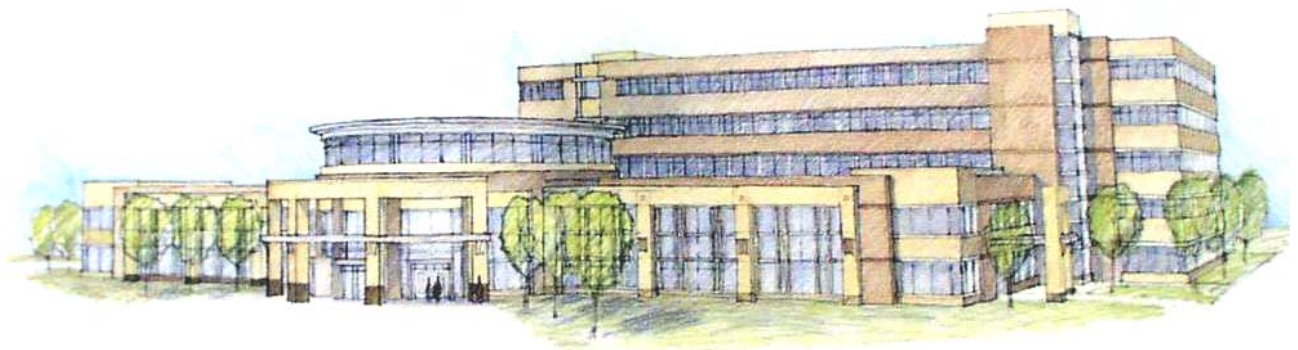


COMPREHENSIVE ANNUAL FINANCIAL REPORT

DAKOTA COUNTY, MINNESOTA
For the Year Ended December 31, 2008



Prepared by
The Financial Services Department of Dakota County

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

For The Year Ended December 31, 2008



Prepared by the Financial Services Department

Matthew G. Smith, Director

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Introductory Section



Financial Services
Department
Matt Smith
Director

June 29, 2009

Dakota County
Administration Center
1590 Highway 55
Hastings, MN 55033

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

651.438.4585
Fax 651.438.4603
www.dakotacounty.us

SUBJECT: **2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report (CAFR) of Dakota County is submitted for the fiscal year ended December 31, 2008. The County's Financial Services Department prepared this report in conformity with generally accepted accounting principles (GAAP). Responsibility for both the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and sets forth the financial position and results of operations and cash flows of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

Independent Audit

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

Single Audit

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

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

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

Internal Controls

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

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

Departmental cash related procedures are reviewed at least annually to determine if there are adequate controls in place, such as separation of duties, appropriate documentation, proper authorizations, and required absences. The Public Services and Revenue's auditor has made a concerted effort to gather written procedures that include enough detail to assess internal control strengths and weakness. Throughout the year, controls are monitored and reevaluated. Staff throughout the county are continually reminded of what internal controls are for and how they protect our honest and dedicated staff from accusations of impropriety.

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 593 square miles, including 13 townships and 21 full and fractional incorporated municipalities. The 2008 population was 390,478 making it the third most populous county in the State. It is one of seven counties comprising the Twin Cities metropolitan area. The county seat, Hastings, is located on the Mississippi River 18 miles southeast of the state capital, St. Paul.

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

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

Various potential component units were evaluated to determine whether they should be reported in the County's financial report. A component unit was considered part of the County's reporting entity when it was concluded that the County was financially accountable for the entity or the nature and significance of the relationship between the County and the entity was such that exclusion would cause the County's financial statements to be misleading or incomplete. Dakota County has one blended component unit, the Dakota County Regional Rail Authority (Authority). The Authority was created pursuant to Minnesota Statutes. The Dakota County Board of Commissioners appoints the Authority's seven-member board. The Dakota County Community Development Agency (Agency) is a discretely presented component unit. The Agency was established in 1971 pursuant to special Minnesota legislation. The Dakota County Board of Commissioners also appoints its seven-member board. The Vermillion River Watershed Joint Powers Organization (VRW) is also a discretely presented component unit. VRW was established in 2002 for purposes set forth in Minn. Stat. §103B.201 within the geographic boundary of the Vermillion River watershed located in Dakota County and Scott County. The Vermillion River Watershed Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota County.

Budgetary Controls

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

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

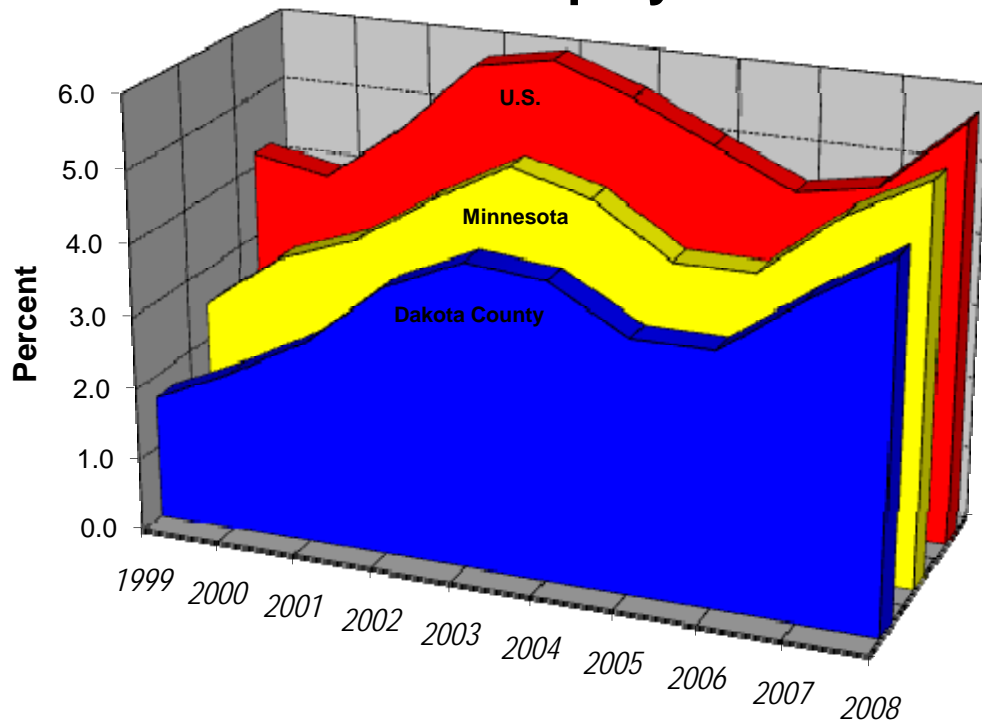
Factors Affecting Financial Condition

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

Key population, labor force and employment trends:

- The County's population change from 1990 to 2000 was an increase of 29.3%, exceeding the State's 12.4% increase. Strong population growth in Dakota County is expected to continue, but at a slower rate. The population is projected to grow to 429,160 in 2010, representing an increase of 20.6% for the decade (2000-2010), though recent data suggests the County will fall well short of that level.
- Recent economic conditions have resulted in challenges for many residents of Dakota County. Since 2001, the unemployment rate in Dakota County has generally increased, largely in line with both state and national unemployment trends. Typically, the County's unemployment rate is below both state and national numbers. At the end of 2008, the State's unemployment rate was 6.8% and the national unemployment rate was 7.1%. Dakota County's unemployment rate reached 6.1%, the highest percentage since 1990.
- Incomes in Dakota County have continued to remain above the State of Minnesota average. Between 2000 and 2007, median per capita income rose in Dakota County 25.8% from \$27,008 in 2000 to \$33,986 in 2007. Median per capita income in the State increased by 25.1%, from \$23,198 in 2000 to \$29,027 in 2007. One-third of households in Dakota county (33%) earned \$100,000 or more in 2007, as compared with only 20% in 2000 and 6% in 1990. For 2007, the median household income was \$74,497.
- People in Dakota County participate in the labor force in greater percentages than the national average. In 2000, the percentage of Dakota County residents (over the age of 16) who participated in the labor force was 78.4%; that number dropped slightly to 77.2% in 2007, while in 2007 the national average was 65%.
- The County's adult education level in 2007 showed that 93.9% of the population (over the age of 25) had a high school degree or higher; 38.2% had a bachelor's degree or higher.

Unemployment



The above chart shows unemployment rates from 1999 through 2008. Dakota County maintains a lower average unemployment rate than Minnesota and the U.S.

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

	Dakota County		Distribution		% Change 2006-2007	
	Avg Number of Employees		Dakota	State of	<u>County</u>	<u>State</u>
	<u>2006</u>	<u>2007</u>	<u>County</u>	<u>Minnesota</u>		
Total, All Industries	174,699	176,409	100.0%	100.0%	2.1%	0.9%
Agricultural, Forestry, Fishing	806	799	0.5%	0.6%	-0.9%	4.2%
Mining	113	136	0.1%	31.2%	16.9%	1.5%
Construction	11,943	11,685	6.7%	5.2%	-2.2%	2.6%
Manufacturing	19,361	19,446	11.1%	13.2%	0.4%	-0.5%
Utilities	409	412	0.2%	0.5%	0.7%	-0.6%
Wholesale Trade	10,216	10,285	5.9%	5.0%	0.7%	-0.3%
Retail Trade	22,463	22,899	13.1%	11.6%	1.9%	0.2%
Information	8,561	8,788	5.0%	2.5%	2.6%	-0.2%
Finance, Insurance & Real Estate	11,706	11,917	6.8%	6.8%	1.8%	0.6%
Services	57,342	59,418	34.0%	40.9%	3.5%	1.6%
Other	28,023	28,914	16.6%	13.5%	3.1%	1.2%
Total, All Industries -- Government	17,989	18,594	10.6%	14.2%	3.3%	0.0%
Total, All Industries -- Private	152,954	156,105	89.4%	85.8%	2.0%	1.1%

Source: www.deed.state.mn.us

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Residential	\$855,043	\$925,245	\$746,442	\$651,100	\$350,166
Commercial	100,437	118,579	176,246	151,496	163,520
Industrial	9,925	12,000	22,047	6,730	23,711
Agricultural	6,101	7,350	3,732	3,454	2,087
Apartments	<u>58,388</u>	<u>65,517</u>	<u>23,281</u>	<u>29,049</u>	<u>11,786</u>
Total Value	<u>\$1,029,894</u>	<u>\$1,128,691</u>	<u>\$971,748</u>	<u>\$841,829</u>	<u>\$551,270</u>

Source: Dakota County Assessor's Office.

Selected Major Developments in Dakota County

City of Apple Valley

In 2008, there were 7 permits issued totaling \$12,559,000 for new commercial buildings including Apple Valley Liquor Store #3, Quarry Point Athletic Field Buildings, M&I Bank, Wells Fargo Bank, Discount Tires, Apple Valley Senior Center and 20 units in Ecumen/Centennial Homes Care Center. 21 new single family homes total \$5,480,000. 541 permits were issued in the amount of \$2,986,000 for residential additions, alteration and/or remodeling. 875 permits were issued for reroofing and siding with a value of \$1,250,000. In all 3,017 total permits were issued with a total valuation of \$30,292,500.

City of Burnsville

In 2008, new residential and commercial value equaled \$51,026,927 and remodeling residential and commercial equaled \$50,160,032 in added value. There were 11 new commercial construction and 271 commercial remodeling permits.

The Heart of the City projects completed or under construction to date are comprised of 363 completed housing units with approval granted for an additional 226 units; however due to the current housing market it is not known when these units will be constructed. In addition to the residential units, 31,370 square feet of office space, 136,958 square feet of retail space, and 8,465 square feet of retail/office are complete. The 1,000 seat, \$20,000,000 Performing Arts Center (PAC) was completed and is now open. Also in 2008, a 238 stall parking deck was constructed north of the PAC and 7,000 square foot restaurant is under construction on the north side of Nicollet Commons Park. The City and CDA partnered to construct a 27 stall temporary parking lot northeast of Nicollet Avenue and 125th Street on land owned by the CDA.

The City is continuing to respond to the needs of the development community. Burnsville is over 98% developed and construction activity has shifted from a high volume of new residential units to an emphasis on residential remodeling, and commercial and industrial development and remodeling. Planning and Economic Development staff must work with the Inspections Department to ensure that policies and procedures are in place to support this shift. New residential construction permits have declined from 434 permits in 1993 to 12 in 2008. Remodeling permits have increased from 374 in 1984 to 1,790 in 2008. For 2009, it is estimated that there will be 6 new single family and townhome units and 7 new commercial projects in Burnsville.

City of Farmington

In 2008 commercial projects consisted of several interior finishes, re-roofs and four new buildings; Farmington Mini Storage (2 new storage buildings), Allina Medical Clinic, and Anna's Banana's Daycare & Preschool. A total of 907 building permits were issued with a total valuation of \$18,378,725 (\$11,737,600 residential and \$4,318,116 commercial/industrial).

City of Eagan

Due to the economic diversity and strength of many Eagan businesses, commercial and industrial construction activity continued at a relatively steady pace throughout 2008. Despite the economic downturn, Eagan businesses invested over \$25 million in new construction or additions to existing facilities. This is comparable to the investment growth experienced in 2007 and marks a \$5 million increase over 2006 valuations.

New development for 2008 was highlighted by two new grocery store facilities constructed for Cub Foods and Kowalski's along Diffley Road, and new in-line retail stores adjacent to each facility. MSP Commercial is finishing a new 32,800 sq ft medical office facility at Town Centre and will be the home to a new HealthEast clinic and sleep center. Superior Collision moved from its Cedar Grove location and completed a renovation and expansion of its new facility at Washington Drive. Other developments included new facilities for Final Coat Painting and the Postal Credit Union, an addition to Rasmussen Business School and major lease improvements for French Meadow Bakery and USPS.

With the economic slowdown continuing through 2008 and limited available projects, the City of Eagan experienced a continued slowdown in new residential development with only 30 new permits issued in 2008. However, the city experienced a significant increase in additions to existing homes, and a very large increase in exterior improvements due to storm damage. Both active redevelopment projects in Eagan continued to show progress toward ultimate development. The City has acquired all but three properties in the core development area of the Cedar Grove Redevelopment District and continues to work with the Master Developer on concept design, phasing options, and land transfer agreements. All land title in the Northeast Development District was transferred to the developer in 2008, and final platting and plan approval is now ready for anticipated first phase of the Blue Gentian Corporate Center.

City of Inver Grove Heights

The City experienced a steady amount of construction in 2008 and an increase in development and planning activities. Construction activity levels were similar to the last year or two, though less than some of the previous years. Development activities increased with the approval of three major developments in the Northwest Area and there were considerable planning activities with the comprehensive plan update and other projects.

Inver Grove Heights experienced \$53 million of new construction in 2008, in comparison to \$55 million in 2007 and \$86 million in 2006. Total residential construction increased slightly from the previous two years. 2008 saw the construction of 118 dwelling units, including 15 single family and 103 senior apartment units. In comparison, 90 dwelling units were constructed in 2007 and 84 units were built in 2006. The amount of commercial and industrial construction fell. The City experienced \$11 million of commercial and industrial construction in 2008, compared to \$17 million in 2007 and \$22 million in 2006. Institutional construction was good with \$10 million of construction compared to \$4.5 million in 2007 and \$24 million in 2006. The major construction projects in 2008 were Inver Glen senior apartments, Inver Hills Community College Fine Arts Building addition, Twin City Marina manufacturing building, and additional Acorn Mini-Storage storage buildings. Development activities increased significantly in 2008, especially in the northwest area. With the extension of sanitary sewer and municipal water, the City considered and approved the 500,000 square foot United Properties industrial warehouse park, the 400,000 square foot MGT/Target retail center, and the 103 unit Inver Glen senior apartments. Though the United Properties and MGT/Target developments have not commenced building construction, they have installed millions of dollars of site improvements.

Planning activities were a major effort in 2008. A draft of the Comprehensive Plan was preliminarily adopted after 15 months of work and extensive public participation. Efforts to identify necessary transportation improvements in the northwest area and means of financing and implementing them continued. There were additional acquisitions in the Doffing Avenue Neighborhood to provide for a future community riverfront park. There was also considerable discussion and analysis of the city's economic development program. Environmental investigation commenced on the Highway 52 Site, in anticipation of the possible acquisition of the state property and the marketing of it for office development.

2009 is expected to see a decline in construction and development activities due to the national recession. However, work will continue on numerous planning activities. The Comprehensive Plan must be completed and adopted and various activities undertaken to implement the plan. The Doffing Avenue Voluntary Acquisition Program, the Highway 52 site, housing issues, and economic development issues will also require significant efforts.

City of Lakeville

The City of Lakeville continues to grow and experience moderate levels of development activity in the commercial, industrial and residential sectors in 2008 with the City issuing building permits with a total valuation over \$125 million.

Included in the valuation is the construction of nearly 570,000 square feet of new commercial development that took place in First Park Lakeville in 2008. This included the construction of Uponor’s North American distribution facility and a speculative warehouse distribution building.

The City issued permits for approximately 150,000 square feet of new commercial development including Brunswick Zone XL, two new daycares, several restaurants, and other assorted retail.

Residential development continued to slow in 2008 with building permits issued for 137 new single-family homes with a total valuation of nearly \$37 million. The trend continued in the townhome, condo and twin home market, resulting in 37 permits being issued with a valuation of over \$5 million. Two senior living facilities permits totaling 242 units and having a valuation of \$29 million were also issued. With a total number of 416 residential units in 2008, Lakeville ranked third in the Metro area behind Bloomington and Minneapolis.

City of Rosemount

The Rosemount Community Development Department monitored thousands of building projects around the City during 2008, ranging from minor home improvements to multi-million dollar commercial buildings and 237 new housing units. Although construction activity slowed in 2008, the department processed 45 planning applications during the year, and issued permits for \$26.2 million worth of non-residential projects.

In 2008, the City welcomed several new businesses including the Pond, and several Rosemount businesses expanded, including Flint Hills. In addition, several new buildings began construction including Waterford Commons, a Fairview medical clinic, and the new St. Joseph’s School.

The department has been creating the City’s 2030 Comprehensive Plan to open an additional 1,500 acres of land to accommodate an expected population of 45,000 people in the year 2030. The department also prepared updates to the City’s planning and zoning regulations, including rules that will provide more consistent treatment of industrial sites in the northeast corner of the City. Inspectors sent notices to correct 111 code violations during the year. As part of a plan to maintain the quality of Rosemount’s neighborhoods, 536 residential properties were inspected to make sure they meet City standards.

Financial Institutions in the County

	Deposits as of December 31, 2008
Banks	
Bremer Bank, National Association	\$ 1,812,922,441
Vermillion State Bank	348,281,212
Minnwest Bank Metro	222,134,720
Premier Bank Minnesota	171,957,714
Castle Rock Bank	100,865,719
Provincial Bank	66,380,584
Gateway Bank	56,294,970
First State Bank of Rosemount	52,885,563
Lakeview Bank	48,494,475
Key Community Bank	45,861,213
Rosemount National Bank	<u>37,619,512</u>
Total	<u><u>\$ 2,963,698,123</u></u>

Branches of Twin Cities financial institutions are also located throughout the County.

Source: Federal Reserve Bank (Minneapolis) homepage

Education

All of five independent school districts (ISD) and portions of six other school districts are located in the County.

- ISD 191 (Burnsville-Eagan-Savage) The District enrolled 10,000 students from a population of 62,000 residents in a 37 square mile area. During the 2008-2009 school year, the district operated 18 buildings: one high school, three junior high schools, 10 elementary schools, three special services buildings including Diamondhead Education Center, and an office building for central office staff. The District is organized by grade level with elementary schools serving students in Kindergarten through grade 6, junior high serving grades 7-9, and the high school serving grades 10-12.
- ISD 197 (West St. Paul-Mendota Heights) ISD 197 educates 4,600 students in five elementary schools, two middle schools and one high school. The District includes portions of Eagan, Inver Grove Heights, Mendota, Mendota Heights, Sunfish Lake and West St. Paul. Given current realities of the economic climate, enrollment trends, increasing demands for school accountability and student achievement, the District is establishing a Blue Ribbon Panel on the future of District 197. The Blue Ribbon Panel will be an advisory citizen task force that will explore a variety of research and data about grade configuration, building capacity, and educational programming that best prepares students for a competitive global society.
- ISD 194 (Lakeville) The Lakeville student enrollment exceeded 11,100 students in grades Kindergarten through twelve during the 2007-08 school year. District facilities include nine elementary schools for students in Kindergarten through grade five, three middle schools for students in grades six through eight, and Area Learning Center for students in grades eight through twelve, and two high schools for students in grades nine through twelve.
- ISD 200 (Hastings) The Hastings School District encompasses over 170 square miles and is, geographically, one of the largest school districts in the Twin Cities metropolitan area. The school system has a Kindergarten through grade twelve enrollment of approximately 5,000 students and a total district population of about 28,000 residents. Independent School District #200 serves the cities of Hampton, Hastings, Miesville, New Trier, and Vermillion, and portions of Denmark, Douglas, Hampton, Marshan, Nininger, Ravenna, and Vermillion townships.
- ISD 192 (Farmington) The District includes all of the city of Farmington, as well as a portion of Lakeville and several surrounding townships. Total population within the district has reached 30,000. Student population is more than 6,200 and is expected to grow to 8,000 within 10 years.
- ISD 199 (Inver Grove Heights) Inver Grove Heights includes three elementary schools, a middle school and a high school. A fee-based full-day Kindergarten program is offered in addition to half-day Kindergarten. Aatheneum, a magnet program for highly gifted students, began in 2002.
- ISD 6 (South St. Paul) South St. Paul has two elementary schools, a 7th through 12th grade high school with 7th and 8th grades in a middle school setting and a community learning center providing an alternative education. The South St. Paul Public School District offers All-Day, every day Kindergarten without a fee. In addition, both elementary schools are in the final implementation stages for the prestigious and highly sought after International Baccalaureate Primary Years Program (PYP) while the Junior High has recently completed the implementation of the Middle Years International Baccalaureate Program (MYP) in grades 7-10. SSP High school offers a well established elite International Baccalaureate (I.B.) program with its worldwide curriculum. South St. Paul Public Schools is well on its way to becoming what would be one of the first public school systems in the nation to offer the demanding International Baccalaureate Program to all of their students.
- ISD 659 (Northfield) Northfield Public Schools serve Northfield, northern Rice, southern Dakota and part of Goodhue counties with three elementary schools (K-5), a middle school (grades 6-8), a high school and an alternative high school. The district also sponsors two charter schools.
- ISD 917 (Intermediate School District) The District provides non-traditional educational programs that meet the individual and technical needs of students. Dakota County Secondary Technical Center (DCSTC) provides technical education for high school students. When a traditional high school setting is not meeting a student's needs, they may complete high school through Dakota County Alternative Learning School (DCALS). They have a Teenage Pregnancy Program (TAPP) that is an alternative school program for pregnant teens to address pregnancy and parenting issues in a

comfortable atmosphere while working on academic credits. The district serves over 1,200 students in one or more of the following programs: deaf/hard of hearing, vision impaired, physical therapy, transition (TESA), severe and multiply impaired (DASH), students with unique needs (SUN), emotional and behavioral needs (IDEA), autism spectrum disorders (PACES), mental health day treatment (YTP), and corrections Juvenile Services Center. Referrals for services are accepted from local school districts' director of special education.

