 <sup>th</sup> District	Chris Gerlach	Jan. 2013	Dec. 2016
<b>Officers:</b>			
<b>Elected -</b>			
Attorney	James C. Backstrom	Sep. 1987	Dec. 2018
Sheriff	Timothy J. Leslie	Jan. 2015	Dec. 2018
<b>Appointed -</b>			
County Manager	Brandt Richardson	May 1992	Indefinite
Deputy County Manager/Director of Operations, Mgmt. & Budget	Matthew G. Smith	Oct. 2011	Indefinite
Director of Community Services	Kelly Harder	July 2010	Indefinite
Director of Physical Development	Steven Mielke	July 2014	Indefinite
Director of Public Service & Revenue Div.	Thomas V. Novak	July 1998	Indefinite

\* Chair

# Financial Section

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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  
Hastings, Minnesota

#### **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, 2015, including the Dakota County Community Development Agency (CDA) as of and for the year ended June 30, 2015, 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 CDA, which is a discretely presented component unit and 99.5 percent, 99.3 percent, and 98.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dakota County CDA component unit, 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 the 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, 2015, including the Dakota County CDA as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Highway Special Revenue Fund, and Environmental Legacy Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***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 GASB, 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 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and governmental revenue schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 reports dated June 17, 2016, on our consideration of Dakota County's and the Vermillion River Watershed Joint Powers Organization component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dakota County's and the Vermillion River Watershed Joint Powers Organization component unit's internal control over financial reporting and compliance. It does not include the Dakota County CDA, which was audited by other auditors.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 17, 2016

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# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2015

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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, 2015. 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 12/31/15 by \$989,367,449 (*net position*). Of this amount, \$226,613,049 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Dakota County's total net position is an increase of \$53,460,285 for the year ended December 31, 2015. This change is primarily the result of an increase in collection of fees and charges for services, and timing of grant receipts for capital road projects and investments in infrastructure.
- As of the close of the 2015 fiscal year, Dakota County governmental funds ending fund balance had a decrease of \$7,839,029 over 2014. This reduction in fund balance is primarily due to an increase in expenditures for software, office equipment, fiber connections and other capital equipment. Approximately 97.5% or \$292,532,089 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 \$152,376,150 or 73.3% of total General Fund expenditures. Additionally, the General Fund's fund balance includes the results of activity of the Environmental Management Fund, previously reported as a separate fund.

## 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), and the Byllesby Dam.

The government-wide financial statements include not only Dakota County (known as the *primary government*), but also the legally separate Dakota County Community Development Agency (CDA) and the legally separate Vermillion River Watershed Joint Power Organization (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

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2015

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for the primary government itself. The Dakota County 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 balance 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 Service 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 balance for the major funds. Major funds include: General Fund, Highway Fund, Environmental Legacy Fund, Debt Service Fund, and Capital Projects Fund. Data from the other five special revenue non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Dakota County adopts an annual budget for its five major governmental funds and the County Library, County Parks and Regional Rail 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 30-41 of this report.

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

*Special Revenue Fund.* Special Revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds include:

- Highway
- County Library
- Regional Rail
- Attorney Forfeiture
- County Parks
- Law Library
- Environmental Legacy

*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.

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**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 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. Expenses are paid to a third-party contractor to operate the turbines and generators.

The internal service fund is used to accumulate and allocate costs internally among Dakota County's various functions. In 1997, Dakota County created the Employee Services Reserve Fund to maintain all compensated absences and related activity. Each year an adjustment is made to reflect the current value of vacation and sick balances. In 2007, the activity for "other post-employment benefits" was included in this fund. Additionally, at the beginning of 2013 a reserve was established for a self-funded health care program. Because this program primarily benefits governmental rather than business-type functions it is included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the GIS Enterprise Fund and the 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 42-44 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 45-46 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 47-86 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 91-105 of this report.

## Government-wide Financial Analysis

As noted in the financial highlights, the changes in net position may be a useful indicator of a government's financial position. Dakota County's assets exceeded liabilities by \$989,367,449 at the close of 2015, which is an increase of \$53,460,285 for the year ended December 31, 2015.

Net investment in capital assets, of \$737,428,794 (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 the total net position (74.5%). 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.

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## Dakota County's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 390,095,519	\$ 395,516,876	\$ 2,573,267	\$ 1,968,272	\$ 392,668,786	\$ 397,485,148
Capital assets	752,630,922	710,553,961	8,826,272	7,245,061	761,457,194	717,799,022
Total assets	1,142,726,441	1,106,070,837	11,399,539	9,213,333	1,154,125,980	1,115,284,170
Deferred outflows of resources	14,003,822	-	-	-	14,003,822	-
Long-term liabilities outstanding	141,917,469	61,532,566	-	-	141,917,469	61,532,566
Other liabilities	27,291,855	33,998,226	258,625	1,257,628	27,550,480	35,255,854
Total liabilities	169,209,324	95,530,792	258,625	1,257,628	169,467,949	96,788,420
Deferred inflows of resources	9,294,404	-	-	-	9,294,404	-
Net position:						
Net investment in capital assets	728,602,522	676,893,277	8,826,272	7,245,061	737,428,794	684,138,338
Restricted	25,176,075	21,784,009	149,531	147,267	25,325,606	21,931,276
Unrestricted	224,447,938	311,862,759	2,165,111	563,377	226,613,049	312,426,136
Total net position, as reported	<u>\$ 978,226,535</u>	<u>\$ 1,010,540,045</u>	<u>\$ 11,140,914</u>	<u>\$ 7,955,705</u>	<u>\$ 989,367,449</u>	<u>\$ 1,018,495,750</u>
Change in accounting principle*		<u>(82,588,586)</u>				<u>(82,588,586)</u>
Total net position, as restated		<u>\$ 927,951,459</u>				<u>\$ 935,907,164</u>

\*This is the first year the County implemented the new pension accounting and financial reporting standards GASB Statements 68 and 71. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

Dakota County's total net position increased by \$53,460,285 from 2014's ending balance. This change can be attributed to a combination of factors, with the primary change occurring in additional receipts for fees, charges for services and federal and local shared revenues for investment in capital assets (increases in infrastructure and building improvements).

A portion of Dakota County's net position, \$25,325,606 or 2.6%, represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$3,394,330 during the current fiscal year. The remaining balance of unrestricted net position of \$226,613,049 may be used to meet Dakota County's obligations to citizens and creditors.

As indicated above, Dakota County had positive balances in all three categories of net position at the end of 2015, including the government as a whole, and in each type of activity.

**Governmental Activities.** \*As noted below, the statement *Changes in Net Position* reflects a restatement of prior year net position, due to the change in accounting principles for net pension liability. Governmental activities increased Dakota County's net position by \$50,275,076 from 2014, which accounts for the majority of the total changes, or 94.0% in the net position of Dakota County. Most of this change is due to additional investments in capital assets.

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2015

**Business-type Activities.** Business-type activities increased Dakota County's net position by \$3,185,209 accounting for 6.0% of the total change in the government's net position. Additions to capital improvements to the Byllesby Spillway makes up the majority of the increase in activity.

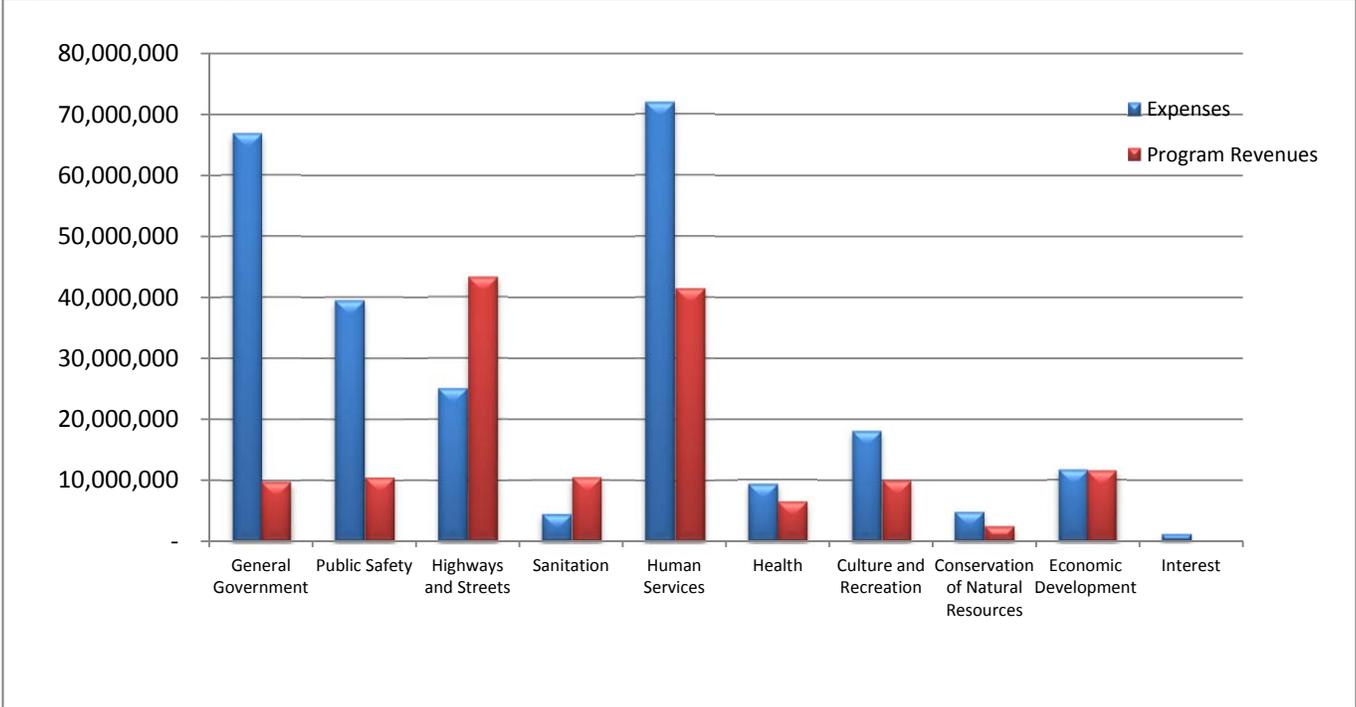
## Dakota County's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Fees, charges, fines and other	\$ 25,771,450	\$ 23,164,043	\$ 625,075	\$ 824,994	\$ 26,396,525	\$ 23,989,037
Operating grants & contributions	99,414,203	101,533,470	-	-	99,414,203	101,533,470
Capital grants & contributions	21,434,183	15,951,488	1,310,519	777,414	22,744,702	16,728,902
General revenues and transfers:						
Taxes	136,443,361	135,695,116	-	-	136,443,361	135,695,116
Grants & contributions not restricted to specific programs	17,729,391	17,392,414	-	-	17,729,391	17,392,414
Investment income	3,027,128	7,902,963	-	-	3,027,128	7,902,963
Other	1,828,709	1,588,309	-	-	1,828,709	1,588,309
Transfers	(2,047,500)	316,076	2,047,500	(316,076)	-	-
Total revenues and transfers	303,600,925	303,543,879	3,983,094	1,286,332	307,584,019	304,830,211
Expenses:						
General government	66,920,647	65,584,363	-	-	66,920,647	65,584,363
Public safety	39,590,503	39,366,008	-	-	39,590,503	39,366,008
Highways and streets	25,151,932	24,441,165	-	-	25,151,932	24,441,165
Sanitation	4,535,062	3,910,489	-	-	4,535,062	3,910,489
Human services	72,053,369	70,662,704	-	-	72,053,369	70,662,704
Health	9,377,952	8,602,529	-	-	9,377,952	8,602,529
Culture and recreation	18,114,323	13,567,104	-	-	18,114,323	13,567,104
Conservation of natural resources	4,852,937	3,520,375	-	-	4,852,937	3,520,375
Economic development	11,715,865	9,946,696	-	-	11,715,865	9,946,696
Interest	1,013,259	1,447,204	-	-	1,013,259	1,447,204
Operating expenses – GIS	-	-	44,123	9,100	44,123	9,100
Operating expenses – Byllesby	-	-	753,762	151,656	753,762	151,656
Operating expenses – CJIIN	-	-	-	867,864	-	867,864
Total expenses	253,325,849	241,048,637	797,885	1,028,620	254,123,734	242,077,257
Increase (decrease) in net position	50,275,076	62,495,242	3,185,209	257,712	53,460,285	62,752,954
Net position January 1, as restated*	927,951,459	948,044,083	7,955,705	7,697,993	935,907,164	955,742,796
<b>Net Position December 31</b>	<b>\$ 978,226,535</b>	<b>\$1,010,540,045</b>	<b>\$ 11,140,914</b>	<b>\$ 7,955,705</b>	<b>\$ 989,367,449</b>	<b>\$ 1,018,495,750</b>

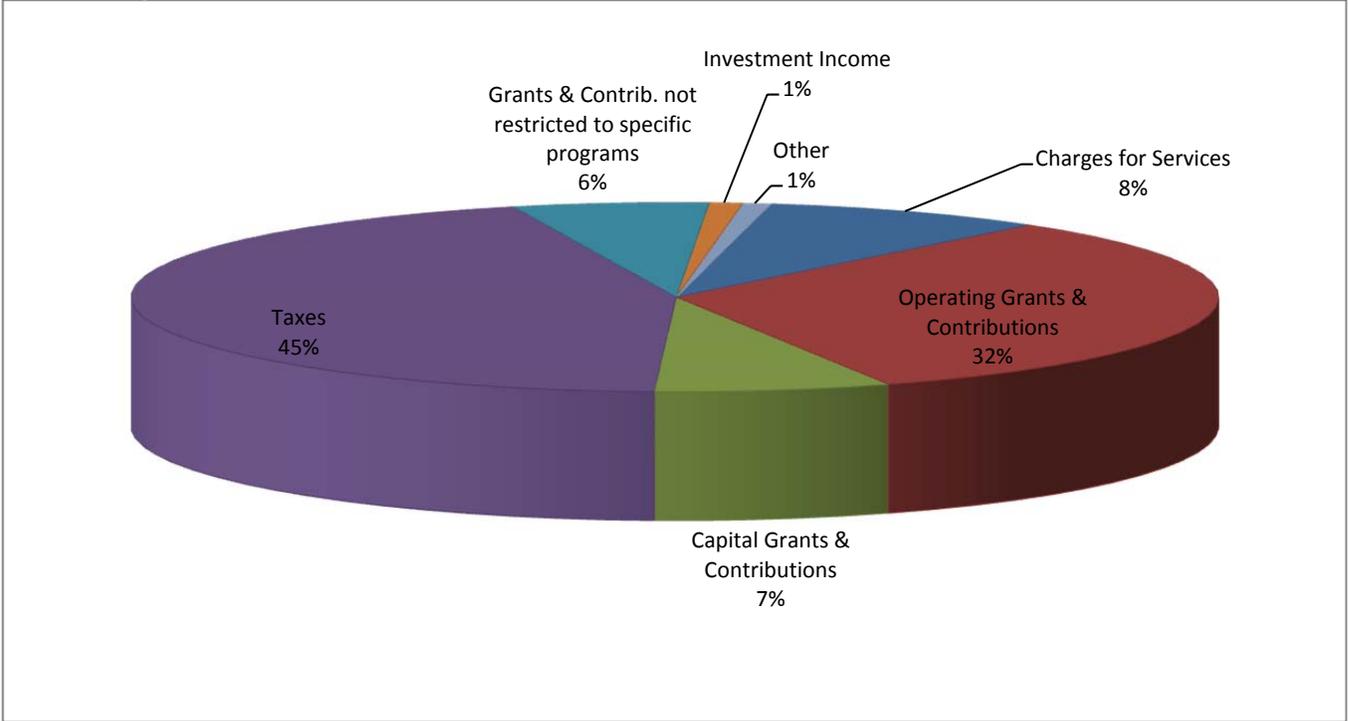
# Dakota County, Minnesota Management's Discussion and Analysis

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2015

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities



# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2015

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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 2015, Dakota County's governmental funds reported combined ending fund balances of \$299,930,693 a net decrease of \$7,839,029 due primarily to an increase in spending on capital projects and decreases in intergovernmental revenues and investment earnings. The majority of the fund balance, \$292,532,089 is available for spending at the government's discretion. The remainder of fund balance, \$7,398,604, is not available for general spending due to restrictions for specific purposes or is considered non-spendable.

*General Fund.* The General Fund is the chief operating fund of Dakota County. At the end of 2015, the General Fund's fund balance was \$155,706,928 of which \$152,376,150 was committed, assigned or unassigned. At the end of 2015, the County Board approved a change in reporting for the Environmental Management Fund. This fund is now combined with the General Fund, and comprises a small portion, 1.7%, of the total General Fund fund balance. 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 73.3% of total General Fund expenditures of \$207,892,367, while total fund balance represents 74.9% of total expenditures.

*Highway Fund.* The Highway Fund had total fund balance of \$72,442,714 at the end of 2015. The fund balance of the Highway Fund increased slightly from 2014 by \$1,127,652 which can be attributed to increases in inventory and receipt of revenues from state and federal agencies for completed road projects.

*Environmental Legacy.* The Environmental Legacy is a new fund established from the transfer of activities originally organized within the Environmental Management fund. These activities represent fees collected for the protection and preservation of the environment. At the end of 2015, the Environmental Legacy fund had a total fund balance of \$34,858,127.

*Debt Service Fund.* The Debt Service Fund had a negative fund balance of (\$596,278) at the end of the current fiscal year, all of which has been unassigned. This fund balance decreased in 2015 just over \$1.4 million for scheduled payments on outstanding bonds. For future debt service payments, the majority of the funding will come from the General Fund fund balance.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$6,812,286. The fund balance for the Capital Projects Fund decreased by \$5,171,233 from 2014 due to remodeling costs associated with the Judicial District Courts, energy equipment upgrades and renovations to the Western Service Center plaza.

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

Net position restricted for equipment replacement of the *Geographic Information Systems Enterprise Fund* at the end of the year totaled \$149,531, which is a slight increase of \$2,264 from 2014. The *Byllesby Dam Enterprise Fund* had an investment in capital assets net position balance of \$8,826,272 for the purpose of maintaining the Federal Energy Regulatory Commission mandated spillway upgrade and an unrestricted net position balance at the end of the year of \$2,165,111. The *Employee Services Reserve Internal Service Fund*, also regarded as a proprietary fund, has an unrestricted net position balance at the end of the year of \$14,369,892. The net position of the internal service fund increased by \$1,641,168 over the past year due to the timing of premiums paid versus funds collected for self-insurance costs. Other factors concerning the finances of these funds are addressed in the discussion of Dakota County's business-type activities.

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## 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 \$26,250,036 for expenditures at fiscal year end. The major changes from original to final budget for expenditures may be summarized as follows:

- \$1.3 million for 2014 carry-over of unspent funds for technology and data network systems.
- \$9.4 million for carry-over of unspent funds for the Land Conservation Program.
- \$2.3 million for unspent funds for fleet and facilities management.
- \$3.6 million in capital equipment/budget incentive program (BIP) carry-overs.

The difference between the original budget and final amended budget for revenues was \$6,065,408. The majority of this increase from original to final budget relates to use of fund balance for increases in grant funding and carry-overs of 2014 revenues for various programs identified above:

- \$16.6 million in use of fund balance to offset unspent funds and 2014 carry-overs.

### Comparison of Actual Resources to Final Amended Budget

Actual expenditures were \$34,503,688 less than budgeted at fiscal year end. The variance of final budget versus actual was due to a surplus in salaries and benefits, unspent Capital Improvement Program (CIP) funds, Open Space funds, and grant funded projects 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, 2015, amounts to \$761,457,194 (net of accumulated depreciation). 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's investment in capital assets for the current fiscal year was \$43,658,172, or 6.1%.

Major capital asset events during 2015 included the following:

- Completed renovations at the Western Service Center and District Courts at \$8.0 million.
- Worked on a variety of county road construction projects, trails, bridges and transit improvements totaling over \$8.7 million.
- Over \$26 million in investments of new election and recorder equipment, software, county-wide printers and fiber upgrades.

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2015

## Dakota County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 215,816,699	\$ 206,847,817	\$ -	\$ -	\$ 215,816,699	\$ 206,847,817
Buildings	126,021,304	125,047,985	-	-	126,021,304	125,047,985
Machinery and equipment	16,562,728	13,638,270	-	-	16,562,728	13,638,270
Infrastructure	322,606,357	257,126,010	8,268,214	-	330,874,571	257,126,010
Improvements other than buildings	20,353,216	19,776,698	-	-	20,353,216	19,776,698
Construction in progress	51,270,618	88,117,181	558,058	7,245,061	51,828,676	95,362,242
<b>Total</b>	<b>\$ 752,630,922</b>	<b>\$ 710,553,961</b>	<b>\$8,826,272</b>	<b>\$7,245,061</b>	<b>\$ 761,457,194</b>	<b>\$ 717,799,022</b>

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

**Long-term Debt.** At the end of 2015, Dakota County had total bonded debt outstanding of \$23,420,000, a decrease of \$10,155,000 for the current fiscal year. This decrease includes the payment of regularly scheduled bond principal and early retirement of a general obligation bond. Current and future County tax levies plus fund balance are used to finance the entire bond indebtedness.

Dakota County maintains an "Aaa" rating from Moody's Investor Services, and an "AA+" rating from Standard & Poor's for general obligation debt.

## Dakota County's Outstanding Debt

### General Obligation Revenue Bonds

	Governmental activities	
	2015	2014
General obligation bonds	<u>\$23,420,000</u>	<u>\$33,575,000</u>
<b>Total</b>	<u><u>\$23,420,000</u></u>	<u><u>\$33,575,000</u></u>

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 \$1,187,922,560 which is significantly in excess of Dakota County's outstanding general obligation debt of \$23,420,000. The net bonded debt per capita is \$56.

Additional information on Dakota County's long-term debt may be found in Note III. G. beginning on page 69 of this report.

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## Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Dakota County as of December 2015 was 3.0%, which is a slight increase from a rate of 2.8% a year ago. The County's rate still compares favorably to both the state and national average unemployment rate of 3.6% and 4.8% respectively.
- Dakota County's property tax base is on the rise. The 2016 tax base is 3.8% higher than 2015 and the 2017 tax base is projected to be approximately 4.47% higher than 2016.
- The State forecasts a budget surplus for the 2016-2017 fiscal year, however, uncertainty of funding levels for specific program aid remains. Meeting the needs of citizens requiring special services, and providing general services to the public increases the demand to provide them, and inflation adds pressure to overall costs. The County continues to apply principals of sound financial management when creating a structurally balanced budget and financial projections.

On December 15, 2015, the Dakota County Board of Commissioners approved the 2016 budget for \$400.9 million. This is an overall increase of \$47.1 million or 13.3% over the 2015 budget. Under the Adopted Budget, the total operating budget totals \$268.9 million, an increase of \$23.8 million or 9.7% more than the previous year. Additionally, the Adopted Budget includes \$132 million for the 2016 Capital Improvement Program (CIP), an increase of \$23.3 million, or 21.4% more than the 2015 CIP.

The 2016 total property tax levy is \$130.1 million, which is effectively a 0% increase from the 2015 levy. Additionally, as a means of helping manage the risk of potential state aid reductions, the adopted budget assigns general purpose aid to the County's capital budgets, as opposed to the operating budget.

## 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](mailto:finance@co.dakota.mn.us) or visit our web site at [www.dakotacounty.us](http://www.dakotacounty.us).

# Basic Financial Statements

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**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 342,630,752	\$ 1,209,044	\$ 343,839,796	\$ 43,317,567	\$ 1,985,811
Petty cash and change funds	19,844	-	19,844	-	-
Investments	-	-	-	36,269,727	-
Taxes receivable					
Current	-	-	-	4,040,078	61,181
Prior	1,435,036	-	1,435,036	-	1,873
Special assessments receivable - net	-	-	-	756,895	-
Accounts receivable	2,113,833	53,704	2,167,537	767,759	-
Note receivable	-	-	-	61,851,019	-
Accrued interest receivable	715,697	-	715,697	1,542,462	-
Due from other governments	36,147,324	1,310,519	37,457,843	5,504,377	2,480
Inventories	2,694,751	-	2,694,751	-	-
Prepaid items	128,444	-	128,444	578,016	-
Restricted assets					
Cash and pooled investments	-	-	-	64,547,678	-
Investment in joint venture	-	-	-	8,124,280	-
Lease receivable	4,209,838	-	4,209,838	-	-
Capital assets					
Non-depreciable	267,087,317	558,058	267,645,375	31,153,095	-
Depreciable - net of accumulated depreciation	485,543,605	8,268,214	493,811,819	139,519,042	-
<b>Total Assets</b>	<b>\$ 1,142,726,441</b>	<b>\$ 11,399,539</b>	<b>\$ 1,154,125,980</b>	<b>\$ 397,971,995</b>	<b>\$ 2,051,345</b>
<b><u>Deferred Outflows of Resources</u></b>					
Deferred pension outflows	\$ 14,003,822	\$ -	\$ 14,003,822	\$ -	\$ -
Deferred charge on refundings	-	-	-	354,184	-
<b>Total deferred outflows of resources</b>	<b>\$ 14,003,822</b>	<b>\$ -</b>	<b>\$ 14,003,822</b>	<b>\$ 354,184</b>	<b>\$ -</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 11,141,365	\$ 258,625	\$ 11,399,990	\$ 3,904,924	\$ 165,968
Salaries payable	3,313,862	-	3,313,862	-	-
Contracts payable	2,198,621	-	2,198,621	-	-
Due to other governments	351,749	-	351,749	404,659	-
Accrued interest payable	401,529	-	401,529	2,379,535	-
Unearned revenue	9,884,729	-	9,884,729	709,996	-
Capital leases payable					
Due within one year	136,611	-	136,611	-	-
Due in more than one year	422,878	-	422,878	-	-
Compensated absences					
Due within one year	179,185	-	179,185	366,392	-
Due in more than one year	17,418,812	-	17,418,812	327,802	-
Claims and judgments payable					
Due within one year	702,027	-	702,027	-	-
Due in more than one year	1,832,838	-	1,832,838	-	-
General obligation bonds payable					
Due within one year	1,965,000	-	1,965,000	3,610,000	-
Due in more than one year	21,503,911	-	21,503,911	115,662,626	-
OPEB liability					
Due in more than one year	7,937,700	-	7,937,700	-	-

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
<b><u>Liabilities (Cont.)</u></b>					
Net pension liability					
Due in more than one year	89,818,507	-	89,818,507	-	-
Notes payable					
Due in more than one year	-	-	-	8,876,643	-
<b>Total Liabilities</b>	<b>\$ 169,209,324</b>	<b>\$ 258,625</b>	<b>\$ 169,467,949</b>	<b>\$ 136,242,577</b>	<b>\$ 165,968</b>
<b><u>Deferred Inflows of Resources</u></b>					
Deferred pension inflows	\$ 9,294,404	\$ -	\$ 9,294,404	\$ -	\$ -
Unavailable revenue - property taxes	-	-	-	9,109,366	-
<b>Total deferred inflows of resources</b>	<b>\$ 9,294,404</b>	<b>\$ -</b>	<b>\$ 9,294,404</b>	<b>\$ 9,109,366</b>	<b>\$ -</b>
<b><u>Net Position</u></b>					
Net investment in capital assets	\$ 728,602,522	\$ 8,826,272	\$ 737,428,794	\$ 89,380,592	\$ -
Restricted for					
Capital projects	-	-	-	12,806,950	-
General government	1,522,038	-	1,522,038	-	-
Public safety	782,627	-	782,627	-	-
Highways and streets	20,647,395	-	20,647,395	-	-
Culture and recreation	489	-	489	-	-
Sanitation	955,082	-	955,082	-	-
Conservation of natural resources	170,161	-	170,161	-	-
Equipment replacement	1,098,283	149,531	1,247,814	-	-
Federal grants	-	-	-	17,552,396	-
Tax increment	-	-	-	8,096,353	-
HOPE program	-	-	-	20,167,837	-
Senior Levy	-	-	-	1,825,901	-
Unrestricted	224,447,938	2,165,111	226,613,049	103,144,207	1,885,377
<b>Total Net Position</b>	<b>\$ 978,226,535</b>	<b>\$ 11,140,914</b>	<b>\$ 989,367,449</b>	<b>\$ 252,974,236</b>	<b>\$ 1,885,377</b>

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DAKOTA COUNTY  
MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	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		
<b>Functions/Programs</b>									
<b>Primary government</b>									
<b>Governmental activities</b>									
General government	\$ 66,920,647	\$ 7,434,589	\$ 2,431,014	\$ -	\$ (57,055,044)	\$ -	\$ (57,055,044)		
Public safety	39,590,503	2,763,775	7,809,033	-	(29,017,695)	-	(29,017,695)		
Highways and streets	25,151,932	532,360	25,031,461	17,803,674	18,215,563	-	18,215,563		
Sanitation	4,535,062	9,012,270	1,526,796	-	6,004,004	-	6,004,004		
Human services	72,053,369	2,341,929	39,216,444	-	(30,494,996)	-	(30,494,996)		
Health	9,377,952	1,738,043	4,805,213	-	(2,834,696)	-	(2,834,696)		
Culture and recreation	18,114,323	1,570,060	4,869,406	3,630,509	(8,044,348)	-	(8,044,348)		
Conservation of natural resources	4,852,937	378,424	2,139,007	-	(2,335,506)	-	(2,335,506)		
Economic development	11,715,865	-	11,585,829	-	(130,036)	-	(130,036)		
Interest	1,013,259	-	-	-	(1,013,259)	-	(1,013,259)		
<b>Total governmental activities</b>	<b>\$ 253,325,849</b>	<b>\$ 25,771,450</b>	<b>\$ 99,414,203</b>	<b>\$ 21,434,183</b>	<b>\$ (106,706,013)</b>	<b>\$ -</b>	<b>\$ (106,706,013)</b>		
<b>Business-type activities</b>									
Geographic Information System	\$ 44,123	\$ 46,387	\$ -	\$ -	\$ -	\$ 2,264	\$ 2,264		
Byllesby Dam	753,762	578,688	-	1,310,519	-	1,135,445	1,135,445		
<b>Total business-type activities</b>	<b>\$ 797,885</b>	<b>\$ 625,075</b>	<b>\$ -</b>	<b>\$ 1,310,519</b>	<b>\$ -</b>	<b>\$ 1,137,709</b>	<b>\$ 1,137,709</b>		
<b>Total primary government</b>	<b>\$ 254,123,734</b>	<b>\$ 26,396,525</b>	<b>\$ 99,414,203</b>	<b>\$ 22,744,702</b>	<b>\$ (106,706,013)</b>	<b>\$ 1,137,709</b>	<b>\$ (105,568,304)</b>		
<b>Component units</b>									
Community Development Agency	\$ 48,779,121	\$ 22,166,735	\$ 24,417,358	\$ 2,240,443			\$ 45,415	\$ -	
Vermillion River Watershed	937,527	11	58,195	-			-	(879,321)	
<b>Total component units</b>	<b>\$ 49,716,648</b>	<b>\$ 22,166,746</b>	<b>\$ 24,475,553</b>	<b>\$ 2,240,443</b>			<b>\$ 45,415</b>	<b>\$ (879,321)</b>	

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, 2015

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
<b>General Revenues</b>								
Property taxes				\$ 131,291,226	\$ -	\$ 131,291,226	\$ 6,612,923	\$ 816,583
Gravel taxes				648,871	-	648,871	-	-
Mortgage registry and deed tax				620,763	-	620,763	-	-
Tax increment revenue				-	-	-	1,510,242	-
Taxes - other				3,882,501	-	3,882,501	-	-
Grants and contributions not restricted to specific programs				17,729,391	-	17,729,391	-	-
Investment earnings				3,027,128	-	3,027,128	526,561	22,959
Miscellaneous				1,658,116	-	1,658,116	-	-
Gain on sale of capital assets				170,593	-	170,593	-	-
<b>Transfers</b>				(2,047,500)	2,047,500	-	-	-
<b>Total general revenues and transfers</b>				<u>\$ 156,981,089</u>	<u>\$ 2,047,500</u>	<u>\$ 159,028,589</u>	<u>\$ 8,649,726</u>	<u>\$ 839,542</u>
<b>Change in net position</b>				<u>\$ 50,275,076</u>	<u>\$ 3,185,209</u>	<u>\$ 53,460,285</u>	<u>\$ 8,695,141</u>	<u>\$ (39,779)</u>
<b>Net Position - Beginning (Restated, see Note I.)</b>				<u>927,951,459</u>	<u>7,955,705</u>	<u>935,907,164</u>	<u>244,279,095</u>	<u>1,925,156</u>
<b>Net Position - Ending</b>				<u>\$ 978,226,535</u>	<u>\$ 11,140,914</u>	<u>\$ 989,367,449</u>	<u>\$ 252,974,236</u>	<u>\$ 1,885,377</u>

**DAKOTA COUNTY  
MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Highway</u>	<u>Environmental Legacy</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>							
Cash and pooled investments	\$ 152,848,822	\$ 68,178,958	\$ 35,728,342	\$ -	\$ 8,165,918	\$ 38,103,483	\$ 303,025,523
Petty cash and change funds	15,310	-	-	-	-	4,534	19,844
Taxes receivable							
Prior	1,160,523	59,804	-	26,206	22,318	166,185	1,435,036
Accounts receivable	1,660,142	145,579	-	-	12,400	294,998	2,113,119
Accrued interest receivable	715,697	-	-	-	-	-	715,697
Due from other funds	4,126,968	3,054,966	1,095,770	-	-	178,572	8,456,276
Due from other governments	10,670,948	23,008,184	-	-	-	2,468,192	36,147,324
Prepaid items	128,444	-	-	-	-	-	128,444
Inventories	743,751	1,951,000	-	-	-	-	2,694,751
Lease receivable	4,209,838	-	-	-	-	-	4,209,838
<b>Total Assets</b>	<b>\$ 176,280,443</b>	<b>\$ 96,398,491</b>	<b>\$ 36,824,112</b>	<b>\$ 26,206</b>	<b>\$ 8,200,636</b>	<b>\$ 41,215,964</b>	<b>\$ 358,945,852</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>							
<b>Liabilities</b>							
Accounts payable	\$ 6,034,727	\$ 1,452,404	\$ -	\$ 3,400	\$ 1,025,628	\$ 2,075,120	\$ 10,591,279
Salaries payable	3,071,563	100,856	-	-	-	141,443	3,313,862
Claims and judgments payable - current	35,923	-	-	-	-	-	35,923
Contracts payable	-	1,473,652	-	-	313,588	411,381	2,198,621
Due to other funds	2,610,941	225,796	1,965,985	594,761	24,783	3,883,742	9,306,008
Due to other governments	349,322	-	-	-	-	2,427	351,749
Unearned revenue - other	6,465,386	-	-	-	-	3,419,343	9,884,729
<b>Total Liabilities</b>	<b>\$ 18,567,862</b>	<b>\$ 3,252,708</b>	<b>\$ 1,965,985</b>	<b>\$ 598,161</b>	<b>\$ 1,363,999</b>	<b>\$ 9,933,456</b>	<b>\$ 35,682,171</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	\$ 2,005,653	\$ 20,703,069	\$ -	\$ 24,323	\$ 24,351	\$ 575,592	\$ 23,332,988

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Highway</u>	<u>Environmental Legacy</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances (Continued)</u></b>							
<b>Fund Balances</b>							
Non-spendable:							
Inventories	\$ 743,751	\$ 1,951,000	\$ -	\$ -	\$ -	\$ -	\$ 2,694,751
Prepays	128,444	-	-	-	-	-	128,444
Missing heirs	46,729	-	-	-	-	-	46,729
Restricted for:							
Law library	-	-	-	-	-	774,702	774,702
Recorder's equipment purchases	1,022,684	-	-	-	-	-	1,022,684
Spring Lake Park	-	-	-	-	-	489	489
Victim Witness	54,402	-	-	-	-	-	54,402
Sheriff-911	239,456	-	-	-	-	-	239,456
Elections-HAVA	75,599	-	-	-	-	-	75,599
Boat and water	325,635	-	-	-	-	-	325,635
Attorney-Diversion	108,617	-	-	-	-	-	108,617
Sheriff-Alcohol compliance	2,584	-	-	-	-	-	2,584
Criminal forfeitures	197,764	-	-	-	-	386,553	584,317
Permit to carry	214,952	-	-	-	-	-	214,952
Gravel pit restoration	-	-	955,082	-	-	-	955,082
Aquatic invasive species	170,161	-	-	-	-	-	170,161
Committed to:							
Protection, preservation or enhancement of environment	-	-	33,903,045	-	-	-	33,903,045
Assigned to:							
General government	961,254	-	-	-	-	-	961,254
Public safety	2,584	-	-	-	-	-	2,584
Sanitation	2,510,885	-	-	-	-	-	2,510,885
Culture and recreation	6,904	-	-	-	-	4,175,719	4,182,623
Economic development	-	-	-	-	-	11,212,462	11,212,462
Capital improvements	2,478,691	70,491,714	-	-	6,812,286	14,066,952	93,849,643
Liability and loss reserve	2,348,186	-	-	-	-	-	2,348,186
Capital equipment	7,200,261	-	-	-	-	90,039	7,290,300
CJIN RMS	124,870	-	-	-	-	-	124,870
CJIN Enterprise	358,012	-	-	-	-	-	358,012
Unassigned	136,384,503	-	-	(596,278)	-	-	135,788,225
<b>Total Fund Balances</b>	<b>\$ 155,706,928</b>	<b>\$ 72,442,714</b>	<b>\$ 34,858,127</b>	<b>\$ (596,278)</b>	<b>\$ 6,812,286</b>	<b>\$ 30,706,916</b>	<b>\$ 299,930,693</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 176,280,443</b>	<b>\$ 96,398,491</b>	<b>\$ 36,824,112</b>	<b>\$ 26,206</b>	<b>\$ 8,200,636</b>	<b>\$ 41,215,964</b>	<b>\$ 358,945,852</b>

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, 2015**

<b>Fund balances - total governmental funds</b>		<b>\$</b>	<b>299,930,693</b>
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			752,630,922
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.			23,332,988
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.			14,003,822
An internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences and other post employment benefits. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			14,369,892
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	\$	(23,420,000)	
Unamortized premiums on G.O. Bonds		(48,911)	
Capital leases payable		(559,489)	
Claims and judgments payable		(2,498,942)	
Net pension liability		(89,818,507)	
Accrued interest payable		(401,529)	
		(116,747,378)	
Deferred inflows resulting from pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental funds.			(9,294,404)
<b>Net position of governmental activities</b>			<b>\$ 978,226,535</b>

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**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Highway</u>	<u>Environmental Legacy</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>							
Taxes	\$ 110,692,816	\$ 9,114,237	\$ -	\$ 2,312,589	\$ 598,030	\$ 14,272,047	\$ 136,989,719
Licenses and permits	1,964,008	264,460	-	-	-	83,349	2,311,817
Intergovernmental	73,021,200	42,867,595	-	4,399	2,340,217	13,728,623	131,962,034
Charges for services	11,467,388	320,792	7,531,141	-	-	1,529,387	20,848,708
Fines and forfeits	24,710	-	-	-	-	87,750	112,460
Gifts and contributions	3,815	-	-	-	-	8,861	12,676
Investment earnings	2,707,508	-	-	-	-	179,037	2,886,545
Miscellaneous	4,143,767	173,728	-	-	12,400	222,997	4,552,892
<b>Total Revenues</b>	<b>\$ 204,025,212</b>	<b>\$ 52,740,812</b>	<b>\$ 7,531,141</b>	<b>\$ 2,316,988</b>	<b>\$ 2,950,647</b>	<b>\$ 30,112,051</b>	<b>\$ 299,676,851</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	\$ 65,940,149	\$ -	\$ -	\$ -	\$ -	\$ 497,011	\$ 66,437,160
Public safety	38,732,137	-	-	-	-	-	38,732,137
Highways and streets	2,018,422	51,255,410	-	-	-	-	53,273,832
Sanitation	4,628,357	-	-	-	-	-	4,628,357
Human services	71,867,015	-	-	-	-	-	71,867,015
Health	9,356,123	-	-	-	-	-	9,356,123
Culture and recreation	609,274	-	-	-	-	24,662,943	25,272,217
Conservation of natural resources	4,935,421	-	-	-	-	-	4,935,421
Economic development	8,951,112	-	-	-	-	3,044,533	11,995,645
<b>Intergovernmental</b>							
Highways and streets	-	199,461	-	-	-	-	199,461
<b>Capital outlay</b>	704,080	-	-	-	8,121,880	-	8,825,960
<b>Debt service</b>							
Principal	144,591	-	-	10,155,000	-	-	10,299,591
Interest	5,686	-	-	1,174,596	-	-	1,180,282
Administrative - fiscal charges	-	-	-	8,750	-	-	8,750
<b>Total Expenditures</b>	<b>\$ 207,892,367</b>	<b>\$ 51,454,871</b>	<b>\$ -</b>	<b>\$ 11,338,346</b>	<b>\$ 8,121,880</b>	<b>\$ 28,204,487</b>	<b>\$ 307,011,951</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (3,867,155)</b>	<b>\$ 1,285,941</b>	<b>\$ 7,531,141</b>	<b>\$ (9,021,358)</b>	<b>\$ (5,171,233)</b>	<b>\$ 1,907,564</b>	<b>\$ (7,335,100)</b>

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, 2015**

	<u>General</u>	<u>Highway</u>	<u>Environmental Legacy</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	\$ 7,921,685	\$ -	\$ 35,728,342	\$ 7,592,673	\$ -	\$ 2,427,521	\$ 53,670,221
Transfers out	(46,501,848)	(794,188)	(8,401,356)	-	-	(20,329)	(55,717,721)
Proceeds from capital lease	704,080	-	-	-	-	-	704,080
Proceeds from sale of assets	190,760	-	-	-	-	234	190,994
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (37,685,323)</b>	<b>\$ (794,188)</b>	<b>\$ 27,326,986</b>	<b>\$ 7,592,673</b>	<b>\$ -</b>	<b>\$ 2,407,426</b>	<b>\$ (1,152,426)</b>
<b>Change in Fund Balance</b>	<b>\$ (41,552,478)</b>	<b>\$ 491,753</b>	<b>\$ 34,858,127</b>	<b>\$ (1,428,685)</b>	<b>\$ (5,171,233)</b>	<b>\$ 4,314,990</b>	<b>\$ (8,487,526)</b>
<b>Fund Balance - January 1, Restated (Note I.C.)</b>	<b>197,246,808</b>	<b>71,315,062</b>	<b>-</b>	<b>832,407</b>	<b>11,983,519</b>	<b>26,391,926</b>	<b>307,769,722</b>
<b>Increase (decrease) in inventories</b>	<b>12,598</b>	<b>635,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>648,497</b>
<b>Fund Balance - December 31</b>	<b>\$ 155,706,928</b>	<b>\$ 72,442,714</b>	<b>\$ 34,858,127</b>	<b>\$ (596,278)</b>	<b>\$ 6,812,286</b>	<b>\$ 30,706,916</b>	<b>\$ 299,930,693</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Net change in fund balances - total governmental funds** **\$ (8,487,526)**

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets	\$ 61,300,256	
Current year depreciation	<u>(19,110,571)</u>	42,189,685

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 position differs from the change in fund balance by the net book value of the disposed capital assets. (112,724)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The adjustment to revenue is the increase or decrease in unavailable revenue.

Unavailable revenue - December 31	\$ 23,332,988	
Unavailable revenue - January 1	<u>(16,803,694)</u>	6,529,294

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

Principal repayments		
General obligation bonds	\$ 10,155,000	
Capital lease	<u>144,591</u>	10,299,591

An internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences and other post employment benefits. The net revenue of certain activities of the internal service fund is reported with governmental activities. 1,641,168

Some capital asset additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. (704,080)

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

Change in accrued interest payable	\$ 175,773	
Amortization of premiums	36,773	
Change in claims and judgments payable	579,128	
Change in net pension liability, as restated	(3,188,179)	
Change in deferred outflows of resources, as restated	9,962,080	
Change in deferred inflows of resources	(9,294,404)	
Change in inventories	<u>648,497</u>	<u>(1,080,332)</u>

**Change in net position of governmental activities** **\$ 50,275,076**

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 111,159,959	\$ 111,045,393	\$ 110,692,816	\$ (352,577)
Licenses and permits	1,759,876	1,759,876	1,964,008	204,132
Intergovernmental	63,554,031	85,510,946	73,021,200	(12,489,746)
Charges for services	28,165,889	11,813,792	11,467,388	(346,404)
Fines and forfeits	45,000	45,000	24,710	(20,290)
Gifts and contributions	3,599	3,599	3,815	216
Investment earnings	2,500,500	2,500,500	2,707,508	207,008
Miscellaneous	4,159,635	4,734,791	4,143,767	(591,024)
<b>Total Revenues</b>	<b>\$ 211,348,489</b>	<b>\$ 217,413,897</b>	<b>\$ 204,025,212</b>	<b>\$ (13,388,685)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 733,883	\$ 835,881	\$ 712,804	\$ 123,077
Courts services	376,325	376,325	410,975	(34,650)
County administration	1,766,532	2,294,316	1,555,989	738,327
OMB division administration/OPED	1,800,347	1,995,122	1,524,021	471,101
Public service and revenue admin	828,516	1,384,915	789,236	595,679
Service and license centers	1,762,854	1,783,627	1,700,953	82,674
County treasurer	3,706,257	5,888,186	7,021,188	(1,133,002)
County assessor	3,414,510	3,434,215	3,381,749	52,466
Accounting and auditing	3,385,599	5,005,472	4,109,409	896,063
Information technology	14,491,057	17,474,311	14,056,196	3,418,115
Operations management services	13,823,304	16,063,522	12,581,598	3,481,924
Employee relations	2,489,383	2,659,560	2,261,049	398,511
Attorney	6,082,837	6,386,723	6,212,969	173,754
Risk management	3,153,558	5,114,346	3,335,307	1,779,039
Surveyor	739,548	740,361	738,089	2,272
Physical development administration	2,402,078	2,821,740	2,298,665	523,075
Communications	869,301	921,865	702,902	218,963
County-wide operations	8,560,366	7,109,621	1,978,728	5,130,893
Veterans service officer	569,311	597,923	568,322	29,601
<b>Total general government</b>	<b>\$ 70,955,566</b>	<b>\$ 82,888,031</b>	<b>\$ 65,940,149</b>	<b>\$ 16,947,882</b>
<b>Public safety</b>				
Sheriff	\$ 18,756,260	\$ 19,600,062	\$ 19,706,365	\$ (106,303)
Coroner	1,512,034	1,512,034	1,484,491	27,543
Community corrections	18,025,969	18,505,636	17,541,281	964,355
<b>Total public safety</b>	<b>\$ 38,294,263</b>	<b>\$ 39,617,732</b>	<b>\$ 38,732,137</b>	<b>\$ 885,595</b>

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Highway and streets</b>				
Other-highway and streets	\$ 1,428,000	\$ 1,692,000	\$ 2,018,422	\$ (326,422)
<b>Sanitation</b>				
Other - Sanitation	\$ 7,207,084	\$ 5,303,980	\$ 4,628,357	\$ 675,623
<b>Human services</b>				
Administration	\$ 2,275,236	\$ 2,626,954	\$ 1,865,244	\$ 761,710
Income maintenance	24,123,308	24,385,994	24,192,603	193,391
Social services	50,697,736	52,246,121	45,809,168	6,436,953
<b>Total human services</b>	<b>\$ 77,096,280</b>	<b>\$ 79,259,069</b>	<b>\$ 71,867,015</b>	<b>\$ 7,392,054</b>
<b>Health</b>				
Public health	\$ 9,724,364	\$ 10,534,691	\$ 9,356,123	\$ 1,178,568
<b>Culture and recreation</b>				
Historical society	\$ 104,040	\$ 129,040	\$ 129,040	\$ -
County fair	146,246	146,246	146,246	-
Parks	161,000	183,000	333,988	(150,988)
<b>Total culture and recreation</b>	<b>\$ 411,286</b>	<b>\$ 458,286</b>	<b>\$ 609,274</b>	<b>\$ (150,988)</b>
<b>Conservation of natural resources</b>				
Soil and water conservation	\$ 304,527	\$ 304,527	\$ 304,527	\$ -
Farmland and natural area program	3,897,889	13,461,003	2,427,247	11,033,756
County extension	358,046	423,585	362,234	61,351
Water resources	2,042,647	2,445,680	1,841,413	604,267
<b>Total conservation of natural resources</b>	<b>\$ 6,603,109</b>	<b>\$ 16,634,795</b>	<b>\$ 4,935,421</b>	<b>\$ 11,699,374</b>
<b>Economic development</b>				
Administration	\$ -	\$ -	\$ 3,956,870	\$ (3,956,870)
Community development	4,426,067	6,007,471	4,994,242	1,013,229
<b>Total economic development</b>	<b>\$ 4,426,067</b>	<b>\$ 6,007,471</b>	<b>\$ 8,951,112</b>	<b>\$ (2,943,641)</b>

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued)</b>				
<b>Capital outlay</b>				
Capital outlay	\$ -	\$ -	\$ 704,080	\$ (704,080)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 144,591	\$ (144,591)
Interest	-	-	5,686	(5,686)
<b>Total debt service</b>	\$ -	\$ -	\$ 150,277	\$ (150,277)
<b>Total Expenditures</b>	\$ 216,146,019	\$ 242,396,055	\$ 207,892,367	\$ 34,503,688
<b>Excess of Revenues Over (Under) Expenditures</b>	\$ (4,797,530)	\$ (24,982,158)	\$ (3,867,155)	\$ 21,115,003
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 2,760,282	\$ 8,035,410	\$ 7,921,685	\$ (113,725)
Transfers out	(13,964,481)	(10,800,506)	(46,501,848)	(35,701,342)
Proceeds from capital lease	-	-	704,080	704,080
Proceeds from sale of assets	491,500	567,444	190,760	(376,684)
<b>Total Other Financing Sources (Uses)</b>	\$ (10,712,699)	\$ (2,197,652)	\$ (37,685,323)	\$ (35,487,671)
<b>Change in Fund Balance</b>	\$ (15,510,229)	\$ (27,179,810)	\$ (41,552,478)	\$ (14,372,668)
<b>Fund Balance - January 1, Restated (Note I.C.)</b>	197,246,808	197,246,808	197,246,808	-
<b>Increase (decrease) in inventories</b>	-	-	12,598	12,598
<b>Fund Balance - December 31</b>	\$ 181,736,579	\$ 170,066,998	\$ 155,706,928	\$ (14,360,070)