- ISD 659 (Randolph) In 2007-08, the district enrolled 515 total students with 252 in elementary (grades K-6), and 263 in high school (grades 7-12). In 2008-09, the district enrolled 544 total students with 283 in elementary and 261 in high school.
- ISD 196 (Rosemount-Apple Valley-Eagan) - In August 2008, for the sixth year in a row, District 196 was selected to receive the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) International. ISD 196 is the fourth largest school district in Minnesota, serving approximately 28,000 students from early childhood through grade 12, as well as young adults with special needs through age 21. The 110 square-mile district boundary includes all or part of seven cities – Rosemount, Apple Valley, Eagan, Burnsville, Coates, Inver Grove Heights and Lakeville – and rural Empire and Vermillion townships. District 196 demographics: total population – 147,786, total households – 53,200, and 43 percent of households have preschool and/or school-aged children.

The Dakota County Technical College's main campus is located on 200-acres in the City of Rosemount. There are two other sites in Apple Valley and Eagan. The Dakota County Technical College opened in 1973 and in 2007 they served almost 15,000 students. Nearly 5,000 students are enrolled in regular credit courses and almost 10,000 students are enrolled in customized training hour-based courses.

Founded in 1970, Inver Hills Community College is located on a 90-acre tract of land in the City of Inver Grove Heights. The college was founded in 1970 and more than 100,000 students have attended. The current enrollment is over 8,000 students.

Health Care Facilities

There are three hospitals located in Dakota County. These hospitals, licensed for a total of 223 beds, are Fairview Ridges Hospital, Regina Medical Complex and Northfield City Hospital, which opened May of 2003. There are many home facilities located throughout the County. The number of licensed nursing home beds is 1,074.

Major Initiatives by Dakota County

Dakota County government had the following highlights in 2008:

- Published the 2030 Comprehensive Land Use Plan, which will provide guidance and priorities for the next 10 years.
- Started the Real Estate Management System (REMS) to find a vendor to supply property recording, assessing and taxing functions to replace an aging custom built system, which is more difficult to maintain every year.
- Purchased the Butler Trust acquiring an 825-acre tract of land to develop a new park and natural wildlife preserve.
- Enhanced the county intranet web pages to be more functionally organized to make it easier to use for employees.
- Continued major construction on the Interstate 35 and County Road 70 intersection in Lakeville.
- Reopened the newly remodeled Wentworth Library to the public.
- Published the 2008 Community Indicators Report.

Many actions were taken to improve the operations of the county organization. Some of the most significant follow:

- Using Employment and Economic Assistance to implement a state-of the-art client scheduling system that leverages client self-service and document imaging, ultimately helping financial specialists handle growing caseloads.
- Planning to reorganize the three major planning groups within the County under one department.
- Continued to expand the I-Net (fiber optic network) with more cities, schools and soon other counties in order to decrease redundant networks, increase speeds and decrease annual costs.
- Implemented process improvements for Women, Infants and Children (WIC) appointments; Public Health intake; purchasing and employee profile automation.

Future Dakota County plans include:

- Starting a search for a new Enterprise Resource Planning (ERP) system to replace the existing financial and payroll/personnel systems;
- Starting implementation of a new campground reservation system to make it easier for citizens to register for campgrounds online;
- Continuing the construction of a new library in the City of Rosemount, anticipated to open in February 2009;
- Progressing in the collaboration with Anoka County to build a common attorney case management system, implementation is scheduled in the near future;

Cash Management and Investment

The Property Taxation and Records department, formerly the Treasurer-Auditor's department, is responsible for investing available funds for the County. Investment maturities are laddered over time to meet current and future obligations.

In 2008, Dakota County earned \$13.5 million in investment income. In comparison to 2007 this amount reflects a decrease of \$4.7 million. The investment income is comprised of interest received, interest accrued and a fair market value adjustment. Interest rates continued to drop throughout the year. The weighted average rate of return for 2008 was 3.72%.

In 1993, the county developed a policy for designating fund balance to finance expenditures from the beginning of the year through the various tax and other revenue collection dates. In most cases, this equates to four months' worth of County tax levy. Current year tax collections are not due until May 15. Additionally, the first half payment of the major property tax aid, County Program Aid, is not received until July. To accommodate this lag, fifty percent of the total County Program Aid allocation is designated for cash flow. In total, the amount designated for cash flow at the end of 2008 was \$55.8 million.

Debt Administration

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position for County management, citizens, and investors. The data for Dakota County at the end of the 2008 fiscal year is:

	<u>Amount</u>	<u>Debt per capita</u>
Gross direct bonded debt	\$110,425,000	\$197

Risk Management

Effective March 1, 1993, the County contracted with Health Partners for a fully insured plan of hospitalization, medical and major medical benefits for its employees.

The County is self-insured for its workers' compensation coverage as provided by *Minnesota Statute* Chapter 176. The County annually appropriates a loss reserve in the General Fund. The County maintains reinsurance with the State Workers' Compensation Reinsurance Association for individual losses in excess of \$410,000. The County is under contract with RTW, Inc. for the administration of its claims.

Dakota County is insured through One Beacon Insurance for auto liability. The limits are \$400,000 bodily injury and property damage per person and \$1,200,000 bodily injury and property damage per occurrence.

Dakota County is self-insured for all tort liability claims within the context and intent of *Minnesota Statute* Chapter 466. Such statute provides that effective January 1, 2008, Dakota County is subject to maximum liabilities of \$400,000 per person and \$1,200,000 for each claim. The County is administering a self-funded program to cover its risks associated with general and professional liability exposures. The County annually appropriates additional funds to maintain an adequate liability loss reserve in the General Fund. The County believes the amount reserved, along with amounts budgeted for fiscal year 2008 is adequate to cover losses for which the County may be liable. The designated fund balance for insurance was \$2,325,613 at the end of 2008.

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, 2008.

<u>Bargaining Unit</u>	<u>Term of contract</u>	<u>Status of Contract</u>
AFSCME - Human Services	2008-2009	Settled
AFSCME - Library	2008-2009	Settled
Assessing Services	2008-2009	Settled
Attorney Employees' Assoc.	2008-2009	Settled
Community Corrections	2008-2009	Settled
Human Services Supervisors' Assoc.	2008-2009	Settled
Park Maintenance	2008-2009	Settled
Facilities Management	2008-2009	Settled
Public Health Services/MNA	2008-2009	Settled
Road & Bridge Maintenance	2008-2009	Settled
Sheriff Adm/Support	2008-2009	Settled
Sheriff Licensed Deputies	2007-2008	Settled
Sheriff Licensed Supervisory	2007-2008	Settled
Sheriff - Jail	2007-2008	Settled
Sheriff Non-Licensed Supervisors	2008-2009	Settled

All contracts start January 1 and end December 31.

Awards and Acknowledgements

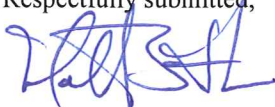
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dakota County for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the 19th consecutive year 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 2008. This is the 12th 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 Treasurer-Auditor's 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,



Matthew G. Smith
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dakota County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



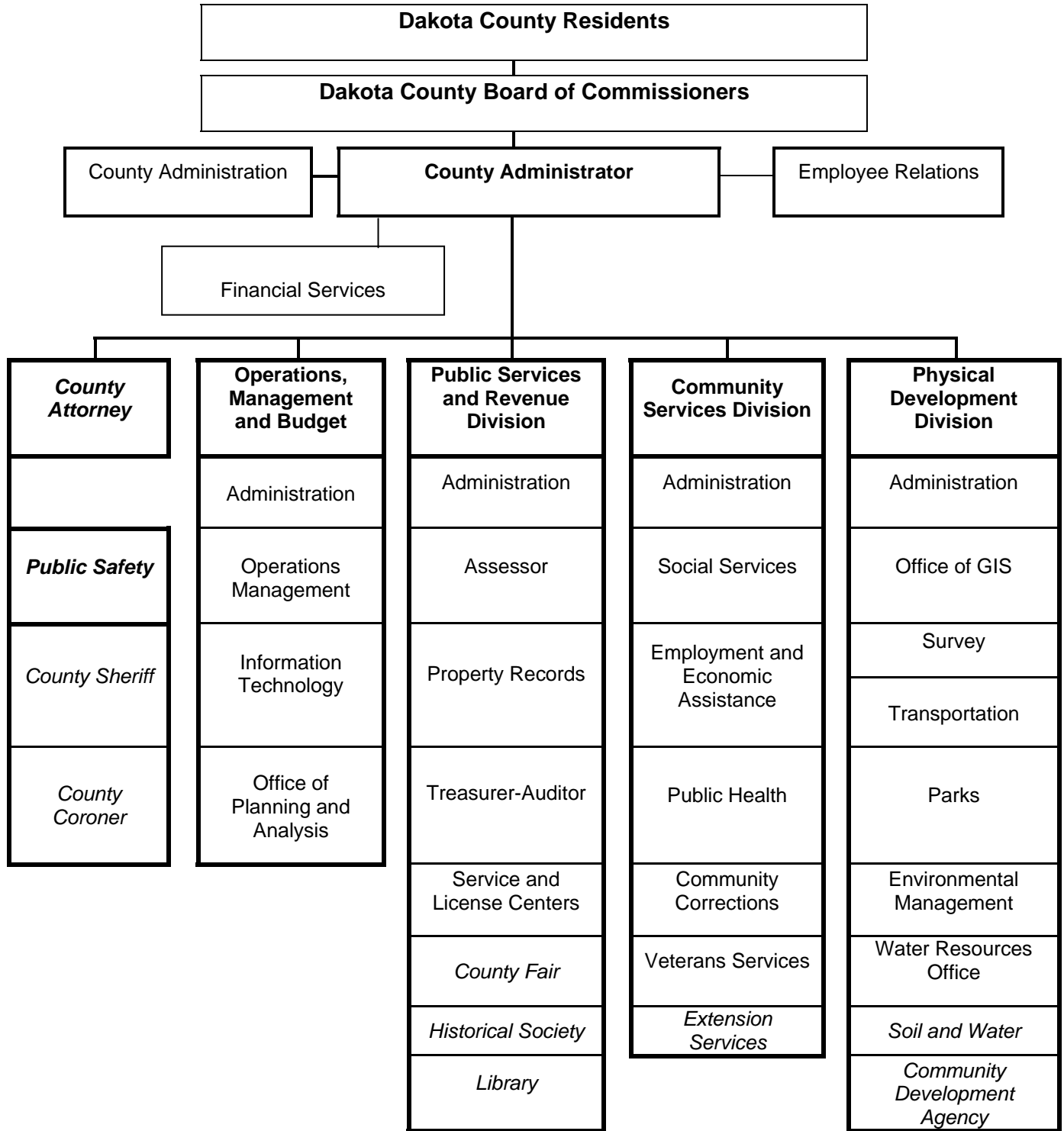
A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director

2008 Dakota County Organizational Structure



Notes:

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

Dakota County MINNESOTA

ORGANIZATION

2008

Officer	Name	From	Term To
Commissioners:			
1 st District	Joseph A. Harris	Jan. 1981	Dec. 2012
2 nd District	Kathleen A. Gaylord	Jan. 2003	Dec. 2010
3 rd District	Thomas A. Egan	Jan. 2005	Dec. 2012
4 th District	*Nancy Schouweiler	Jan. 1999	Dec. 2010
5 th District	Michael E. Turner	Jan. 1989	Dec. 2008
6 th District	Paul J. Krause	Jan. 1995	Dec. 2010
7 th District	Willis E. Branning	Jan. 1997	Dec. 2012
 Officers:			
Elected -			
Attorney	James C. Backstrom	Sep. 1987	Dec. 2010
Sheriff	Don Gudmundson	Jan. 1995	Dec. 2010
 Appointed -			
County Administrator	Brandt Richardson	May 1992	Indefinite
Director of Operations, Mgmt. & Budget	John C. Ditmore	Mar. 1992	Indefinite
Director of Community Services	David A. Rooney	Feb. 1988	Indefinite
Director of Physical Development	Lenora M. Thompson	Dec. 2008	Indefinite
Director of Public Service & Revenue Div.	Thomas V. Novak	July 1998	Indefinite

* Chair

Financial Section



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dakota County

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, 2008, including the Community Development Agency (CDA) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Dakota County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dakota County CDA, which represent 99.4 percent, 99.3 percent, and 97.3 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dakota County CDA, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented

component units, each major fund, and the aggregate remaining fund information for Dakota County as of December 31, 2008, including the Dakota County CDA as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Highway, Community Services, and County Parks Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Dakota County's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, on our consideration of Dakota County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 25, 2009

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

Dakota County's Financial Management offers readers this narrative overview and analysis of financial activities for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal and the notes to the financial statements.

Financial Highlights

- Dakota County's assets exceeded liabilities at the close of the most recent fiscal year (12/31/08) by \$699,372,260 (*net assets*). Of this amount, \$188,220,596 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Dakota County's total net assets increased by \$48,488,770 over 2007. This is a result of budget savings and an increase in capital assets.
- As of the close of the 2008 fiscal year, Dakota County governmental funds ending fund balances were \$219,194,188, compared to \$252,479,019 in 2007. This decrease is primarily due to the use of fund balance for the acquisition of parkland and other capital projects. Approximately 75.1%, or \$164,679,896 of the total fund balance is available for spending at Dakota County's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$67,923,464 or 77.2% of total General Fund expenditures, a decrease of \$14,039,248 in comparison with the prior year.

Overview of the Financial Statements

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

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

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

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

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

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

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

The government-wide financial statements may be found on pages 27-31 of this report.

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

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

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

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

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

The basic governmental fund financial statements may be found on pages 32-44 of this report.

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

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

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

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

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

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

Proprietary Funds. Dakota County maintains two different types of proprietary funds: an enterprise fund and an internal service fund. The enterprise fund is 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. The internal service fund is an accounting device used to accumulate and allocate costs internally among Dakota County's various functions. Dakota County created such a fund in 1997 called the Employee Services Reserve Fund. All compensated absences were transferred to it in 1997. Each year an adjustment is made to reflect the current value of current vacation and sick balances. In 2007, the activity for the other post employment benefits was included in this fund. This fund has no equity balance as the cash balance is offset by a long-term liability. Because this service predominantly benefits governmental rather than business-type functions it has been included with governmental activities in the government wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the GIS Enterprise Fund, which is considered to be a major fund of Dakota County. 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 45-47 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 statement 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 48-49 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 50-80 of this report.

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

Combining and individual fund statements and schedules may be found on pages 81-100 of this report.

Government-wide Financial Analysis

As noted earlier, the change in net asset amounts may serve over time as a useful indicator of a government's financial position. In the case of Dakota County, assets exceeded liabilities by \$699,372,260 at the close of 2008, which is an increase of \$48,488,770 over 2007.

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

Capital assets, net of related debt, of \$502,664,473 (e.g., land, buildings, machinery and equipment, infrastructure, improvements other than buildings and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net assets (71.7%). Dakota County uses capital assets to provide services to citizens; consequently, these assets are not available for current spending. Although Dakota County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate current liabilities.

Dakota County's Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 288,388,580	\$306,920,871	\$ 197,468	\$217,251	\$ 288,586,048	\$307,138,122
Capital assets	<u>579,420,843</u>	<u>517,243,957</u>	<u>-</u>	<u>-</u>	<u>579,420,843</u>	<u>517,243,957</u>
Total assets	<u>867,809,423</u>	<u>824,164,828</u>	<u>197,468</u>	<u>217,251</u>	<u>868,006,891</u>	<u>824,382,079</u>
Long-term liabilities outstanding	118,608,772	134,136,014	-	-	118,608,772	134,136,014
Other liabilities	<u>50,025,858</u>	<u>39,362,564</u>	<u>1</u>	<u>11</u>	<u>50,025,859</u>	<u>39,362,575</u>
Total liabilities	<u>168,634,630</u>	<u>173,498,578</u>	<u>1</u>	<u>11</u>	<u>168,634,631</u>	<u>173,498,589</u>
Net assets:						
Invested in capital assets, net						
of related debt	502,664,473	435,373,306	-	-	502,664,473	435,373,306
Restricted	8,289,724	7,134,394	197,467	217,240	8,487,191	7,351,634
Unrestricted	<u>188,220,596</u>	<u>208,158,550</u>	<u>-</u>	<u>-</u>	<u>188,220,596</u>	<u>208,158,550</u>
Total net assets	<u>\$ 699,174,793</u>	<u>\$650,666,250</u>	<u>\$ 197,467</u>	<u>\$217,240</u>	<u>\$ 699,372,260</u>	<u>\$650,883,490</u>

Dakota County's total net assets increased by \$48,488,770 from the 2007 ending balance. This increase is a combination of many factors, but the primary changes are in capital assets (increases in construction in progress, and the acquisition of land) and budget savings from operations.

An additional portion of Dakota County's net assets, \$8,487,191 or 1%, represents resources that are subject to external restrictions on how they may be used. Restricted net assets increased \$1,135,557 during the current fiscal year. The increase is due to restrictions on funds for future debt payments and increased obligations for Property Records' equipment replacement. The remaining balance of unrestricted net assets of \$188,220,596 may be used to meet Dakota County's ongoing obligations to citizens and creditors.

At the end of the 2008, Dakota County has positive balances in all three categories of net assets, including the government as a whole, as well as for its separate governmental and business-type activities. The results are similar to 2007.

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

Governmental Activities. Governmental activities increased Dakota County's net assets by \$48,508,543 over 2007, thereby accounting for more than 100% of the total growth in the net assets of Dakota County. A key element of this growth was the increase in capital assets of \$62,176,886. The majority of the increase in capital assets resulted from land (\$26,926,157) which includes the purchase of several properties to be used as parkland, some of which was purchased through the Farmland and Natural Area Program (FNAP), along with construction in progress (\$34,690,411) due to the near completion of the Robert Trail Library and several street construction projects.

Business-type Activities. Business-type activities decreased Dakota County's net assets by \$19,773 accounting for less than 1% of the total change in the government's net assets.