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,388,494	\$ 8,459,668	\$ 9,114,237	\$ 654,569
Licenses and permits	180,000	180,000	264,460	84,460
Intergovernmental	47,850,406	101,739,689	42,867,595	(58,872,094)
Charges for services	4,287,006	397,314	320,792	(76,522)
Miscellaneous	217,468	219,868	173,728	(46,140)
<b>Total Revenues</b>	<b>\$ 60,923,374</b>	<b>\$ 110,996,539</b>	<b>\$ 52,740,812</b>	<b>\$ (58,255,727)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highway and streets</b>				
Administration	\$ 630,492	\$ 651,705	\$ 579,502	\$ 72,203
Maintenance	5,535,441	5,587,095	5,403,324	183,771
Construction	61,048,865	115,332,992	45,272,584	70,060,408
<b>Total highways and streets</b>	<b>\$ 67,214,798</b>	<b>\$ 121,571,792</b>	<b>\$ 51,255,410</b>	<b>\$ 70,316,382</b>
<b>Intergovernmental</b>				
Town road allotments	\$ 190,000	\$ 190,000	\$ 199,461	\$ (9,461)
<b>Total Expenditures</b>	<b>\$ 67,404,798</b>	<b>\$ 121,761,792</b>	<b>\$ 51,454,871</b>	<b>\$ 70,306,921</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (6,481,424)</b>	<b>\$ (10,765,253)</b>	<b>\$ 1,285,941</b>	<b>\$ 12,051,194</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ -	\$ -	\$ (794,188)	\$ (794,188)
<b>Change in Fund Balance</b>	<b>\$ (6,481,424)</b>	<b>\$ (10,765,253)</b>	<b>\$ 491,753</b>	<b>\$ 11,257,006</b>
<b>Fund Balance - January 1</b>	<b>71,315,062</b>	<b>71,315,062</b>	<b>71,315,062</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>635,899</b>	<b>635,899</b>
<b>Fund Balance - December 31</b>	<b>\$ 64,833,638</b>	<b>\$ 60,549,809</b>	<b>\$ 72,442,714</b>	<b>\$ 11,892,905</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
ENVIRONMENTAL LEGACY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ -	\$ 5,583,000	\$ 7,531,141	\$ 1,948,141
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ 5,583,000	\$ 7,531,141	\$ 1,948,141
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 35,728,342	\$ 35,728,342
Transfers out	-	(8,515,081)	(8,401,356)	113,725
<b>Total Other Financing Sources (Uses)</b>	\$ -	\$ (8,515,081)	\$ 27,326,986	\$ 35,842,067
<b>Change in Fund Balance</b>	\$ -	\$ (2,932,081)	\$ 34,858,127	\$ 37,790,208
<b>Fund Balance - January 1</b>	-	-	-	-
<b>Fund Balance - December 31</b>	\$ -	\$ (2,932,081)	\$ 34,858,127	\$ 37,790,208

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

	<b>Nonmajor Enterprise Funds</b>	<b>Governmental Activities - Employee Services Reserve Internal Service Fund</b>
	<b>Funds</b>	<b>Service Fund</b>
<b><u>Assets</u></b>		
Current assets:		
Cash and pooled investments	\$ 1,209,044	\$ 39,605,229
Accounts receivable (net)	53,704	714
Due from other funds	-	1,658,591
Due from other governments	1,310,519	-
	<b>\$ 2,573,267</b>	<b>\$ 41,264,534</b>
<b>Total current assets</b>		
Noncurrent assets		
Capital assets:		
Nondepreciable:		
Construction in progress	\$ 558,058	\$ -
Depreciable (net)	8,268,214	-
	<b>\$ 8,826,272</b>	<b>\$ -</b>
<b>Total noncurrent assets</b>		
	<b>\$ 11,399,539</b>	<b>\$ 41,264,534</b>
<b>Total Assets</b>		
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable	\$ 258,625	\$ 550,086
Compensated absences payable - current	-	179,185
Due to other funds	-	808,859
	<b>\$ 258,625</b>	<b>\$ 1,538,130</b>
<b>Total current liabilities</b>		
Noncurrent liabilities:		
Compensated absences payable - long-term	\$ -	\$ 17,418,812
Net OPEB liability	-	7,937,700
	<b>\$ -</b>	<b>\$ 25,356,512</b>
<b>Total noncurrent liabilities</b>		
<b>Total Liabilities</b>	<b>\$ 258,625</b>	<b>\$ 26,894,642</b>
<b>Net Position</b>		
Investment in capital assets	\$ 8,826,272	\$ -
Restricted for		
Equipment replacement	149,531	-
Unrestricted	2,165,111	14,369,892
	<b>\$ 11,140,914</b>	<b>\$ 14,369,892</b>
<b>Total Net Position</b>		

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, 2015**

	<b>Nonmajor Enterprise Funds</b>	<b>Governmental Activities - Employee Services Reserve Internal Service Fund</b>
	<u>        </u>	<u>        </u>
<b>Operating Revenues</b>		
Charges for services	\$ 624,695	\$ 23,051,820
Miscellaneous	380	344,734
	<u>        </u>	<u>        </u>
<b>Total Operating Revenues</b>	<b>\$ 625,075</b>	<b>\$ 23,396,554</b>
<b>Operating Expenses</b>		
Personal services	\$ -	\$ 305,069
Professional services	-	395,413
Medical claims	-	18,417,193
Repairs and maintenance	633,933	-
Administration and fiscal services	-	1,417,785
OPEB expense	-	1,001,296
Depreciation	119,829	-
Other services and charges	44,123	232,754
	<u>        </u>	<u>        </u>
<b>Total Operating Expenses</b>	<b>\$ 797,885</b>	<b>\$ 21,769,510</b>
<b>Operating income (loss)</b>	<b>\$ (172,810)</b>	<b>\$ 1,627,044</b>
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental	\$ 1,310,519	\$ -
Investment earnings	-	14,124
	<u>        </u>	<u>        </u>
<b>Total Nonoperating revenues (expenses)</b>	<b>\$ 1,310,519</b>	<b>\$ 14,124</b>
<b>Income before contributions and transfers</b>	<b>\$ 1,137,709</b>	<b>\$ 1,641,168</b>
<b>Transfers in</b>	<u>2,047,500</u>	<u>-</u>
<b>Change in Net Position</b>	<b>\$ 3,185,209</b>	<b>\$ 1,641,168</b>
<b>Net Position - January 1</b>	<u>7,955,705</u>	<u>12,728,724</u>
<b>Net Position - December 31</b>	<b><u>11,140,914</u></b>	<b><u>14,369,892</u></b>

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, 2015  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Employee Services Reserve Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 588,579	\$ 105,112
Receipts from internal services provided	-	22,550,463
Payments to suppliers	(1,690,763)	(20,835,039)
Payments to internal services used	-	(103,334)
	<u>\$ (1,102,184)</u>	<u>\$ 1,717,202</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	\$ 2,047,500	\$ -
	<u>\$ 2,047,500</u>	<u>\$ -</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of capital assets	\$ (1,701,040)	\$ -
	<u>\$ (1,701,040)</u>	<u>\$ -</u>
<b>Cash Flows from Investing Activities</b>		
Investment earnings	\$ -	\$ 14,124
	<u>\$ -</u>	<u>\$ 14,124</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ (755,724)</u>	<u>\$ 1,731,326</u>
<b>Cash and Cash Equivalents at January 1</b>	<u>1,964,768</u>	<u>37,873,903</u>
<b>Cash and Cash Equivalents at December 31</b>	<u>\$ 1,209,044</u>	<u>\$ 39,605,229</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	<u>\$ (172,810)</u>	<u>\$ 1,627,044</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation expense	\$ 119,829	\$ -
(Increase) decrease in accounts receivable	(50,200)	79,641
(Increase) decrease in due from other governments	-	60,184
(Increase) decrease in due from other funds	-	(880,804)
Increase (decrease) in accounts payable	(695,322)	53,667
Increase (decrease) in contracts payable	(303,681)	-
Increase (decrease) in compensated absences payable	-	210,255
Increase (decrease) in due to other funds	-	(8,520)
Increase (decrease) in OPEB liability	-	575,735
	<u>\$ (929,374)</u>	<u>\$ 90,158</u>
<b>Total adjustments</b>	<u>\$ (929,374)</u>	<u>\$ 90,158</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (1,102,184)</u>	<u>\$ 1,717,202</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, 2015**

	<b>Private-Purpose Trusts</b>	<b>Agency Fund</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 814,097	\$ 34,416,663
Accounts receivable	-	196,957
Due from other governments	375,416	605,090
<b>Total Assets</b>	<b>\$ 1,189,513</b>	<b>\$ 35,218,710</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ 118,943	\$ 1,928,528
Due to other governments	375,416	33,290,182
<b>Total Liabilities</b>	<b>\$ 494,359</b>	<b>\$ 35,218,710</b>
<b><u>Net Position</u></b>		
Net position held in trust for other purposes	\$ 695,154	
<b>Total Net Position</b>	<b>\$ 695,154</b>	

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, 2015**

	<b>Private-Purpose Trusts</b>
<b><u>ADDITIONS:</u></b>	
State Grants	
Minnesota Dept of Trial Courts	\$ 1,212,984
Minnesota Dept of Public Safety	41,239
Payments from other governments	806,904
Other agencies	159,571
Investment earnings:	
Interest	10,029
	\$ 2,230,727
<b><u>DEDUCTIONS:</u></b>	
Judicial District expenses	\$ 1,212,984
Solid waste expenses	906,814
Emergency preparedness expenses	121,097
	\$ 2,240,895
<b>Change in net position</b>	<b>\$ (10,168)</b>
<b>Net position - January 1</b>	<b>705,322</b>
	<b>\$ 695,154</b>
<b>Net position - December 31</b>	<b>\$ 695,154</b>

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Changes in Accounting Principles

During the year ended December 31, 2015, the County adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71 and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and 73*, modified the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the County to report its proportionate share of the Public Employees Retirement Association (PERA) total employers' unfunded pension liability. As a result, beginning net position has been restated to record the County's net pension liability and related deferred outflows of resources.

	Governmental Activities
Net Position, January 1, 2015, as previously reported	\$ 1,010,540,045
Change in accounting principles	(82,588,586)
Net Position, January 1, 2015, as restated	\$ 927,951,459

The GASB has issued the following Statements since the previous Comprehensive Annual Financial Report submission for which the County has not yet implemented or has determined that they will have no effect on the County's financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application* – this statement will be effective for the County beginning with the year ending December 31, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – this statement will have no effect on the County's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – this statement will be effective for the County beginning with the year ending December 31, 2016.

GASB Statement No. 77, *Tax Abatement Disclosures* – this statement will be effective for the County beginning with the year ending December 31, 2016.

**A. Reporting Entity**

Dakota County (County) was established October 27, 1849, and is an organized county having the powers, duties and privileges granted to 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 Dakota County 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. Dakota County has operational responsibility for the Authority and includes its activity as a blended component unit since there is a mutual financial benefit. 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.

The 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 because of the significance of the relationship between the CDA and the County.

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

Dakota County Community Development Agency  
1228 Town Centre Drive  
Eagan, Minnesota 55123  
[www.dakotacda.org](http://www.dakotacda.org)

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 because of the significance of the relationship between the VRW and the County. Separate financial statements for the VRW are not available.

**Joint Ventures** – The County also participates in several joint ventures described in Note IV.D., and in jointly-governed organizations described in Note IV.E.

## **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.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full-accrual, economic resources basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net positions; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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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. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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. In 2015, the Environmental Management Fund was combined with the General 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.

*Environmental Legacy 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.

*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 non-major governmental funds:

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

- *County Library Fund* accounts for the operating cost of the Dakota County Library. Financing is provided by an annual property tax levy.
- *County Parks Special Revenue Fund* accounts for park acquisition, development and operating costs. Financing is provided by an annual property tax levy and restricted grants from Metropolitan Council.
- *Regional Rail Special Revenue Fund* accounts for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail and other transit alternatives within the County
- *Law Library Fund* accounts 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* accounts 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.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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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.

- *Geographic Information System Fund* accounts for the sale of geographic information such as data and maps.
- *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.

*Employee Services Reserve Internal Service Fund* accounts for the employee insurance and 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 Fund* accounts for certain expenses of the District and its 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 Fund* 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 Fund* 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 agency fund accounts for the proceeds from the sales of vehicles forfeited for DUI, for all monies collected per State statute for sale of lands forfeited for unpaid taxes, for the State's share of funding for agricultural preserve property tax credit, for monies deducted from employees' salaries for benefits and payments on their behalf, for collection and payments of civil fees due to different municipalities and agencies, for cash seized as evidence or pending forfeiture action, for funds received from individuals booked into the County jail and returned to the individual upon their release, for receipts from redemption's, executions, sheriff sales and subsequently paid out, for clients' receipts from Social Security and maternity support, legal settlements, and Veterans Administration used for personal needs of the client, for the fees and fines collected which are to be remitted to the State and for the collection and payment of tax and penalties to various taxing districts.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

Change in Reporting Entity:

Due to the restructuring of the Environmental Management Fund (EM), a special revenue fund, the County merged this fund into the General Fund. A new fund was created in 2015, the Environmental Legacy Fund from host fee activities previously associated with the EM Fund. The remaining EM Fund activity has been integrated into the General Fund, and the fund balance was transferred at December 31, 2015. The following is a summary of the change in fund balance for these funds, as restated for January 1, 2015:

	<u>Environmental Management Fund</u>	<u>General Fund</u>
Fund Balance - January 1, 2015 as previously reported	\$ 36,738,260	\$ 160,508,548
Restatement after merger	(36,738,260)	36,738,260
Fund Balance - January 1, as restated	\$ -	\$ 197,246,808

The County's financial statements are prepared in accordance with GAAP as of and for the year ended December 31, 2015. The 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 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 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, Deferred Outflows/Inflows Of Resources, and Net Position/Fund Balance**

#### **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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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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 nonspendable 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 1<sup>st</sup> on property values assessed as of the prior year. The tax levy is divided into two billings: the first half is due May 15<sup>th</sup>; the second half is due either October 15<sup>th</sup> or November 15<sup>th</sup>. 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 31<sup>st</sup>, are considered delinquent. The CDA's property tax levy is certified in December of each year to finance the budgeted expenditures of the subsequent fiscal year beginning on July 1st.

### **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 the 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 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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. During the current period, the County did not have any capitalized interest.

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, 2015 was \$215,526.

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 Improvements	10-30

For the CDA the estimated useful lives are:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	10-40
Furniture & Equipment	3-10
Land Improvements	15

### **6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the County has one item, deferred pension outflows that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position. The CDA also reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Both the County and the CDA have items that qualify for reporting in this category. The County has deferred pension inflows, which arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic

experience and also pension plan changes in proportionate share, and accordingly are reported only in the statement of net position. Additionally, the County has unavailable revenue which is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, charges for services, grants receivable and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. For the CDA, because taxes are levied for subsequent periods, such amounts are reported as a deferred inflow of resources in both the government-wide and the fund financial statements at June 30th. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly are reported only in the statement of net position.

**7. Pension Plan**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

**8. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**9. 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. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**10. 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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

### **11. 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 does not meet the definition of restricted or invested in capital assets, net of related debt.

### **12. 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 - this 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 items set aside for capital projects or grant programs unspent in the current year which are approved by the County Board or the Financial Services Director. In the General Fund, assigned amounts represent budget incentives or other 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.

**13. 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 Non-exchange Transactions*, revenues for non-exchange 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 unavailable and will be recognized as revenue in the fiscal year that they become available. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

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

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

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

Exchange Transactions

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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 Manager or County Board as required by the County Budget Compliance Policy. The County Manager 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 Manager 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 at 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	\$ 26,250,036
Highway	\$ 54,356,994
Capital Projects	\$ 4,553,071
County Library	\$ 485,981
County Parks	\$ 22,416,888

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2015, expenditures exceeded appropriations in Court services in the General Fund by \$34,650, County Treasurer in the General Fund by \$1,133,002, Sheriff fleet in the General Fund by \$106,303, Other highway and streets in the General Fund by \$326,422, Parks in the General Fund by \$150,988, Economic Development Administration in the General Fund by \$3,956,870, Capital outlay in the General Fund by \$704,080, Debt Service – principal retirement in the General Fund by \$144,591, Debt Service – interest in the General Fund by \$5,686, Town road allotments in the Highway Special Revenue Fund by \$9,461, and Administrative - fiscal charges in the Debt Service Fund by \$8,750. These excess expenditures were funded by available fund balance and current year savings.

**Dakota County, Minnesota** | **December 31,**  
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**C. Fund Balance Deficits**

The Debt Service Fund had a deficit fund balance of \$596,278 which will be supported by available fund balance from the General Fund.

**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, 2015. 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 state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2015 were \$2,886,545 which includes adjustments for year-end market valuations.

Reconciliation of County's and Vermillion River Watershed'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	\$ 342,630,752
Petty cash and change funds	19,844
Business-type activities	
Cash and pooled investments	1,209,044
Discrete Component Unit	
Vermillion River Watershed	
Cash and pooled investments	1,985,811
Statement of fiduciary net position	
Cash and pooled investments	
Private-purpose trust funds	814,097
Agency funds	34,416,663
Total Cash and Investments	\$ 381,076,211
Deposits	\$ 85,768,510
Petty cash and change funds	19,844
Investments	295,287,857
Total Deposits, Cash on hand, and Investments	\$ 381,076,211

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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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, 2015, the County's deposits were not exposed to custodial credit risk. The County policy is that all cash certificates of deposit, and other depository accounts shall be collateralized by pledged securities as specified in Minn. Stat. § 118A.03.

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 structure the portfolio so that securities mature to meet cash requirements for ongoing operations and to invest operating funds primarily in shorter term securities, money market mutual funds, or similar investing pools and limits the average maturity of the portfolio. The investment maturities are as follows:

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

At December 31, 2015, the County had the following investments at fair value:

Type of Security	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<b>US Government:</b>					
US Treasuries	N/R	\$ 9,961,050	\$ 27,574,069	\$ 14,402,751	\$ 51,937,870
US Treasury Inflation Indexed Bonds	N/R	-	1,297,954	-	1,297,954
<b>US Government Instrumentalities:</b>					
Federal Home Loan Bank	Aaa	521,870	3,496,795	-	4,018,665
Federal Home Loan Mortgage Corp	Aaa	2,249,979	22,068,654	9,413,291	33,731,924
Financing Corp	Other	-	4,471,804	-	4,471,804
Federal National Mortgage Assoc.	Aaa	2,342,653	19,948,289	24,779,305	47,070,247
Government National Mortgage Assoc.	Aaa	-	-	3,588,699	3,588,699
US Dept of Housing and Urban Development	Aaa	-	651,623	-	651,623
Jumbo Certificates of Deposit	N/R	5,000,000	-	-	5,000,000
Municipal Bonds	Aaa	346,218	4,884,135	840,373	6,070,726
Municipal Bonds	Aa1	510,151	6,664,459	2,750,286	9,924,896
Municipal Bonds	Aa2	276,084	6,648,327	3,197,460	10,121,871
Municipal Bonds	Aa3	345,032	306,231	1,551,707	2,202,970
Municipal Bonds	N/R	550,616	3,841,004	2,627,881	7,019,501
National Credit Union Assoc. Notes	Aaa	-	373,682	-	373,682
Negotiable Certificates of Deposit	Aaa	2,885,757	1,209,855	244,005	4,339,617
Overseas Private Investment Corp	Aaa	-	-	867,108	867,108
Resolution Funding Corp	N/R	800,000	-	-	800,000
Small Business Administration	Aaa	26,838	76,736	4,053,406	4,156,980
Tennessee Valley Authority	N/R	1,199,952	11,576,762	5,714,519	18,491,233
Government Money Market Funds	N/R	2,611,889	-	-	2,611,889
Commercial Paper	P-1	76,538,598	-	-	76,538,598
<b>Total Investments:</b>		<b>\$ 106,166,687</b>	<b>\$ 115,090,379</b>	<b>\$ 74,030,791</b>	<b>\$ 295,287,857</b>

*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. Generally, it is the County's policy to invest in securities that meet the ratings requirements set by state statute, which has established a minimum rating of "A" or better by at least one national bond rating agency.

The County's exposure to credit risk as of December 31, 2015 is listed in the table above, which displays rating assignments per Moody's Investors Service.

*Custodial Credit Risk-Investments* - 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, 2015, all of Dakota County's investments are held by a third party custodian and were not exposed to custodial credit risk.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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

Issuer/Security	Amount Invested	Percentage
Commercial Paper	\$ 76,538,598	25.92%
Federal Home Loan Mortgage Corp	\$ 33,731,924	11.42%
Federal National Mortgage Association	\$ 47,070,247	15.94%
Tennessee Valley Authority	\$ 18,491,233	6.26%
US Treasuries	\$ 51,937,870	17.59%
Total	\$ 227,769,872	77.13%

As of June 30, 2015, 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. Treasury Notes	\$ 669,021	\$ 356,449	\$ 312,572	\$ -
U.S. Government Agencies	43,690,806	-	42,346,445	1,344,361
Money market funds	48,216,705	48,216,705	-	-
Local government investment pool	40,611,806	40,611,806	-	-
	<u>\$ 133,188,338</u>	<u>\$ 89,184,960</u>	<u>\$ 42,659,017</u>	<u>\$ 1,344,361</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 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 4M Fund are reported at fair value based on quoted market prices. The 4M Fund is reported at the CDA's share of the net assets of the pool which is reported based upon the amortized cost method.

***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 have maturities exceeding five years and were obtained through the Board-approved defeasance of several single family bond issues 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.

**Dakota County, Minnesota**  
**Notes to the Financial Statements**

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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. 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. The money market funds include commercial paper investments which comply with state requirements 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. At June 30, 2015, the CDA had more than five percent of its total investments with the Federal Home Loan Bank, Federal National Mortgage Association, money market funds, and the local government investment pool.

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 MN State Statutes which require 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, 2015, all CDA's deposits were adequately protected by pledged collateral and 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, 2015, all investments were held by counterparties, were insured or registered, and were 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 inflows of resources* 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 inflows of resources* and *unearned revenue* reported in the governmental funds were as follows:

	Deferred inflows of resources	Unearned
Property taxes receivable	\$ 1,399,367	\$ -
Charges for services	100,421	325,065
Grant receivables that do not provide current financial resources	21,288,283	-
Miscellaneous	544,917	120,979
Lease receivable	-	4,208,838
Grant drawdowns prior to meeting all eligibility requirements	-	5,228,847
Total deferred inflows of resources/ unearned revenue for governmental funds	\$ 23,332,988	\$ 9,884,729

**C. Notes Receivable**

The CDA has issued various notes to individuals, businesses, not-for-profits, governmental units, and joint ventures. These notes are generally secured by liens on real and personal property and allowances for uncollectible loans are generally not recorded as such amounts are not expected to be material. Notes receivable at June 30, 2015 consist of the following:

**Dakota County, Minnesota**  
**Notes to the Financial Statements**

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Loan Description	Loan Balance
Homebuyer loans	\$ 3,617,761
Homeowner rehab loans:	
Deferred	13,250,229
Joint venture loans:	
Bridge	5,717,284
First mortgage	5,217,049
Other	13,121,898
Revolving	570,051
	24,626,282
Multifamily loans:	
Deferred	10,525,423
Installment	9,469,789
	19,995,212
Supportive housing	361,535
	\$ 61,851,019

**D. 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 is 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 the 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.

The annual lease requirement payments to maturity are as follows:

<b>Year Ended December 31</b>	<b>Lease Receivable</b>
2016	\$ 725,100
2017	725,100
2018	725,100
2019	725,100
2020	725,100
2021-2022	1,208,500
Total Lease Receivable	4,834,000
Less Interest	(624,162)
Present Value of Lease Receivable	\$ 4,209,838

After the 60<sup>th</sup> 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 73<sup>rd</sup> 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.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

### E. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 206,847,817	\$ 8,968,882	\$ -	\$ 215,816,699
Construction in progress	88,117,181	45,924,800	(82,771,363)	51,270,618
Total capital assets, not being depreciated	<u>294,964,998</u>	<u>54,893,682</u>	<u>(82,771,363)</u>	<u>267,087,317</u>
Capital assets, being depreciated:				
Buildings	192,444,638	4,973,088	-	197,417,726
Improvements other than buildings	24,535,241	1,798,389	-	26,333,630
Machinery and equipment	38,504,387	6,798,659	(3,235,476)	42,067,570
Infrastructure	421,241,524	75,607,801	-	496,849,325
Total capital assets, being depreciated	<u>676,725,790</u>	<u>89,177,937</u>	<u>(3,235,476)</u>	<u>762,668,251</u>
Less accumulated depreciation for:				
Buildings	(67,396,653)	(3,999,769)	-	(71,396,422)
Improvements other than buildings	(4,758,543)	(1,221,871)	-	(5,980,414)
Machinery and equipment	(24,866,117)	(3,761,477)	(3,122,752)	(25,504,842)
Infrastructure	(164,115,514)	(10,127,454)	-	(174,242,968)
Total accumulated depreciation	<u>(261,136,827)</u>	<u>(19,110,571)</u>	<u>(3,122,752)</u>	<u>(277,124,646)</u>
Total capital assets, being depreciated, net	<u>\$ 415,588,963</u>	<u>70,067,366</u>	<u>(112,724)</u>	<u>485,543,605</u>
Governmental activities capital assets, net	<u>\$ 710,553,961</u>	<u>\$ 124,961,048</u>	<u>\$ (82,884,087)</u>	<u>\$ 752,630,922</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction /development in progress	\$ 7,245,061	\$ 1,701,040	\$ (8,388,043)	\$ 558,058
Total capital assets, not being depreciated	<u>7,245,061</u>	<u>1,701,040</u>	<u>(8,388,043)</u>	<u>558,058</u>
Capital assets, being depreciated:				
Infrastructure	-	8,388,043	-	8,388,043
Total capital assets, being depreciated	<u>-</u>	<u>8,388,043</u>	<u>-</u>	<u>8,388,043</u>
Less accumulated depreciation for:				
Infrastructure	-	(119,829)	-	(119,829)
Total accumulated depreciation	<u>-</u>	<u>(119,829)</u>	<u>-</u>	<u>(119,829)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>8,268,214</u>	<u>-</u>	<u>8,268,214</u>
Business-type activities:				
Capital assets, net	<u>\$ 7,245,061</u>	<u>\$ 9,969,254</u>	<u>\$ (8,388,043)</u>	<u>\$ 8,826,272</u>

# Dakota County, Minnesota

## Notes to the Financial Statements

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

**Depreciation Expense:**

Governmental Activities:

General Government	\$ 2,966,237
Public Safety	1,898,264
Highways and Streets, including depreciation of general infrastructure	11,642,293
Human Services	60,016
Health	4,844
Culture and Recreation	2,520,848
Conservation of Natural Resources	18,069
Total depreciation expense - governmental activities	\$ 19,110,571

Business-type activities:

Byllesby Dam	\$ 119,829
Total depreciation expense--business-type activities	\$ 119,829

**Construction Commitments**

The County has active construction projects as of December 31, 2015. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges, renovations for the Judicial Center and library buildings, and prairie restoration, culverts, sewer, landscaping and lighting for parks and trails. At year-end the government's major commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 58,560,029	\$ 4,554,105
Buildings Construction	6,628,135	3,632,865
Parks Construction	7,876,230	5,034,410
	\$ 73,064,394	\$ 13,221,380

Street, building and parks 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, 2015

### Discretely Presented Component Unit

Activity for the CDA for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 7,111,939	\$ 23,006	\$ 1,034,767	\$ 6,100,178
Total capital assets, not being depreciated:	7,111,939	23,006	1,034,767	6,100,178
Capital assets, being depreciated:				
Land improvements	162,417	-	-	162,417
Buildings	4,991,430	12,048	-	5,003,478
Furniture and equipment	2,426,704	396,815	412,541	2,410,978
Total capital assets, being depreciated	7,580,551	408,863	412,541	7,576,873
Less accumulated depreciation for:				
Land improvements	(113,544)	(10,827)	-	(124,371)
Buildings	(1,247,052)	(125,467)	-	(1,372,519)
Furniture and equipment	(2,079,270)	(147,266)	(412,541)	(1,813,995)
Total accumulated depreciation	(3,439,866)	(283,560)	(412,541)	(3,310,885)
Total capital assets, being depreciated, net	4,140,685	125,303	-	4,265,988
Governmental activities capital assets, net	\$ 11,252,624	\$ 148,309	\$ 1,034,767	\$ 10,366,166
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 21,765,427	\$ 2,567,595	\$ -	\$ 24,333,022
Construction in progress	1,380,628	9,472,459	10,133,192	719,895
Total capital assets, not being depreciated	23,146,055	12,040,054	10,133,192	25,052,917
Capital assets, being depreciated:				
Land improvements	4,998,752	682,840	76,579	5,605,013
Buildings	174,820,213	14,607,850	98,454	189,329,609
Furniture and equipment	6,065,563	334,374	14,608	635,329
Total capital assets being depreciated	185,884,528	15,625,064	189,641	201,319,951
Less accumulated depreciation for:				
Land improvements	(3,504,095)	(391,103)	(76,579)	(3,818,619)
Buildings	(51,036,976)	(6,085,696)	(44,509)	(57,078,163)
Furniture and equipment	(4,860,034)	(324,689)	(14,608)	(5,170,115)
Total accumulated depreciation	(59,401,105)	(6,801,488)	(135,696)	(66,066,897)
Total capital assets, being depreciated, net	126,483,423	8,823,576	53,945	135,253,054
Business-type activities, capital assets, net	\$ 149,629,478	\$ 20,863,630	\$ 10,187,137	\$ 160,305,971

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

As of June 30, 2015, the CDA's commitments with contractors are as follows:

Component Unit

Project	Spent-to-Date	Remaining Commitment
Senior housing development	\$ 318,341	\$ 8,671,292

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$952,134 and \$220,670 respectively for a carrying value of \$731,464.

**F. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Highway	\$ 63,351
	Capital Projects	1,081
	Environmental Legacy	1,965,985
	Debt Service	594,761
	Nonmajor Governmental Funds	847,966
	Proprietary Funds	653,824
Highway	Capital Projects	23,702
	Nonmajor Governmental Funds	3,031,264
Environmental Legacy	General	1,095,770
Nonmajor Governmental Funds	General	23,537
	Proprietary Funds	155,035
Proprietary Funds	General	1,491,634
	Highway	162,445
	Nonmajor Governmental Funds	4,512
Total		\$ 10,114,867

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.

Interfund Transfers:

Transfer In	Transfer Out	Amount
General Fund	Environmental Legacy	\$ 7,901,356
	Nonmajor Governmental Funds	20,329
Environmental Legacy	General	35,728,342
Debt Service	General	7,592,673
Nonmajor Governmental Funds	General	1,133,333
	Highway	794,188
	Environmental Legacy	500,000
Enterprise	General	2,047,500
Total		\$ 55,717,721

**Dakota County, Minnesota** | **December 31,**  
**Notes to the Financial Statements** | **2015**

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.

**G. 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, 2015, are composed of the following issues:

General Obligation Refunding Bonds - In 2007, the County issued General Obligation Refunding bonds in the amount of \$31,695,000 (Series 2007A). These bonds refunded outstanding General Obligation Capital Improvement Bonds, series 1999A and 2001A. These bonds were held in escrow through 2011. The bonds have interest rates ranging between 4.0 to 4.25 percent and are due in annual installments of \$1,965,000 to \$2,380,000 through 2026.

***Total Bonds Payable***                    **\$23,420,000**

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-refunding	4.00 – 4.25 %	<u>\$ 23,420,000</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,965,000	\$ 924,369
2017	2,050,000	844,069
2018	2,150,000	760,069
2019	2,250,000	672,069
2020	2,355,000	579,969
2021-2025	10,270,000	1,635,472
2026	2,380,000	50,575
<b>Total</b>	<b><u>\$ 23,420,000</u></b>	<b><u>\$ 5,466,592</u></b>

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

### Capital Lease

In 2015, the County entered into a capital lease agreement for network switches. This agreement qualifies as a capital lease for accounting purposes. The network switches are recorded by the County as capital assets as machinery and equipment at the present value of the future minimum lease payments as of the inception of the lease.

Lease	Maturity	Installment	Payment Amount	Original	Balance
Network Switches	2019	Annually	\$ 150,277	\$ 704,080	\$ 599,489

Future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2015, were as follows:

Year Ending December 31	
2016	\$ 150,277
2017	150,277
2018	150,277
2019	150,277
Total minimum lease payments	601,108
Less amount representing interest	(41,619)
Present value of minimum lease payments	<u>\$ 559,489</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bond Payable					
General obligation bonds	\$ 33,575,000	\$ -	\$ (10,155,000)	\$ 23,420,000	\$ 1,965,000
Premium on GO bonds	85,684	-	(36,773)	48,911	-
Total bonds payable	<u>33,660,684</u>	<u>-</u>	<u>(10,191,773)</u>	<u>23,468,911</u>	<u>1,965,000</u>
Capital leases payable	-	704,080	(144,591)	559,489	136,611
Claims and judgments	3,122,175	72,545	(659,855)	2,534,865	702,027
Compensated absences	<u>17,387,742</u>	<u>12,988,063</u>	<u>(12,777,808)</u>	<u>17,597,997</u>	<u>179,185</u>
Governmental activity					
Long-term liabilities	<u>\$ 54,170,601</u>	<u>\$ 13,764,688</u>	<u>\$ (23,774,027)</u>	<u>\$ 44,161,262</u>	<u>\$ 2,982,823</u>

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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### Discretely Presented Component Unit

Activity for the CDA for the year ended June 30, 2015, was as follows:

#### Notes Payable

##### **Governmental Activities:**

\$600,000 General Fund, Housing Resources Performance Pilot Loan payable to the Minnesota Housing Finance Agency. This non-interest bearing note is dated December 21, 2006 and it provided financing for a \$600,000 note receivable dated September 14, 2007 to the Rosemount Family Housing Limited Partnership, a joint venture. This note receivable requires 1% simple interest on the unpaid balance with accrued interest and principal due in one lump sum on September 1, 2043.

##### **Business-Type Activities:**

\$3,523,380 Youth Housing Enterprise Fund, Publicly Owned Housing Program (PHOP) note payable to the Minnesota Housing Finance Agency (MHFA). MHFA provided funds in the form of an interest free, deferred loan for a term of twenty years. There is no amortization requirement on the PHOP loan. The loan will be forgiven on the twenty-first (21st) anniversary from the effective date of June, 2009. The purpose of the loan was to provide financing for the construction of a 25-unit housing development.

\$697,649 Youth Housing Enterprise Fund, Ending Long-term Homelessness Initiative Fund (ELHIF) note payable to the MHFA. The loan is for a term of thirty years with zero percent (0%) interest per year. The principal is due and payable in one lump sum on June 1, 2039. The purpose of the loan was to provide financing for the construction of a 25-unit housing development.

\$315,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of December 14, 2025. The loan was initially made to the Eagan Family Housing Limited Partnership, a joint venture, to provide financing for a portion of construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$456,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on December 14, 2025. The loan was initially made to the Eagan Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$125,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of January 4, 2025. The loan was initially made to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on January 4, 2025. The loan was initially made to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$170,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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until the maturity date of June 18, 2023. The loan was initially made to the Apple Valley Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on June 18, 2023. The loan was initially made to the Apple Valley Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$396,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on February 25, 2027. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$175,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is simple interest of one percent (1%) on the unpaid principal amount until the maturity date of October 1, 2029. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$210,480 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on February 25, 2027. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$220,000 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on June 26, 2028. The loan was initially made to the Lakeville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$280,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of June 26, 2028. The loan was initially made to the Lakeville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$18,543 Dakota County Workforce Housing LLC, a blended component unit, note payable to Family Housing Fund. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. Annual payment of \$2,790 with balance of principal and interest due and payable on September 25, 2021. The loan was initially made to the Burnsville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on September 22, 2022. The loan was initially made to the Burnsville Family Housing Limited Partnership, a joint venture, to

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$290,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to Family Housing Fund. The loan is for a term of 30 years with interest of one percent (1%) on the unpaid principal amount until the maturity date of May 27, 2029. The loan was initially made to the Chasewood Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

\$319,591 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund, note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) on the unpaid amount until the maturity date of May 27, 2029. The loan was initially made to the Chasewood Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

### Housing Development Bonds

The CDA issues housing development bonds 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.

Bonds payable at June 30, 2015 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	\$ 5,850,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	19,550,000
2010 Housing Development Bonds	07/21/10	01/01/40	2.00 - 6.00%	46,160,000	36,600,000
2013 Housing Development Bonds	12/18/13	01/01/27	2.00 - 2.85%	7,630,000	7,630,000
2015A Housing Development Bonds	05/27/15	01/01/42	3.00 - 5.00%	21,745,000	21,745,000
2015B Housing Development Bonds**	05/27/15	01/01/35	3.00 - 5.00%	24,025,000	24,025,000
Subtotal					115,400,000
Less current maturities					(8,460,000)
Total					<u>\$106,940,000</u>

\*\*Refunding Bonds

### Advance Crossover Refunding Bonds

The CDA issued \$24,025,000 in Governmental Housing Development Refunding Bonds Series 2015B on May 27, 2015. The proceeds of these bonds along with available CDA funds will be used to refund \$5,850,000 of outstanding Series 2005 Housing Development Bonds and \$19,275,000 of outstanding Series 2007 Housing Development Bonds. The CDA is refunding the Series 2005 Housing Development bonds to reduce its total debt service over the last eight years of the bond by \$740,909 and to obtain an economic gain, and is advance refunding the Series 2007 Housing Development bonds to reduce its total debt service over the last twenty years of the bond by \$2,826,304 and to obtain an economic gain. The CDA is responsible for the debt service of the refunded bonds until the crossover date and the debt service of the refunding bonds after the crossover date.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

The annual aggregate principal and interest maturities for the fiscal years subsequent to June 30, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 8,460,000	\$ 4,172,023	\$ 12,632,023
2017	2,970,000	4,668,299	7,638,299
2018	22,360,000	4,088,811	26,448,811
2019	3,360,000	3,503,918	6,863,918
2020	3,460,000	3,377,418	6,837,418
2021-2025	18,345,000	14,662,310	33,007,310
2026-2030	18,545,000	10,774,219	29,319,219
2031-2035	19,640,000	6,737,167	26,377,167
2036-2040	13,160,000	2,793,881	15,953,881
2041-2042	5,100,000	308,000	5,408,000
Total	<u>\$ 115,400,000</u>	<u>\$ 55,086,046</u>	<u>\$ 170,486,046</u>

### Changes in Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 487,130	\$ 265,111	\$ (382,512)	\$ 369,729	\$ 182,015
Notes payable	600,000	-	-	600,000	-
	<u>\$ 1,087,130</u>	<u>\$ 265,111</u>	<u>\$ (382,512)</u>	<u>\$ 969,729</u>	<u>\$ 182,015</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 299,382	\$ 229,291	\$ (204,208)	\$ 324,465	\$ 184,377
Notes payable	7,288,509	988,134	-	8,276,643	-
Bonds payable	72,490,000	45,770,000	(2,860,000)	115,400,000	3,610,000
Plus deferred amounts:					
For issuance premiums	1,427,080	2,689,657	(244,111)	3,872,626	-
Total bonds payable	<u>73,917,080</u>	<u>48,459,657</u>	<u>(3,104,111)</u>	<u>119,272,626</u>	<u>3,610,000</u>
	<u>\$ 81,504,971</u>	<u>\$ 49,677,082</u>	<u>\$ (3,308,319)</u>	<u>\$ 127,873,734</u>	<u>\$ 3,794,377</u>

Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. At year end \$26,083 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, 2015 was \$270,746,335.

**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. There were no settlements in excess of insurance coverage for any of the past three fiscal years.

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

	Year ended 12/31/15	Year ended 12/31/14
Unpaid claims, beginning of fiscal year	\$ 3,122,175	\$ 2,523,014
Incurred claims (including IBNR)	72,545	1,356,385
Claim payments	(659,855)	(757,224)
Unpaid claims, end of fiscal year	\$ 2,534,865	\$ 3,122,175

**B. Contingent Liabilities**

Amounts received or receivables from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

**C. Joint Powers Debt Commitment**

On August 25, 2005, Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, 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 the DCC their pro rata share of cost of operations and maintenance, and capital projects.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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Information regarding the Dakota Communications Center can be obtained at the website [www.mn-dcc.org](http://www.mn-dcc.org) or by contacting Jerilyn Erickson at the City of Lakeville, 20195 Holyoke Avenue, Lakeville, Minnesota 55044. Telephone (952) 985-4481 or email address: [jerickson@lakevillemn.gov](mailto:jerickson@lakevillemn.gov).

### 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 \$154,999 in 2015. Except for annual dues the County has no other financial obligations. Current financial statements are available at the 911 Board Office, 2099 University Avenue West, St. Paul, MN 55104-3431.
2. Metropolitan Library Service Agency (MELSA): Dakota County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of Saint Paul and Minneapolis to improve public library services within the various jurisdictions. The Board of Directors of MELSA consists of one representative from each member entity. Financing is provided by gifts, grants, and other property of assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. Dakota County did not provide any gifts to MELSA in 2015. 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. 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. The CDA will administer the fund.
4. 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.
5. 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 Team Private Purpose Trust Fund.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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6. 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.
7. 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"), 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.mvta.com](http://www.mvta.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 \$402,923 in expenditures in 2015 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.
4. Dakota County Electronic Crimes Task Force: A joint powers board made pursuant to Minnesota Statute Section 471.59 between Dakota County and the cities of Apple Valley, Burnsville, Farmington, Hastings, Mendota Heights, Rosemount, South St. Paul and West St. Paul, to coordinate efforts investigating illegal

activities related to the use of electronic devices, the internet and materials transmitted or used in electronic form. The Administrative Board consists of one member from each law enforcement unit of government that participates in the Task Force, and may include attorneys from the Dakota County Attorney's Office as advisories. Dakota County serves as the fiscal agent, accounting for member contributions of \$15,000 per city and grant funds or restitution if available.

**F. Pension Plans**

**1. Defined Benefit Pension Plans**

a. 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph 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 their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

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 remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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 General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Fund and Public Employees Correctional Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

### c. Contributions

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. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

In 2015, Dakota County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20
Public Employees Correctional Fund	8.75

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

Dakota County contributions for the year ended December 31, 2015, to the pension plans were:

General Employees Retirement Fund	\$	7,424,949
Public Employees Police and Fire Fund		906,079
Public Employees Correctional Fund		494,252

The contributions are equal to the contractually required contributions as set by state statute.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

d. Pension Costs

General Employees Retirement Fund

At December 31, 2015, Dakota County reported a liability of \$ 82,697,456 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Dakota County's proportion of the net pension liability was based on Dakota County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, Dakota County's proportion was 1.5957 percent. It was 1.7004 percent measured as of June 30, 2014. Dakota County recognized pension expense of \$ 9,793,797 for its proportionate share of the General Employees Retirement Fund's pension expense.

Dakota County reported its proportionate share of the General Employees Retirement Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 4,169,357
Difference between projected and actual investment earnings	7,828,584	-
Changes in proportion	-	3,688,711
Contributions paid to PERA subsequent to the measurement date	3,876,593	-
Total	\$ 11,705,177	\$ 7,858,068

A total of \$ 3,876,593 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (662,210)
2017	(662,210)
2018	(662,210)
2019	1,957,146

Public Employees Police and Fire Fund

At December 31, 2015, Dakota County reported a liability of \$ 6,635,607 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Dakota County's proportion of the net pension liability was based on Dakota County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

received from all of PERA's participating employers. At June 30, 2015, Dakota County's proportion was 0.584 percent. It was 0.603 percent measured as of June 30, 2014. Dakota County recognized pension expense of \$1,109,271 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

Dakota County also recognized \$52,560 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

Dakota County reported its proportionate share of the Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,076,078
Difference between projected and actual investment earnings	1,156,145	-
Changes in proportion	-	171,006
Contributions paid to PERA subsequent to the measurement date	476,286	-
Total	\$ 1,632,431	\$ 1,247,084

A total of \$476,286 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 39,619
2017	39,619
2018	39,619
2019	39,619
2020	(249,417)

### Public Employees Correctional Fund

At December 31, 2015, Dakota County reported a liability of \$485,444 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Dakota County's proportion of the net pension liability was based on Dakota County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, Dakota County's proportion was 3.14 percent. It was 3.20 percent measured as of June 30, 2014. Dakota County recognized pension

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

expense of \$522,746 for its proportionate share of the Public Employees Correctional Fund's pension expense.

Dakota County reported its proportionate share of the Public Employees Correctional Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 185,857
Difference between projected and actual investment earnings	404,652	-
Changes in proportion	-	3,395
Contributions paid to PERA subsequent to the measurement date	261,562	-
Total	\$ 666,214	\$ 189,252

A total of \$261,562 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 38,079
2017	38,079
2018	38,079
2019	101,163

### Total Pension Expense

The total pension expense for all plans recognized by Dakota County for the year ended December 31, 2015, was \$11,425,814.

#### e. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter. Cost of living benefit

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

increases for retirees are assumed to be 2.5 percent for all years for the Public Employees Correctional Fund.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1 2004, through June 30, 2009. The experience study for the Public Employees Correctional Fund was for the period July 1, 2006, through June 30, 2011.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International Stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

f. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Pension Liability Sensitivity

The following presents Dakota County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what Dakota County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

**Dakota County, Minnesota**  
**Notes to the Financial Statements**

**December 31,**  
**2015**

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 130,029,795	\$ 82,697,456	\$ 43,608,215
Public Employees Police and Fire Fund net pension liability	12,932,867	6,635,607	1,432,972
Public Employees Correctional Fund net pension liability	3,380,712	485,444	(1,831,939)

h. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**2. Defined Contribution Plan**

Seven 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. 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 Dakota County during the year ended December 31, 2015, were:

	Employee	Employer
Contribution amount	\$ 26,337	\$ 26,337
Percentage of covered payroll	5%	5%

**G. Other Post-Employment Benefits**

Plan Description

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

In addition to providing the pension benefits described above, the County provides post-retirement health care benefits. This benefit is provided based on County Board Resolution #81-519 as part of the Sheriff contract settlement. The eligible participants were employees of the Sheriff Department who have retired. The County currently has 30 eligible participants. Based on this plan, the County contributes \$60 a month per participant for health insurance. The participant contributes either \$470 for single coverage or \$1,531 for family coverage per month. During 2015, the County expended \$21,600 for this benefit.

Annual OPEB Costs and Net OPEB Obligation

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, 2015, there were approximately 265 COBRA participants receiving health benefits from the County's health plan.

Participants of the plan consisted of the following at January 1, 2014, the date of the most recent actuarial valuation:

Active employees	1,361	
Retirees and beneficiaries	65	
Total		1,426

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 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,121,967	
Interest on net OPEB obligation	331,288	
Adjustment to ARC	(451,959)	
Annual OPEB cost	1,001,296	
Contributions during the year	(425,561)	
Increase in net OPEB obligation	575,735	
Net OPEB beginning of year	7,361,965	
Net OPEB End of year	\$ 7,937,700	

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2015

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013, 2014, and 2015 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, 2013	\$ 1,131,026	\$ 494,553	43.73%	\$ 6,838,834
December 31, 2014	955,035	431,904	45.22	7,361,965
December 31, 2015	1,001,296	425,561	45.50	7,937,700

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a)/c)</u>
1/1/2014	\$0	\$9,204,802	\$9,204,802	0.00%	\$109,500,000	8.41%

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, 2014 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 7.70% initially, reduced incrementally to an ultimate rate of 5% after twenty years. The unfunded actuarial accrued liability has been 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 2015, 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.

### H. Subsequent Events

On November 17, 2015, the County Board determined it was in the best interest of the County and there existed sufficient monies in the Bond Fund to prepay on February 1, 2016, the aggregate principal amount of \$23,420,000 on the remaining bonds maturing in the years 2017 through 2026.

On April 19, 2016, the CDA Board of Commissioners approved the issuance of amended and restated revenue note (Faithful Shepard Catholic School), Series 2016, in an aggregate principal not to exceed \$5,300,000.