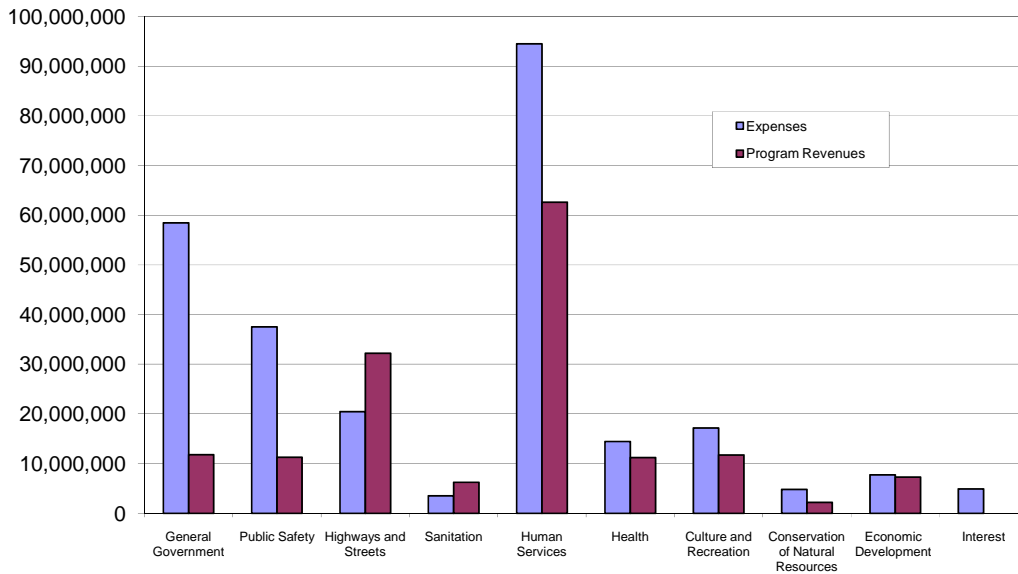
Dakota County's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Fees, charges, fines and other	\$ 28,537,689	\$ 73,686,598	\$ 20,309	\$ 20,226	\$ 28,557,998	\$ 73,706,824
Operating grants & contributions	103,309,265	62,009,581	-	-	103,309,265	62,009,581
Capital grants & contributions	24,648,824	16,087,826	-	-	24,648,824	16,087,826
General revenues:						
Taxes	124,030,432	118,503,196	-	-	124,030,432	118,503,196
Grants & contributions not restricted to specific programs	15,950,219	18,642,707	-	-	15,950,219	18,642,707
Gifts and contributions	34,890	37,065	-	-	34,890	37,065
Investment income	13,764,069	18,436,886	-	-	13,764,069	18,436,886
Other	1,582,415	2,068,194	-	-	1,582,415	2,068,194
Total revenues	<u>311,857,803</u>	<u>309,472,053</u>	<u>20,309</u>	<u>20,226</u>	<u>311,878,112</u>	<u>309,492,279</u>
Expenses:						
General government	58,446,661	55,472,603	-	-	58,446,661	55,472,603
Public safety	37,499,603	34,912,593	-	-	37,499,603	34,912,593
Highways and streets	20,428,908	20,277,098	-	-	20,428,908	20,277,098
Sanitation	3,498,126	3,680,402	-	-	3,498,126	3,680,402
Human services	94,467,561	94,635,381	-	-	94,467,561	94,635,381
Health	14,441,444	13,431,633	-	-	14,441,444	13,431,633
Culture and recreation	17,160,436	17,447,398	-	-	17,160,436	17,447,398
Conservation of natural resources	4,783,651	4,819,932	-	-	4,783,651	4,819,932
Economic development	7,712,727	12,810,832	-	-	7,712,727	12,810,832
Interest	4,910,143	5,509,766	-	-	4,910,143	5,509,766
Operating expenses - GIS	-	-	40,082	47,012	40,082	47,012
Total expenses	<u>263,349,260</u>	<u>262,997,638</u>	<u>40,082</u>	<u>47,012</u>	<u>263,389,342</u>	<u>263,044,650</u>
Increase (decrease) in net assets	48,508,543	46,474,415	(19,773)	(26,786)	48,488,770	46,447,629
Net assets 1/1	<u>650,666,250</u>	<u>604,191,835</u>	<u>217,240</u>	<u>244,026</u>	<u>650,883,490</u>	<u>604,435,861</u>
Net assets 12/31	<u>\$ 699,174,793</u>	<u>\$ 650,666,250</u>	<u>\$ 197,467</u>	<u>\$ 217,240</u>	<u>\$ 699,372,260</u>	<u>\$ 650,883,490</u>

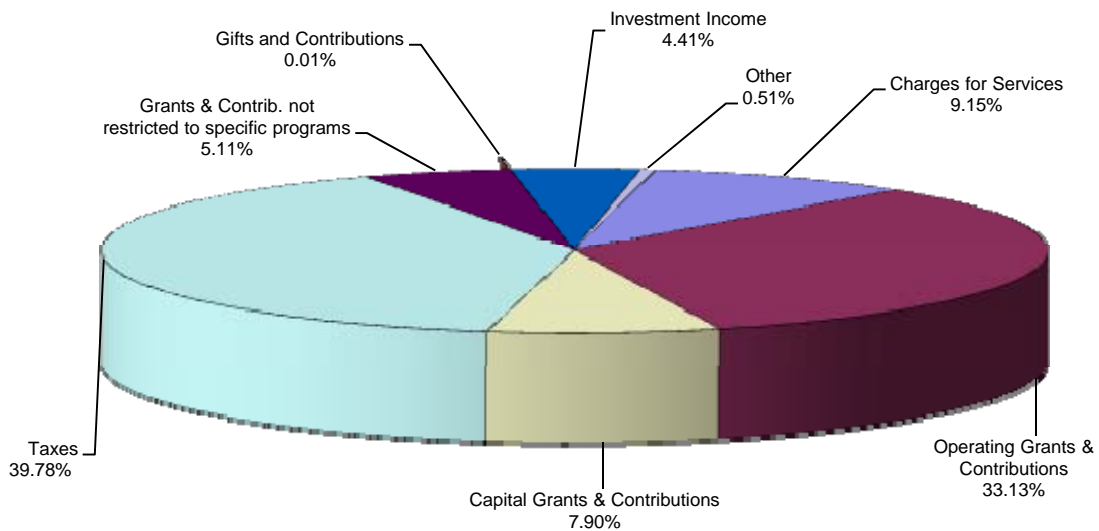
**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



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Financial Analysis of the Government's Funds

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

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

As of the end of 2008, Dakota County's governmental funds reported combined ending fund balances of \$219,194,188 a decrease of \$33,284,831 in comparison with the prior year. This includes budget savings from operations of \$9,019,937 offset by spending down of fund balance for park land and capital projects. Most of the fund balance, \$164,679,896, is unreserved, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific purposes. Most of the reserved fund balance is for Debt Service (\$33,675,182), the Farmland and Natural Area Program (\$7,941,172), and encumbrances (\$6,936,557). These funds are dedicated for payment of bonds, the preservation of farmland and natural areas, and outstanding construction obligations.

General Fund. The General Fund is the chief operating fund of Dakota County. At the end of 2008, the General Fund fund balance was \$81,372,689 of which \$67,923,464 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 77% of total General Fund expenditures of \$87,944,364, while total fund balance represents 93% of that same amount.

The unreserved fund balance of Dakota County's General Fund decreased by \$14,039,248 during 2008. This change is primarily due to the transfer of fund balance to the Highway Fund for capital projects and to Parks Fund for parkland and capital projects.

Highway Fund. The Highway Fund had total fund balance of (\$4,390,876) at the end of 2008. The fund balance of the Highway Fund decreased by \$10,810,333 during the current fiscal year. The decrease, which has caused the fund to end the year with a negative balance, is due to the use of fund balance to pay for construction projects prior to receiving revenue expected to fund them.

Community Services Fund. The Community Services Fund had a total fund balance of \$53,106,839 at the end of 2008. The fund balance of the Community Services Fund increased by \$3,858,138 during the current fiscal year compared to an increase of \$7,069,177 in the previous period. Expenditure savings in various Community Services programs, primarily personnel cost savings and increased revenue received in reimbursement for services in excess of budget amounts were the major factors for the increase.

Parks Fund. The Parks Fund had a total fund balance of \$6,629,196 at the end of 2008. The fund balance of the Parks Fund increased by \$1,905,321 during the current fiscal year. The increase is due to expenditure savings for capital projects which will be carried over to 2009.

Debt Services Fund. The Debt Services Fund had a total fund balance of \$33,675,182 at the end of 2008, all of which is reserved for the payment of debt service. The fund balance of the Debt Services Fund decreased by \$5,433,897 during 2008. This change is due to the use of proceeds from the issuance of refunding bonds to pay off bonds which have reached their call date, offset by interest earnings on unspent bond proceeds.

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Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$20,004,298. The fund balance for the Capital Projects Fund decreased by \$8,483,484 during 2008 compared to a decrease of \$6,978,812 in 2007. The decreases in 2007 and 2008 reflects utilization of funds from prior year bond proceeds.

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

Net assets restricted for equipment replacement of the *Geographic Information Systems Enterprise Fund* at the end of the year amounted to \$197,467. This is a decrease of \$19,773 compared to 2007. The *Employee Services Reserve Internal Service Fund*, also regarded as a proprietary fund, has no equity balance as the cash balance is offset by a long-term liability. Other factors concerning the finances of these two funds are addressed in the discussion of Dakota County's business-type activities.

General Fund Budgetary Highlights

Comparison of Original Budget to Final Amended Budget

The difference between the original budget and the final amended budget was an increase of \$35,051,984 for expenditures at fiscal year end. The major changes from original to final budget for expenditures may be summarized as follows:

- \$2.2 million carry-over of 2007 funds along with a \$6.8 million increase in 2008 to expand the Farmland and Natural Area Program to acquire permanent agricultural easements.
- \$5.2 million for the acquisition of three properties within Dakota County to be used as parkland.
- \$2.0 million carry-over in grant funding for implementation of a countywide 800 MHz radio system and homeland security initiatives.
- \$6.0 million for 2007 carry-over of unspent Budget Incentive Program (BIP) dollars for all departments.
- \$3.1 million for 2007 carry-over of funds for various grants and unfinished projects, including the jail management system, EDMS/Crimes System and election equipment.

The difference between the original budget and final amended budget for revenue was \$4,256,370. This increase from original to final budget for revenues includes:

- \$1.5 million carry-over of 2007 revenue for various programs and grants including the Homeland Security Grant and election equipment.
- \$1.1 million carry-over of 2007 funds for construction of a countywide 800 MHz radio system.

The difference between the expenditure increase of \$35,051,984 and the revenue increase of \$4,256,370 was funded with fund balance.

Comparison of Actual Resources to Final Amended Budget

Actual expenditures were \$32,913,663 less than budget at fiscal year end. The difference between actual and budget for expenditures may be summarized as follows:

- \$7.5 million in unspent capital equipment, child placement reserves, contingencies for inflation and budget set-asides.
- \$2.4 million in unspent revenue for bike trails that are in the process of being built.
- \$5.1 million in unspent funds for the Farmland and Natural Area Program to acquire permanent agricultural easements.
- \$6.0 million unspent Budget Incentive Program (BIP) funds for all departments.
- \$4.6 million in salaries and employee benefits savings.
- \$1.8 million in unspent grant revenue for HAVA and election equipment.

**DAKOTA COUNTY
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**Management's Discussion and Analysis
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Actual revenues were less than the budget by \$6,795,422. This difference was primarily due to the inability to claim grant funds associated with the above expenditure savings along with a \$2.3 million unallotment of County Program Aid in December of 2008.

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, 2008, amount to \$579,420,843 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Dakota County investment in capital assets for the current fiscal year was \$62,176,886, or 12.0%.

Major capital asset events during 2008 included the following:

- Acquired land and easements for the Farmland and Natural Area Program for \$3,996,084.
- Worked on a variety of county road construction projects and widening and expansion projects for existing streets and bridges; completed projects as of the close of the fiscal year totaled \$1,369,243.
- Completed construction of the 800 MHz system with year to date expenditures of \$73,542 and total project expenditures of \$6,520,667.
- Acquired land for eventual use as rights of way at a cost of \$9,314,569.
- Continued construction of the Robert Trail Library with expenditures of \$5,499,876.

Dakota County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 156,443,063	\$ 129,516,906	\$ -	\$ -	\$ 156,443,063	\$ 129,516,906
Buildings	129,314,109	130,397,746	-	-	129,314,109	130,397,746
Machinery and equipment	13,327,544	6,524,640	-	-	13,327,544	6,524,640
Infrastructure	197,959,613	203,007,686	-	-	197,959,613	203,007,686
Improvements other than buildings	2,467,354	2,578,230	-	-	2,467,354	2,578,230
Construction in progress	79,909,160	45,218,749	-	-	79,909,160	45,218,749
Total	\$ 579,420,843	\$ 517,243,957	\$ -	\$ -	\$ 579,420,843	\$ 517,243,957

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

Long-term Debt. At the end of 2008, Dakota County had total bonded debt outstanding of \$110,425,000. This is a decrease of \$14,155,000 during the current fiscal year. The only factor in this decrease was the retirement of bond principal. Current and future county tax levies plus fund balance are used to finance the entire bonded indebtedness.

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

**DAKOTA COUNTY
MINNESOTA**

**Management's Discussion and Analysis
December 2008**

Dakota County's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities	
	2008	2007
General obligation bonds	\$ 110,425,000	\$ 124,580,000
Total	\$ 110,425,000	\$ 124,580,000

State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the county. The current debt limitation for Dakota County is \$1,302,505,803, which is significantly in excess of Dakota County's outstanding general obligation debt of \$110,425,000. The net bonded debt per capita is \$197.

Additional information on Dakota County's long-term debt may be found in note III F beginning on page 68 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Dakota County as of April, 2009 is 7.3%, which is an increase from a rate of 4.3% a year ago. This compares favorably to both the state and national average unemployment rate of 8.2% and 8.6% respectively.
- Dakota County's property tax base will likely continue to decline through 2011 due to decreasing property values.
- Changes in federal funding will impact the County in positive ways in the next year. The American Recovery and Reinvestment Act (ARRA, also known as the "stimulus bill") has created opportunities for both formula-related increases as well as competitive grants for increasing service levels or funding capital projects. The ARRA has also temporarily increased the federal matching rate for Medicaid services, which will increase the County's revenues or decrease costs where the County provides the non-federal share of these costs. Additionally, the federal government has set aside a proposed set of regulations that would have reduced the County revenue related to targeted case management services.
- The State's budget problems will continue to create pressure for local budgets, both because of direct reductions in funding in the near term and the uncertainty of funding levels in the future. The continued long-time imbalance in revenues and spending in the State's budget makes state aid a less reliable funding source for the County.
- State imposed levy limits remain in place, and with the limit pegged to an inflation index, the level of property tax increase allowed by state law (before claims for specific special levy authority) is likely to be 1.0% or less for 2010.

On December 16, 2009, the Dakota County Board of Commissioners approved the 2009 budget for \$345.0 million. This is an overall decrease of \$12.2 million or 3.4%. The 2009 total levy is \$128.4 million, which is an increase of \$4.8 million compared to the 2008 levy of \$123.6 million, or 3.9%. The 2009 budget includes a 4.2% property tax levy increase in operating budgets and a 2.2% increase for Capital Improvement programs.

Requests for Information

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

Basic Financial Statements

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
Assets					
Cash and pooled investments	\$ 219,107,080	\$ 197,468	\$ 219,304,548	\$ 36,256,305	\$ 1,241,360
Petty cash and change funds	15,905	-	15,905	-	-
Departmental cash	-	-	-	-	-
Cash with escrow agent	25,886,950	-	25,886,950	-	-
Investments	-	-	-	15,076,137	-
Taxes receivable					
Current - net	-	-	-	5,669,366	66,104
Prior - net	3,234,053	-	3,234,053	-	-
Accounts receivable - net	1,435,096	-	1,435,096	656,552	21,000
Note receivable	-	-	-	30,511,320	-
Accrued interest receivable	1,990,200	-	1,990,200	529,911	-
Due from other governments	27,858,268	-	27,858,268	6,199,575	97,328
Inventories	746,354	-	746,354	-	-
Prepaid items	22,629	-	22,629	282,322	-
Restricted assets					
Cash and pooled investments	-	-	-	34,026,423	-
Accrued interest receivable-temporary	-	-	-	851,940	-
Deferred charges	561,927	-	561,927	626,140	-
Investment in joint venture	-	-	-	7,439,971	-
Lease receivable	7,530,118	-	7,530,118	-	-
Capital assets					
Non-depreciable	236,352,223	-	236,352,223	23,980,636	-
Depreciable - net of accumulated depreciation	343,068,620	-	343,068,620	76,684,709	-
Total Assets	\$ 867,809,423	\$ 197,468	\$ 868,006,891	\$ 238,791,307	\$ 1,425,792
Liabilities					
Accounts payable	\$ 10,646,554	\$ -	\$ 10,646,554	\$ 2,546,096	\$ 65,282
Salaries payable	3,765,535	-	3,765,535	-	-
Contracts payable	1,811,618	-	1,811,618	-	-
Due to other governments	3,442,915	1	3,442,916	1,099,918	188,304
Accrued interest payable	1,994,577	-	1,994,577	1,689,304	-
Deferred revenue - unearned	15,112,538	-	15,112,538	13,358,650	-
Compensated absences					
Due within one year	328,576	-	328,576	359,352	-
Due in more than one year	17,445,369	-	17,445,369	260,241	-
Claims and judgments payable					
Due within one year	273,545	-	273,545	-	-
Due in more than one year	630,656	-	630,656	-	-
General obligation bonds payable					
Due within one year	12,650,000	-	12,650,000	2,225,000	-
Due in more than one year	98,506,574	-	98,506,574	55,933,401	-
OPEB liability					
Due in more than one year	2,026,173	-	2,026,173	-	-
Notes payable					
Due within one year	-	-	-	404,671	-
Due in more than one year	-	-	-	2,191,197	-
Total Liabilities	\$ 168,634,630	\$ 1	\$ 168,634,631	\$ 80,067,830	\$ 253,586

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
<u>Net Assets</u>					
Invested in capital assets - net of related debt	\$ 502,664,473	\$ -	\$ 502,664,473	\$ 62,660,057	\$ -
Restricted for					
Capital projects	-	-	-	9,638,312	-
Debt service	5,062,081	-	5,062,081	-	-
Equipment replacement	3,227,643	197,467	3,425,110	-	-
Federal grants	-	-	-	14,798,128	-
Tax increment	-	-	-	5,580,168	-
HOPE program	-	-	-	10,910,586	-
Unrestricted	188,220,596	-	188,220,596	55,136,226	1,172,206
Total Net Assets	<u>\$ 699,174,793</u>	<u>\$ 197,467</u>	<u>\$ 699,372,260</u>	<u>\$ 158,723,477</u>	<u>\$ 1,172,206</u>

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**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
Functions/Programs									
Primary government									
Governmental activities									
General government	\$ 58,446,661	\$ 7,867,792	\$ 3,893,517	\$ -	\$ (46,685,352)	\$ -	\$ (46,685,352)		
Public safety	37,499,603	2,731,099	8,533,620	-	(26,234,884)	-	(26,234,884)		
Highways and streets	20,428,908	1,495,081	6,054,166	24,648,824	11,769,163	-	11,769,163		
Sanitation	3,498,126	6,222,558	8,341	-	2,732,773	-	2,732,773		
Human services	94,467,561	2,782,157	59,829,926	-	(31,855,478)	-	(31,855,478)		
Health	14,441,444	5,772,599	5,458,305	-	(3,210,540)	-	(3,210,540)		
Culture and recreation	17,160,436	1,622,497	10,126,045	-	(5,411,894)	-	(5,411,894)		
Conservation of natural resources	4,783,651	43,906	2,153,127	-	(2,586,618)	-	(2,586,618)		
Economic development	7,712,727	-	7,252,218	-	(460,509)	-	(460,509)		
Interest	4,910,143	-	-	-	(4,910,143)	-	(4,910,143)		
Total governmental activities	\$ 263,349,260	\$ 28,537,689	\$ 103,309,265	\$ 24,648,824	\$ (106,853,482)	\$ -	\$ (106,853,482)		
Business-type activities									
Geographic Information System	40,082	20,309	-	-	-	(19,773)	(19,773)		
Total primary government	\$ 263,389,342	\$ 28,557,998	\$ 103,309,265	\$ 24,648,824	\$ (106,853,482)	\$ (19,773)	\$ (106,873,255)		
Component units									
Community Development Agency	\$ 34,618,320	\$ 13,799,731	\$ 21,932,261	\$ 708,897			\$ 1,822,569	\$ -	
Vermillion River Watershed	1,017,956	-	196,434	-			-	(821,522)	
Total component units	\$ 35,636,276	\$ 13,799,731	\$ 22,128,695	\$ 708,897			\$ 1,822,569	\$ (821,522)	

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, 2008**

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
				Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
General Revenues								
Property taxes				\$ 121,557,986	\$ -	\$ 121,557,986	\$ 7,512,146	\$ 1,032,731
Gravel taxes				356,562	-	356,562	-	-
Mortgage registry and deed tax				431,561	-	431,561	-	-
Tax increment financing				-	-	-	3,288,340	-
Taxes - other				1,684,323	-	1,684,323	-	-
Gifts and contributions - Unrestricted				34,890	-	34,890	-	-
Grants and contributions not restricted to specific programs				15,950,219	-	15,950,219	-	88,235
Investment income				13,764,069	-	13,764,069	1,952,466	36,722
Miscellaneous				1,516,087	-	1,516,087	-	-
Gain on sale of capital assets				66,328	-	66,328	-	-
Total general revenues and special items				\$ 155,362,025	\$ -	\$ 155,362,025	\$ 12,752,952	\$ 1,157,688
Change in net assets				\$ 48,508,543	\$ (19,773)	\$ 48,488,770	\$ 14,575,521	\$ 336,166
Net Assets - Beginning				650,666,250	217,240	650,883,490	144,147,956	836,040
Net Assets - Ending				\$ 699,174,793	\$ 197,467	\$ 699,372,260	\$ 158,723,477	\$ 1,172,206