Required  
Supplementary  
Information

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**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets ( a )</b>	<b>Actuarial Accrued Liability ( b )</b>	<b>Unfunded Actuarial Accrued Liability ( b-a )</b>	<b>Funded Ratio ( a/b )</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ( ( b-a ) / c )</b>
January 1, 2010	\$0	\$19,866,455	\$19,866,455	0.00%	\$113,111,525	17.56%
January 1, 2012	\$0	\$10,766,761	\$10,766,761	0.00%	\$99,770,000	10.79%
January 1, 2014	\$0	\$9,204,802	\$9,204,802	0.00%	\$109,500,000	8.41%

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

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	1.5957%	\$ 82,697,456	\$ 93,797,985	88.17%	78.19%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
2015	\$ 7,424,949	\$ 7,424,949	\$ -	\$ 98,998,921	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2015**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.584%	\$ 6,635,607	\$ 5,349,904	124.03%	86.61%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2015**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 906,079	\$ 906,079	\$ -	\$ 5,531,350	16.38%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2015**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	3.14%	\$ 485,444	\$ 5,619,220	8.64%	96.95%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2015**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 494,252	\$ 494,252	\$ -	\$ 5,648,593	8.75%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

# Supplementary Information

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**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,308,796	\$ 2,308,796	\$ 2,312,589	\$ 3,793
Intergovernmental revenue	-	-	4,399	4,399
<b>Total Revenues</b>	<b><u>\$ 2,308,796</u></b>	<b><u>\$ 2,308,796</u></b>	<b><u>\$ 2,316,988</u></b>	<b><u>\$ 8,192</u></b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 10,155,000	\$ 10,155,000	\$ 10,155,000	\$ -
Interest	1,174,597	1,174,597	1,174,596	1
Administrative - fiscal charges	-	-	8,750	(8,750)
<b>Total Expenditures</b>	<b><u>\$ 11,329,597</u></b>	<b><u>\$ 11,329,597</u></b>	<b><u>\$ 11,338,346</u></b>	<b><u>\$ (8,749)</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ (9,020,801)</u></b>	<b><u>\$ (9,020,801)</u></b>	<b><u>\$ (9,021,358)</u></b>	<b><u>\$ (557)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>\$ 7,592,673</u>	<u>\$ 7,592,673</u>	<u>\$ 7,592,673</u>	<u>\$ -</u>
<b>Change in Fund Balance</b>	<b>\$ (1,428,128)</b>	<b>\$ (1,428,128)</b>	<b>\$ (1,428,685)</b>	<b>\$ (557)</b>
<b>Fund Balance - January 1</b>	<u>832,407</u>	<u>832,407</u>	<u>832,407</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<b><u><u>\$ (595,721)</u></u></b>	<b><u><u>\$ (595,721)</u></u></b>	<b><u><u>\$ (596,278)</u></u></b>	<b><u><u>\$ (557)</u></u></b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 597,575	\$ 597,575	\$ 598,030	\$ 455
Intergovernmental	2,114,102	2,114,102	2,340,217	226,115
Miscellaneous	5,000	5,000	12,400	7,400
<b>Total Revenues</b>	<b>\$ 2,716,677</b>	<b>\$ 2,716,677</b>	<b>\$ 2,950,647</b>	<b>\$ 233,970</b>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Capital outlay	\$ 13,047,969	\$ 17,601,040	\$ 8,121,880	\$ 9,479,160
<b>Total Expenditures</b>	<b>\$ 13,047,969</b>	<b>\$ 17,601,040</b>	<b>\$ 8,121,880</b>	<b>\$ 9,479,160</b>
<b>Change in Fund Balance</b>	<b>\$ (10,331,292)</b>	<b>\$ (14,884,363)</b>	<b>\$ (5,171,233)</b>	<b>\$ 9,713,130</b>
<b>Fund Balance - January 1</b>	<b>11,983,519</b>	<b>11,983,519</b>	<b>11,983,519</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,652,227</b>	<b>\$ (2,900,844)</b>	<b>\$ 6,812,286</b>	<b>\$ 9,713,130</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	County Library	County Parks	Regional Rail	Law Library	Attorney Forfeiture	
<b>Assets</b>						
Cash and pooled investments	\$ 1,914,823	\$ 19,102,045	\$ 15,850,504	\$ 752,587	\$ 483,524	\$ 38,103,483
Petty cash and change funds	2,754	1,700	-	80	-	4,534
Taxes receivable		-	-			
Prior	127,136	21,109	17,940	-	-	166,185
Accounts receivable	23,334	271,500	-	-	164	294,998
Due from other funds	48,033	115,136	-	14,178	1,225	178,572
Due from other governments	1,349	2,441,687	1,616	23,540	-	2,468,192
<b>Total Assets</b>	<b>\$ 2,117,429</b>	<b>\$ 21,953,177</b>	<b>\$ 15,870,060</b>	<b>\$ 790,385</b>	<b>\$ 484,913</b>	<b>\$ 41,215,964</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 86,253	\$ 740,700	\$ 1,240,057	\$ 8,110	\$ -	\$ 2,075,120
Salaries payable	119,841	18,555	-	3,047	-	141,443
Contracts payable	-	411,381	-	-	-	411,381
Due to other funds	269	3,516,141	264,460	4,512	98,360	3,883,742
Due to other governments	342	2,071	-	14	-	2,427
Unearned revenue - other	-	282,827	3,136,516	-	-	3,419,343
<b>Total Liabilities</b>	<b>\$ 206,705</b>	<b>\$ 4,971,675</b>	<b>\$ 4,641,033</b>	<b>\$ 15,683</b>	<b>\$ 98,360</b>	<b>\$ 9,933,456</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	\$ 117,599	\$ 441,428	\$ 16,565	\$ -	\$ -	\$ 575,592
<b>Fund Balances</b>						
Restricted for:						
Law library	\$ -	\$ -	\$ -	\$ 774,702	\$ -	\$ 774,702
Spring Lake Park	-	489	-	-	-	489
Criminal forfeitures	-	-	-	-	386,553	386,553
Assigned to:						
Culture and recreation	1,703,086	2,472,633	-	-	-	4,175,719
Economic development	-	-	11,212,462	-	-	11,212,462
Capital improvements	-	14,066,952	-	-	-	14,066,952
Capital equipment	90,039	-	-	-	-	90,039
<b>Total Fund Balances</b>	<b>\$ 1,793,125</b>	<b>\$ 16,540,074</b>	<b>\$ 11,212,462</b>	<b>\$ 774,702</b>	<b>\$ 386,553</b>	<b>\$ 30,706,916</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,117,429</b>	<b>\$ 21,953,177</b>	<b>\$ 15,870,060</b>	<b>\$ 790,385</b>	<b>\$ 484,913</b>	<b>\$ 41,215,964</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	County Library	County Parks	Regional Rail	Law Library	Attorney Forfeiture	
<b>Revenues</b>						
Taxes	\$ 11,553,098	\$ 1,094,395	\$ 1,624,554	\$ -	\$ -	\$ 14,272,047
License and permits	-	83,349	-	-	-	83,349
Intergovernmental	225,633	11,071,527	2,431,463	-	-	13,728,623
Charges for services	411,363	866,078	-	251,946	-	1,529,387
Fines and forfeits	-	9,155	-	-	78,595	87,750
Gifts and contributions	8,529	332	-	-	-	8,861
Investment earnings	2,277	-	176,760	-	-	179,037
Miscellaneous	199,223	11,134	-	12,640	-	222,997
<b>Total Revenues</b>	<b>\$ 12,400,123</b>	<b>\$ 13,135,970</b>	<b>\$ 4,232,777</b>	<b>\$ 264,586</b>	<b>\$ 78,595</b>	<b>\$ 30,112,051</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	\$ -	\$ -	\$ -	\$ 361,809	\$ 135,202	\$ 497,011
Culture and recreation	12,298,496	12,364,447	-	-	-	24,662,943
Economic development	-	-	3,044,533	-	-	3,044,533
<b>Total Expenditures</b>	<b>\$ 12,298,496</b>	<b>\$ 12,364,447</b>	<b>\$ 3,044,533</b>	<b>\$ 361,809</b>	<b>\$ 135,202</b>	<b>\$ 28,204,487</b>
<b>Excess of Revenues Over (Under)</b>						
<b>Expenditures</b>	<b>\$ 101,627</b>	<b>\$ 771,523</b>	<b>\$ 1,188,244</b>	<b>\$ (97,223)</b>	<b>\$ (56,607)</b>	<b>\$ 1,907,564</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	\$ -	\$ 1,633,333	\$ 794,188	\$ -	\$ -	\$ 2,427,521
Transfers out	-	(20,329)	-	-	-	(20,329)
Proceeds from sale of assets	-	234	-	-	-	234
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 1,613,238</b>	<b>\$ 794,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,407,426</b>
<b>Net Change in Fund Balance</b>	<b>\$ 101,627</b>	<b>\$ 2,384,761</b>	<b>\$ 1,982,432</b>	<b>\$ (97,223)</b>	<b>\$ (56,607)</b>	<b>\$ 4,314,990</b>
<b>Fund Balance - January 1</b>	<b>1,691,498</b>	<b>14,155,313</b>	<b>9,230,030</b>	<b>871,925</b>	<b>443,160</b>	<b>26,391,926</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,793,125</b>	<b>\$ 16,540,074</b>	<b>\$ 11,212,462</b>	<b>\$ 774,702</b>	<b>\$ 386,553</b>	<b>\$ 30,706,916</b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
COUNTY LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 11,590,473	\$ 11,552,044	\$ 11,553,098	\$ 1,054
Intergovernmental	146,000	175,582	225,633	50,051
Charges for services	545,000	545,000	411,363	(133,637)
Gifts and contributions	-	5,235	8,529	3,294
Investment earnings	-	-	2,277	2,277
Miscellaneous	140,300	140,300	199,223	58,923
<b>Total Revenues</b>	<b>\$ 12,421,773</b>	<b>\$ 12,418,161</b>	<b>\$ 12,400,123</b>	<b>\$ (18,038)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Regional library	\$ 12,421,773	\$ 12,907,754	\$ 12,298,496	\$ 609,258
<b>Total Expenditures</b>	<b>\$ 12,421,773</b>	<b>\$ 12,907,754</b>	<b>\$ 12,298,496</b>	<b>\$ 609,258</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (489,593)</b>	<b>\$ 101,627</b>	<b>\$ 591,220</b>
<b>Fund Balance - January 1</b>	<b>1,691,498</b>	<b>1,691,498</b>	<b>1,691,498</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,691,498</b>	<b>\$ 1,201,905</b>	<b>\$ 1,793,125</b>	<b>\$ 591,220</b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
COUNTY PARKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,088,670	\$ 1,195,491	\$ 1,094,395	\$ (101,096)
Licenses and permits	75,300	75,300	83,349	8,049
Intergovernmental	11,662,319	23,276,551	11,071,527	(12,205,024)
Charges for services	672,642	672,642	866,078	193,436
Fines and forfeits	10,000	10,000	9,155	(845)
Gifts and contributions	-	-	332	332
Miscellaneous	2,000	2,000	11,134	9,134
<b>Total Revenues</b>	<b><u>\$ 13,510,931</u></b>	<b><u>\$ 25,231,984</u></b>	<b><u>\$ 13,135,970</u></b>	<b><u>\$ (12,096,014)</u></b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Parks	\$ 15,797,264	\$ 38,214,152	\$ 12,364,447	\$ 25,849,705
<b>Total Expenditures</b>	<b><u>\$ 15,797,264</u></b>	<b><u>\$ 38,214,152</u></b>	<b><u>\$ 12,364,447</u></b>	<b><u>\$ 25,849,705</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ (2,286,333)</u></b>	<b><u>\$ (12,982,168)</u></b>	<b><u>\$ 771,523</u></b>	<b><u>\$ 13,753,691</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,633,333	\$ 1,633,333	\$ 1,633,333	\$ -
Transfers out	-	(20,329)	(20,329)	-
Proceeds from sale of assets	-	-	234	234
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ 1,633,333</u></b>	<b><u>\$ 1,613,004</u></b>	<b><u>\$ 1,613,238</u></b>	<b><u>\$ 234</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (653,000)</u></b>	<b><u>\$ (11,369,164)</u></b>	<b><u>\$ 2,384,761</u></b>	<b><u>\$ 13,753,925</u></b>
<b>Fund Balance - January 1</b>	<b><u>14,155,313</u></b>	<b><u>14,155,313</u></b>	<b><u>14,155,313</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 13,502,313</u></b>	<b><u>\$ 2,786,149</u></b>	<b><u>\$ 16,540,074</u></b>	<b><u>\$ 13,753,925</u></b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
REGIONAL RAIL SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,630,673	\$ 1,630,673	\$ 1,624,554	\$ (6,119)
Intergovernmental	17,919,244	17,919,244	2,431,463	(15,487,781)
Investment earnings	-	-	176,760	176,760
<b>Total Revenues</b>	<b>\$ 19,549,917</b>	<b>\$ 19,549,917</b>	<b>\$ 4,232,777</b>	<b>\$ (15,317,140)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Economic development</b>				
Community development	\$ 20,923,013	\$ 20,923,013	\$ 2,705,251	\$ 18,217,762
Administration	359,979	359,979	339,282	20,697
<b>Total Expenditures</b>	<b>\$ 21,282,992</b>	<b>\$ 21,282,992</b>	<b>\$ 3,044,533</b>	<b>\$ 18,238,459</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,733,075)</b>	<b>\$ (1,733,075)</b>	<b>\$ 1,188,244</b>	<b>\$ 2,921,319</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 794,188	\$ 794,188	\$ 794,188	\$ -
<b>Change in Fund Balance</b>	<b>\$ (938,887)</b>	<b>\$ (938,887)</b>	<b>\$ 1,982,432</b>	<b>\$ 2,921,319</b>
<b>Fund Balance - January 1</b>	<b>9,230,030</b>	<b>9,230,030</b>	<b>9,230,030</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,291,143</b>	<b>\$ 8,291,143</b>	<b>\$ 11,212,462</b>	<b>\$ 2,921,319</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2015**

	<b>Geographic Information System Enterprise Fund</b>	<b>Byllesby Dam Enterprise Fund</b>	<b>Totals</b>
<b><u>Assets</u></b>			
Current assets:			
Cash and pooled investments	\$ 144,554	\$ 1,064,490	\$ 1,209,044
Accounts receivable (net)	53,704	-	53,704
Due from other governments	-	1,310,519	1,310,519
<b>Total current assets</b>	<b>\$ 198,258</b>	<b>\$ 2,375,009</b>	<b>\$ 2,573,267</b>
Noncurrent assets			
Capital assets:			
Nondepreciable			
Construction in progress	\$ -	\$ 558,058	\$ 558,058
Depreciable (net)	-	8,268,214	8,268,214
Total noncurrent assets	\$ -	\$ 8,826,272	\$ 8,826,272
<b>Total Assets</b>	<b>\$ 198,258</b>	<b>\$ 11,201,281</b>	<b>\$ 11,399,539</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	\$ 48,727	\$ 209,898	\$ 258,625
<b>Total current liabilities</b>	<b>\$ 48,727</b>	<b>\$ 209,898</b>	<b>\$ 258,625</b>
<b>Total Liabilities</b>	<b>\$ 48,727</b>	<b>\$ 209,898</b>	<b>\$ 258,625</b>
<b>Net Position</b>			
Investment in capital assets	\$ -	\$ 8,826,272	\$ 8,826,272
Restricted for			
Equipment replacement	149,531	-	149,531
Unrestricted	-	2,165,111	2,165,111
<b>Total Net Position</b>	<b>\$ 149,531</b>	<b>\$ 10,991,383</b>	<b>\$ 11,140,914</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Geographic Information System Enterprise Fund</b>	<b>Byllesby Dam Enterprise Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for services	\$ 46,387	\$ 578,308	\$ 624,695
Miscellaneous	-	380	380
<b>Total Operating Revenues</b>	<b>\$ 46,387</b>	<b>\$ 578,688</b>	<b>\$ 625,075</b>
<b>Operating Expenses</b>			
Repairs and maintenance	\$ -	\$ 633,933	\$ 633,933
Depreciation	-	119,829	119,829
Other services and charges	44,123	-	44,123
<b>Total Operating Expenses</b>	<b>\$ 44,123</b>	<b>\$ 753,762</b>	<b>\$ 797,885</b>
<b>Operating income (loss)</b>	<b>\$ 2,264</b>	<b>\$ (175,074)</b>	<b>\$ (172,810)</b>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental	\$ -	\$ 1,310,519	\$ 1,310,519
<b>Total Nonoperating revenues (expenses)</b>	<b>\$ -</b>	<b>\$ 1,310,519</b>	<b>\$ 1,310,519</b>
<b>Income before contributions and transfers</b>	<b>\$ 2,264</b>	<b>\$ 1,135,445</b>	<b>\$ 1,137,709</b>
<b>Transfers in</b>	<b>-</b>	<b>2,047,500</b>	<b>2,047,500</b>
<b>Change in Net Position</b>	<b>\$ 2,264</b>	<b>\$ 3,182,945</b>	<b>\$ 3,185,209</b>
<b>Net Position - January 1</b>	<b>147,267</b>	<b>7,808,438</b>	<b>7,955,705</b>
<b>Net Position - December 31</b>	<b>\$ 149,531</b>	<b>\$ 10,991,383</b>	<b>\$ 11,140,914</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Geographic Information System Enterprise Fund</b>	<b>Byllesby Dam Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 6,387	\$ 582,192	\$ 588,579
Payments to suppliers	(17,600)	(1,673,163)	(1,690,763)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (11,213)</b>	<b>\$ (1,090,971)</b>	<b>\$ (1,102,184)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in	\$ -	\$ 2,047,500	\$ 2,047,500
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ -</b>	<b>\$ 2,047,500</b>	<b>\$ 2,047,500</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	\$ -	\$ (1,701,040)	\$ (1,701,040)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ -</b>	<b>\$ (1,701,040)</b>	<b>\$ (1,701,040)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (11,213)</b>	<b>\$ (744,511)</b>	<b>\$ (755,724)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>155,767</b>	<b>1,809,001</b>	<b>1,964,768</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 144,554</b>	<b>\$ 1,064,490</b>	<b>\$ 1,209,044</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ 2,264	\$ (175,074)	\$ (172,810)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation expense	\$ -	\$ 119,829	\$ 119,829
(Increase) decrease in accounts receivable	(53,704)	3,504	(50,200)
Increase (decrease) in accounts payable	40,227	(735,549)	(695,322)
Increase (decrease) in contracts payable	-	(303,681)	(303,681)
<b>Total adjustments</b>	<b>\$ (13,477)</b>	<b>\$ (915,897)</b>	<b>\$ (929,374)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (11,213)</b>	<b>\$ (1,090,971)</b>	<b>\$ (1,102,184)</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
DECEMBER 31, 2015**

	<b>First Judicial District Trust Fund</b>	<b>Rural Solid Waste Commission Trust Fund</b>	<b>Solid Waste Management Coordinating Board Trust Fund</b>	<b>Domestic Preparedness Team Trust Fund</b>	<b>Total</b>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ -	\$ 30,306	\$ 396,534	\$ 387,257	\$ 814,097
Due from other governments	375,416	-	-	-	375,416
<b>Total Assets</b>	<b>\$ 375,416</b>	<b>\$ 30,306</b>	<b>\$ 396,534</b>	<b>\$ 387,257</b>	<b>\$ 1,189,513</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ -	\$ 13,119	\$ 105,512	\$ 312	\$ 118,943
Due to other governments	375,416	-	-	-	375,416
<b>Total Liabilities</b>	<b>\$ 375,416</b>	<b>\$ 13,119</b>	<b>\$ 105,512</b>	<b>\$ 312</b>	<b>\$ 494,359</b>
<b><u>Net Position</u></b>					
Net position held in trust for other purposes	\$ -	\$ 17,187	\$ 291,022	\$ 386,945	\$ 695,154
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 17,187</b>	<b>\$ 291,022</b>	<b>\$ 386,945</b>	<b>\$ 695,154</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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>
<b><u>ADDITIONS:</u></b>					
State Grants					
Minnesota Dept of Trial Courts	\$ 1,212,984	\$ -	\$ -	\$ -	\$ 1,212,984
Minnesota Dept of Public Safety	-	-	-	41,239	41,239
Payments from other governments	-	-	806,904	-	806,904
Other agencies	-	34,455	-	125,116	159,571
Investment earnings:					
Interest	-	416	9,613	-	10,029
<b>Total additions</b>	<b>\$ 1,212,984</b>	<b>\$ 34,871</b>	<b>\$ 816,517</b>	<b>\$ 166,355</b>	<b>\$ 2,230,727</b>
<b><u>DEDUCTIONS:</u></b>					
Judicial District expense	\$ 1,212,984	\$ -	\$ -	\$ -	\$ 1,212,984
Solid waste expenses	-	34,262	872,552	-	906,814
Emergency preparedness expenses	-	-	-	121,097	121,097
<b>Total deductions</b>	<b>\$ 1,212,984</b>	<b>\$ 34,262</b>	<b>\$ 872,552</b>	<b>\$ 121,097</b>	<b>\$ 2,240,895</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ 609</b>	<b>\$ (56,035)</b>	<b>\$ 45,258</b>	<b>\$ (10,168)</b>
<b>Net position - January 1</b>	<b>-</b>	<b>16,578</b>	<b>347,057</b>	<b>341,687</b>	<b>705,322</b>
<b>Net position - December 31</b>	<b>\$ -</b>	<b>\$ 17,187</b>	<b>\$ 291,022</b>	<b>\$ 386,945</b>	<b>\$ 695,154</b>

DAKOTA COUNTY  
MINNESOTA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 36,736,172	\$ 1,352,352,780	\$ 1,354,672,289	\$ 34,416,663
Accounts receivable	689	196,957	689	196,957
Due from other governments	277,312	586,220	258,442	605,090
<b>Total Assets</b>	<b><u>\$ 37,014,173</u></b>	<b><u>\$ 1,353,135,957</u></b>	<b><u>\$ 1,354,931,420</u></b>	<b><u>\$ 35,218,710</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1,021,978	\$ 154,013,254	\$ 153,106,704	\$ 1,928,528
Unapportioned taxes payable	-	145,474,350	145,474,350	-
Due to other funds	-	139,845	139,845	-
Due to other governments	35,992,195	1,172,922,006	1,175,624,019	33,290,182
<b>Total Liabilities</b>	<b><u>\$ 37,014,173</u></b>	<b><u>\$ 1,472,549,455</u></b>	<b><u>\$ 1,474,344,918</u></b>	<b><u>\$ 35,218,710</u></b>

**DAKOTA COUNTY  
MINNESOTA**

**GOVERNMENTAL FUND BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION  
VERMILLION RIVER WATERSHED DISTRICT  
DECEMBER 31, 2015**

**Assets**

Cash and investments	\$ 1,985,811
Taxes receivable	
Current	61,181
Prior	1,873
Due from other governments	<u>2,480</u>
<b>Total Assets</b>	<b><u><u>\$ 2,051,345</u></u></b>

**Liabilities**

Current liabilities	
Accounts payable	<u>\$ 165,968</u>
<b>Total Liabilities</b>	<b><u>\$ 165,968</u></b>

**Fund Balance/Net Position**

Unrestricted	<u>\$ 1,885,377</u>
<b>Total Fund Balance/Net Position</b>	<b><u>\$ 1,885,377</u></b>
<b>Total Liabilities and Fund Balance/Net Position</b>	<b><u><u>\$ 2,051,345</u></u></b>

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, 2015**

<b>Revenues</b>	
Taxes	\$ 816,583
Intergovernmental	58,195
Investment earnings	22,959
Miscellaneous	11
	11
<b>Total Revenues</b>	<b>\$ 897,748</b>
<b>Expenditures/Expenses</b>	
<b>Current</b>	
Conservation of natural resources	\$ 937,527
	937,527
<b>Net Change in Fund Balance/ Net Position</b>	<b>\$ (39,779)</b>
<b>Fund Balance/Net Position - January 1</b>	<b>1,925,156</b>
<b>Fund Balance/Net Position - December 31</b>	<b>\$ 1,885,377</b>

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

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# Governmental Revenue Schedules

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**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
<b>Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 18,055,870	\$ -	\$ 18,055,870
PERA rate reimbursement	333,927	-	333,927
Disparity reduction aid	1,879	-	1,879
Police aid	543,671	-	543,671
Agricultural preserve credit	76,900	-	76,900
County program aid	16,794,587	-	16,794,587
Local performance aid	25,000	-	25,000
Market value credit	173,186	-	173,186
State aid disaster funds	57,127	-	57,127
SCORE	1,224,256	-	1,224,256
Aquatic invasive species	129,004	-	129,004
<b>Total Shared Revenue</b>	<b>\$ 37,415,407</b>	<b>\$ -</b>	<b>\$ 37,415,407</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	<b>\$ 5,488,363</b>	<b>\$ -</b>	<b>\$ 5,488,363</b>
<b>Payments</b>			
<b>Local</b>			
County contributions	\$ 1,069,706	\$ -	\$ 1,069,706
City contributions	1,068,159	-	1,068,159
Metropolitan council	4,599,253	-	4,599,253
City and agency share of construction	10,773,069	-	10,773,069
MELSA	154,214	-	154,214
Other contributions	55,506	-	55,506
Local contributions	3,787,761	-	3,787,761
Payments in lieu of taxes	138,113	-	138,113
<b>Total Payments</b>	<b>\$ 21,645,781</b>	<b>\$ -</b>	<b>\$ 21,645,781</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Board of			
Agriculture	\$ 19,573	\$ -	\$ 19,573
Public Safety	280,789	782,217	1,063,006
Health	2,067,296	-	2,067,296
Natural Resources	882,560	528,302	1,410,862
Human Services	14,311,524	-	14,311,524
Water and Soil Resources	90,930	-	90,930
Employment and Economic Development	1,181,472	-	1,181,472
Trial Courts	255,000	-	255,000
Education	7,912	-	7,912
Peace Officer Standards and Training	26,654	-	26,654
Corrections	4,609,474	-	4,609,474
Veterans Affairs	38,893	-	38,893
Information Technology	25,000	-	25,000
Housing Finance Agency	152,001	-	152,001
Pollution Control Agency	395,992	-	395,992
<b>Total State</b>	<b>\$ 24,345,070</b>	<b>\$ 1,310,519</b>	<b>\$ 25,655,589</b>

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total Primary Government</b>
<b>Grants (Continued)</b>			
<b>Federal</b>			
Department of			
Agriculture	\$ 3,363,882	\$ -	\$ 3,363,882
Housing and Urban Development	4,466,737	-	4,466,737
Justice	137,011	-	137,011
Labor	1,554,629	-	1,554,629
Transportation	10,802,316	-	10,802,316
Environmental Protection Agency	47,273	-	47,273
Education	2,492	-	2,492
Health and Human Services	21,751,070	-	21,751,070
Homeland Security	942,003	-	942,003
	<b>\$ 43,067,413</b>	<b>\$ -</b>	<b>\$ 43,067,413</b>
<b>Total Federal</b>	<b>\$ 43,067,413</b>	<b>\$ -</b>	<b>\$ 43,067,413</b>
<b>Total State and Federal Grants</b>	<b>\$ 67,412,483</b>	<b>\$ 1,310,519</b>	<b>\$ 68,723,002</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 131,962,034</b>	<b>\$ 1,310,519</b>	<b>\$ 133,272,553</b>

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Direct				
Farm and Ranch Lands Protection Program	10.913		\$ 432,968	\$ -
Passed Through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not Provided	17,505	-
National School Lunch Program	10.555	Not Provided	27,203	-
(Total expenditures for Child Nutrition Cluster \$44,708)				
Passed Through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
	10.557	12-700-00068	1,314,376	-
Passed Through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)				
	10.572	Not Provided	2,350	-
Passed Through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	15152MN10152514	948,733	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN101S2514	620,747	-
(Total expenditures for SNAP 10.561 \$1,569,480)				
<b>Total U.S. Department of Agriculture</b>			<b>\$ 3,363,882</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Community Development Block Grants - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,670,894	\$ 1,670,894
Community Development Block Grants/Entitlement Grants	14.218	B-08-UN-27-002	17	17
(Total expenditures for Community Development Block Grants/Entitlement Grants 14.218 \$1,670,911)				
Supportive Housing Program	14.235		-	-
HOME Investment Partnerships Program	14.239		2,092,580	2,092,580
Passed Through Minnesota Department of Human Services				
Emergency Solutions Grant Program				
	14.231	Not Provided	193,379	193,379
Emergency Solutions Grant Program	14.231	MN0077L5K0331306	161,881	-
Emergency Solutions Grant Program	14.231	MN0077L5K031205	347,986	-
(Total expenditures for Emergency Solutions Grant Program 14.231 \$703,246)				
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 4,466,737</b>	<b>\$ 3,956,870</b>
<b>U.S. Department of Justice</b>				
Direct				
Crime Victim Assistance	16.575		\$ 339	\$ -
Drug Court Discretionary Grant Program	16.585		17,374	-
State Criminal Alien Assistance Program	16.606		29,960	-
Equitable Sharing Program	16.922		4,246	-
Passed Through Minnesota Department of Public Safety				
Juvenile Accountability Block Grants				
	16.523	Not Provided	37,092	-
Passed Through City of Eagan				
Juvenile Accountability Block Grants				
	16.523	A-T2JABG-2015-DAKOTACC-00005	48,000	-
(Total expenditures for Juvenile Accountability Block Grants 16.523 \$85,092)				
<b>Total U.S. Department of Justice</b>			<b>\$ 137,011</b>	<b>\$ -</b>

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, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Labor</b>				
Passed Through Minnesota Department of Employment and Economic Development				
Workforce Investment Act (WIA) Cluster				
WIA/WIOA Adult Program	17.258	3143100	\$ 318,916	\$ 124,628
WIA/WIOA Adult Program	17.258	4143100	370,249	294,583
WIA/WIOA Adult Program	17.258	5143100	61,742	55,568
(Total expenditures for WIA/WIOA Adult Program 17.258 \$750,907)				
WIA/WIOA Youth Activities	17.259	4143600	101,150	101,150
WIA/WIOA Youth Activities	17.259	5143600	188,949	151,125
(Total expenditures for WIA/WIOA Youth Activities 17.259 \$290,099)				
WIA/WIOA Dislocated Worker Formula Grants	17.278	4148000	200,716	200,716
WIA/WIOA Dislocated Worker Formula Grants	17.278	5148000	312,907	260,915
(Total expenditures for WIA/WIOA Dislocated Worker Formula Grants 17.278 \$513,623)				
(Total expenditures for WIA Cluster \$1,554,629)				
<b>Total U.S. Department of Labor</b>			<b>\$ 1,554,629</b>	<b>\$ 1,188,685</b>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	Not Provided	\$ 189,080	\$ -
Highway Planning and Construction	20.205	1914073	3,177,537	-
Highway Planning and Construction	20.205	1914051	425,210	-
Highway Planning and Construction	20.205	8814077	4,504,352	-
Highway Planning and Construction	20.205	H170003	50,998	-
Highway Planning and Construction	20.205	H170001	518,719	-
Highway Planning and Construction	20.205	1913283	47,392	-
Highway Planning and Construction	20.205	S223002	129,973	-
Highway Planning and Construction	20.205	1914163	1,632,000	-
(Total expenditures for Highway Planning and Construction 20.205 \$10,675,261)				
Formula Grants for Rural Areas Transit Services Cluster	20.509	Not Provided	1,500	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Not Provided	29,434	-
(Total expenditures for Transit Services Cluster \$54,346)				
Passed Through Metropolitan Council				
Transit Services Cluster				
Job Access and Reverse Commute Program	20.516	MN-37-X015	24,912	-
(Total expenditures for Transit Services Cluster \$54,346)				
Alternatives Analysis	20.522	MN-39-0005	43,865	-
Passed Through City of Hastings				
Highway Safety Cluster				
State and Community Highway Safety	20.600	Not Provided	9,732	-
National Priority Safety Programs	20.616	Not Provided	3,809	-
(Total expenditures for Highway Safety Cluster \$13,541)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not Provided	13,803	-
<b>Total U.S. Department of Transportation</b>			<b>\$ 10,802,316</b>	<b>\$ -</b>
<b>U.S. Environmental Protection Agency</b>				
Passed through Minnesota Pollution Control Agency				
Nonpoint Source Implementation Grants	66.460	Not Provided	\$ 47,273	\$ -
<b>U.S. Department of Education</b>				
Direct				
Special Education-Grants for Infants and Families	84.181		\$ 2,492	\$ -

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, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	Not Provided	\$ 321,826	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	12-700-00068	8,122	-
Universal Newborn Hearing Screening	93.251	Not Provided	7,600	-
Immunization Cooperative Agreements	93.268	Not Provided	15,490	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00068	450	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Not Provided	360,033	-
Temporary Assistance for Needy Families	93.558	Not Provided	325,356	-
(Total expenditures for Temporary Assistance for Needy Families 93.558 \$2,806,619)				
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00068	303,233	-
Passed Through Minnesota Department of Human Services				
Guardianship Assistance	93.090	1501MNGARD	66,320	-
Promoting Safe and Stable Families	93.556	1401MNFPS	90,806	-
Temporary Assistance for Needy Families	93.558	1502MNTANF	2,481,263	1,215,321
(Total expenditures for Temporary Assistance for Needy Families 93.558 \$2,806,619)				
Child Support Enforcement	93.563	1504MN4005	6,972,922	-
Child Care and Development Block Grant	93.575	G1501MNCCDF	479,455	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPG	302,746	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	47,532	-
Foster Care - Title IV-E	93.658	1501MNFOST	922,860	-
Adoption Assistance	93.659	1501MNGARD	427,266	-
Social Services Block Grant	93.667	1501MNSOSR	1,409,071	-
Chafee Foster Care Independence Program	93.674	1401MN1420	53,761	-
Medical Assistance Program	93.778	1505MN5ADM	7,154,958	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 21,751,070</b>	<b>\$ 1,215,321</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	Not Provided	\$ 11,706	\$ -
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not Provided	187,319	-
Emergency Management Performance Grants	97.042	Not Provided	53,259	-
Homeland Security Grant Program	97.067	A-UASI-2013-DAKOTACO-00006	335,797	-
Homeland Security Grant Program	97.067	A-UASI-2014-DAKOTACO-00006	141,838	-
(Total expenditures for Homeland Security Grant Program 97.067 \$689,719)				
Passed Through Washington County				
Homeland Security Grant Program	97.067	A-DECN-SECB-2014-MESB-RRS-0004	137,908	-
Homeland Security Grant Program	97.067	A-DECN-SHSP-2014-MESB-RRS-0002	74,176	-
(Total expenditures for Homeland Security Grant Program 97.067 \$689,719)				
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 942,003</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 43,067,413</b>	<b>\$ 6,360,876</b>

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

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**DAKOTA COUNTY  
MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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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 \$22,666,631 in federal awards during the year ended June 30, 2015. Those expenditures are not included in the County's Schedule of Expenditures of Federal Awards, because the CDA had a separate 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, 2015. The information in this schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 basis of accounting used by the individual funds of Dakota County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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# Statistical Section

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# 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

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<b>Financial Trends</b>	117
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	124
These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property taxes.	
<b>Debt Capacity</b>	130
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.	
<b>Demographic and Economic Information</b>	133
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.	
<b>Operating Information</b>	135
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.

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## Dakota County, Minnesota

### Net Position by Component

#### Primary Government

	2006	2007	2008	2009	2010	2011	2012	2013 (Restated)	2014	2015
Governmental Activities										
Net Investment in Capital Assets	395,989,603	435,373,306	502,664,473	545,729,953	567,867,785	605,455,040	634,821,240	634,927,138	676,893,277	728,602,522
Restricted	12,634,717	7,134,394	8,289,724	5,860,387	6,578,089	12,124,268	12,189,502	27,406,220	21,784,009	25,176,075
Unrestricted	195,395,365	208,158,550	188,220,596	198,144,007	197,822,900	208,305,948	250,601,958	285,711,445	311,862,759	224,447,938
Total Net Position - Governmental Activities	604,019,685	650,666,250	699,174,793	749,734,347	772,268,774	825,885,256	897,612,700	948,044,803	1,010,540,045	978,226,535
Business-Type Activities										
Net Investment in Capital Assets	-	-	-	-	-	-	-	5,031,329	7,245,061	8,826,272
Restricted	244,026	217,240	197,467	166,432	299,704	2,127,270	2,063,341	149,306	147,267	149,531
Unrestricted	-	-	-	131,714	-	-	-	2,517,358	563,377	2,165,111
Total Net Position - Business-Type Activities	244,026	217,240	197,467	298,146	299,704	2,127,270	2,063,341	7,697,993	7,955,705	11,140,914
Total Primary Government										
Net Investment in Capital Assets	395,989,603	435,373,306	502,664,473	545,729,953	567,867,785	605,455,040	634,821,240	639,958,467	684,138,338	737,428,794
Restricted	12,878,743	7,351,634	8,487,191	6,026,819	6,877,793	14,251,538	14,252,843	27,555,526	21,931,276	25,325,606
Unrestricted	195,395,365	208,158,550	188,220,596	198,275,721	197,822,900	208,305,948	250,601,958	288,228,803	312,426,136	226,613,049
Total Net Position - Primary Government	\$ 604,263,711	\$ 650,883,490	\$ 699,372,260	\$ 750,032,493	\$ 772,568,478	\$ 828,012,526	\$ 899,676,041	\$ 955,742,796	\$ 1,018,495,750	\$ 989,367,449

#### Components Units

	2006	2007	2008	2009	2010	2011	2012	2013 (Restated)	2014	2015
Community Development Agency										
Net Investment in Capital Assets	\$ 56,508,944	\$ 58,430,590	\$ 62,660,057	\$ 67,422,313	\$ 70,836,500	\$ 78,312,202	\$ 82,152,316	\$ 81,612,927	\$ 84,988,917	\$ 89,380,592
Restricted	29,434,579	34,964,470	40,927,194	41,172,119	46,029,306	52,565,562	54,930,480	61,288,925	62,251,756	60,449,437
Unrestricted	45,848,454	50,752,896	55,136,226	62,620,611	70,262,376	75,886,912	83,933,498	86,865,611	97,038,422	103,144,207
Total Net Position - Community Development Agency	\$ 131,791,977	\$ 144,147,956	\$ 158,723,477	\$ 171,215,043	\$ 187,128,182	\$ 206,764,676	\$ 221,016,294	\$ 229,767,463	\$ 244,279,095	\$ 252,974,236
Vermillion River Watershed										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	452,087	836,040	1,172,206	1,113,522	1,140,810	1,179,489	1,646,229	1,953,185	1,925,156	1,885,377
Total Net Position - Vermillion River Watershed	\$ 452,087	\$ 836,040	\$ 1,172,206	\$ 1,113,522	\$ 1,140,810	\$ 1,179,489	\$ 1,646,229	\$ 1,953,185	\$ 1,925,156	\$ 1,885,377

The County implemented GASB Statements 68 and 71 in 2015. Years prior to 2015 were not restated to show these changes.

**Dakota County, Minnesota**

*Changes in Net Position*

<b>Expenses</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (Restated)</b>	<b>2014</b>	<b>2015</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
General Government	49,730,842	55,472,603	58,446,661	48,513,659	61,982,946	67,066,253	55,323,557	56,902,146	65,584,363	66,920,647
Public Safety	34,919,409	34,912,593	37,499,603	37,363,437	36,396,222	35,447,935	35,409,600	35,334,573	39,366,008	39,590,503
Highways and Streets	20,420,856	20,277,098	20,428,908	24,016,682	23,114,442	31,587,930	22,657,918	31,617,540	24,441,165	25,151,932
Sanitation	4,011,215	3,680,402	3,498,126	5,476,281	5,314,375	4,954,461	5,197,563	5,326,179	3,910,489	4,535,062
Human Services	89,579,810	94,635,381	94,467,561	85,401,690	69,757,126	68,904,678	66,997,873	66,211,619	70,662,704	72,053,369
Health	11,743,390	13,431,633	14,441,444	14,371,483	14,133,323	10,727,236	8,486,409	7,861,046	8,602,529	9,377,952
Culture and Recreation	16,641,571	17,447,398	17,160,436	19,746,598	19,352,705	19,368,747	18,171,501	17,287,925	13,567,104	18,114,323
Conservation of Natural Resources	5,061,173	4,819,932	4,783,651	4,560,051	2,304,181	3,960,904	4,016,128	4,276,455	3,520,375	4,852,937
Economic Development	7,760,382	12,810,832	7,712,727	10,540,298	12,076,877	8,145,271	8,216,401	8,079,665	9,946,696	11,715,865
Interest	4,317,700	5,509,766	4,910,143	4,360,037	3,947,575	2,919,202	2,212,496	1,916,583	1,447,204	1,013,259
Total Governmental Activities	<u>244,186,348</u>	<u>262,997,638</u>	<u>263,349,260</u>	<u>254,350,216</u>	<u>248,379,772</u>	<u>253,082,617</u>	<u>226,689,446</u>	<u>234,813,731</u>	<u>241,048,637</u>	<u>253,325,849</u>
<i>Business-Type Activities</i>										
Geographic Information Systems	42,591	47,012	40,082	50,556	24,577	58,164	9,072	9,096	9,100	44,123
Criminal Justice Information Integration Network	-	-	-	-	81,669	84,192	48,021	113,463	151,656	-
Byllesby Dam	-	-	-	-	-	417,750	928,924	407,634	867,864	753,762
Total Business-Type Activities	<u>42,591</u>	<u>47,012</u>	<u>40,082</u>	<u>50,556</u>	<u>106,246</u>	<u>560,106</u>	<u>986,017</u>	<u>530,193</u>	<u>1,028,620</u>	<u>797,885</u>
Total Primary Government Expenses	<u>\$ 244,228,939</u>	<u>\$ 263,044,650</u>	<u>\$ 263,389,342</u>	<u>\$ 254,400,772</u>	<u>\$ 248,486,018</u>	<u>\$ 253,642,723</u>	<u>\$ 227,675,463</u>	<u>\$ 235,343,924</u>	<u>\$ 242,077,257</u>	<u>\$ 254,123,734</u>
<b>Program Revenues</b>										
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Fees, fines, charges and other:										
General Government	\$ 9,615,154	\$ 11,007,470	\$ 7,867,792	\$ 7,507,730	\$ 7,124,643	\$ 6,784,853	\$ 7,817,635	\$ 7,819,235	\$ 7,536,670	\$ 7,434,589
Public Safety	2,922,742	2,808,252	2,731,099	3,214,768	3,127,028	3,532,554	3,491,571	3,331,432	3,021,044	2,763,775
Highways and Streets	1,203,304	1,281,339	1,495,081	1,528,495	1,589,965	3,777,498	576,243	3,589,979	641,484	532,360
Sanitation	5,648,372	5,818,423	6,222,558	6,528,605	8,019,709	8,235,471	8,433,603	7,713,818	7,881,052	9,012,270
Human Services	35,103,513	46,166,824	2,782,157	6,474,404	3,164,919	3,743,711	5,683,801	7,776,989	940,947	2,341,929
Health	3,788,860	4,947,124	5,772,599	5,632,467	3,119,419	1,316,458	1,463,958	1,363,361	1,211,838	1,738,043
Culture and Recreation	1,343,261	1,606,090	1,622,497	1,730,132	1,754,286	1,564,452	1,558,792	1,540,512	1,539,480	1,570,060
Conservation of Natural Resources	60,388	51,076	43,906	27,492	85,654	47,707	20,021	25,455	391,528	378,424
Economic Development	-	-	-	-	40,132	1,247	243,643	302,581	-	-
Total Governmental Fees, Fines, Charges and Other	<u>59,685,594</u>	<u>73,686,598</u>	<u>28,537,689</u>	<u>32,644,093</u>	<u>28,025,755</u>	<u>29,003,951</u>	<u>29,289,267</u>	<u>33,463,362</u>	<u>23,164,043</u>	<u>25,771,450</u>
<i>Business-Type Activities</i>										
Geographic Information Systems	29,091	20,226	20,309	19,521	21,436	38,149	13,166	11,032	7,061	46,387
Criminal Justice Information Integration Network	-	-	-	131,714	86,368	183,721	147,584	118,632	127,058	-
Byllesby Dam	-	-	-	-	-	2,148,477	603,569	657,061	690,875	578,688
Total Business-Type Program Revenues	<u>29,091</u>	<u>20,226</u>	<u>20,309</u>	<u>151,235</u>	<u>107,804</u>	<u>2,370,347</u>	<u>764,319</u>	<u>786,725</u>	<u>824,994</u>	<u>625,075</u>
Total Primary Government Fees, Fines, Charges and Other	<u>\$ 59,714,685</u>	<u>\$ 73,706,824</u>	<u>\$ 28,557,998</u>	<u>\$ 32,795,328</u>	<u>\$ 28,133,559</u>	<u>\$ 31,374,298</u>	<u>\$ 30,053,586</u>	<u>\$ 34,250,087</u>	<u>\$ 23,989,037</u>	<u>\$ 26,396,525</u>

**Dakota County, Minnesota**

**Changes in Net Position**

<b>Program Revenues</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (Restated)</b>	<b>2014</b>	<b>2015</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Operating Grants and Contributions:										
General Government	\$ 628,801	\$ 853,773	\$ 3,893,517	\$ 3,123,481	\$ 3,798,215	\$ 4,080,742	\$ 4,387,424	\$ 3,560,993	\$ 2,349,541	\$ 2,431,014
Public Safety	12,777,168	8,395,227	8,533,620	8,948,372	9,127,015	8,183,282	7,460,653	9,773,312	7,463,572	7,809,033
Highways and Streets	5,233,333	7,255,780	6,054,166	24,992,562	4,902,202	18,653,704	17,177,991	20,887,253	29,785,696	25,031,461
Sanitation	1,016,810	2,605	8,341	321,394	276,939	372,933	544,354	450,558	1,920,547	1,526,796
Human Services	21,047,402	23,115,310	59,829,926	47,133,328	35,807,530	40,837,578	28,276,091	29,671,099	41,818,152	39,216,444
Health	3,914,089	3,793,765	5,458,305	5,712,664	7,341,345	6,425,794	4,841,022	5,036,177	4,574,675	4,805,213
Culture and Recreation	434,868	4,499,611	10,126,045	941,566	1,151,534	2,536,834	2,114,445	3,410,363	2,580,992	4,869,406
Conservation of Natural Resources	96,522	5,412,063	2,153,127	3,827,241	1,656,906	2,981,223	2,289,603	3,491,245	877,855	2,139,007
Economic Development	7,905,728	8,681,447	7,252,218	9,396,842	12,556,252	7,728,144	8,617,863	7,590,498	10,162,440	11,585,829
Total Governmental Operating Grants and Contributions	53,054,721	62,009,581	103,309,265	104,397,450	76,617,938	91,800,234	75,709,446	83,871,498	101,533,470	99,414,203
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	17,325	157,769	2,354,120	-	-
Total Business-Type Operating Grants and Contributions	-	-	-	-	-	17,325	157,769	2,354,120	-	-
Total Primary Government Operating Grants and Contributions	\$ 53,054,721	\$ 62,009,581	\$ 103,309,265	\$ 104,397,450	\$ 76,617,938	\$ 91,817,559	\$ 75,867,215	\$ 86,225,618	\$ 101,533,470	\$ 99,414,203

<b>Program Revenues</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (Restated)</b>	<b>2014</b>	<b>2015</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Capital Grants and Contributions:										
General Government	\$ 964,221	\$ 164,670	\$ -	\$ -	\$ -	\$ 304,216	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-	205,987	55,225	53,349	-	-	-
Highways and Streets	15,362,204	15,923,156	24,648,824	10,568,802	16,105,736	26,670,592	34,413,883	21,319,833	14,923,646	17,803,674
Sanitation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	153,585	130,735	1,027,842	3,630,509
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Total Governmental Capital Grants and Contributions	16,326,425	16,087,826	24,648,824	10,568,802	16,311,723	27,030,033	34,620,817	21,450,568	15,951,488	21,434,183
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	-	-	-	777,414	1,310,519
Total Business-Type Capital Grants and Contributions	-	-	-	-	-	-	-	-	777,414	1,310,519
Total Primary Government Capital Grants and Contributions	\$ 16,326,425	\$ 16,087,826	\$ 24,648,824	\$ 10,568,802	\$ 16,311,723	\$ 27,030,033	\$ 34,620,817	\$ 21,450,568	\$ 16,728,902	\$ 22,744,702

**Dakota County, Minnesota**

**Changes in Net Position**

<b>Net (Expense) Revenue (a)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (Restated)</b>	<b>2014</b>	<b>2015</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
General Government	\$ (38,522,666)	\$ (43,446,690)	\$ (46,685,352)	\$ (37,882,448)	\$ (51,060,088)	\$ (55,896,442)	\$ (43,118,498)	\$ (45,521,918)	\$ (55,698,152)	\$ (57,055,044)
Public Safety	(19,219,499)	(23,709,114)	(26,234,884)	(25,200,297)	(23,936,192)	(23,676,874)	(24,404,027)	(22,229,829)	(28,881,392)	(29,017,695)
Highways and Streets	1,377,985	4,183,177	11,769,163	13,073,177	(516,539)	17,513,864	29,510,199	14,179,525	20,909,661	18,215,563
Sanitation	2,653,967	2,140,626	2,732,773	1,373,718	2,982,273	3,653,943	3,780,394	2,838,197	5,891,110	6,004,004
Human Services	(33,428,895)	(25,353,247)	(31,855,478)	(31,793,958)	(30,784,677)	(24,323,389)	(33,037,981)	(28,763,531)	(27,903,605)	(30,494,996)
Health	(4,040,441)	(4,690,744)	(3,210,540)	(3,026,352)	(3,672,559)	(2,984,984)	(2,181,429)	(1,461,508)	(2,816,016)	(2,834,696)
Culture and Recreation	(14,863,442)	(11,341,697)	(5,411,894)	(17,074,900)	(16,446,885)	(15,267,461)	(14,344,679)	(12,206,315)	(8,418,790)	(8,044,348)
Conservation of Natural Resources	(4,904,263)	643,207	(2,586,618)	(705,318)	(561,621)	(931,974)	(1,706,504)	(759,755)	(2,250,992)	(2,335,506)
Economic Development	145,346	(4,129,385)	(460,509)	(1,143,456)	519,507	(415,880)	645,105	(186,586)	215,744	(130,036)
Interest	(4,317,700)	(5,509,766)	(4,910,143)	(4,360,037)	(3,947,575)	(2,919,202)	(2,212,496)	(1,916,583)	(1,447,204)	(1,013,259)
<b>Total Governmental Net (Expense) Revenue</b>	<b>(115,119,608)</b>	<b>(111,213,633)</b>	<b>(106,853,482)</b>	<b>(106,739,871)</b>	<b>(127,424,356)</b>	<b>(105,248,399)</b>	<b>(87,069,916)</b>	<b>(96,028,303)</b>	<b>(100,399,636)</b>	<b>(106,706,013)</b>
<i>Business-Type Activities</i>										
Geographic Information Systems	(13,500)	(26,786)	(19,773)	(31,035)	(3,141)	(20,015)	4,094	1,936	(2,039)	2,264
Criminal Justice Information Integration Network	-	-	-	131,714	4,699	99,529	99,563	5,169	(24,598)	-
Byllesby Dam	-	-	-	-	-	1,748,052	(167,586)	2,603,547	600,425	1,135,445
<b>Total Business-Type Net (Expense) Revenue</b>	<b>(13,500)</b>	<b>(26,786)</b>	<b>(19,773)</b>	<b>100,679</b>	<b>1,558</b>	<b>1,827,566</b>	<b>(63,929)</b>	<b>2,610,652</b>	<b>573,788</b>	<b>1,137,709</b>
<b>Total Primary Government Net (Expense) Revenue</b>	<b>\$ (115,133,108)</b>	<b>\$ (111,240,419)</b>	<b>\$ (106,873,255)</b>	<b>\$ (106,639,192)</b>	<b>\$ (127,422,798)</b>	<b>\$ (103,420,833)</b>	<b>\$ (87,133,845)</b>	<b>\$ (93,417,651)</b>	<b>\$ (99,825,848)</b>	<b>\$ (105,568,304)</b>
<b>General Revenues, Transfers, and Special Items</b>										
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Property Taxes	\$ 109,728,835	\$ 115,987,757	\$ 121,557,986	\$ 126,986,839	\$ 126,012,038	\$ 126,588,398	\$ 132,725,693	\$ 131,085,200	\$ 130,961,310	\$ 131,291,226
Gravel Taxes	447,678	384,320	356,562	451,950	322,788	448,585	571,663	616,104	641,711	648,871
Mortgage Registry and Deed Tax	648,912	599,797	431,561	408,750	378,235	358,521	481,980	541,012	469,380	620,763
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	1,877,236	-	-
Taxes - Other	NA	NA	NA	NA	NA	NA	NA	NA	3,622,715	3,882,501
Gift and Contributions (unrestricted)	-	37,065	34,890	54,260	63,531	22,614	38,595	24,009	-	-
Grants and Contributions (unrestricted)	19,135,474	18,642,707	15,950,219	21,681,301	17,134,726	16,346,749	15,293,028	15,709,430	17,392,414	17,729,391
Investment Earnings	13,224,287	18,436,886	13,764,069	3,981,969	2,274,346	11,348,301	6,212,921	(3,034,627)	7,902,963	3,027,128
Miscellaneous	1,655,869	2,032,541	1,516,087	1,951,035	1,875,304	1,825,569	1,633,838	2,475,734	1,543,935	1,658,116
Gain on Sale of Capital Assets	16,267	35,653	66,328	84,520	183,285	216,164	103,593	190,308	44,374	170,593
Transfers	-	-	-	-	-	-	-	(3,024,000)	316,076	(2,047,500)
Special items	(160,750)	-	-	-	-	-	-	-	-	-
<b>Governmental Activities General Revenues, Transfers, and Special Items</b>	<b>144,711,467</b>	<b>157,688,048</b>	<b>155,362,025</b>	<b>157,299,425</b>	<b>149,958,783</b>	<b>158,864,881</b>	<b>158,797,360</b>	<b>146,460,406</b>	<b>162,894,878</b>	<b>156,981,089</b>
<b>Total Change in Net Position - Governmental Activities</b>	<b>29,591,859</b>	<b>46,474,415</b>	<b>48,508,543</b>	<b>50,559,554</b>	<b>22,534,427</b>	<b>53,616,482</b>	<b>71,727,444</b>	<b>50,432,103</b>	<b>62,495,242</b>	<b>50,275,076</b>
<i>Business-Type Activities</i>										
Transfers	-	-	-	-	-	-	-	3,024,000	(316,076)	2,047,500
<b>Total General Revenues - Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,024,000</b>	<b>(316,076)</b>	<b>2,047,500</b>
<b>Total Change in Net Position - Business-Type Activities</b>	<b>(13,500)</b>	<b>(26,786)</b>	<b>(19,773)</b>	<b>100,679</b>	<b>1,558</b>	<b>1,827,566</b>	<b>(63,929)</b>	<b>5,634,652</b>	<b>257,712</b>	<b>3,185,209</b>
<b>Total Change in Net Position - Primary Government</b>	<b>\$ 29,578,359</b>	<b>\$ 46,447,629</b>	<b>\$ 48,488,770</b>	<b>\$ 50,660,233</b>	<b>\$ 22,535,985</b>	<b>\$ 55,444,048</b>	<b>\$ 71,663,515</b>	<b>\$ 56,066,755</b>	<b>\$ 62,752,954</b>	<b>\$ 53,460,285</b>

(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.