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>								
Cash and pooled investments	\$ 78,620,346	\$ 6,389	\$ 50,301,505	\$ 10,313,379	\$ 12,162,522	\$ 21,480,998	\$ 29,599,750	\$ 202,484,889
Petty cash and change funds	6,545	-	6,790	600	-	-	1,970	15,905
Cash with escrow agent	-	-	-	-	25,886,950	-	-	25,886,950
Taxes receivable								
Prior	1,122,265	307,163	1,242,840	90,567	49,020	183,568	238,630	3,234,053
Accounts receivable	276,123	94,825	447,609	4,590	-	610	611,339	1,435,096
Accrued interest receivable	1,990,200	-	-	-	-	-	-	1,990,200
Due from other funds	6,021,084	114,420	436,931	180,818	-	-	50,987	6,804,240
Due from other governments	1,319,730	10,434,174	14,733,596	505,598	-	277,794	587,376	27,858,268
Advance to other funds	1,872,670	-	-	-	-	-	-	1,872,670
Prepaid items	19,766	2,863	-	-	-	-	-	22,629
Inventories	348,942	397,412	-	-	-	-	-	746,354
Lease receivable	7,530,118	-	-	-	-	-	-	7,530,118
Total Assets	\$ 99,127,789	\$ 11,357,246	\$ 67,169,271	\$ 11,095,552	\$ 38,098,492	\$ 21,942,970	\$ 31,090,052	\$ 279,881,372
<u>Liabilities and Fund Balances</u>								
Liabilities								
Accounts payable	\$ 4,250,235	\$ 1,814,715	\$ 2,539,304	\$ 195,878	\$ 750	\$ 1,419,807	\$ 425,865	\$ 10,646,554
Salaries payable	1,278,798	173,061	1,944,144	72,943	-	-	296,589	3,765,535
Claims and judgments payable-current	16,091	-	-	-	-	-	-	16,091
Contracts payable	-	1,473,920	-	35,122	-	302,576	-	1,811,618
Due to other funds	3,140,797	5,371,670	791,751	35,254	-	49,315	593,380	9,982,167
Due to other governments	429,772	32,261	2,816,267	11,592	-	15,206	137,817	3,442,915
Deferred revenue - unavailable	881,960	6,762,190	5,508,728	495,561	39,760	151,768	197,129	14,037,096
Deferred revenue - unearned	7,757,447	120,305	462,238	1,747,336	4,382,800	-	642,412	15,112,538
Advance from other funds	-	-	-	1,872,670	-	-	-	1,872,670
Total Liabilities	\$ 17,755,100	\$ 15,748,122	\$ 14,062,432	\$ 4,466,356	\$ 4,423,310	\$ 1,938,672	\$ 2,293,192	\$ 60,687,184

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

**DAKOTA COUNTY
MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Liabilities and Fund Balances</u>								
(Continued)								
Fund Balances								
Reserved for								
Encumbrances	\$ -	\$ 4,016,396	\$ -	\$ 2,295,045	\$ -	\$ 625,116	\$ -	\$ 6,936,557
Advances to other funds	1,872,670	-	-	-	-	-	-	1,872,670
Inventories	348,942	397,412	-	-	-	-	-	746,354
Recorder's equipment purchases	3,227,643	-	-	-	-	-	-	3,227,643
Debt service	-	-	-	-	33,675,182	-	-	33,675,182
Farmland and Natural Area Program	7,941,172	-	-	-	-	-	-	7,941,172
Spring Lake Park	-	-	-	55,916	-	-	-	55,916
Victim Witness	58,798	-	-	-	-	-	-	58,798
Unreserved								
Designated for future expenditures	1,544,083	-	1,945,139	76,401	-	-	-	3,565,623
Designated for cash flows	28,254,769	-	22,616,366	1,669,379	-	3,274,822	-	55,815,336
Designated for capital improvements	-	-	-	2,531,855	-	16,104,360	-	18,636,215
Designated for contingencies	2,325,613	-	-	-	-	-	-	2,325,613
Designated for petty cash funds	6,545	-	6,790	600	-	-	-	13,935
Designated for capital equipment	11,007,085	-	143,170	-	-	-	-	11,150,255
Designated for OPEB	12,099,563	-	-	-	-	-	-	12,099,563
Designated for budget incentive program	6,036,892	-	1,422,073	-	-	-	-	7,458,965
Designated for budget stabilization fund	6,648,914	-	26,973,301	-	-	-	-	33,622,215
Undesignated	-	(8,804,684)	-	-	-	-	-	(8,804,684)
Unreserved, reported in nonmajor Special revenue funds	-	-	-	-	-	-	28,796,860	28,796,860
Total Fund Balances	<u>\$ 81,372,689</u>	<u>\$ (4,390,876)</u>	<u>\$ 53,106,839</u>	<u>\$ 6,629,196</u>	<u>\$ 33,675,182</u>	<u>\$ 20,004,298</u>	<u>\$ 28,796,860</u>	<u>\$ 219,194,188</u>
Total Liabilities and Fund Balances	<u>\$ 99,127,789</u>	<u>\$ 11,357,246</u>	<u>\$ 67,169,271</u>	<u>\$ 11,095,552</u>	<u>\$ 38,098,492</u>	<u>\$ 21,942,970</u>	<u>\$ 31,090,052</u>	<u>\$ 279,881,372</u>

**DAKOTA COUNTY
MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Fund balances - total governmental funds		\$ 219,194,188
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		579,420,843
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		14,037,096
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	\$ (110,425,000)	
Unamortized premiums on G.O. Bonds	(1,016,970)	
Unamortized discounts on G.O. Bonds	285,396	
Claims and judgments payable	(888,110)	
Accrued interest payable	(1,994,577)	
Deferred debt issuance charges	561,927	
	(113,477,334)	(113,477,334)
Net assets of governmental activities		<u><u>\$ 699,174,793</u></u>

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**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues								
Taxes	\$ 36,702,246	\$ 13,856,378	\$ 49,460,198	\$ 3,697,050	\$ 1,999,727	\$ 7,158,254	\$ 10,612,730	\$ 123,486,583
Licenses and permits	106,541	159,385	-	56,460	-	-	631,701	954,087
Intergovernmental	20,910,262	26,324,650	77,649,633	10,569,783	-	566,141	3,747,457	139,767,926
Charges for services	13,263,689	1,209,839	8,415,041	769,784	-	-	6,539,821	30,198,174
Fines and forfeits	72,216	-	-	10,217	-	-	31,923	114,356
Gifts and contributions	3,185	-	-	2,120	-	-	29,585	34,890
Investment earnings	11,476,422	-	-	20,234	1,951,020	-	88,343	13,536,019
Miscellaneous	2,625,958	384,096	2,406,519	-	-	-	376,010	5,792,583
Total Revenues	\$ 85,160,519	\$ 41,934,348	\$ 137,931,391	\$ 15,125,648	\$ 3,950,747	\$ 7,724,395	\$ 22,057,570	\$ 313,884,618
Expenditures								
Current								
General government	\$ 61,907,476	\$ -	\$ 627,221	\$ -	\$ -	\$ -	\$ 539,679	\$ 63,074,376
Public safety	19,130,403	-	17,796,775	-	-	-	-	36,927,178
Highways and streets	-	56,543,277	-	-	-	-	-	56,543,277
Sanitation	-	-	-	-	-	-	6,660,486	6,660,486
Human services	-	-	96,753,204	-	-	-	-	96,753,204
Health	-	-	14,344,511	-	-	-	-	14,344,511
Culture and recreation	248,245	-	-	20,065,210	-	-	12,198,324	32,511,779
Conservation of natural resources	4,351,268	-	387,779	-	-	-	-	4,739,047
Economic development	2,306,972	-	4,040,919	-	-	-	1,304,127	7,652,018
Capital outlay	-	-	-	-	-	8,561,029	-	8,561,029
Debt service								
Principal	-	-	-	-	14,155,000	-	-	14,155,000
Interest	-	-	-	-	5,103,038	-	-	5,103,038
Administrative - fiscal charges	-	-	-	-	4,900	-	-	4,900
Total Expenditures	\$ 87,944,364	\$ 56,543,277	\$ 133,950,409	\$ 20,065,210	\$ 19,262,938	\$ 8,561,029	\$ 20,702,616	\$ 347,029,843
Excess of Revenues Over (Under) Expenditures	\$ (2,783,845)	\$ (14,608,929)	\$ 3,980,982	\$ (4,939,562)	\$ (15,312,191)	\$ (836,634)	\$ 1,354,954	\$ (33,145,225)

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, 2008**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>County Parks</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)								
Transfers in	\$ 136,875	\$ 5,665,062	\$ 14,031	\$ 6,844,883	\$ 9,878,294	\$ 1,281,611	\$ 96,868	\$ 23,917,624
Transfers out	(13,197,516)	(1,654,772)	(136,875)	-	-	(8,928,461)	-	(23,917,624)
Proceeds from sale of assets	75,589	-	-	-	-	-	-	75,589
Total Other Financing Sources (Uses)	<u>\$ (12,985,052)</u>	<u>\$ 4,010,290</u>	<u>\$ (122,844)</u>	<u>\$ 6,844,883</u>	<u>\$ 9,878,294</u>	<u>\$ (7,646,850)</u>	<u>\$ 96,868</u>	<u>\$ 75,589</u>
Change in Fund Balance	\$ (15,768,897)	\$ (10,598,639)	\$ 3,858,138	\$ 1,905,321	\$ (5,433,897)	\$ (8,483,484)	\$ 1,451,822	\$ (33,069,636)
Fund Balance - January 1	97,145,087	6,419,457	49,248,701	4,723,875	39,109,079	28,487,782	27,345,038	252,479,019
Increase (decrease) in reserved for inventories	<u>(3,501)</u>	<u>(211,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,195)</u>
Fund Balance - December 31	<u><u>\$ 81,372,689</u></u>	<u><u>\$ (4,390,876)</u></u>	<u><u>\$ 53,106,839</u></u>	<u><u>\$ 6,629,196</u></u>	<u><u>\$ 33,675,182</u></u>	<u><u>\$ 20,004,298</u></u>	<u><u>\$ 28,796,860</u></u>	<u><u>\$ 219,194,188</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances - total governmental funds **\$ (33,069,636)**

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	\$ 74,854,947	
Current year depreciation	<u>(12,552,458)</u>	62,302,489

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets. (125,603)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,933,353

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

Principal repayments		
General obligation bonds		14,155,000

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

Change in accrued interest payable	\$ 263,377	
Amortization of premiums and bond issuance costs	162,468	
Change in claims and judgments payable	102,290	
Change in inventories	<u>(215,195)</u>	<u>312,940</u>

Change in net assets of governmental activities **\$ 48,508,543**

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 38,878,974	\$ 37,489,077	\$ 36,702,246	\$ (786,831)
Licenses and permits	78,700	78,700	106,541	27,841
Intergovernmental	18,324,700	23,085,544	20,910,262	(2,175,282)
Charges for services	13,765,265	13,663,236	13,263,689	(399,547)
Fines and forfeits	45,000	55,000	72,216	17,216
Gifts and contributions	-	-	3,185	3,185
Investment earnings	10,000,000	10,000,000	11,476,422	1,476,422
Miscellaneous	6,606,932	7,584,384	2,625,958	(4,958,426)
Total Revenues	\$ 87,699,571	\$ 91,955,941	\$ 85,160,519	\$ (6,795,422)
Expenditures				
Current				
General government				
Commissioners	\$ 713,628	\$ 796,584	\$ 627,315	\$ 169,269
Courts services	181,110	206,110	253,901	(47,791)
County administration	1,342,206	1,788,673	1,084,202	704,471
OMB division administration/OPED	1,848,817	2,944,302	2,001,958	942,344
Public service and revenue admin	976,165	1,058,583	1,001,266	57,317
Service and license centers	1,434,174	1,516,227	1,405,226	111,001
County treasurer	4,427,511	6,271,481	4,432,308	1,839,173
County assessor	3,508,736	3,927,219	3,317,457	609,762
Accounting and auditing	2,698,085	3,310,370	2,535,949	774,421
Information technology	8,815,934	10,677,830	9,295,535	1,382,295
Operations management services	15,279,181	17,747,988	14,695,484	3,052,504
Employee relations	2,674,798	2,798,784	2,417,215	381,569
Attorney	8,757,182	9,484,520	8,820,894	663,626
Water resources	2,175,827	3,009,285	2,157,479	851,806
Surveyor	685,855	704,350	678,946	25,404
Physical development administration	2,275,271	2,657,531	2,051,029	606,502
Communications	954,685	1,028,678	752,379	276,299
GIS	968,628	816,021	834,156	(18,135)
County-wide operations	3,381,044	13,864,199	3,544,777	10,319,422
Total general government	\$ 63,098,837	\$ 84,608,735	\$ 61,907,476	\$ 22,701,259
Public safety				
Sheriff	\$ 18,431,458	\$ 20,491,112	\$ 18,658,750	\$ 1,832,362
Coroner	454,842	471,653	471,653	-
Total public safety	\$ 18,886,300	\$ 20,962,765	\$ 19,130,403	\$ 1,832,362

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Culture and recreation				
Historical society	\$ 135,722	\$ 135,722	\$ 115,722	\$ 20,000
County fair	132,523	132,523	132,523	-
Intermodal transportation	-	2,419,145	-	2,419,145
Total culture and recreation	\$ 268,245	\$ 2,687,390	\$ 248,245	\$ 2,439,145
Conservation of natural resources				
Soil and water conservation	\$ 291,394	\$ 291,394	\$ 291,394	\$ -
Farmland and natural area program	135,232	9,181,708	4,059,874	5,121,834
Total conservation of natural resources	\$ 426,626	\$ 9,473,102	\$ 4,351,268	\$ 5,121,834
Economic development				
Administration	\$ 3,126,035	\$ 3,126,035	\$ 2,306,972	\$ 819,063
Total economic development	\$ 3,126,035	\$ 3,126,035	\$ 2,306,972	\$ 819,063
Total Expenditures	\$ 85,806,043	\$ 120,858,027	\$ 87,944,364	\$ 32,913,663
Excess of Revenues Over (Under) Expenditures	\$ 1,893,528	\$ (28,902,086)	\$ (2,783,845)	\$ 26,118,241
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 136,875	\$ 136,875	\$ -
Transfers out	-	(13,197,516)	(13,197,516)	-
Proceeds from sale of assets	-	-	75,589	75,589
Total Other Financing Sources (Uses)	\$ -	\$ (13,060,641)	\$ (12,985,052)	\$ 75,589
Change in Fund Balance	\$ 1,893,528	\$ (41,962,727)	\$ (15,768,897)	\$ 26,193,830
Fund Balance - January 1	97,145,087	97,145,087	97,145,087	-
Increase (decrease) in reserved for inventories	-	-	(3,501)	(3,501)
Fund Balance - December 31	\$ 99,038,615	\$ 55,182,360	\$ 81,372,689	\$ 26,190,329

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 12,748,408	\$ 12,903,143	\$ 13,856,378	\$ 953,235
Licenses and permits	120,000	120,000	159,385	39,385
Intergovernmental	54,870,618	91,505,291	26,324,650	(65,180,641)
Charges for services	1,209,839	1,209,839	1,209,839	-
Miscellaneous	96,512	489,160	384,096	(105,064)
Total Revenues	\$ 69,045,377	\$ 106,227,433	\$ 41,934,348	\$ (64,293,085)
Expenditures				
Current				
Highway and streets				
Administration	\$ 355,311	\$ 328,620	\$ 286,333	\$ 42,287
Maintenance	4,867,061	4,968,978	4,756,702	212,276
Construction	71,410,432	115,162,157	51,500,242	63,661,915
Total Expenditures	\$ 76,632,804	\$ 120,459,755	\$ 56,543,277	\$ 63,916,478
Excess of Revenues Over (Under) Expenditures	\$ (7,587,427)	\$ (14,232,322)	\$ (14,608,929)	\$ (376,607)
Other Financing Sources (Uses)				
Transfers in	\$ 4,910,000	\$ 5,665,062	\$ 5,665,062	\$ -
Transfers out	(1,654,772)	(1,654,772)	(1,654,772)	-
Total Other Financing Sources (Uses)	\$ 3,255,228	\$ 4,010,290	\$ 4,010,290	\$ -
Change in Fund Balance	\$ (4,332,199)	\$ (10,222,032)	\$ (10,598,639)	\$ (376,607)
Fund Balance - January 1	6,419,457	6,419,457	6,419,457	-
Increase (decrease) in reserved for inventories	-	-	(211,694)	(211,694)
Fund Balance - December 31	\$ 2,087,258	\$ (3,802,575)	\$ (4,390,876)	\$ (588,301)

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 50,738,152	\$ 51,625,658	\$ 49,460,198	\$ (2,165,460)
Intergovernmental	73,781,911	76,072,425	77,649,633	1,577,208
Charges for services	8,324,992	8,324,992	8,415,041	90,049
Miscellaneous	2,328,580	2,387,822	2,406,519	18,697
Total Revenues	\$ 135,173,635	\$ 138,410,897	\$ 137,931,391	\$ (479,506)
Expenditures				
Current				
General government				
Veterans service officer	\$ 656,219	\$ 711,841	\$ 627,221	\$ 84,620
Total general government	\$ 656,219	\$ 711,841	\$ 627,221	\$ 84,620
Public safety				
Community corrections	\$ 18,606,402	\$ 19,252,783	\$ 17,796,775	\$ 1,456,008
Total public safety	\$ 18,606,402	\$ 19,252,783	\$ 17,796,775	\$ 1,456,008
Human services				
Income maintenance	\$ 35,348,996	\$ 36,049,047	\$ 32,224,600	\$ 3,824,447
Social services	65,054,385	66,845,680	64,528,604	2,317,076
Total human services	\$ 100,403,381	\$ 102,894,727	\$ 96,753,204	\$ 6,141,523
Health				
Public health	\$ 14,738,397	\$ 15,340,903	\$ 14,344,511	\$ 996,392
Total health	\$ 14,738,397	\$ 15,340,903	\$ 14,344,511	\$ 996,392
Conservation				
Cooperative extension	\$ 382,578	\$ 438,546	\$ 387,779	\$ 50,767
Total conservation	\$ 382,578	\$ 438,546	\$ 387,779	\$ 50,767
Economic development				
Community development	\$ 3,141,004	\$ 4,217,121	\$ 4,040,919	\$ 176,202
Total economic development	\$ 3,141,004	\$ 4,217,121	\$ 4,040,919	\$ 176,202
Total Expenditures	\$ 137,927,981	\$ 142,855,921	\$ 133,950,409	\$ 8,905,512
Excess of Revenues Over (Under) Expenditures	\$ (2,754,346)	\$ (4,445,024)	\$ 3,980,982	\$ 8,426,006

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 14,031	\$ 14,031	\$ -
Transfers out	-	(136,875)	(136,875)	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (122,844)</u>	<u>\$ (122,844)</u>	<u>\$ -</u>
Change in Fund Balance	\$ (2,754,346)	\$ (4,567,868)	\$ 3,858,138	\$ 8,426,006
Fund Balance - January 1	<u>49,248,701</u>	<u>49,248,701</u>	<u>49,248,701</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 46,494,355</u></u>	<u><u>\$ 44,680,833</u></u>	<u><u>\$ 53,106,839</u></u>	<u><u>\$ 8,426,006</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
COUNTY PARKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,819,196	\$ 3,868,651	\$ 3,697,050	\$ (171,601)
Licenses and permits	35,250	35,250	56,460	21,210
Intergovernmental	3,817,800	15,163,236	10,569,783	(4,593,453)
Charges for services	620,464	630,464	769,784	139,320
Fines and forfeits	-	-	10,217	10,217
Gifts and contributions	-	-	2,120	2,120
Investment earnings	-	-	20,234	20,234
Total Revenues	<u>\$ 8,292,710</u>	<u>\$ 19,697,601</u>	<u>\$ 15,125,648</u>	<u>\$ (4,571,953)</u>
Expenditures				
Current				
Culture and recreation				
Parks	\$ 10,252,302	\$ 30,153,115	\$ 20,065,210	\$ 10,087,905
Total Expenditures	<u>\$ 10,252,302</u>	<u>\$ 30,153,115</u>	<u>\$ 20,065,210</u>	<u>\$ 10,087,905</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,959,592)</u>	<u>\$ (10,455,514)</u>	<u>\$ (4,939,562)</u>	<u>\$ 5,515,952</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 6,844,883	\$ 6,844,883	\$ -
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 6,844,883</u>	<u>\$ 6,844,883</u>	<u>\$ -</u>
Change in Fund Balance	<u>\$ (1,959,592)</u>	<u>\$ (3,610,631)</u>	<u>\$ 1,905,321</u>	<u>\$ 5,515,952</u>
Fund Balance - January 1	<u>4,723,875</u>	<u>4,723,875</u>	<u>4,723,875</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 2,764,283</u></u>	<u><u>\$ 1,113,244</u></u>	<u><u>\$ 6,629,196</u></u>	<u><u>\$ 5,515,952</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Geographic Information System Enterprise Fund	Governmental Activities - Employee Services Reserve Internal Service Fund
<u>Assets</u>		
Current assets:		
Cash and pooled investments	\$ 197,468	\$ 16,622,191
Due from other funds	-	3,181,165
	\$ 197,468	\$ 19,803,356
Total current assets	\$ 197,468	\$ 19,803,356
Total Assets	\$ 197,468	\$ 19,803,356
<u>Liabilities</u>		
Current liabilities:		
Compensated absences payable - current	\$ -	\$ 328,576
Due to other funds	-	3,238
Due to other governments	1	-
	\$ 1	\$ 331,814
Total current liabilities	\$ 1	\$ 331,814
Noncurrent liabilities:		
Compensated absences payable - long-term	\$ -	\$ 17,445,369
Net OPEB liability	-	2,026,173
	\$ -	\$ 19,471,542
Total noncurrent liabilities	\$ -	\$ 19,471,542
Total Liabilities	\$ 1	\$ 19,803,356
Net Assets		
Restricted for		
Equipment replacement	\$ 197,467	\$ -
Total Net Assets	\$ 197,467	\$ -

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Geographic Information System Enterprise Fund	Governmental Activities - Employee Services Reserve Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues		
Charges for services	\$ 20,309	\$ 2,777,690
	<u> </u>	<u> </u>
Total Operating Revenues	\$ 20,309	\$ 2,777,690
	<u> </u>	<u> </u>
Operating Expenses		
Personal services	\$ -	\$ 1,151,754
OPEB expense	-	1,625,936
Other services and charges	40,082	-
	<u> </u>	<u> </u>
Total Operating Expenses	\$ 40,082	\$ 2,777,690
	<u> </u>	<u> </u>
Operating income	\$ (19,773)	\$ -
	<u> </u>	<u> </u>
Change in Net Assets	\$ (19,773)	\$ -
	<u> </u>	<u> </u>
Net Assets - January 1	217,240	-
	<u> </u>	<u> </u>
Net Assets - December 31	\$ 197,467	\$ -
	<u> </u>	<u> </u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
Increase (Decrease) in Cash and Cash Equivalents**

	Geographic Information System Enterprise Fund	Governmental Activities - Employee Services Reserve Internal Service Fund
	<u>Enterprise Fund</u>	<u>Service Fund</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 20,309	\$ -
Receipts from internal services provided	-	472,832
Payments to suppliers	(40,092)	-
Payments to internal services used	-	(2,591,833)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	\$ (19,783)	\$ (2,119,001)
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (19,783)	\$ (2,119,001)
	<u> </u>	<u> </u>
Cash and Cash Equivalents at January 1	217,251	18,741,192
	<u> </u>	<u> </u>
Cash and Cash Equivalents at December 31	\$ 197,468	\$ 16,622,191
	<u> </u>	<u> </u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (19,773)	\$ -
	<u> </u>	<u> </u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Increase (decrease) in due to other governments	\$ (10)	\$ -
	<u> </u>	<u> </u>
Total adjustments	\$ (10)	\$ -
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Operating Activities	\$ (19,783)	\$ -
	<u> </u>	<u> </u>

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

**DAKOTA COUNTY
MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	Private-Purpose Trusts	Agency Funds
<u>Assets</u>		
Cash and pooled investments	\$ 5,051,496	\$ 27,288,393
Departmental cash	-	247,878
Accounts receivable	1,171	38,833
Due from other governments	630,348	159,755
Total Assets	\$ 5,683,015	\$ 27,734,859
<u>Liabilities</u>		
Accounts payable	\$ 190,429	\$ 1,835,041
Salaries payable	-	147,067
Accrued expenses	71,743	-
Due to other governments	4,219,601	25,752,751
Advance from other governments	762,021	-
Total Liabilities	\$ 5,243,794	\$ 27,734,859
<u>Net Assets</u>		
Net assets, held in trust for other purposes	\$ 439,221	
Total Net Assets	\$ 439,221	

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

**DAKOTA COUNTY
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**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
DECEMBER 31, 2008**

	Private-Purpose Trusts
<u>ADDITIONS:</u>	
State Grants	
Mn Dept of Trial Courts	\$ 3,436,287
Mn Dept of Environmental Assistance	900,988
Payments from counties	330,226
Other agencies	17,200
Miscellaneous	6,617
Investment earnings:	
Interest	100,655
	100,655
Total additions	\$ 4,791,973
<u>DEDUCTIONS:</u>	
Judicial District expense	\$ 3,436,287
Solid waste expenses	1,419,316
Emergency preparedness expenses	36,326
	36,326
Total deductions	\$ 4,891,929
Change in net assets	\$ (99,956)
Net assets - January 1	539,177
Net assets - December 31	\$ 439,221

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

**DAKOTA COUNTY
MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

I. Summary of significant accounting policies

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

A. Reporting entity

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

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

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

Dakota County Community Development Agency (Agency) was established in 1971 pursuant to special Minnesota legislation. The mission of the Agency is to utilize 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 Agency's Board of Commissioners. Additionally the County has underwritten several of the bond issues of the Agency. The Agency is therefore included as a discretely presented unit since the significance of the relationship between the Agency and the County is such that exclusion would cause the County's financial statements to be incomplete.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

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

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private purpose trust fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for taxes and charges 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.

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

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 required to be accounted for in another fund.

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

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

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

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

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

Additionally, the government reports the following fund types:

Enterprise Fund accounts for the sale of geographic information such as data and maps.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

- *Domestic Preparedness Fund* accounts for the coordination of emergency preparedness and homeland security services. Membership includes Dakota County and 10 of the largest cities within the county.

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

- *4-H* - to account for receipts and disbursements for 4-H programs.
- *Agricultural Conservation* - to account for fees used to reimburse the local taxing districts for the amount of property taxes lost because of the agricultural preserve credit.
- *Arbitrage* - to account for arbitrage interest earnings on the 1989 CIP Bonds which must be remitted to the federal government.
- *Assurance* - to account for fees received for the registration of Torrens certificates of title. Per State statute, the fees are transmitted to the State Treasurer for administration of the assurance program.
- *Community Development Agency* - to account for collecting and distribution of Community Development Agency funds relating primarily to housing and redevelopment.
- *Conservation* - to account for fees received per transaction on recording of a mortgage prior to transfer to the County portion and State portion.
- *Dakota-Scott WSA* – to account for collecting and distribution of employment grant funds relating to the workforce services program.
- *DUI Forfeiture Fund* - to account for the proceeds from the sales of vehicles forfeited for DUI.
- *Electronic License System* - to account for collection and payment of amounts due and payable from the sale of game and fish licenses through the state electronic system.
- *Forfeited Tax* - to account for all monies collected per State statute for sale of lands forfeited for unpaid taxes.
- *Forfeited Tax Assurance* - to account for monies collected from the sale of tax delinquent land. Monies are held in trust until disposition is made to various entities.
- *Historical Society* - to account for monies administered by the Historical Society.
- *Local Collaboratives* - to account for federal funds disbursed through Minnesota Departments of Human Services or Children, Families, and Learning.
- *Metro Alliance for Healthy Families* - to account for monies administered by the metro counties and cities that are collaborating to provide services to public health clients. Dakota County is the lead agent for this effort.
- *Metro Council* - to account for the Council's share of property taxes collected by the County.
- *Metro Transit* - to account for Metro Transit's share of property taxes collected by the County.

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**NOTES TO THE FINANCIAL STATEMENTS
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- *MESB* - to account for payroll and benefit costs for the Metropolitan Emergency Services Board which are reimbursed by the MESB.
- *MICA* - to account for the investments made on behalf of the Metropolitan Inter-County Association.
- *Minnesota Conservation Fund* - to account for the State's share of funding for agricultural preserve property tax credit.
- *Mosquito Control* - to account for the District's share of property taxes collected by the County.
- *Payroll Deductions* - to account for monies deducted from employees' salaries for benefits and payments on their behalf.
- *School Districts* - to account for the collection and payments of property taxes due to school districts.
- *Sheriff Civil Fees* - to account for collection and payments of civil fees due to different municipalities and agencies.
- *Sheriff Evidence Fund* - to account for cash seized as evidence or pending forfeiture action.
- *Sheriff Inmate Fund* - to account for funds received from individuals booked into the County jail and returned to the individual upon their release.
- *Sheriff Trust Fund* - to account for receipts from redemption's, executions, sheriff sales and subsequently paid out.
- *Sheriff 911 Distribution* - to account for the collection and payments of state funds in support of the emergency response system. This fund is no longer collecting revenue for 911 because the Dakota Communication Center is now performing central dispatch for Dakota County and member cities.
- *Social Welfare* - to account for clients' receipts from Social Security and maternity support, legal settlements, and Veterans Administration used for personal needs of the client.
- *State Revenue* - to account for the fines collected which are to be remitted to the State.
- *Taxes and Penalties* - to account for the collection and payment of tax and penalties to various taxing districts.
- *Towns and Cities* - to account for the collection and payments of taxes due to towns and cities.
- *Watershed Levy* - to account for property taxes collected by the County and due to the watershed district.

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

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

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

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 Employee Services Reserve internal service fund primary revenue is derived from charges for services to departments for employee benefits. Operating expenses for the enterprise fund and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

Dakota County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under joint powers agreement pursuant to Minn. Stat. §471.59. The MAGIC fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

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

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

2. Receivables and payables

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

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

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

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

3. *Inventories and prepaid items*

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory in the General Fund and the Highway Special Revenue Fund consists of expendable supplies held for consumption. The inventory items within General Fund include: postage meter, telephone equipment and fleet equipment. The cost for postage meter and telephone equipment were recorded as an expenditure at the time when individual inventory items are consumed in the General Fund prior to January 1, 2008, and as an expenditure at the time of purchase in the Highway Special Revenue Fund and fleet equipment in the General Fund. As of January 1, 2008, all inventories will be 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.

4. *Restricted assets*

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

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

For the CDA major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by CDA during the current fiscal year was \$1,477,192. Of this amount, \$124,945 was included as part of the cost of capital assets under construction in connection with housing projects.

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

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	3-10
Land improvement	10-30

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

For the Agency the estimated useful lives are:

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

6. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Under the County's personnel policies and union contracts, County employees are granted vacation and sick leave in varying amounts based on length of service. Certain County employees are also granted compensatory time. Unused accumulated vacation leave, compensatory time, vested sick leave, and flextime are paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to employees at termination. Vacation and sick leave accruals vary from 12 to 20 days per year. Flextime accruals vary from 20 to 40 days per year. A liability for the compensated absences is reported in the internal service fund and the governmental activities column of the government wide statement of net assets.

7. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Revenues

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

Imposed Nonexchange Transactions

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

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

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

Intergovernmental

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

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

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

Exchange Transactions

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

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except Law Library and Attorney Forfeiture special revenue funds and the private-purpose trust 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. Transfers of appropriations between divisions require the approval of the Board or County Administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Board made several supplemental budgetary appropriations throughout the year. The material supplemental budgetary appropriations were:

**DAKOTA COUNTY
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**NOTES TO THE FINANCIAL STATEMENTS
December 2008**

<u>Fund</u>	<u>Amount</u>
General	\$ 35,051,984
Highway	\$ 43,826,951
Community Services	\$ 4,927,940
Environmental Management	\$ 53,184
Capital Projects	\$ 10,676,440
Library	\$ 746,241
Parks	\$ 19,900,813
Regional Rail	\$ 3,720,265
Debt Service	\$ 653,149

B. Excess of expenditures over appropriations

For the year ended December 31, 2008, expenditures exceeded appropriations in Courts in the General Fund by \$47,791, GIS in the General Fund by \$18,135 and the Debt Service Fund had expenditures in excess of appropriations for principal, interest and issuance costs of \$5,665,000, \$1,181,870 and \$4,900 respectively. These excess expenditures were funded by available fund balance and current year savings.

C. Fund Balance Deficits

The Transportation Special Revenue Fund has a deficit fund balance of \$4,390,876. As of June 14, 2009, the Transportation Fund Balance is at \$10.6 million, the fund's cash account is \$11.3 million. The largest contributors include:

•	February 2009	State Aid from MNDot	\$ 2.1 million
•	May 2009	State Aid from MNDot	5.3 million
•	June 2009	MNDot Reimbursement of CIP	3.5 million
•	June 2009	MNDot Reimbursement of CIP	<u>12.6 million</u>
		Total State Revenues	\$23.5 million

III. Detailed notes on all funds

A. Deposits and investments

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer-Auditor for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2008, based on market prices except for agency securities called prior to March 1, 2009 where the fair value reflected was the callable par value on the call date. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2008 were \$11,476,422.

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

Government-wide statement of net assets		
Governmental activities		
Cash and pooled investments	\$	219,107,080
Petty cash and change funds		15,905
Business-type activities		
Cash and pooled investments		197,468
Discrete component unit		
Cash and pooled investments		1,241,360
Statement of fiduciary net assets		
Cash and pooled investments		32,339,889
Total Cash and Investments	\$	252,901,702
Cash on hand	\$	8,599,367
Deposits		93,237,735
Petty cash and change funds		15,905
Investments		151,048,695
Total Deposits, Cash on hand, and Investments	\$	252,901,702

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

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

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. As of December 31, 2008, the County's deposits were not exposed to custodial credit risk. The County policy is in accordance with state statutes.

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

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- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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

At December 31, 2008, the County had the following investments:

	Credit Risk	Less Than 1 Year	2-5 Years	More Than 5 Years	Total Fair Value
Mutual Fund	Not Rated	\$ 10,177,769	\$ -	\$ -	\$ 10,177,769
Government Agencies:					
Federal Farm Credit Bank	AAA	8,992,500	4,154,292	-	13,146,792
Federal National Mortgage Assoc	AAA	8,062,820	22,300,660	14,763,884	45,127,364
Federal Home Loan Mortgage Corp.	AAA	27,195,209	6,042,840	4,829,478	38,067,527
Federal Home Loan Bank	AAA	32,293,655	12,240,452	3,295,320	47,829,427
Resolution Funding Corp	AAA	-	-	1,995,584	1,995,584
Tennessee Valley Authority	AAA	-	953,170	3,928,831	4,882,001
Total Investments		\$ 86,721,953	\$ 45,691,414	\$ 28,813,097	\$ 161,226,464

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

The County's exposure to credit risk as of December 31, 2008 is listed in the table above.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At December 31, 2008, all of Dakota County's investments are held by a third party custodian and were not exposed to custodial credit risk.

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

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Issuer	Reported Amount	Percentage
Federal Farm Credit Bank	\$ 13,146,792.00	8.70%
Federal Home Loan Bank	47,829,427.31	31.66%
Federal Home Loan Mortgage Corporation	38,067,527.00	25.20%
Federal National Mortgage Association	45,127,363.28	29.88%
Total	\$ 144,171,109.59	95.45%

As of June 30, 2008, 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. Agencies	\$11,160,536	\$5,027,820	\$6,132,716	\$ -
Guaranteed investment contracts	24,340,879	-	-	24,340,879
Local government investment pool	24,553,343	24,553,343	-	-
Money market mutual funds	19,755,559	19,755,559	-	-
	\$79,810,317	\$49,336,772	\$6,132,716	\$24,340,879

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 the State of Minnesota and its municipalities, banker's acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, and the Minnesota Municipal Money Market Fund (4M Fund).

All investments are reported at fair value, except for guaranteed investment contracts that are non transferable and have terms that are not affected by changes in market interest rates, and are reported at cost.

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

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the CDA manages interest rate risk by limiting investment maturities to five years or less except for bond reserve investments like guaranteed investment contracts which are nontransferable with terms that are not subject to changes in market interest rates.

Credit risk. Credit risk is the risk that an issuer of an instrument will not fulfill its obligation to the holder of the investment. The CDA's investment policy places no restrictions on credit risk other than requiring compliance with State Law. While State Law does not limit investments in securities of U.S. Government Agencies by credit quality, these investments were rated AAA by Standard & Poor's, and Fitch Ratings, and Aaa by Moody's Investors Service. State Law requires that issuers or guarantors of guaranteed investment contracts have their long-term and short-term debt rated in one of the highest two categories by a nationally recognized statistical rating organization (NRSRO). All guaranteed investment contracts, local government investment pool and money market mutual funds are unrated. Investments held by the local government investment pool conform to state restrictions and the investments in money market mutual funds comply with state requirements for being rated in one of the highest two categories by a NRSRO.

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Concentration of credit risk. The CDA places no limit on the amount that may be invested in any one issuer. More than 5% of the Agency's investments are in securities issued by the following U.S. Government Agencies: Federal Home Loan Bank (5.1%), and the Federal National Mortgage Association (8.9%) and in guaranteed investment contracts issued by MBIA (30.5%).

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the CDA's deposits may not be returned to it. The CDA follows State law which requires all deposits with financial institutions to be collateralized in an amount equal to 110 percent of deposits in excess of FDIC insurance. At June 30, 2008, the entire amount of the CDA's bank balances was covered by federal-depository insurance and collateral held by the CDA's agent in the CDA's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency 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, 2008, all U.S. Government Agency securities are held by counterparties, are insured or registered, and are not exposed to custodial risk.

B. Receivables

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

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

	Deferred Unavailable	Deferred/ Unearned
Property taxes receivable	\$ 2,490,039	\$ -
Charges for services	135,143	15,991
Grant Receivables that do not provide current financial resources	10,555,229	-
Payment-local	856,685	-
Miscellaneous	-	19,279
Lease Receivable	-	7,530,118
Grant drawdowns prior to meeting all eligibility requirements	-	7,547,150
Total deferred/unearned revenue for governmental funds	\$ 14,037,096	\$ 15,112,538

C. Lease Receivable

Dakota Communications Center Joint Powers Board

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

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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:

<u>Year Ended December 31</u>	<u>Lease Receivable</u>
2009	\$ 725,100
2010	725,100
2011	725,100
2012	725,100
2013-2017	3,625,500
2018-2022	<u>3,383,800</u>
Total Lease Receivable	9,909,700
Less Interest	<u>(2,379,582)</u>
Present Value of Lease Receivable	<u>\$ 7,530,118</u>

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

D. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 129,516,906	\$ 26,926,157	\$ -	\$ 156,443,063
Construction in progress	45,218,749	44,723,075	(10,032,664)	79,909,160
Total capital assets, not being depreciated	<u>174,735,655</u>	<u>71,649,232</u>	<u>(10,032,664)</u>	<u>236,352,223</u>
Capital assets, being depreciated:				
Buildings	171,106,155	2,442,564	-	173,548,719
Improvements other than buildings	4,022,970	76,089	-	4,099,059
Machinery and equipment	22,669,094	9,981,390	(1,483,568)	31,166,916
Infrastructure	322,557,007	1,369,243	-	323,926,250
Total capital assets being depreciated	<u>520,355,226</u>	<u>13,869,286</u>	<u>(1,483,568)</u>	<u>532,740,944</u>
Less accumulated depreciation for:				
Buildings	(40,708,409)	(3,526,201)	-	(44,234,610)
Improvements other than buildings	(1,444,740)	(186,965)	-	(1,631,705)
Machinery and equipment	(16,144,454)	(2,421,976)	727,058	(17,839,372)
Infrastructure	(119,549,321)	(6,417,316)	-	(125,966,637)
Total accumulated depreciation	<u>(177,846,924)</u>	<u>(12,552,458)</u>	<u>727,058</u>	<u>(189,672,324)</u>
Total capital assets, being depreciated, net	<u>342,508,302</u>	<u>1,316,828</u>	<u>(756,510)</u>	<u>373,068,620</u>
Governmental activities capital assets, net	<u>\$ 517,243,957</u>	<u>\$ 72,966,060</u>	<u>\$(10,789,174)</u>	<u>\$ 579,420,843</u>

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

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

Governmental activities:	
General Government	\$ 3,176,299
Public Safety	861,506
Highways and streets, including depreciation of general infrastructure assets	7,350,878
Human Services	16,649
Health	9,182
Economic Development	65,626
Culture and Recreation	1,067,306
Conservation of Natural Resources	2,213
Sanitation	2,889
Total depreciation expense--governmental activities	\$ 12,552,458
Business-type activities:	
Information Systems	\$ -
Total depreciation expense--business-type activities	\$ -

Construction commitments

The government has active construction projects as of December 31, 2008. The projects include the Rosemount Library and street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year-end the government's major commitments with contractors are as follows:

General Government

Project	Spent-to-Date	Remaining Commitment
Street construction	\$ 31,148,587	\$ 20,459,167
Rosemount Library	6,755,729	1,594,271
Wentworth Library Renovation	969,212	516,788
Wescott Library Renovation	1,738,062	416,938
	\$ 40,611,590	\$ 22,987,164

Street construction is being financed by County taxes, bonds, and intergovernmental revenue from Local, State and Federal Governments. The Rosemount Library is funded through general obligation bonds.