The County implemented GASB Statements 68 and 71 in 2015. Years prior to 2015 were not restated to show these changes.

**Dakota County, Minnesota**

**Changes in Net Position - Component Units**

<b>Expenses</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Component Unit										
Community Development Agency	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320	\$ 38,099,898	\$ 42,276,141	\$ 43,100,632	\$ 38,850,422	\$ 45,690,723	\$ 45,809,051	\$ 48,779,121
Vermillion River Watershed	759,557	1,157,625	1,017,956	1,245,246	1,105,654	987,828	908,946	883,232	988,024	937,527
Total Component Unit	<u>33,517,431</u>	<u>35,167,385</u>	<u>35,636,276</u>	<u>39,345,144</u>	<u>43,381,795</u>	<u>44,088,460</u>	<u>39,759,368</u>	<u>46,573,955</u>	<u>46,797,075</u>	<u>49,716,648</u>
<b>Program Revenues</b>										
Component Unit										
Community Development Agency	36,142,256	34,403,242	36,440,889	38,353,283	46,562,618	51,619,585	43,888,022	46,279,218	51,920,861	48,824,536
Vermillion River Watershed	-	434,567	196,434	53,997	95,540	77,874	70,084	342,979	75,224	58,206
Total Component Unit	<u>36,142,256</u>	<u>34,837,809</u>	<u>36,637,323</u>	<u>38,407,280</u>	<u>46,658,158</u>	<u>51,697,459</u>	<u>43,958,106</u>	<u>46,622,197</u>	<u>51,996,085</u>	<u>48,882,742</u>
<b>General Revenues - Community Development Agency</b>										
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Property Taxes	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146	\$ 7,848,758	\$ 7,829,702	\$ 7,566,507	\$ 7,261,674	\$ 7,092,062	\$ 6,513,347	\$ 6,612,923
Tax Increment Financing	2,792,582	3,034,382	3,288,340	3,384,616	3,303,413	3,207,383	1,635,537	1,659,474	1,280,041	1,510,242
Investment Earnings	1,262,710	2,186,086	1,952,466	1,004,807	493,547	343,651	316,807	105,064	606,434	526,561
Miscellaneous	4,050	-	-	-	-	-	-	-	-	-
Total General Revenues - Community Development Agency	<u>10,156,624</u>	<u>11,962,497</u>	<u>12,752,952</u>	<u>12,238,181</u>	<u>11,626,662</u>	<u>11,117,541</u>	<u>9,214,018</u>	<u>8,856,600</u>	<u>8,399,822</u>	<u>8,649,726</u>
Total Change in Net Position - Community Development Agency	<u>\$ 13,541,006</u>	<u>\$ 12,355,979</u>	<u>\$ 14,575,521</u>	<u>\$ 12,491,566</u>	<u>\$ 15,913,139</u>	<u>\$ 19,636,494</u>	<u>\$ 14,251,618</u>	<u>\$ 9,445,095</u>	<u>\$ 14,511,632</u>	<u>\$ 8,695,141</u>
<b>General Revenues - Vermillion River Watershed</b>										
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Property Taxes	\$ 886,480	\$ 982,967	\$ 1,032,731	\$ 1,023,239	\$ 939,533	\$ 850,408	\$ 1,257,737	\$ 835,041	\$ 861,518	\$ 816,583
Grants and Contributions (unrestricted)	84,622	85,293	88,235	87,084	84,066	81,866	33,337	-	-	-
Investment Earnings	11,595	31,526	36,722	20,541	13,569	16,359	14,528	12,168	23,253	22,959
Miscellaneous	2	7,225	-	-	234	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	1,701	-	-	-	-	-	-
Total General Revenues - Vermillion River Watershed	<u>982,699</u>	<u>1,107,011</u>	<u>1,157,688</u>	<u>1,132,565</u>	<u>1,037,402</u>	<u>948,633</u>	<u>1,305,602</u>	<u>847,209</u>	<u>884,771</u>	<u>839,542</u>
Total Change in Net Position - Vermillion River Watershed	<u>223,142</u>	<u>383,953</u>	<u>336,166</u>	<u>(58,684)</u>	<u>27,288</u>	<u>38,679</u>	<u>466,740</u>	<u>306,956</u>	<u>(28,029)</u>	<u>(39,779)</u>
Total Change in Net Position - Component Units	<u>\$ 13,764,148</u>	<u>\$ 12,739,932</u>	<u>\$ 14,911,687</u>	<u>\$ 12,432,882</u>	<u>\$ 15,940,427</u>	<u>\$ 19,675,173</u>	<u>\$ 14,718,358</u>	<u>\$ 9,752,051</u>	<u>\$ 14,483,603</u>	<u>\$ 8,655,362</u>

(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 on 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*

	2006	2007	2008	2009	2010	2011*	2012	2013	2014	2015
General Fund:										
Reserved	\$ 13,200,485	\$ 15,182,375	\$ 13,449,225	\$ 8,491,434	\$ 8,837,070	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	80,646,902	81,962,712	67,923,464	65,165,879	62,365,602	-	-	-	-	-
Nonspendable	-	-	-	-	-	2,650,815	2,642,011	2,715,339	2,668,745	918,924
Restricted	-	-	-	-	-	2,847,559	2,891,453	2,737,517	4,863,501	2,411,854
Committed	-	-	-	-	-	3,180,168	509,796	292,387	1,018,120	-
Assigned	-	-	-	-	-	34,233,198	30,525,901	25,488,970	114,550,801	15,991,647
Unassigned	-	-	-	-	-	29,176,838	33,158,235	31,174,973	37,407,381	136,384,503
Total General Fund	\$ 93,847,387	\$ 97,145,087	\$ 81,372,689	\$ 73,657,313	\$ 71,202,672	\$ 72,088,578	\$ 69,727,396	\$ 62,409,186	\$ 160,508,548	\$ 155,706,928
All Other Governmental Funds										
Reserved	\$ 18,311,212	\$ 46,784,920	\$ 41,065,067	\$ 38,726,557	\$ 30,582,499	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special Revenue Funds	78,958,047	80,887,248	77,377,250	100,638,992	107,570,290	-	-	-	-	-
Debt Services	-	-	-	-	7,199,602	-	-	-	-	-
Capital Projects	29,997,591	27,661,764	19,379,182	16,721,855	9,044,323	-	-	-	-	-
Nonspendable	-	-	-	-	-	881,636	1,266,666	1,152,899	1,321,295	1,951,000
Restricted	-	-	-	-	-	9,276,709	9,298,049	7,211,942	3,006,049	2,116,826
Committed	-	-	-	-	-	16,800,000	16,800,000	16,800,000	16,800,000	33,903,045
Assigned	-	-	-	-	-	137,519,162	180,051,459	195,028,051	126,133,830	106,849,172
Unassigned	-	-	-	-	-	-	-	-	-	(596,278)
Total Unreserved	108,955,638	108,549,012	96,756,432	117,360,847	123,814,215	-	-	-	-	-
Total All Other Governmental Funds	\$ 127,266,850	\$ 155,333,932	\$ 137,821,499	\$ 156,087,404	\$ 154,396,714	\$ 164,477,507	\$ 207,416,174	\$ 220,192,892	\$ 147,261,174	\$ 144,223,765

Note: As of December 31, 2011, Dakota County has adopted GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions

## Dakota County, Minnesota

### Changes in Fund Balances Governmental Funds

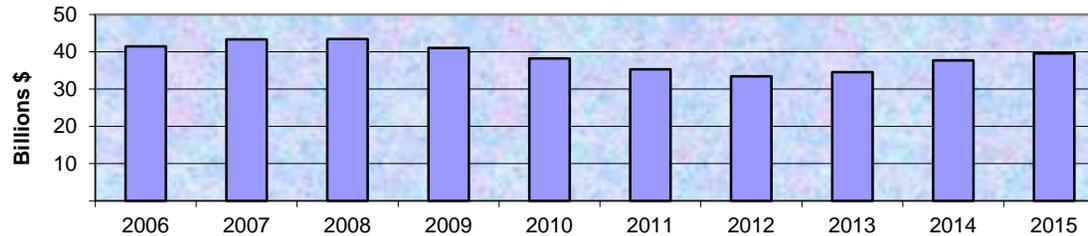
<b>Revenues</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Taxes	\$ 110,455,812	\$ 118,197,095	\$ 123,486,583	\$ 129,194,994	\$ 128,338,549	\$ 129,126,978	\$ 135,267,764	\$ 134,665,766	\$ 136,359,731	\$ 136,989,719
Licenses and Permits	977,836	1,046,379	954,087	1,131,419	1,122,733	1,109,853	1,208,683	1,254,978	2,129,725	2,311,817
Intergovernmental	84,160,902	100,882,470	139,767,926	143,779,937	105,592,284	131,231,830	131,281,021	110,790,958	140,173,118	131,962,034
Charges for Services	66,063,636	72,759,043	30,198,174	33,427,184	28,647,199	30,650,575	30,362,450	34,425,251	20,543,486	20,848,708
Fines and Forfeits	96,947	123,472	114,356	152,843	120,965	122,031	153,638	113,171	81,087	112,460
Gifts and Contributions	33,161	37,065	34,890	54,760	69,210	28,426	39,756	24,652	124,616	12,676
Investment Earnings	13,000,684	18,208,836	13,536,019	3,751,959	2,046,447	11,120,407	5,597,900	(3,057,304)	7,846,381	2,886,545
Miscellaneous	4,561,191	3,941,346	5,792,583	5,263,181	5,696,272	4,897,082	4,845,230	4,495,180	4,501,053	4,552,892
<b>Total Revenues</b>	<b>\$ 279,350,169</b>	<b>\$ 315,195,706</b>	<b>\$ 313,884,618</b>	<b>\$ 316,756,277</b>	<b>\$ 271,633,659</b>	<b>\$ 308,287,182</b>	<b>\$ 308,756,442</b>	<b>\$ 282,712,652</b>	<b>\$ 311,759,197</b>	<b>\$ 299,676,851</b>
<b>Expenditures</b>										
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Current</b>										
General Government	\$ 53,676,685	\$ 61,188,552	\$ 63,074,376	\$ 61,359,073	\$ 59,696,613	\$ 61,322,951	\$ 57,123,212	\$ 56,842,557	\$ 56,895,468	\$ 66,437,160
Public Safety	35,053,472	35,291,843	36,927,178	37,394,836	35,413,298	35,507,606	35,365,244	36,676,226	38,118,314	38,732,137
Highways and Streets	29,351,870	43,854,429	56,543,277	45,174,737	35,501,940	39,862,672	43,150,384	50,801,833	45,884,786	53,273,832
Sanitation	7,216,642	7,147,093	6,660,486	7,304,309	7,408,981	6,976,314	7,028,601	7,398,443	5,900,555	4,628,357
Human Services	92,009,151	96,888,230	96,753,204	87,426,542	72,523,762	71,697,720	69,426,226	70,193,719	71,073,035	71,867,015
Health	11,769,743	13,389,063	14,344,511	14,379,616	14,158,886	10,721,018	8,476,575	8,162,589	8,729,094	9,356,123
Culture and Recreation	16,463,667	18,550,559	32,511,779	19,225,249	18,944,918	22,195,346	21,350,343	21,450,861	24,217,982	25,272,217
Conservation	5,053,963	4,814,414	4,739,047	4,567,193	2,289,934	3,956,833	4,013,593	4,274,132	3,576,475	4,935,421
Economic Development	7,766,719	13,028,818	7,652,018	10,464,108	12,048,642	8,411,523	8,597,724	8,947,128	10,485,161	11,995,645
<b>Intergovernmental</b>										
Highways and Streets	-	-	-	-	-	-	-	-	186,803	199,461
Capital Outlay	11,561,479	9,224,104	8,561,029	2,153,718	5,419,530	2,823,748	1,268,782	1,727,246	7,604,780	8,825,960
<b>Debt Service</b>										
Principal Retirement	7,185,000	7,825,000	14,155,000	12,650,000	8,715,000	31,180,000	5,625,000	5,855,000	12,825,000	10,299,591
Interest	4,096,008	4,952,325	5,103,038	4,519,421	4,052,158	3,122,794	2,270,450	2,020,059	1,655,031	1,180,282
Bond Issuance Costs	26,699	191,801	-	-	-	-	-	-	-	-
Administrative Charges	-	-	4,900	2,100	350	-	3,200	2,950	3,350	8,750
<b>Total Expenditures</b>	<b>\$ 281,231,098</b>	<b>\$ 316,346,231</b>	<b>\$ 347,029,843</b>	<b>\$ 306,620,902</b>	<b>\$ 276,174,012</b>	<b>\$ 297,778,525</b>	<b>\$ 263,699,334</b>	<b>\$ 274,352,743</b>	<b>\$ 287,155,834</b>	<b>\$ 307,011,951</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>	<b>\$ (1,880,929)</b>	<b>\$ (1,150,525)</b>	<b>\$ (33,145,225)</b>	<b>\$ 10,135,375</b>	<b>\$ (4,540,353)</b>	<b>\$ 10,508,657</b>	<b>\$ 45,057,108</b>	<b>\$ 8,359,909</b>	<b>\$ 24,603,363</b>	<b>\$ (7,335,100)</b>
<b>Other Financing Sources</b>										
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Transfers In	\$ 11,751,473	\$ 14,442,981	\$ 23,917,624	\$ 9,555,030	\$ 6,768,955	\$ 3,018,902	\$ 14,372,584	\$ 4,147,314	\$ 8,782,958	\$ 53,670,221
Transfers Out	(11,751,473)	(14,442,981)	(23,917,624)	(9,555,030)	(6,768,955)	(3,018,902)	(19,372,584)	(7,171,314)	(8,466,882)	(55,717,721)
Bonds Issued	7,300,000	-	-	-	-	-	-	-	-	-
Proceeds From Sale of Refunding Bonds	-	31,695,000	-	-	-	-	-	-	-	-
Premium/(Discount) on Bond Issuance	26,620	88,934	-	-	-	-	-	-	-	-
Proceeds from Capital Lease	-	-	-	-	-	-	-	-	-	704,080
Proceeds from Sale of Capital Assets	583,421	710,185	75,589	100,919	189,664	218,082	104,196	187,815	44,374	190,994
<b>Total Other Financing Sources</b>	<b>\$ 7,910,041</b>	<b>\$ 32,494,119</b>	<b>\$ 75,589</b>	<b>\$ 100,919</b>	<b>\$ 189,664</b>	<b>\$ 218,082</b>	<b>\$ (4,895,804)</b>	<b>\$ (2,836,185)</b>	<b>\$ 360,450</b>	<b>\$ (1,152,426)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 6,029,112</b>	<b>\$ 31,343,594</b>	<b>\$ (33,069,636)</b>	<b>\$ 10,236,294</b>	<b>\$ (4,350,689)</b>	<b>\$ 10,726,739</b>	<b>\$ 40,161,304</b>	<b>\$ 5,523,724</b>	<b>\$ 24,963,813</b>	<b>\$ (8,487,526)</b>
Debt Service Expenditures as Percent of Non-Capital Expenditures	4.59%	4.89%	7.08%	6.20%	5.18%	13.17%	3.58%	3.38%	6.02%	4.68%

# Dakota County, Minnesota

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Year Assessed	Real Property		Personal Property		Total		% of Total Total Estimated Market Value	Total County Tax Rate
	Assessed* Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
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
2013	402,125,071	34,109,574,007	8,665,752	445,586,670	410,790,823	34,555,160,677	1.2	0.33421
2014	434,588,066	37,249,751,955	9,073,792	465,663,370	443,661,858	37,715,415,325	1.2	0.33745
2015	454,661,066	39,093,256,221	9,845,321	504,162,445	464,506,387	39,597,418,666	1.2	0.29633

**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

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Dakota County, Minnesota

DIRECT AND OVERLAPPING GOVERNMENTS  
TAX CAPACITY RATES  
LAST TEN YEARS

<u>Governments</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>DAKOTA COUNTY</u></b>										
Revenue	0.07746	0.06932	0.07502	0.07389	0.10362	0.12084	0.13467	0.14353	0.14759	0.13473
Highway	0.02850	0.02754	0.02504	0.02467	0.01191	0.01211	0.01186	0.01094	0.01311	0.01094
Community Services	0.10536	0.10614	0.10340	0.10745	0.10629	0.11052	0.11654	0.12475	0.12475	0.11073
Environmental Management	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00122	0.00129	0.00130	0.00124
Parks	0.00699	0.00709	0.00779	0.00808	0.00656	0.00641	0.00689	0.00721	0.00722	0.00249
County Library	0.02102	0.02026	0.02004	0.02285	0.02415	0.02476	0.02638	0.02840	0.02864	0.02649
County Building	0.01679	0.01511	0.01517	0.01557	0.00119	0.00088	0.00141	0.00152	0.00154	0.00137
Debt Services	0.00000	0.00000	0.00000	0.00000	0.01274	0.00940	0.00806	0.01371	0.01014	0.00528
DCLLR	0.00191	0.00133	0.00130	0.00167	0.00198	0.00204	0.00237	0.00286	0.00316	0.00306
County Referendum	0.00515	0.00448	0.00408	0.00403	0.00425	0.00451	0.00486	0.00000	0.00000	0.00000
Total	0.26318	0.25127	0.25184	0.25821	0.27269	0.29149	0.31426	0.33421	0.33745	0.29633
<b><u>OVERLAPPING RATES:</u></b>										
<u>CITIES</u>										
Apple Valley	0.35690	0.34891	0.35537	0.37086	0.39867	0.42388	0.44110	0.49210	0.47891	0.45274
Burnsville	0.35414	0.34564	0.35005	0.36121	0.38566	0.42598	0.43213	0.47021	0.46670	0.44790
Coates	0.17908	0.16971	0.15252	0.13587	0.16605	0.14343	0.18984	0.22842	0.19507	0.20081
Eagan	0.26704	0.25232	0.25892	0.26886	0.30408	0.33675	0.34553	0.38272	0.38250	0.36525
Farmington	0.42770	0.41883	0.43821	0.44186	0.49274	0.55733	0.63093	0.66821	0.65876	0.61455
Hampton	0.20224	0.24064	0.22742	0.24038	0.32859	0.34774	0.48625	0.47055	0.44221	0.46932
Hastings	0.50010	0.49235	0.49475	0.49732	0.52677	0.55195	0.66083	0.68547	0.66246	0.62581
Inver Grove Heights	0.35546	0.36514	0.37403	0.37878	0.41757	0.43169	0.44883	0.46312	0.46128	0.48131
Lakeville	0.31610	0.31583	0.34195	0.33973	0.36624	0.38250	0.39051	0.41234	0.40696	0.38948
Lilydale	0.36721	0.41386	0.41239	0.44291	0.47297	0.31115	0.35128	0.35556	0.34570	0.32619
Mendota	0.38234	0.42969	0.37178	0.35265	0.38429	0.45860	0.46652	0.47239	0.46518	0.46806
Mendota Heights	0.28027	0.27633	0.24142	0.26165	0.28061	0.29758	0.32057	0.34479	0.34737	0.34964
Miesville	0.24494	0.21512	0.23654	0.23116	0.24904	0.27223	0.33151	0.34670	0.32952	0.32255
New Trier	0.28778	0.24418	0.32119	0.36932	0.44344	0.47895	0.54663	0.56659	0.61658	0.55227
Northfield	0.34227	0.35691	0.36648	0.38536	0.40370	0.43889	0.50947	0.61901	0.59785	0.56750
Randolph	0.11127	0.11643	0.12512	0.15832	0.17773	0.25048	0.30476	0.32743	0.36865	0.26076
Rosemount	0.43755	0.42521	0.42440	0.42323	0.43358	0.44661	0.46994	0.48862	0.47676	0.45152
South St. Paul	0.34999	0.34143	0.36142	0.38532	0.41428	0.48374	0.56466	0.63280	0.60901	0.60405
Sunfish Lake	0.16817	0.18090	0.17847	0.18967	0.18625	0.20671	0.23677	0.27800	0.26775	0.23869
Vermillion	0.40697	0.32507	0.32429	0.37706	0.38845	0.40864	0.48251	0.51193	0.47656	0.47954
West St. Paul	0.42671	0.42082	0.43706	0.44608	0.50873	0.56078	0.62205	0.69447	0.71249	0.70642