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Discretely presented component unit

Activity for the CDA for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,198,739	\$ 2,883,303	\$ 472,525	\$ 6,609,517
Total capital assets, not being depreciated	<u>4,198,739</u>	<u>2,883,303</u>	<u>472,525</u>	<u>6,609,517</u>
Capital assets, being depreciated:				
Land improvements	144,098	-	-	144,098
Buildings	3,990,653	3,666	-	3,994,319
Furniture and equipment	1,564,941	51,206	7,740	1,608,407
Total capital assets being depreciated	<u>5,699,692</u>	<u>54,872</u>	<u>7,740</u>	<u>5,746,824</u>
Less accumulated depreciation for:				
Land improvements	(45,631)	(9,606)	-	(55,237)
Buildings	(473,890)	(99,766)	-	(573,656)
Furniture and equipment	(1,092,400)	(179,712)	(7,740)	(1,264,372)
Total accumulated depreciation	<u>(1,611,921)</u>	<u>(289,084)</u>	<u>(7,740)</u>	<u>(1,893,265)</u>
Total capital assets, being depreciated, net	<u>4,087,771</u>	<u>(234,212)</u>	<u>-</u>	<u>3,853,559</u>
Governmental activities capital assets, net	<u>\$ 8,286,510</u>	<u>\$ 2,649,091</u>	<u>\$ 472,525</u>	<u>\$ 10,463,076</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 9,554,577	\$ 592,321	\$ 167,138	\$ 9,979,760
Construction in progress	7,265,069	6,706,299	6,580,009	7,391,359
Total capital assets, not being depreciated	<u>16,819,646</u>	<u>7,298,620</u>	<u>6,747,147</u>	<u>17,371,119</u>
Capital assets, being depreciated:				
Land improvements	2,482,815	191,968	-	2,674,783
Buildings	89,759,155	5,971,182	42,709	95,687,628
Furniture and equipment	3,623,621	294,404	22,556	3,895,469
Total capital assets being depreciated	<u>95,865,591</u>	<u>6,457,554</u>	<u>65,265</u>	<u>102,257,880</u>
Less accumulated depreciation for:				
Land improvements	(1,310,552)	(142,928)	-	(1,453,480)
Buildings	(22,791,800)	(2,394,398)	(33,792)	(25,152,406)
Furniture and equipment	(2,592,099)	(251,301)	(22,556)	(2,820,844)
Total accumulated depreciation	<u>(26,694,451)</u>	<u>(2,788,627)</u>	<u>(56,348)</u>	<u>(29,426,730)</u>
Total capital assets, being depreciated, net	<u>69,171,140</u>	<u>3,668,927</u>	<u>8,917</u>	<u>72,831,150</u>
Business-type activities capital assets, net	<u>\$ 85,990,786</u>	<u>\$ 10,967,547</u>	<u>\$ 6,756,064</u>	<u>\$ 90,202,269</u>

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

Component Unit

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Senior housing development	\$ 10,164,548	\$ 497,671

Senior housing is funded through general obligation bonds.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Highway	\$ 20,383
	Community Services	526,662
	County Parks	10,103
	Nonmajor Governmental Funds	233,899
	Capital Projects	48,857
Highway	General	18,010
	Nonmajor Governmental Funds	94,685
	County Parks	1,725
Community Services	General	436,931
County Parks	General	93,217
	Nonmajor Governmental Funds	87,601
	General	47,291
Nonmajor Governmental Funds	Capital Projects	458
	Proprietary Funds	3,238
	General	2,545,348
Proprietary Funds	Nonmajor Governmental Funds	177,195
	Highway	170,107
	Community Services	265,089
	County Parks	23,426
Total		<u>\$ 4,804,225</u>

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

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Interfund Transfers:	Transfer Out:						Total Transfers in:
Transfer In:	General Fund	Highway	Comm. Services	County Parks	Capital Projects	Nonmajor	
General	\$ -	\$ -	\$ 136,875	\$ -	\$ -	\$ -	\$ 136,875
Highway	5,665,062	-	-	-	-	-	5,665,062
Community Services	14,031	-	-	-	-	-	14,031
Capital projects	-	1,281,611	-	-	-	-	1,281,611
County Parks	6,844,883	-	-	-	-	-	6,844,883
Debt Service	576,672	373,161	-	-	8,928,461	-	9,878,294
Nonmajor and other revenue	96,868	-	-	-	-	-	96,868
Total transfers out:	\$ 13,197,516	\$1,654,772	\$ 136,875	\$ -	\$ 8,928,461	\$ -	\$ 23,917,624

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 funding major land acquisitions in the Parks Department. The highway fund further transfers funds to the capital projects fund as reimbursement for construction of a highway maintenance facility, originally financed through capital projects.

F. Long-term debt

Primary Government

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$124,580,000.

Bonds payable at December 31, 2008, are composed of the following issues:

CIP Refunding Bonds In 1999, the County issued General Obligation Capital Improvement Refunding Bonds in the amount of \$28,740,000. These bonds are due in annual installments of \$2,080,000 to \$3,565,000 through 2010 with interest rates ranging from 4.50 to 4.85 percent. The Refunding Bonds were issued to refund on February 1, 2000, the 2001 through 2010 maturities of the outstanding General Obligation Capital Improvement Refunding Bonds, Series 1992B, dated March 1, 1992.

\$6,960,000

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

\$29,025,000

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

\$ 5,610,000

Highway Interchange TH 52/Co Rd 46 Bonds In 2003, the County issued General Obligation Capital Improvement Bonds in the amount of \$5,325,000 (Series 2003C) for construction of an interchange at the intersection of MN State Highway 52 and County Roads 46 near the City of Coates. Dakota County is providing advance funding for this road project and will receive reimbursement from the Minnesota Department of Transportation. These bonds contain interest rates of 2.25 to 4.15 and mature 2004 through 2023. This bond was paid off in 2009.

\$ 4,290,000

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

\$10,785,000

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

\$14,965,000

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

\$ 7,095,000

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

\$ 31,695,000

Total Bonds Payable

\$110,425,000

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.00 – 4.75 %	\$ 71,770,000
Governmental activities-refunding	3.40 - 4.85 %	38,655,000
		<u>\$ 110,425,000</u>

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

Year Ending December 31	Principal	Interest
2009	\$ 8,585,000	\$ 4,594,204
2010	8,945,000	4,198,275
2011	31,415,000	3,261,936
2012	5,870,000	2,402,086
2013-2017	22,790,000	8,912,535
2018-2022	20,695,000	4,470,752
2023-2027	12,125,000	1,042,484
Total	<u>\$ 110,425,000</u>	<u>\$ 28,882,272</u>

Bond Refunding

In 2007, the County issued \$31,695,000 in General Obligation Capital Improvement Refunding Bonds to refund the 1999A General Obligation Capital Improvement Bonds, and the 2001A General Obligation Capital Improvement Bonds. This is a crossover refunding with the proceeds deposited with an escrow agent. The 1999A Series will be called on February 1, 2008 and the 2001A Series will be called on February 1, 2011. At that time they will be redeemed with proceeds from the escrow account. On February 1, 2008 the County will “crossover” from the 1999A Series Bonds and begin making payments on the 2007A General Obligation Capital Improvement Refunding Bonds. On February 1, 2011 the County will “crossover” from the 2001A Series Bonds and will begin making all remaining payments on the 2007A General Obligation Capital Improvement Bonds. The County will continue to show long term debt for 1999A Series and the 2001A Series along with the 2007A Series until each of the crossover dates. This refunding resulted in an economic gain of \$1,012,131 and reduced future debt payments by \$1,534,489.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond Payable					
General obligation bonds	\$ 124,580,000	\$ -	\$ (14,155,000)	\$ 110,425,000	\$ 12,650,000
Premiums on GO bonds	1,245,020	-	(228,050)	1,016,970	-
Discounts on GO bonds	(302,184)	-	16,788	(285,396)	-
Total bonds payable	125,522,836	-	(14,366,262)	111,156,574	12,650,000
Claims and judgments	1,010,362	198,948	(305,109)	904,201	273,545
OPEB Liability	870,160	1,625,936	(469,923)	2,026,173	-
Compensated absences	16,622,191	11,909,645	(10,757,891)	17,773,945	328,576
Governmental activity					
Long-term liabilities	<u>\$ 144,025,549</u>	<u>\$ 13,734,529</u>	<u>\$ (25,899,185)</u>	<u>\$ 131,860,893</u>	<u>\$ 13,252,121</u>

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

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Discretely presented component unit

Activity for the CDA for the year ended June 30, 2008, was as follows:

Bonds Payable and Other Long-Term Obligations

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

Housing Development Bonds are issued by the CDA in denominations of \$5,000 to finance the acquisition and construction of senior housing developments in Dakota County, Minnesota. The 1993, 1995, 1998, 2000 and 2001 series bonds are backed by the full faith and credit of Dakota County, Minnesota. The 1997 series bonds are backed by the full faith and credit of the City of Eagan, Minnesota. These bonds are secured by and payable from the pooled gross rent receipts and other operating revenues related to the operation of housing developments financed by these bonds, an annual pledge of \$3,800,000 from the Agency's tax levy, and pledged tax increment revenues.

Bonds payable at June 30, 2008 are as follows:

Description of Note	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
1998 Housing Development Bonds	10/01/98	01/01/28	3.75 - 4.75%	\$ 3,480,000	\$ 3,170,000
2000 Housing Development Bonds	05/01/00	01/01/14	5.25 - 5.55%	6,365,000	3,650,000
2001 Housing Development Bonds	11/01/01	01/01/21	3.00 - 5.25%	22,800,000	19,225,000
2005 Housing Development Bonds	04/01/05	01/01/23	3.50 - 5.00%	15,040,000	10,100,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	21,335,000
Subtotal					57,480,000
Less current maturities					(2,225,000)
Total					<u>\$ 55,255,000</u>

The annual aggregate principal and interest maturities for the fiscal years subsequent to June 30, 2008 are as follows:

	Principal	Interest	Total
2009	\$ 2,225,000	\$ 3,082,855	\$ 5,307,855
2010	2,685,000	2,696,955	5,381,955
2011	2,845,000	2,579,205	5,424,205
2012	2,800,000	2,452,688	5,252,688
2013	2,910,000	2,322,714	5,232,714
2014-2018	15,610,000	9,351,859	24,961,859
2019-2023	13,480,000	5,644,309	19,124,309
2024-2028	5,675,000	3,221,405	8,896,405
2029-2033	6,375,000	1,735,375	8,110,375
2034-2035	2,875,000	221,657	3,096,657
Total	<u>\$ 57,480,000</u>	<u>\$ 33,309,022</u>	<u>\$ 90,789,022</u>

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Changes in Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 367,012	\$ 250,556	\$ (215,970)	\$ 401,598	\$ 213,153
Notes payable	408,400	-	-	408,400	-
	<u>\$ 775,412</u>	<u>\$ 250,556</u>	<u>\$ (215,970)</u>	<u>\$ 809,998</u>	<u>\$ 213,153</u>
Business-type activities:					
Compensated absences	\$ 192,548	\$ 187,532	\$ (162,085)	\$ 217,995	\$ 146,199
Notes payable	1,988,468	105,000	(152,296)	1,941,172	158,375
Bonds payable	39,420,000	21,335,000	(3,275,000)	57,480,000	2,225,000
Less deferred amounts:					
For issuance premiums	583,715	205,759	(78,394)	711,080	-
On refunding	(41,963)	-	9,284	(32,679)	-
Total bonds payable	<u>39,961,752</u>	<u>21,540,759</u>	<u>(3,344,110)</u>	<u>58,158,401</u>	<u>2,225,000</u>
	<u>\$ 42,142,768</u>	<u>\$ 21,833,291</u>	<u>\$ (3,658,491)</u>	<u>\$ 60,317,568</u>	<u>\$ 2,529,574</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 \$4,025 of internal service funds compensated absences are included above. In governmental funds, compensated absences are generally liquidated by the General Fund.

Conduit Debt

The Agency 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 are payable solely from payments received on the underlying loans. The Agency 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, 2008 was \$380,624,421.

G. Unreserved – Fund Balance

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

	Nonmajor Governmental Funds
Designated for:	
Designated for future expenditures	\$ 27,526,515
Designated for cash flows	784,081
Designated for petty cash and change funds	1,970
Designated for capital equipment	56,977
Designated for capital improvements	235,000
Designated for budget incentive program	192,317
Total Unreserved	<u>\$ 28,796,860</u>

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IV. Other information

A. Risk management

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

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

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

	Year ended <u>12/31/08</u>	Year ended <u>12/31/07</u>
Unpaid claims, beginning of fiscal year	\$1,010,362	\$861,524
Incurred claims (including IBNR)	198,948	439,418
Claim payments	<u>(305,109)</u>	<u>(290,580)</u>
Unpaid claims, end of fiscal year	<u>\$ 904,201</u>	<u>\$1,010,362</u>

B. Contingent liabilities

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

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

C. Joint Powers Debt Commitment

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

On May 1, 2007, the DCC issued Public Safety Revenue Bonds, Series 2007 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special obligations of

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the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due to the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.5%-5.0%. The debt will be re-paid with member assessments over a seven year amortization. All members reserve the right to repay, in whole or in part on any date, its allocated share of principal and interest on the bonds.

Payments from Dakota County are provided from General Fund appropriations. Dakota County's future member payments to the DCC as of December 31, 2008 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2009	86,550
2010	83,750
2011	85,250
2012	82,250
2013	89,250
Total	<u>\$ 427,050</u>

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

D. Subsequent Event

In 2009, a new enterprise fund was created to provide for the capital maintenance of CJIIN (Criminal Justice Integrated Information Network). The fund will provide a means to account for the activities of CJIIN where services are sold to non-Dakota County governmental entities which will pay for capital expenditures which help deliver those services.

E. 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, Hennepin, Ramsey, Scott, and Washington, 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 \$146,213 in 2008. 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 provided gifts totaling \$354 to MELSA in 2008. 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.

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3. Minnesota River Basin: Dakota County entered into a joint powers agreement to promote the orderly water quality improvement and management of the Minnesota River Watershed, pursuant to Minnesota Statutes section 471.59. The management of the Joint Powers Board is vested in the Board of Directors consisting of one member and one alternate from each county board of commissioners included in this agreement. According to the latest information available, 37 counties are members under this agreement. Financing is provided by a contribution from each member county based upon its share of the annual budget. Dakota County's 2008 contributions were \$2,500. Complete financial statements for the Joint Powers Board can be obtained from its administrative offices at: MN River Board, MN State University - Mankato, 184 Trafton Science Center S, Mankato, MN 56001.
4. Hope Fund: Dakota County entered into a joint powers agreement with the Dakota County Community Development Agency (the Agency) to provide a source of gap financing used to leverage public and private sector funds for the construction of affordable housing in Dakota County. The County will appropriate funds, as the County Board deems appropriate. Dakota County did not appropriate funds in 2008. The Agency will administer the fund.
5. Dakota Communications Center: Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to acquire and provide the facilities, infrastructure, hardware, software, services and other items necessary for the establishment and operation of a joint law enforcement, fire, emergency medical services and other emergency communications system. The Board of Directors consists of an elected official from each Member. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member and call volume. The fiscal agent is the City of Lakeville. Current financial statements are available from the City of Lakeville Finance Department, City Hall, 20195 Holyoke Avenue, Lakeville, MN 55044.
6. Domestic Preparedness Agency: Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to provide for the joint exercise of the parties' powers to plan for and to respond to the need of the first responders for special response operations caused by the occurrence of large-scale disasters and emergencies. The Board of Directors consists of an appointed individual from each Member, one city manager, the Dakota County Emergency Coordinator. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member less any grants received. This agency is presented as the Domestic Preparedness Private Purpose Trust Fund.
7. County Transportation Improvement Board (CTIB): CTIB was created on April 1, 2008, as required by Minn. Statute Section 297A.992, by joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the new ¼ cent transit sales tax for the development, construction and operation of transitways serving the five-county area. Currently, the task force is not required to be audited. Therefore, no audited financial statements are available.

F. Jointly governed organizations

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

1. Dakota County Collaborative: The Dakota County Collaborative is an integrated Children's Mental Health and Family Services Collaborative. The duties and membership of collaboratives is defined in Minnesota Statutes 124D.23 and 245.493. By resolution No. 05-601 (November 29, 2005), the County Board approved execution of a new Joint Powers Agreement between Dakota County, Scott-Carver Dakota CAP Agency, and the ten school districts in Dakota County to establish the Dakota County Collaborative, which combined the

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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 \$1,297,851 in expenditures in 2008 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.

G. Employee retirement systems and pension plans

Plan Description

All full-time and certain part-time employees of Dakota County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public 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.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.00 percent, respectively, of their annual covered salary in 2008. Public Employees Police and Fire Fund members were required to contribute 8.60 percent of their annual covered salary in 2008. That rate increased to 9.40 percent in 2009. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75
Public Employees Police and Fire Fund	12.90	14.10
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police and Fire Fund</u>	<u>Public Employees Correctional Fund</u>
2008	\$ 5,954,014	\$ 708,290	\$ 416,865
2007	\$ 5,648,268	\$ 618,570	\$ 401,076
2006	\$ 5,230,587	\$ 546,956	\$ 385,354

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

Defined Contribution Plan

Two employees of Dakota County are covered by the Public Employees Defined Contribution Plan, a multiple-employer, deferred compensation plan administered by PERA in accordance with Minn. Stat. ch. 353D. 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.

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

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2008, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$6,072	\$6,072
Percentage of covered payroll	0.1%	0.1%

Required contribution rates were 5.00 percent.

H. Other post-employment benefits

In addition to the pension benefits described above, the County provides post retirement health care benefits. The County currently has 30 eligible participants. The eligible participants are employees of the Sheriff Department who have retired. This benefit is provided based on County Board Resolution #81-519 as part of the Sheriff contract settlement.

The County contributes \$60 a month per participant for health insurance. The participant contributes either \$401 for single coverage or \$1,521 for family coverage per month. During 2008 the County expended \$21,600 for this benefit.

Annual OPEB Costs and Net OPEB Obligation

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

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. 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 January 1, 2008 there were approximately 71 retirees receiving health benefits from the County's health plan.

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 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

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Annual required contribution	\$ 1,640,199
Interest on net OPEB obligation	(39,157)
Adjustment to ARC	<u>(53,420)</u>
Annual OPEB Cost	1,625,936
Contributions during the year	<u>(469,923)</u>
Increase in net OPEB obligation	1,156,013
Net OPEB beginning of year	<u>870,160</u>
Net OPEB End of year	<u>\$ 2,026,173</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 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, 2007	\$1,209,956	\$339,796	28.08%	\$870,160
December 31, 2008	\$1,625,936	\$469,923	28.90%	\$2,026,173

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
1/1/2006	\$0	\$10,103,661	\$10,103,661	0.00%	\$101,860,878	9.92%
1/1/2008	\$0	\$14,588,881	\$14,588,881	0.00%	\$112,903,961	12.92%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.0%. The annual healthcare cost trend rate is 8.97% initially, reduced incrementally to an ultimate rate of 5% after twenty years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2007.

This Actuarial valuation was done with three scenarios, based on 30-year, 10-year and 1-year funding options. In 2008, the County continued with the 30-year model. It is currently the County's plan to implement the 1-year model in 2009.

DAKOTA COUNTY
MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
December 2008

Nonmajor Governmental Funds

Special Revenue Funds

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

County Library Fund is to account for the operating cost of the Dakota County Library. Financing is provided by an annual property tax levy.

Environmental Management Fund accounts for environmental management activities within the county including waste reduction, planning, administration, regulation and education.

Regional Rail Authority is used to account for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail and other transit alternatives within the County.

Law Library Fund is used to account for revenues and expenditures of the Law Library. Revenues are derived from fees collected from certain litigants and expenditures are primarily law books and minor administrative and personal service costs.

Attorney Forfeiture Fund is to account for the 20 percent of the proceeds from the sale of forfeited property which is distributed to the County Attorney as a supplement to operating monies for prosecutorial purposes.

**DAKOTA COUNTY
MINNESOTA**

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
1/1/2006	\$0	\$10,103,661	\$10,103,661	0.00%	\$101,860,878	9.92%
1/1/2008	\$0	\$14,588,881	\$14,588,881	0.00%	\$112,903,961	12.92%

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

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 1,999,727	\$ (273)
Investment earnings	-	532,874	1,951,020	1,418,146
Total Revenues	<u>\$ 2,000,000</u>	<u>\$ 2,532,874</u>	<u>\$ 3,950,747</u>	<u>\$ 1,417,873</u>
Expenditures				
Debt service				
Principal	\$ 7,981,500	\$ 8,490,000	\$ 14,155,000	\$ (5,665,000)
Interest	3,776,519	3,921,168	5,103,038	(1,181,870)
Administrative - fiscal charges	-	-	4,900	(4,900)
Total Expenditures	<u>\$ 11,758,019</u>	<u>\$ 12,411,168</u>	<u>\$ 19,262,938</u>	<u>\$ (6,851,770)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (9,758,019)</u>	<u>\$ (9,878,294)</u>	<u>\$ (15,312,191)</u>	<u>\$ (5,433,897)</u>
Other Financing Sources (Uses)				
Transfers in	\$ 9,758,019	\$ 9,878,294	\$ 9,878,294	\$ -
Total Other Financing Sources (Uses)	<u>\$ 9,758,019</u>	<u>\$ 9,878,294</u>	<u>\$ 9,878,294</u>	<u>\$ -</u>
Change in Fund Balance	\$ -	\$ -	\$ (5,433,897)	\$ (5,433,897)
Fund Balance - January 1	<u>39,109,079</u>	<u>39,109,079</u>	<u>39,109,079</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 39,109,079</u>	<u>\$ 39,109,079</u>	<u>\$ 33,675,182</u>	<u>\$ (5,433,897)</u>

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,438,641	\$ 7,438,641	\$ 7,158,254	\$ (280,387)
Intergovernmental	-	-	566,141	566,141
Total Revenues	\$ 7,438,641	\$ 7,438,641	\$ 7,724,395	\$ 285,754
Expenditures				
Current				
Capital outlay				
Capital outlay	\$ 16,776,760	\$ 27,453,200	\$ 8,561,029	\$ 18,892,171
Total capital outlay	\$ 16,776,760	\$ 27,453,200	\$ 8,561,029	18,892,171
Total Expenditures	\$ 16,776,760	\$ 27,453,200	\$ 8,561,029	\$ 18,892,171
Excess of Revenues Over (Under) Expenditures	\$ (9,338,119)	\$ (20,014,559)	\$ (836,634)	\$ 19,177,925
Other Financing Sources (Uses)				
Transfers in	-	\$ 1,281,611	\$ 1,281,611	-
Transfers out	-	(8,928,461)	(8,928,461)	-
Total Other Financing Sources (Uses)	\$ -	\$ (7,646,850)	\$ (7,646,850)	\$ -
Change in Fund Balance	\$ (9,338,119)	\$ (27,661,409)	\$ (8,483,484)	\$ 19,177,925
Fund Balance - January 1	28,487,782	28,487,782	28,487,782	-
Fund Balance - December 31	\$ 19,149,663	\$ 826,373	\$ 20,004,298	\$ 19,177,925

**DAKOTA COUNTY
MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>Special Revenue Funds</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>County Library</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Law Library</u>	<u>Attorney Forfeiture</u>	
<u>Assets</u>						
Cash and pooled investments	\$ 722,324	\$ 24,827,759	\$ 2,713,346	\$ 1,113,752	\$ 222,569	\$ 29,599,750
Petty cash and change funds	1,950	-	-	20	-	1,970
Taxes receivable						
Prior	238,630	-	-	-	-	238,630
Accounts receivable	217,117	370,388	21,783	1,868	183	611,339
Due from other funds	24,033	3,312	-	8,642	15,000	50,987
Due from other governments	-	-	530,987	56,389	-	587,376
Total Assets	<u>\$ 1,204,054</u>	<u>\$ 25,201,459</u>	<u>\$ 3,266,116</u>	<u>\$ 1,180,671</u>	<u>\$ 237,752</u>	<u>\$ 31,090,052</u>
<u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 106,326	\$ 198,764	\$ 82,900	\$ 37,845	\$ 30	\$ 425,865
Salaries payable	258,991	32,285	-	5,313	-	296,589
Due to other funds	142,449	147,112	283,008	39	20,772	593,380
Due to other governments	51,579	85,380	-	755	103	137,817
Deferred revenue - unavailable	197,129	-	-	-	-	197,129
Deferred revenue - unearned	-	642,412	-	-	-	642,412
Total Liabilities	<u>\$ 756,474</u>	<u>\$ 1,105,953</u>	<u>\$ 365,908</u>	<u>\$ 43,952</u>	<u>\$ 20,905</u>	<u>\$ 2,293,192</u>
Fund Balances						
Unreserved						
Designated for future expenditures	\$ -	\$ 23,989,761	\$ 2,900,208	\$ 419,699	\$ 216,847	\$ 27,526,515
Designated for cash flows	302,081	-	-	482,000	-	784,081
Designated for capital improvements	-	-	-	235,000	-	235,000
Designated for petty cash and change funds	1,950	-	-	20	-	1,970
Designated for capital equipment	56,977	-	-	-	-	56,977
Designated for budget incentive program	86,572	105,745	-	-	-	192,317
Total Fund Balances	<u>\$ 447,580</u>	<u>\$ 24,095,506</u>	<u>\$ 2,900,208</u>	<u>\$ 1,136,719</u>	<u>\$ 216,847</u>	<u>\$ 28,796,860</u>
Total Liabilities and Fund Balances	<u>\$ 1,204,054</u>	<u>\$ 25,201,459</u>	<u>\$ 3,266,116</u>	<u>\$ 1,180,671</u>	<u>\$ 237,752</u>	<u>\$ 31,090,052</u>

**DAKOTA COUNTY
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	County Library	Environmental Management	Regional Rail	Law Library	Attorney Forfeiture	
Revenues						
Taxes	\$ 9,615,381	\$ -	\$ 997,349	\$ -	\$ -	\$ 10,612,730
License and permits	-	631,701	-	-	-	631,701
Intergovernmental	1,455,667	1,122,780	1,152,309	16,701	-	3,747,457
Charges for services	645,723	5,354,435	-	539,663	-	6,539,821
Fines and forfeits	-	-	-	-	31,923	31,923
Gifts and contributions	29,585	-	-	-	-	29,585
Investment earnings	7,418	-	80,925	-	-	88,343
Miscellaneous	140,313	151,949	-	-	83,748	376,010
Total Revenues	\$ 11,894,087	\$ 7,260,865	\$ 2,230,583	\$ 556,364	\$ 115,671	\$ 22,057,570
Expenditures						
Current						
General government	\$ -	\$ -	\$ -	\$ 481,766	\$ 57,913	\$ 539,679
Sanitation	-	6,660,486	-	-	-	6,660,486
Culture and recreation	12,198,324	-	-	-	-	12,198,324
Economic development	-	-	1,304,127	-	-	1,304,127
Total Expenditures	\$ 12,198,324	\$ 6,660,486	\$ 1,304,127	\$ 481,766	\$ 57,913	\$ 20,702,616
Excess of Revenues Over (Under) Expenditures	\$ (304,237)	\$ 600,379	\$ 926,456	\$ 74,598	\$ 57,758	\$ 1,354,954
Other Financing Sources (Uses)						
Transfers in	\$ 95,715	\$ 1,153	\$ -	\$ -	\$ -	\$ 96,868
Total Other Financing Sources (Uses)	\$ 95,715	\$ 1,153	\$ -	\$ -	\$ -	\$ 96,868
Net Change in Fund Balance	\$ (208,522)	\$ 601,532	\$ 926,456	\$ 74,598	\$ 57,758	\$ 1,451,822
Fund Balance - January 1	656,102	23,493,974	1,973,752	1,062,121	159,089	27,345,038
Fund Balance - December 31	\$ 447,580	\$ 24,095,506	\$ 2,900,208	\$ 1,136,719	\$ 216,847	\$ 28,796,860

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
COUNTY LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,831,506	\$ 10,092,534	\$ 9,615,381	\$ (477,153)
Intergovernmental	1,158,573	1,158,573	1,455,667	297,094
Charges for services	536,579	543,579	645,723	102,144
Gifts and contributions	-	28,617	29,585	968
Investment earnings	-	-	7,418	7,418
Miscellaneous	126,265	155,822	140,313	(15,509)
Total Revenues	\$ 11,652,923	\$ 11,979,125	\$ 11,894,087	\$ (85,038)
Expenditures				
Current				
Culture and recreation				
Regional library	\$ 11,980,575	\$ 12,726,816	\$ 12,198,324	\$ 528,492
Total Expenditures	\$ 11,980,575	\$ 12,726,816	\$ 12,198,324	\$ 528,492
Excess of Revenues Over (Under)				
Expenditures	\$ (327,652)	\$ (747,691)	\$ (304,237)	\$ 443,454
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 95,715	\$ 95,715	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ 95,715	\$ 95,715	\$ -
Change in Fund Balance	\$ (327,652)	\$ (651,976)	\$ (208,522)	\$ 443,454
Fund Balance - January 1	656,102	656,102	656,102	-
Fund Balance - December 31	\$ 328,450	\$ 4,126	\$ 447,580	\$ 443,454

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 748,067	\$ 748,067	\$ 631,701	\$ (116,366)
Intergovernmental	1,120,000	1,120,000	1,122,780	2,780
Charges for services	4,675,981	4,675,981	5,354,435	678,454
Miscellaneous	87,245	87,245	151,949	64,704
Total Revenues	\$ 6,631,293	\$ 6,631,293	\$ 7,260,865	\$ 629,572
Expenditures				
Current				
Sanitation				
Solid waste	\$ 7,459,659	\$ 7,512,843	\$ 6,660,486	\$ 852,357
Total Expenditures	\$ 7,459,659	\$ 7,512,843	\$ 6,660,486	\$ 852,357
Excess of Revenues Over (Under) Expenditures	\$ (828,366)	\$ (881,550)	\$ 600,379	\$ 1,481,929
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 1,153	\$ 1,153	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ 1,153	\$ 1,153	\$ -
Change in Fund Balance	\$ (828,366)	\$ (880,397)	\$ 601,532	\$ 1,481,929
Fund Balance - January 1	23,493,974	23,493,974	23,493,974	-
Fund Balance - December 31	\$ 22,665,608	\$ 22,613,577	\$ 24,095,506	\$ 1,481,929

**DAKOTA COUNTY
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
REGIONAL RAIL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ 1,040,580	\$ 997,349	\$ (43,231)
Intergovernmental	-	2,561,051	1,152,309	(1,408,742)
Investment earnings	-	-	80,925	80,925
Total Revenues	<u>\$ -</u>	<u>\$ 3,601,631</u>	<u>\$ 2,230,583</u>	<u>\$ (1,371,048)</u>
Expenditures				
Current				
Economic development				
Community development	\$ -	\$ 2,554,685	\$ 1,010,934	\$ 1,543,751
Administration	-	1,165,580	293,193	872,387
Total Expenditures	<u>\$ -</u>	<u>\$ 3,720,265</u>	<u>\$ 1,304,127</u>	<u>\$ 2,416,138</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (118,634)</u>	<u>\$ 926,456</u>	<u>\$ 1,045,090</u>
Change in Fund Balance	\$ -	\$ (118,634)	\$ 926,456	\$ 1,045,090
Fund Balance - January 1	<u>1,973,752</u>	<u>1,973,752</u>	<u>1,973,752</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,973,752</u>	<u>\$ 1,855,118</u>	<u>\$ 2,900,208</u>	<u>\$ 1,045,090</u>

**DAKOTA COUNTY
MINNESOTA**

**PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2008**

	First Judicial District Trust Fund	Rural Solid Commission Trust Fund	Solid Waste Management Coordination Bd Trust Fund	Domestic Preparedness Team Trust Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 27,891	\$ 4,923,008	\$ 100,597	\$ 5,051,496
Accounts receivable	-	-	-	1,171	1,171
Due from other governments	630,348	-	-	-	630,348
Total Assets	\$ 630,348	\$ 27,891	\$ 4,923,008	\$ 101,768	\$ 5,683,015
<u>Liabilities</u>					
Accounts payable	\$ 243	\$ 8,376	\$ 181,313	\$ 497	\$ 190,429
Accrued expenses	71,743	-	-	-	71,743
Due to other governments	558,362	-	3,661,239	-	4,219,601
Advance from other governments	-	-	762,021	-	762,021
Total Liabilities	\$ 630,348	\$ 8,376	\$ 4,604,573	\$ 497	\$ 5,243,794
<u>Net Assets</u>					
Net assets, held in trust for other purposes	\$ -	\$ 19,515	\$ 318,435	\$ 101,271	\$ 439,221
Total Net Assets	\$ -	\$ 19,515	\$ 318,435	\$ 101,271	\$ 439,221

**DAKOTA COUNTY
MINNESOTA**

**PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>First Judicial District Trust Fund</u>	<u>Rural Solid Commission Trust Fund</u>	<u>Solid Waste Management Coordination Bd Trust Fund</u>	<u>Domestic Preparedness Team Trust Fund</u>	<u>Total Private- Purpose Trust Fund</u>
<u>ADDITIONS:</u>					
State Grants					
Mn Dept of Trial Courts	\$ 3,436,287	\$ -	\$ -	\$ -	\$ 3,436,287
Mn Dept of Environmental Assistance	-	-	900,988	-	900,988
Payments from other governments	-	-	251,996	78,230	330,226
Other agencies	-	17,200	-	-	17,200
Miscellaneous	-	-	3,172	3,445	6,617
Investment earnings:					
Interest	-	1,252	99,403	-	100,655
Total additions	\$ 3,436,287	\$ 18,452	\$ 1,255,559	\$ 81,675	\$ 4,791,973
<u>DEDUCTIONS:</u>					
Judicial District expense	\$ 3,436,287	\$ -	\$ -	\$ -	\$ 3,436,287
Solid waste expenses	-	22,442	1,396,874	-	1,419,316
Emergency preparedness expenses	-	-	-	36,326	36,326
Total deductions	\$ 3,436,287	\$ 22,442	\$ 1,396,874	\$ 36,326	\$ 4,891,929
Change in net assets	\$ -	\$ (3,990)	\$ (141,315)	\$ 45,349	\$ (99,956)
Net assets - January 1	-	23,505	459,750	55,922	539,177
Net assets - December 31	\$ -	\$ 19,515	\$ 318,435	\$ 101,271	\$ 439,221

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
4-H				
<u>Assets</u>				
Cash and pooled investments	\$ 254,130	\$ 234,941	\$ 181,958	\$ 307,113
Accounts receivable	-	165	-	165
Due from other governments	866	2,382	1,997	1,251
	\$ 254,996	\$ 237,488	\$ 183,955	\$ 308,529
<u>Liabilities</u>				
Accounts payable	\$ 4,240	\$ 177,965	\$ 157,434	\$ 24,771
Due to other governments	250,756	240,043	207,041	283,758
	\$ 254,996	\$ 418,008	\$ 364,475	\$ 308,529
 <u>AGRICULTURAL CONSERVATION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 213,315	\$ 70,068	\$ 125,343	\$ 158,040
<u>Liabilities</u>				
Accounts payable	\$ 213,315	\$ 70,068	\$ 125,343	\$ 158,040
 <u>ARBITRAGE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 50,904	\$ -	\$ -	\$ 50,904
<u>Liabilities</u>				
Due to other governments	\$ 50,904	\$ -	\$ -	\$ 50,904

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>ASSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,455	\$ 26,337	\$ 21,941	\$ 8,851
<u>Liabilities</u>				
Due to other governments	\$ 4,455	\$ 26,337	\$ 21,941	\$ 8,851
 <u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 69,207	\$ 12,349,486	\$ 12,270,046	\$ 148,647
<u>Liabilities</u>				
Due to other governments	\$ 69,207	\$ 12,349,486	\$ 12,270,046	\$ 148,647
 <u>CONSERVATION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 140,135	\$ 140,135	\$ -
<u>Liabilities</u>				
Due to other funds	\$ -	\$ 140,135	\$ 140,135	\$ -
 <u>DAKOTA-SCOTT WSA</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 3,091,044	\$ 3,091,044	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 3,091,044	\$ 3,091,044	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>DUI FORFEITURE FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 11,091	\$ 4,099	\$ 9,379	\$ 5,811
<u>Liabilities</u>				
Accounts payable	\$ 11,091	\$ 4,099	\$ 9,379	\$ 5,811
 <u>ELECTRONIC LICENSE SYSTEM</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 134	\$ 8,454	\$ 8,469	\$ 119
<u>Liabilities</u>				
Accounts payable	\$ 134	\$ 8,454	\$ 8,469	\$ 119
 <u>FORFEITED TAX</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 385,576	\$ 240,250	\$ 1,096	\$ 624,730
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 1,096	\$ 1,096	\$ -
Due to other governments	385,576	325,071	85,917	624,730
Total Liabilities	\$ 385,576	\$ 326,167	\$ 87,013	\$ 624,730
 <u>FORFEITED TAX ASSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 7,206	\$ 7,206	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 7,206	\$ 7,206	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>HISTORICAL SOCIETY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 241,038	\$ 241,038	\$ -
Due from other governments	44,741	111,913	82,810	73,844
Total Assets	<u>\$ 44,741</u>	<u>\$ 352,951</u>	<u>\$ 323,848</u>	<u>\$ 73,844</u>
<u>Liabilities</u>				
Salaries payable	\$ 2,764	\$ 8,271	\$ 6,699	\$ 4,336
Due to other governments	41,977	69,508	41,977	69,508
Total Liabilities	<u>\$ 44,741</u>	<u>\$ 77,779</u>	<u>\$ 48,676</u>	<u>\$ 73,844</u>
 <u>LOCAL COLLABORATIVES</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 999,946</u>	<u>\$ 730,313</u>	<u>\$ 1,297,851</u>	<u>\$ 432,408</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 999,946</u>	<u>\$ 730,313</u>	<u>\$ 1,297,851</u>	<u>\$ 432,408</u>
 <u>METROPOLITAN EMERGENCY SERVICES BOARD (MESB)</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 814,886	\$ 814,886	\$ -
Due from other governments	-	850,766	766,106	84,660
Total Assets	<u>\$ -</u>	<u>\$ 1,665,652</u>	<u>\$ 1,580,992</u>	<u>\$ 84,660</u>
<u>Liabilities</u>				
Salaries payable	\$ -	\$ 51,962	\$ 32,698	\$ 19,264
Due to other governments	-	67,186	1,790	65,396
Total Liabilities	<u>\$ -</u>	<u>\$ 119,148</u>	<u>\$ 34,488</u>	<u>\$ 84,660</u>

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>METRO ALLIANCE FOR HEALTHY FAMILIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 994,669	\$ 1,391,924	\$ 1,034,950	\$ 1,351,643
<u>Liabilities</u>				
Accounts payable	\$ 944,385	\$ 3,606,032	\$ 3,737,190	\$ 813,227
Salaries payable	50,119	123,467	50,119	123,467
Due to other governments	165	415,020	236	414,949
Total Liabilities	\$ 994,669	\$ 4,144,519	\$ 3,787,545	\$ 1,351,643
 <u>METRO COUNCIL</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 3,768,065	\$ 3,768,065	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 3,768,065	\$ 3,768,065	\$ -
 <u>METRO TRANSIT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 4,176,854	\$ 4,176,854	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 4,176,854	\$ 4,176,854	\$ -
 <u>METROPOLITAN INTER-COUNTY ASSOCIATION (MICA)</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 322,134	\$ 514,207	\$ 500,000	\$ 336,341
<u>Liabilities</u>				
Due to other governments	\$ 322,134	\$ 514,207	\$ 500,000	\$ 336,341

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>MINNESOTA CONSERVATION FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 18,662	\$ 70,068	\$ 74,290	\$ 14,440
<u>Liabilities</u>				
Due to other governments	\$ 18,662	\$ 70,068	\$ 74,290	\$ 14,440
<u>MOSQUITO CONTROL</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 2,248,598	\$ 2,248,598	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 2,248,598	\$ 2,248,598	\$ -
<u>PAYROLL DEDUCTIONS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 54,989,238	\$ 54,989,238	\$ -
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 54,989,238	\$ 54,989,238	\$ -
<u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 193,413,778	\$ 193,413,778	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 193,413,778	\$ 193,413,778	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>SHERIFF CIVIL FEES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 40,911	\$ 490,950	\$ 488,247	\$ 43,614
<u>Liabilities</u>				
Due to other governments	\$ 40,911	\$ 490,950	\$ 488,247	\$ 43,614
 <u>SHERIFF EVIDENCE FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 954	\$ 336	\$ -	\$ 1,290
<u>Liabilities</u>				
Due to other governments	\$ 954	\$ 336	\$ -	\$ 1,290
 <u>SHERIFF INMATE FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 41	\$ -	\$ -	\$ 41
<u>Liabilities</u>				
Accounts Payable	\$ 41	\$ -	\$ -	\$ 41
 <u>SHERIFF TRUST FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 83,897	\$ 13,157,428	\$ 13,176,354	\$ 64,971
<u>Liabilities</u>				
Due to other governments	\$ 83,897	\$ 13,157,428	\$ 13,176,354	\$ 64,971

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>SHERIFF 911 DISTRIBUTION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 429	\$ -	\$ 429	\$ -
<u>Liabilities</u>				
Due to other governments	\$ 429	\$ -	\$ 429	\$ -
 <u>SOCIAL WELFARE</u>				
<u>Assets</u>				
Departmental cash	\$ 245,727	\$ 2,931,116	\$ 2,928,965	\$ 247,878
<u>Liabilities</u>				
Accounts payable	\$ 245,727	\$ 2,931,116	\$ 2,928,965	\$ 247,878
 <u>STATE REVENUE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 407	\$ 443,168	\$ 443,575	\$ -
<u>Liabilities</u>				
Due to other governments	\$ 407	\$ 443,168	\$ 443,575	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance January 1	Additions	Deductions	Balance December 31
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 22,220,697	\$ 593,642,422	\$ 592,123,689	\$ 23,739,430
Accounts receivable	37,862	38,668	37,862	38,668
Total Assets	\$ 22,258,559	\$ 593,681,090	\$ 592,161,551	\$ 23,778,098
<u>Liabilities</u>				
Accounts payable	\$ 164,774	\$ 1,792,419	\$ 1,804,447	\$ 152,746
Unapportioned taxes payable	-	59,979,597	59,979,597	-
Due to other funds	-	53,556	53,556	-
Due to other governments	22,093,785	589,740,932	588,209,365	23,625,352
Total Liabilities	\$ 22,258,559	\$ 651,566,504	\$ 650,046,965	\$ 23,778,098
 <u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 415	\$ 247,377,916	\$ 247,378,331	\$ -
<u>Liabilities</u>				
Due to other governments	\$ 415	\$ 247,377,916	\$ 247,378,331	\$ -
 <u>WATERSHED LEVY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 49,380	\$ 49,380	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 49,380	\$ 49,380	\$ -