Unaudited

Dakota County, Minnesota

DIRECT AND OVERLAPPING GOVERNMENTS  
TAX CAPACITY RATES  
LAST TEN YEARS

<u>Governments</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>TOWNSHIPS</u>										
Castle Rock	0.12776	0.11738	0.11215	0.11484	0.12109	0.13187	0.14779	0.15622	0.14310	0.12364
Douglas	0.18861	0.20097	0.18389	0.18500	0.17439	0.15358	0.20791	0.22376	0.18733	0.18509
Empire	0.24473	0.28244	0.25452	0.26113	0.27764	0.27953	0.30845	0.31746	0.31164	0.29823
Eureka	0.16951	0.18163	0.17001	0.16854	0.17262	0.16951	0.18544	0.16861	0.15362	0.14688
Greenvale	0.13739	0.13014	0.13433	0.14124	0.11828	0.12597	0.12507	0.19220	0.17982	0.18013
Hampton	0.09222	0.10796	0.13156	0.13187	0.12496	0.17815	0.18002	0.17613	0.15415	0.14439
Marshan	0.17730	0.18121	0.17902	0.17435	0.13143	0.13837	0.16292	0.14877	0.13995	0.12860
Nininger	0.10185	0.08972	0.11577	0.12550	0.13430	0.14261	0.15208	0.15121	0.16384	0.16495
Randolph	0.06682	0.05783	0.04988	0.05437	0.05304	0.05576	0.06626	0.07444	0.08004	0.08665
Ravenna	0.14355	0.14268	0.10474	0.13014	0.13610	0.13756	0.15104	0.17773	0.20128	0.17452
Sciota	0.14939	0.19194	0.17116	0.16661	0.15830	0.17164	0.17412	0.17239	0.15021	0.13745
Vermillion	0.12468	0.11052	0.17820	0.17147	0.16629	0.17605	0.18664	0.19555	0.17466	0.17214
Waterford	0.08685	0.08155	0.07109	0.09209	0.09456	0.11311	0.13769	0.13640	0.13493	0.11909
<u>SCHOOL DISTRICTS</u>										
6	0.25900	0.23765	0.27640	0.26907	0.26807	0.30681	0.32306	0.35478	0.44522	0.35881
191	0.18315	0.18185	0.19374	0.19842	0.20668	0.21854	0.21881	0.26168	0.25661	0.24554
192	0.43708	0.44190	0.45831	0.49238	0.53452	0.52157	0.55308	0.57226	0.56326	0.53474
194	0.25670	0.25252	0.26272	0.27062	0.27714	0.32138	0.32061	0.33535	0.33048	0.31459
195	0.22632	0.22492	0.19031	0.20022	0.18547	0.20126	0.20823	0.19114	0.18001	0.16685
196	0.27554	0.23607	0.21136	0.21109	0.25391	0.26959	0.28440	0.27956	0.27606	0.23271
197	0.21428	0.19838	0.18914	0.18051	0.18850	0.19692	0.21857	0.24429	0.23863	0.24063
199	0.17796	0.16607	0.19764	0.19303	0.21795	0.24679	0.28363	0.27556	0.33418	0.34864
200	0.18683	0.18157	0.16676	0.16735	0.20206	0.22140	0.25435	0.23932	0.23052	0.20965
252	0.16555	0.13827	0.20580	0.17642	0.18868	0.20850	0.22379	0.24555	0.23940	0.24900
659	0.32272	0.31463	0.29579	0.28549	0.30528	0.34380	0.34166	0.38435	0.36410	0.34064
<u>SPECIAL DISTRICTS</u>										
Watershed M	0.00296	0.00290	0.00448	0.00911	0.00531	0.00266	0.00440	0.00642	0.00748	0.00679
Watershed V	0.00640	0.00608	0.00603	0.00588	0.00566	0.00555	0.00541	0.00543	0.00545	0.00466
Transit District	0.01476	0.01253	0.01247	0.01223	0.01166	0.01215	0.01375	0.01458	0.01377	0.01292
Transit District Lakeville	---	---	---	0.00608	---	---	---	---	---	---
Mosquito Control	0.00483	0.00483	0.00490	0.00474	0.00481	0.00493	0.00553	0.00573	0.00548	0.00518
Metro Council	0.00834	0.00847	0.00817	0.00792	0.00826	0.00829	0.00968	0.01223	0.01015	0.00827
Dakota County CDA	0.01615	0.01635	0.01622	0.01594	0.01692	0.01718	0.01724	0.01664	0.01650	0.01559
Burnsville EDA	0.00397	0.00615	0.00565	0.00566	0.00607	0.00722	0.00806	0.00906	0.00889	0.00860
Hastings HRA	0.01216	0.01183	0.01169	0.01141	0.01510	0.01487	0.01640	0.01428	0.01613	0.01379
Northfield EDA	0.01616	0.01646	0.01560	0.01539	0.01651	0.01761	0.01728	0.01801	0.01716	0.01697
Northfield HRA	0.01226	0.01307	0.01268	0.01251	0.01431	0.01528	0.01844	0.01838	0.01751	0.01732
South St. Paul HRA	0.01294	0.01268	0.01267	0.01686	0.01463	0.01518	0.01618	0.01351	0.01450	0.01468
Light Transit Rail	0.00208	0.00198	0.00217	0.00245	0.00256	0.00389	0.00401	0.00432	0.00403	0.00371

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

Unaudited

## Dakota County, Minnesota

### PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

		2006				2015			
Name	Type of Business	Tax Capacity Value	% of Total Tax Capacity	Name	Type of Business	Tax Capacity Value	% of Total Tax Capacity		
Xcel Energy	Electric Utility	\$ 5,524,991	1.2 %	Northern States Power Co	Electric Utility	\$ 7,712,529	1.7 %		
Flint	Refinery	2,349,890	0.5	Flint Hills Resources Pine Bend LLC	Refinery	3,466,876	0.8		
Burnsville Minnesota LLC	Burnsville Mall	1,944,552	0.4	Burnsville Center Spe LP	Burnsville Center	2,149,250	0.5		
Dakota Electric Assn.	Electric Utility	1,829,640	0.4	Dakota Electric Assn.	Electric Utility	1,610,590	0.4		
West Publishing Co.	Book Publishing	1,625,279	0.3	West Publishing Co.	Book Publishing	1,464,158	0.3		
BCBSM Inc.	Health Care	922,975	0.2	Northern Natural Gas Co.	Natural Gas Utility	1,397,192	0.3		
Minnegasco Inc.	Natural Gas Utility	895,278	0.2	Health Landlord (MN) LLC	Commercial	1,203,628	0.3		
AMB Property LP	Burnsville Center	784,952	0.2	Minnegasco Inc.	Natural Gas Utility	1,198,396	0.3		
DDRA Eagan Promenade	Eagan Center	772,510	0.2	Eagan Promenade Inc	Health Care	802,242	0.2		
IRET Properties	Investment Real Estate	712,443	0.1	Menard, Inc.	Commercial	728,960	0.2		
<b>Total</b>		<b>\$ 17,362,510</b>	<b>3.7 %</b>	<b>Total</b>		<b>\$ 21,733,821</b>	<b>5.0 %</b>		

Source: Dakota County Property Taxation and Records Department

**Dakota County, Minnesota**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Collections</b>		<b>Delinquent Collections</b>	<b>Total Collections</b>	<b>% of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Total Delinquent Taxes as a % of Current Levy</b>
		<b>Amount</b>	<b>% of Levy</b>					
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	128,379,149	121,255,472	94.5	1,984,095	123,239,567	96.0	2,587,586	2.0
2011	129,402,318	121,654,460	94.0	1,869,863	123,524,323	95.5	2,422,429	1.9
2012	129,407,276	127,976,767	98.9	1,297,520	129,274,287	99.9	1,406,033	1.1
2013	129,152,073	127,962,335	99.1	755,531	128,717,866	99.7	1,694,382	1.3
2014	128,377,938	127,389,352	99.2	892,658	128,282,010	99.9	1,342,028	1.0
2015	129,661,717	128,723,340	99.3	650,201	129,373,541	99.8	1,154,427	0.9

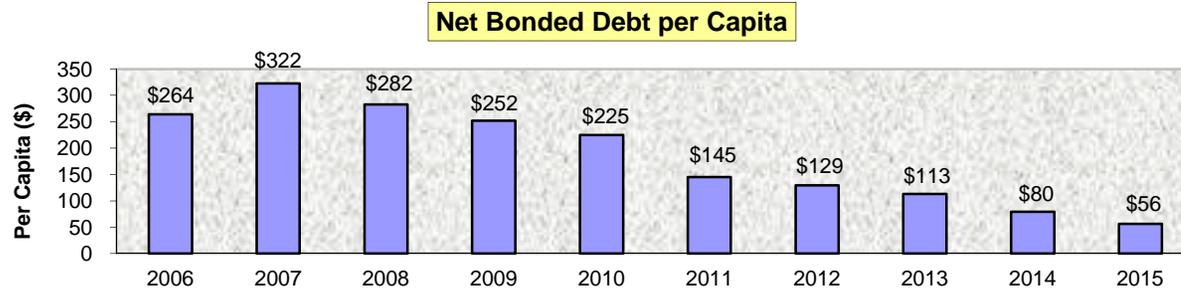
\*Includes tax adjustments, tax credits and Fiscal Disparity adjustments

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

Year Assessed	Population	Assessed Value	Gross Bonded Debt	Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Assessed Value*	Net Bonded Per Capita**	Percentage Personal Income
2006	385,076	477,431,817	101,775,164	6,783,501	94,991,663	19.90	264	0.62%
2007	389,418	501,670,371	125,522,836	39,109,079	86,413,757	17.23	322	0.72%
2008	393,528	506,462,333	111,156,574	33,675,182	77,481,392	15.30	282	0.61%
2009	390,478	481,924,289	98,293,352	33,266,623	65,026,729	13.49	252	0.56%
2010	397,650	450,414,890	89,367,241	33,044,992	56,322,249	12.50	225	0.50%
2011	400,480	419,583,852	58,211,167	7,865,698	50,345,469	12.00	145	0.31%
2012	405,088	399,941,849	52,358,268	7,873,365	44,484,903	11.12	129	0.26%
2013	408,509	410,790,823	46,275,369	5,838,954	40,436,415	9.84	113	0.22%
2014	412,529	443,661,858	33,660,684	832,407	32,828,277	7.40	80	0.16%
2015	414,686	464,506,387	23,420,000	-	23,420,000	5.04	56	N/A



\* Prior years restated to reflect change in Ratio of Net Bonded Debt to Assessed Value vs. Ratio of Gross Bonded Debt to Assessed Value

\*\*Prior years restated to reflect change in Net Bonded Debt per Capita vs. Gross Bonded Debt per Capita

# Dakota County, Minnesota

## COMPUTATION OF DIRECT, UNDERLYING AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS DECEMBER 31, 2015

<u>Government Unit</u>	<u>Gross GO Debt Outstanding<sup>1</sup></u>	<u>Applicable to Dakota County</u>	
		<u>Percent<sup>2</sup></u>	<u>Amount</u>
<b><u>Direct:</u></b>			
Dakota County	\$ 23,420,000	100.0 %	\$ 23,420,000
<b><u>Underlying:</u></b>			
Dakota County CDA	\$ 283,409,359	100.0 %	\$ 283,409,359
City of Apple Valley	46,725,000	100.0	46,725,000
City of Burnsville	61,600,000	100.0	61,600,000
City of Eagan	21,275,000	100.0	21,275,000
City of Farmington	31,086,533	100.0	31,086,533
City of Hampton	2,091,000	100.0	2,091,000
City of Hastings	23,395,000	99.9	23,371,605
Hastings EDA	2,380,000	100.0	2,380,000
City of Inver Grove Hts	47,355,000	100.0	47,355,000
City of Lakeville	109,955,000	100.0	109,955,000
City of Lilydale	2,491,000	100.0	2,491,000
City of Mendota	6,295,000	100.0	6,295,000
City of Mendota Heights	1,867,000	100.0	1,867,000
City of Northfield	47,140,000	7.9	3,724,060
City of Rosemount	21,465,000	100.0	21,465,000
City of South St. Paul	24,532,000	100.0	24,532,000
City of Sunfish Lake	515,000	100.0	515,000
City of Vermillion	135,000	100.0	135,000
City of West St. Paul	33,755,000	100.0	33,755,000
Empire Township	670,000	100.0	670,000
Randolph Township	213,750	100.0	213,750
Ravenna Township	126,624	100.0	126,624
Special S.D. #6 (South St Paul)	38,450,000	100.0	38,450,000
Ind. S.D. #191 (Burnsville)	162,490,000	75.8	123,167,420
Ind. S.D. #192 (Farmington)	217,498,112	100.0	217,498,112
Ind. S.D. #194 (Lakeville)	145,930,000	80.0	116,744,000
Ind. S.D. #195 (Randolph)	5,665,000	88.2	4,996,530
Ind. S.D. #196 (Rosemount)	81,775,000	100.0	81,775,000
Ind. S.D. #197 (W. St. Paul)	15,450,000	100.0	15,450,000
Ind. S.D. #199 (Inver Grove Hts.)	64,175,000	100.0	64,175,000
Ind. S.D. #200 (Hastings)	39,225,000	87.2	34,204,200
Ind. S.D. #252 (Cannon Falls)	20,185,000	4.9	989,065
Ind. S.D. #659 (Northfield)	40,355,000	14.8	5,972,540
<b>Total underlying debt</b>	<b>\$ 1,599,675,378</b>		<b>\$ 1,428,459,798</b>
<b><u>Overlapping:</u></b>			
Metropolitan Council (Pks & Solid Waste)	\$ 12,625,000 <sup>3</sup>	13.4 %	\$ 1,691,750
Metropolitan Transit Commission	202,095,000	13.4 %	27,080,730
<b>Total overlapping debt</b>	<b>\$ 214,720,000</b>		<b>\$ 28,772,480</b>
<b>Total debt</b>	<b>\$ 1,837,815,378</b>		<b>\$ 1,480,652,278</b>

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

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

<sup>3</sup> The Metropolitan Council also has outstanding \$1,317,429,856 of general obligation sanitary sewer bonds and loans which are supported by system revenues.

**Dakota County, Minnesota**

**Legal Debt Margin  
Last Ten Fiscal Years**

<b>Estimated Market Value</b>	\$ 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	\$ 34,555,160,677	\$ 37,715,415,325	\$ 39,597,418,666
<b>Legal Debt Margin</b>										
Debt Limit (3% of assessed value)*	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	1,036,654,820	1,131,462,460	1,187,922,560
Debt Applicable to limit:										
General Obligation Bonds	100,710,000	124,580,000	110,425,000	97,775,000	89,060,000	57,880,000	52,255,000	46,275,369	33,660,684	23,420,000
Less: amount reserved for repayment of general obligation debt	(6,783,501)	(39,109,079)	(33,675,182)	(33,266,623)	(25,845,390)	(7,865,698)	(7,873,365)	(5,838,954)	(832,407)	-
	<hr/>									
Total Debt Applicable to Limit	93,926,499	85,470,921	76,749,818	64,508,377	63,214,610	50,014,302	44,381,635	40,436,415	32,828,277	23,420,000
	<hr/>									
<b>Legal Debt Margin</b>	\$ 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	\$ 996,218,405	\$ 1,098,634,183	\$ 1,164,502,560
	<hr/>									
Total debt applicable to the limit as a percent of debt limit	11.3%	9.9%	5.9%	5.2%	5.5%	4.7%	4.4%	3.9%	3.0%	2.0%

\*Debt Limit was 2% of assessed value for years 2005 - 2007.

*Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 475.51 to or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the estimated market value.*

# Dakota County, Minnesota

## DEMOGRAPHIC STATISTICS LAST TEN YEARS

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>1</sup>	Per Capita Income <sup>1</sup>	Median Age <sup>2</sup>	School Enrollment K through 12 <sup>3</sup>	Annual Average Unemployment Rate <sup>4</sup>
2006	385,076	16,627,273,000	43,095	35.7	74,382	3.6
2007	389,418	17,541,174,000	45,045	35.9	73,342	4.1
2008	393,528	18,242,899,000	46,357	36.1	73,324	4.9
2009	390,478	17,594,416,000	44,374	36.2	73,033	7.3
2010	397,650	17,970,760,000	45,192	36.7	73,792	7.0
2011	400,480	18,612,486,000	46,475	37.2	73,193	6.1
2012	405,088	20,192,381,000	49,847	37.5	73,222	5.2
2013	408,509	20,706,256,000	50,687	37.4	72,263	4.5
2014	412,529	21,524,339,000	52,177	36.8	73,199	3.8
2015	414,686	NA	NA	NA	NA	3.3

*Data Sources:*

<sup>1</sup> US Dept Of Commerce, Bureau of Economic Analysis

<sup>2</sup> US Census Bureau; Note: Data for years 2007 - 2013 have been updated to reflect current data

<sup>3</sup> State Department of Education; Public & Charter school enrollment (does not include Private school enrollment numbers);  
Note: 2014 data has been updated to reflect current data

<sup>4</sup> State Department of Employment and Economic Development; Note: data has been updated for years 2010 - 2014

## *Dakota County, Minnesota*

### PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	2006 <u>Employees</u>	Percentage of Total County <u>Employment</u>	<u>Employer</u>	2015 <u>Employees</u>	Percentage of Total County <u>Employment</u>
West Group	5,700	2.49%	Thomson West*	7,000	2.99%
Independent School District 196	4,030	1.76%	Independent School District 196	4,000	1.71%
Blue Cross-Blue Shield	3,500	1.53%	Blue Cross-Blue Shield of MN	3,120	1.33%
Burnsville Center	3,100	1.35%	Burnsville Center*	3,000	1.28%
Northwest Airlines	2,400	1.05%	Prime Therapeutics	2,700	1.15%
Dakota County	1,936	0.85%	Dakota County	1,776	0.76%
Fairview Ridges Hospital	1,700	0.74%	Independent School District 191*	1,500	0.64%
US Postal Service	1,600	0.70%	Sun Country Airlines	1,500	0.64%
Independent School District 191	1,500	0.66%	Fairview Ridges Hospital*	1,500	0.64%
Lockheed Martin	1,450	0.63%	UTC Aerospace*	1,481	0.63%
<b>Total County Employment</b>	<b>228,974</b>	<b>11.76%</b>	<b>Total County Employment</b>	<b>234,087</b>	<b>11.77%</b>

*Source: Department of Employment and Economic Development*

*\*Information as of September 2013; most recent information available.*

*Note: This does not purport to be a comprehensive list and is based on a March 2015 and August 2014 best efforts telephone survey of individual employers. Some employers do not respond to inquiries. - Springsted*

## Dakota County, Minnesota

### COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<b>Function/program</b>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>County Wide</b>	0.00	0.00	0.00	0.50	0.00	4.00	3.00	3.00	2.00	3.00
<b>Public Service</b>										
Public Service	10.10	10.10	10.10	10.30	10.30	9.30	10.25	10.25	9.30	9.25
Assessor	37.00	37.00	38.00	38.00	36.00	36.00	35.00	35.00	35.00	37.00
Property Records	23.30	23.30	0.00	0.00	0.00	0.00	0.00	0.00	44.60	44.50
Treasurer-Auditor	28.10	28.10	51.40	50.70	48.10	0.00	43.60	43.60	0.00	0.00
Service & Licensing	19.30	19.30	23.30	23.80	22.80	22.80	23.75	23.75	23.75	23.75
Library	148.90	148.90	158.90	158.90	150.90	143.40	135.93	135.93	135.93	135.93
<b>Operations Management</b>										
Risk Management	0.00	0.00	0.00	0.00	0.00	0.00	5.70	5.70	5.70	7.00
Information Technology	59.30	59.30	62.30	61.30	58.30	55.80	51.75	58.80	64.00	65.00
Financial Services	30.50	30.30	29.30	30.20	29.00	29.00	33.50	33.50	34.20	35.00
OMB Division Administration	6.00	8.00	9.00	11.00	4.00	2.00	0.00	0.00	0.00	0.00
Planning, Evaluation	6.00	6.50	6.50	13.80	13.80	12.00	12.00	12.00	8.00	8.00
CJIN	0.00	0.00	0.00	0.00	5.00	6.00	6.00	6.00	6.00	6.90
<b>Administration</b>										
County Administration	8.00	11.00	8.00	8.00	7.50	8.00	10.00	10.00	10.00	11.00
County Board	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
County Communications	0.00	0.00	8.00	8.00	7.60	7.10	6.10	6.10	6.40	7.00
Employee Relations	21.20	21.20	21.20	21.20	20.70	19.10	19.05	19.05	19.10	19.05
<b>Community Services</b>										
Community Services Administration	18.00	18.00	17.00	13.00	13.00	12.00	14.00	15.00	15.00	17.00
Social Services	263.70	264.50	276.50	285.50	279.50	268.00	297.52	298.50	299.20	313.52
Employment & Economic Assistance	244.70	243.70	248.70	250.70	252.70	243.00	245.50	244.60	255.50	248.10
Public Health	126.80	134.00	145.90	146.30	144.80	142.70	95.19	94.30	90.70	91.52
Veterans Services	7.00	7.00	8.00	8.00	8.00	6.00	6.00	6.00	6.00	6.00
Community Corrections	175.30	177.30	179.00	180.60	174.60	168.60	169.69	171.20	169.30	171.22
Extension	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Public Safety</b>										
Sheriff	180.20	169.30	175.30	176.30	173.30	171.30	171.30	171.30	172.70	174.09
<b>County Attorney</b>										
County Attorney	82.70	83.70	85.10	85.10	82.50	84.00	84.00	84.00	86.00	88.99
<b>Courts</b>										
District Court	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Physical Development</b>										
Office of GIS	10.00	10.00	10.00	8.00	8.00	7.00	7.00	0.00	0.00	0.00
Physical Development	18.00	24.60	22.40	20.90	16.90	16.90	20.50	20.50	25.80	25.75
Transportation	86.70	87.70	83.50	82.70	83.70	81.40	82.43	82.43	87.40	87.43
Operations Management	46.70	48.20	63.00	64.10	61.00	60.70	46.50	46.50	43.50	63.57
Parks	45.00	47.80	48.20	50.80	48.30	46.00	44.28	45.30	43.48	23.08
Water Resources	0.00	13.30	17.20	16.90	17.60	16.00	16.00	0.00	0.00	0.00
Physical Development Planning	10.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Environmental	29.00	21.50	16.50	16.50	13.40	13.40	14.70	30.70	31.50	32.50
Survey	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>Total</b>	<b>1757.30</b>	<b>1768.60</b>	<b>1837.30</b>	<b>1856.10</b>	<b>1806.30</b>	<b>1706.50</b>	<b>1725.24</b>	<b>1728.01</b>	<b>1745.06</b>	<b>1770.15</b>

Source: Dakota County Departmental documents

*Dakota County, Minnesota*  
**Operating Indicators by Governmental Function**  
*Last Ten Fiscal Years*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Property Documents Recorded	113,202	107,507	90,531	95,015	92,340	88,904	98,546	98,215	73,232	78,517
County Veterans Population	31,000	30,500	29,974	29,854	29,671	29,481	27,617	27,067	27,550	N/A
New Adult Criminal Court Cases	4,815	4,836	3,970	3,773	3,660	3,712	3,799	3,664	3,812	4,069
Juvenile Delinquency Referrals	4,095	3,848	3,315	3,164	2,612	2,497	2,377	2,013	1,891	1,784
Commitment Referrals	246	277	258	254	218	188	243	249	250	252
Plat Reviews	202	157	84	54	37	55	51	62	83	86
<b>Public Safety</b>										
Probation Offenders Served	19,858	20,327	20,576	22,405	19,649	18,665	11,902	11,503	10,903	10,642
Community Restoration Hours Served	98,961	105,592	97,809	96,967	86,518	72,316	85,762	66,676	60,606	57,634
Driving While Impaired Arrests	307	269	249	247	215	162	209	144	127	144
Applications for Permit to Carry Handguns	741	756	1,541	1,263	1,323	1,701	2,765	4,394	2,868	3,632
Daily Inmate Responsibility Average	308	334	291	239	263	254	247	211	229	214
<b>Highways and Streets</b>										
Fuel Used (Diesel and Unleaded)	105,096	120,086	136,865	120,602	132,317	121,207	92,342	117,978	127,653	237,693
<b>Sanitation</b>										
Pounds of Household Hazardous Waste Collected	1,525,000	2,150,000	3,017,291	2,032,791	3,393,183	3,412,859	3,569,518	3,726,818	4,176,000	4,180,000
<b>Human Services</b>										
Intake and Crisis Calls	44,800	45,687	44,410	41,326	36,911	34,034	40,470	44,903	47,730	52,929
Average Monthly # of Children in Out-of-Home Placement	230	213	188	139	122	102	121	110	103	128
Chemical Health Assessments Completed	1,260	1,304	1,535	1,858	1,103	988	847	787	779	637
Public Assistance Caseload	14,513	15,000	16,075	17,850	19,635	21,173	21,979	22,700	25,819	36,575
Child Support Collections	\$47,584,658	\$47,890,683	\$49,497,925	\$48,324,209	\$47,243,560	\$47,385,912	\$47,316,219	\$46,646,864	\$45,957,834	\$44,973,145
Average # Families served - Child Care Assistance Programs	1,878	1,900	1,121	1,273	1,310	1,285	1,264	1,230	1,202	1,323
<b>Health</b>										
Family Health Referrals	863	812	1,011	842	618	693	651	582	857	955
WIC Clients	11,988	12,366	12,730	12,752	12,256	10,560	11,098	10,567	11,651	10,212
Long Term Care Clients on Medicaid Waiver	2,160	2,247	2,431	2,782	2,970	2,872	3,151	3,009	3,097	3,520
Number of Confirmed Tuberculosis Cases	31	27	21	23	15	14	16	25	33	28
Health Alerts Issued	19	30	24	68	27	18	35	24	21	13
Vaccinations Administered	2,745	3,630	3,596	4,895	4,952	4,585	3,236	3,045	2,812	1,615
<b>Economic Development</b>										
Employment and Training Caseload	3,660	4,199	4,959	6,566	5,700	5,275	5,544	4,907	4,639	4,223
Number of Adults Program Participants Placed in Employment	1,025	1,084	1,300	1,201	1,035	1,429	1,167	1,445	1,444	1,238

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

## *Dakota County, Minnesota*

### CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Government</b>										
Government Centers	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Public Safety</b>										
Justice Center	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Patrol Units <sup>1</sup>	72.00	74.00	84.00	95.00	105.00	105.00	105.00	105.00	31.00	29.00
Bituminous (miles)	354.70	353.20	352.80	350.10	356.20	356.20	356.20	359.70	359.70	359.70
Concrete (miles)	1.80	1.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Gravel (miles)	70.40	70.40	67.90	67.50	65.00	65.00	61.50	56.50	56.50	55.50
Bridges	27.00	29.00	29.00	32.00	34.00	34.00	34.00	34.00	34.00	34.00
Traffic signals	113.00	132.00	133.00	134.00	134.00	134.00	134.00	134.00	134.00	134.00
Culverts	51.00	51.00	51.00	47.00	47.00	47.00	47.00	48.00	48.00	48.00
Highway Shops	4.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Culture &amp; Recreation</b>										
Acreage	4698.00	4698.00	5200.00	5900.00	5320.00	5044.00	5322.00	5382.00	5539.00	5602.00
County Parks	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Regional parks & trails	5.00	5.00	5.00	6.00	8.00	8.00	8.00	8.00	8.00	8.00
Libraries	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00

Data Sources: Various county departments

<sup>1</sup> Previous years' data included all units. Data for 2014 includes only Patrol Units.

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