DAKOTA COUNTY
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 25,671,974	\$ 1,133,692,589	\$ 1,132,076,170	\$ 27,288,393
Departmental cash	245,727	2,931,116	2,928,965	247,878
Accounts receivable	37,862	38,833	37,862	38,833
Due from other governments	45,607	965,061	850,913	159,755
Total Assets	<u>\$ 26,001,170</u>	<u>\$ 1,137,627,599</u>	<u>\$ 1,135,893,910</u>	<u>\$ 27,734,859</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,583,653	\$ 64,310,800	\$ 65,059,412	\$ 1,835,041
Salaries payable	52,883	183,700	89,516	147,067
Unapportioned taxes payable	-	59,979,597	59,979,597	-
Due to other funds	-	193,691	193,691	-
Due to other governments	23,364,634	1,072,042,581	1,069,654,464	25,752,751
Total Liabilities	<u>\$ 26,001,170</u>	<u>\$ 1,196,710,369</u>	<u>\$ 1,194,976,680</u>	<u>\$ 27,734,859</u>

**DAKOTA COUNTY
MINNESOTA**

**VERMILLION RIVER WATERSHED DISTRICT
GOVERNMENTAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Assets

Cash and investments	\$ 1,241,360
Taxes receivable	
Current	66,104
Accounts receivable	21,000
Due from other governments	<u>97,328</u>
Total Assets	<u><u>\$ 1,425,792</u></u>

Liabilities

Current liabilities	
Accounts payable	\$ 65,282
Due to other governments	<u>188,304</u>
Total Liabilities	<u><u>\$ 253,586</u></u>

Fund Balance/Net Assets

Unreserved - Undesignated/ Unrestricted	<u>\$ 1,172,206</u>
Total Fund Balance/Net Assets	<u><u>\$ 1,172,206</u></u>
Total Liabilities and Fund Balance/Net Assets	<u><u>\$ 1,425,792</u></u>

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

**DAKOTA COUNTY
MINNESOTA**

**VERMILLION RIVER WATERSHED DISTRICT
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Revenues	
Taxes	\$ 1,032,731
Intergovernmental	284,669
Investment earnings	<u>36,722</u>
Total Revenues	<u>\$ 1,354,122</u>
Expenditures/Expenses	
Current	
Conservation of natural resources	<u>\$ 1,017,956</u>
Net Change in Fund Balance/ Net Assets	\$ 336,166
Fund Balance/Net Assets - January 1	<u>836,040</u>
Fund Balance/Net Assets - December 31	<u><u>\$ 1,172,206</u></u>

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

Governmental Revenue Schedules

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Funds</u>
Shared Revenue	
State	
Highway users tax	\$ 3,413,734
PERA rate reimbursement	333,927
Disparity reduction aid	1,879
Police aid	495,645
Agricultural preserve credit	48,661
County program aid	10,817,293
Market value credit	<u>4,700,796</u>
Total Shared Revenue	<u>\$ 19,811,935</u>
Reimbursement for Services	
State	
Minnesota Department of Human Services	<u>\$ 12,955,068</u>
Payments	
Local	
City contributions	\$ 1,640,508
Metropolitan council	9,885,057
City and agency share of construction	10,910,638
MELSA	169,521
Other contributions	476,753
Local contributions	308,395
Payments in lieu of taxes	<u>62,905</u>
Total Payments	<u>\$ 23,453,777</u>
Grants	
State	
Minnesota Department of Public Safety	\$ 360,098
Transportation	2,551,605
Health	1,346,610
Natural Resources	571,301
Human Services	24,802,858
Water and Soil Resources Board	96,903
Trade and Economic Security	1,130,066
Office of Pollution Control	1,171,992
Trial courts	69,959
Housing and Finance	175,000
Education	277,794
State	506
Peace Officers Board	33,245
Corrections	5,663,035
Veterans Affairs	<u>37,036</u>
Total State	<u>\$ 38,288,008</u>

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Funds
	<u> </u>
Grants (Continued)	
Federal	
Department of	
Agriculture	\$ 3,147,607
Housing and Urban Development	2,718,474
Justice	257,921
Labor	1,415,060
Transportation	10,100,805
National Foundation on Arts and Humanities	16,701
Environmental Protection Agency	129,946
Education	103,388
Health and Human Services	26,333,236
Homeland Security	<u>1,036,000</u>
Total Federal	<u>\$ 45,259,138</u>
Total State and Federal Grants	<u>\$ 83,547,146</u>
Total Intergovernmental Revenue	<u><u>\$ 139,767,926</u></u>

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Direct			
Farm and Ranch Lands Protection Program	10.913	\$ 397,438	\$ -
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	934,701	-
Passed Through Minnesota Department of Education School Breakfast Program	10.553	14,543	-
National School Lunch Program	10.555	19,803	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	<u>1,781,122</u>	<u>-</u>
Total U.S. Department of Agriculture		<u>\$ 3,147,607</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grant	14.218	\$ 1,580,620	\$ 1,580,620
Supportive Housing Demonstrative Program	14.235	411,502	-
HOME Investment Partnerships Program	14.239	<u>726,352</u>	<u>726,352</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 2,718,474</u>	<u>\$ 2,306,972</u>
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Juvenile Accountability Incentive Block Grant	16.523	\$ 96,623	\$ -
Direct			
Public Safety Partnership and Community Policing Grant	16.710	1,419	-
State Criminal Alien Assistance Program (SCAAP)	16.606	49,283	-
Byrne Formula Grant Program	16.579	<u>110,596</u>	<u>-</u>
Total U.S. Department of Justice		<u>\$ 257,921</u>	<u>\$ -</u>
U.S. Department of Labor			
Passed Through Minnesota Department of Employment and Economic Development			
Unemployment Insurance - Grants to States	17.225	\$ 9,423	\$ -
WIA Adult Program	17.258	189,790	-
WIA Youth Activities	17.259	340,055	-
WIA Dislocated Workers	17.260	<u>875,792</u>	<u>-</u>
Total U.S. Department of Labor		<u>\$ 1,415,060</u>	<u>\$ -</u>

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	\$ 9,602,606	\$ -
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	8,453	\$ -
Passed Through Minnesota Department of Public Safety			
State and Community Highway Safety	20.600	3,587	-
Passed Through Met Council			
Federal Transit Capital Assistance Grant	20.500	<u>486,159</u>	<u>\$ -</u>
Total U.S. Department of Transportation		<u>\$ 10,100,805</u>	<u>\$ -</u>
U.S. National Foundation on Arts and Humanities			
Passed through Minnesota Department of Education			
Grants to States	45.310	<u>\$ 16,701</u>	<u>\$ -</u>
U.S. Department of Environmental Protection Agency			
Passed through Minnesota Pollution Control Agency			
Nonpoint Source Implementation Grants	66.460	<u>\$ 129,946</u>	<u>\$ -</u>
U.S. Department of Education			
Direct			
Special Education-Grants for Infants and Families with Disabilities	84.181	<u>\$ 103,388</u>	<u>\$ -</u>
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health			
Immunization Research, Demonstration, Public Information and Education-Training and Clinical Skills Improvement Projects	93.185	\$ 45,809	\$ -
Immunization Grants	93.268	25,000	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	559,486	-
Temporary Assistance for Needy Families (TANF)	93.558	325,367	-
Refugee and Entrant Assistance	93.576	8,002	-
State Children's Insurance Program	93.767	1,239	-
Maternal and Child Health Services Block Grant	93.994	284,420	-
Passed Through Minnesota Department of Human Services			
Family Preservation and Support Services	93.556	201,707	-
Temporary Assistance for Needy Families (TANF)	93.558	2,847,134	-
Child Support Enforcement Title IV-D	93.563	7,529,773	-
Refugee and Entrance Assistance - State Administered Programs	93.566	1,712	-
Block Grant - Child Care and Development	93.575	5,598,344	-

**DAKOTA COUNTY
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Cont.)			
Community Based Child Abuse Prevention Grant	93.590	\$ 59,399	\$ -
Foster Care Title IV-E	93.658	1,291,506	-
Social Services Block Grant Title XX	93.667	1,418,611	-
Chafee Foster Care Independence Program	93.674	86,815	-
Medical Assistance Program	93.778	5,613,524	-
Block Grant for Community Mental Health Services	93.958	279,110	-
Block Grant for Prevention and Treatment of Substance Abuse	93.959	51,626	-
Direct			
Transitional Living for Homeless Youth	93.550	104,652	-
Total U.S. Department of Health and Human Services		\$ 26,333,236	\$ -
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	\$ 12,130	\$ -
Homeland Security Grant Program	97.067	1,023,870	-
Total U.S. Department of Homeland Security		\$ 1,036,000	\$ -
Total Federal Awards		\$ 45,259,138	\$ 2,306,972

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Dakota County. The County's reporting entity is defined in Note I to the basic financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting.
3. Pass-through grant numbers were not assigned by the pass-through agencies.

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Statistical Section

Statistical Section

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

Contents

	<u>Page</u>
Financial Trends	111
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	120
These schedules contain information to help the reader assess the factors affecting the county’s ability to generate its property taxes.	
Debt Capacity	124
These schedules present information to help the reader assess the affordability to the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	127
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	129
These schedules contain information about the County’s operations and resources to help the reader understand how the County provides the activities it performs.	

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

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Dakota County, Minnesota

Net Assets by Component

Primary Government

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

Components Units

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

The County implemented GASB Statement 34 in 2001. Therefore, years prior to 2001 are not available.

Dakota County, Minnesota

Changes in Net Assets

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

Dakota County, Minnesota

Changes in Net Assets

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

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

Dakota County, Minnesota

Changes in Net Assets

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

(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 Statement 34 in 2001. Therefore, years prior to 2001 are not available.

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Dakota County, Minnesota

Changes in Net Assets - Component Units

Expenses	2001	2002	2003	2004	2005	2006	2007	2008
Component Unit								
Community Development Agency	\$ 24,488,706	\$ 26,349,314	\$ 29,534,299	\$ 31,257,253	\$ 32,973,947	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320
Vermillion River Watershed	-	-	-	-	325,209	759,557	1,157,625	1,017,956
Total Component Unit	<u>24,488,706</u>	<u>26,349,314</u>	<u>29,534,299</u>	<u>31,257,253</u>	<u>33,299,156</u>	<u>33,517,431</u>	<u>35,167,385</u>	<u>35,636,276</u>
Program Revenues								
Component Unit								
Community Development Agency	24,307,971	26,533,216	34,830,910	34,263,892	33,470,667	36,142,256	34,403,242	36,440,889
Vermillion River Watershed	-	-	-	-	-	-	434,567	196,434
Total Component Unit	<u>24,307,971</u>	<u>26,533,216</u>	<u>34,830,910</u>	<u>34,263,892</u>	<u>33,470,667</u>	<u>36,142,256</u>	<u>34,837,809</u>	<u>36,637,323</u>
General Revenues - Community Development Agency	2001	2002	2003	2004	2005	2006	2007	2008
Property Taxes	\$ 9,977,930	\$ 5,020,422	\$ 3,339,917	\$ 4,694,249	\$ 5,278,362	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146
Gravel Taxes	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	1,903,356	2,047,034	2,154,606	2,792,582	3,034,382	3,288,340
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-
Investment Income	1,838,281	677,896	411,190	180,027	407,008	1,262,710	2,186,086	1,952,466
Miscellaneous	494,811	198,735	-	-	-	4,050	-	-
Gain on Sale of Capital Assets	7,163	(410,098)	188,867	462,004	174,841	-	-	-
Total General Revenues - Community Development Agency	<u>12,318,185</u>	<u>5,486,955</u>	<u>5,843,330</u>	<u>7,383,314</u>	<u>8,014,817</u>	<u>10,156,624</u>	<u>11,962,497</u>	<u>12,752,952</u>
Total Change in Net Assets - Community Development Agency	<u>\$ 12,137,450</u>	<u>\$ 5,670,857</u>	<u>\$ 11,139,941</u>	<u>\$ 10,389,953</u>	<u>\$ 8,511,537</u>	<u>\$ 13,541,006</u>	<u>\$ 12,355,979</u>	<u>\$ 14,575,521</u>

Dakota County, Minnesota

Changes in Net Assets - Component Units

General Revenues - Vermillion River Watershed

	2001	2002	2003	2004	2005	2006	2007	2008
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 376,609	\$ 886,480	\$ 982,967	\$ -
Gravel Taxes	-	-	-	-	-	-	-	1,032,731
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	40,391	84,622	85,293	88,235
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	2,787	11,595	31,526	36,722
Miscellaneous	-	-	-	-	24	2	7,225	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-
Total General Revenues - Vermillion River Watershed	-	-	-	-	419,811	982,699	1,107,011	1,157,688
Total Change in Net Assets - Vermillion River Watershed	-	-	-	-	94,602	223,142	383,953	336,166
Total Change in Net Assets - Component Units	\$ 12,137,450	\$ 5,670,857	\$ 11,139,941	\$ 10,389,953	\$ 8,606,139	\$ 13,764,148	\$ 12,739,932	\$ 14,911,687

(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 Statement 34 in 2001. Therefore, years prior to 2001 are not available.

Dakota County, Minnesota

***Fund Balances
Governmental Funds***

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

The County implemented GASB Statement 34 in 2001. Therefore, years prior to 2001 are not available.

Dakota County, Minnesota

Changes in Fund Balances Governmental Funds

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

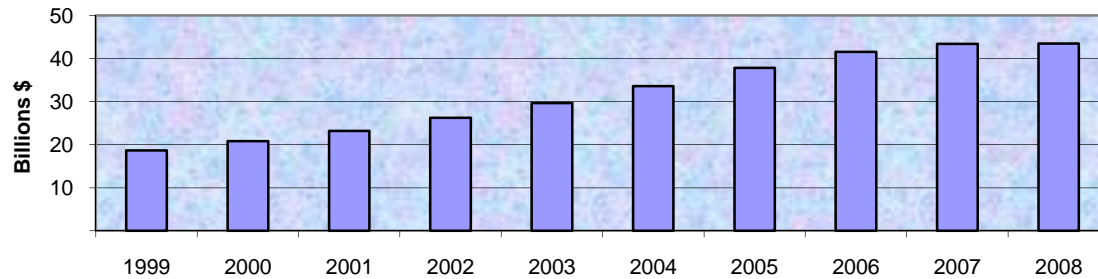
The County implemented GASB Statement 34 in 2001. Therefore, years prior to 2001 are not available.

Dakota County, Minnesota

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Fiscal Year Assessed	Real Property		Personal Property		Total		% of Total Assessed to Total Estimated Market Value	Total Direct County Tax Rate
	Assessed* Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
1999	\$ 307,887,415	\$ 18,391,607,900	\$ 8,749,422	\$ 262,065,900	\$ 316,636,837	\$ 18,653,673,800	1.7	0.28322
2000	348,016,071	20,556,037,138	8,381,597	252,910,300	356,397,668	20,808,947,438	1.7	0.27247
2001	272,591,835	22,921,579,100	5,089,348	260,367,400	277,681,183	23,181,946,500	1.2	0.25320
2002	303,246,273	25,936,773,800	5,228,097	267,987,400	308,474,370	26,204,761,200	1.2	0.33102
2003	338,159,517	29,375,690,500	5,544,992	284,642,600	343,704,509	29,660,333,100	1.2	0.32463
2004	379,955,145	33,272,415,600	5,859,007	300,730,500	385,814,152	33,573,146,100	1.1	0.30300
2005	427,133,158	37,531,168,000	5,875,141	302,403,100	433,008,299	37,833,571,100	1.1	0.28267
2006	471,234,957	41,167,642,300	6,196,860	319,020,400	477,431,817	41,486,662,700	1.2	0.26318
2007	495,383,991	43,049,023,300	6,286,380	324,904,600	501,670,371	43,373,927,900	1.2	0.25127
2008	499,594,005	43,061,778,400	6,868,328	355,081,700	506,462,333	43,416,860,100	1.2	0.02158

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 %

Dakota County, Minnesota

**DIRECT AND OVERLAPPING GOVERNMENTS
TAX CAPACITY RATES
LAST TEN YEARS**

<u>Governments</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>COUNTY</u>										
Dakota County	0.28322	0.27247	0.25320	0.33102	0.32463	0.30300	0.28267	0.26318	0.25127	0.25184
<u>CITIES</u>										
Apple Valley	0.32287	0.29019	0.31320	0.45942	0.41578	0.39610	0.36753	0.35690	0.34891	0.35537
Burnsville	0.29548	0.29075	0.29204	0.43296	0.41074	0.38928	0.38004	0.35414	0.34564	0.35005
Coates	0.20222	0.22560	0.23929	0.28405	0.25287	0.23476	0.19117	0.17908	0.16971	0.15252
Eagan	0.24682	0.24458	0.23441	0.31715	0.29912	0.28702	0.28186	0.26704	0.25232	0.25892
Farmington	0.33067	0.30592	0.29953	0.48892	0.46894	0.41174	0.43767	0.42770	0.41883	0.43821
Hampton	0.14895	0.12822	0.11688	0.24767	0.25138	0.24248	0.22029	0.20224	0.24064	0.22742
Hastings	0.41867	0.38088	0.33147	0.58661	0.50077	0.50110	0.50515	0.50010	0.49235	0.49475
Inver Grove Heights	0.25733	0.25215	0.25098	0.44637	0.40890	0.39904	0.37347	0.35546	0.36514	0.37403
Lakeville	0.19119	0.19466	0.20079	0.34545	0.32944	0.30050	0.31326	0.31610	0.31583	0.34195
Lilydale	0.16181	0.15629	0.15112	0.21838	0.24679	0.29297	0.29238	0.36721	0.41386	0.41239
Mendota	0.48740	0.47031	0.42942	0.58069	0.57538	0.52357	0.49717	0.38234	0.42969	0.37178
Mendota Heights	0.21099	0.20860	0.19392	0.30180	0.28287	0.27030	0.26898	0.28027	0.27633	0.24142
Miesville	0.14471	0.17290	0.15381	0.24843	0.29835	0.26124	0.26831	0.24494	0.21512	0.23654
New Trier	0.19238	0.19360	0.19621	0.22208	0.22851	0.22851	0.26535	0.28778	0.24418	0.32119
Northfield	0.31889	0.31583	0.33565	0.41524	0.39833	0.38841	0.37004	0.34227	0.35691	0.36648
Randolph	0.14878	0.14761	0.12746	0.19517	0.17541	0.16142	0.09358	0.11127	0.11643	0.12512
Rosemount	0.41710	0.39335	0.36553	0.59546	0.57123	0.52368	0.46041	0.43755	0.42521	0.42440
South St. Paul	0.29827	0.27842	0.28244	0.44889	0.41264	0.39452	0.36913	0.34999	0.34143	0.36142
Sunfish Lake	0.15191	0.14773	0.13593	0.21436	0.20896	0.20377	0.18259	0.16817	0.18090	0.17847
Vermillion	0.26069	0.20246	0.21928	0.42449	0.54447	0.51224	0.44767	0.40697	0.32507	0.32429
West St. Paul	0.24823	0.25012	0.25205	0.44516	0.38716	0.41679	0.42289	0.42671	0.42082	0.43706
<u>TOWNSHIPS</u>										
Castle Rock	0.20230	0.20559	0.19025	0.23315	0.21069	0.17038	0.15468	0.12776	0.11738	0.11215
Douglas	0.14725	0.14056	0.18049	0.29011	0.26932	0.23536	0.22325	0.18861	0.20097	0.18389
Empire	0.25124	0.29121	0.34230	0.38108	0.38114	0.30439	0.29553	0.24473	0.28244	0.25452
Eureka	0.17468	0.13422	0.15167	0.20492	0.18955	0.18350	0.18655	0.16951	0.18163	0.17001
Greenvale	0.08066	0.08847	0.08789	0.13889	0.13036	0.13396	0.13007	0.13739	0.13014	0.13433
Hampton	0.10336	0.09269	0.08425	0.11031	0.1238	0.10701	0.09895	0.09222	0.10796	0.13156
Marshan	0.14398	0.15440	0.16864	0.24612	0.24535	0.19263	0.18137	0.17730	0.18121	0.17902
Nininger	0.14571	0.13124	0.13113	0.16377	0.15026	0.13109	0.11492	0.10185	0.08972	0.11577
Randolph	0.06257	0.06017	0.06801	0.09788	0.09240	0.08128	0.07425	0.06682	0.05783	0.04988
Ravenna	0.12239	0.11073	0.11358	0.18329	0.18596	0.16694	0.16812	0.14355	0.14268	0.10474
Sciota	0.11202	0.10009	0.08882	0.12748	0.13770	0.12145	0.10836	0.14939	0.19194	0.17116
Vermillion	0.16763	0.14614	0.14587	0.21329	0.18299	0.16449	0.14339	0.12468	0.11052	0.17820
Waterford	0.08627	0.07622	0.16651	0.20588	0.11195	0.10587	0.09692	0.08685	0.08155	0.07109
<u>SCHOOL DISTRICTS</u>										
6	0.65111	0.56281	0.57939	0.38406	0.38735	0.29199	0.26194	0.25900	0.23765	0.27640
191	0.66096	0.53546	0.45095	0.24120	0.21226	0.18955	0.17729	0.18315	0.18185	0.19374
192	0.70405	0.63513	0.60936	0.34095	0.39614	0.35599	0.36540	0.43708	0.44190	0.45831
194	0.69452	0.58045	0.56209	0.25984	0.30962	0.26901	0.25411	0.25670	0.25252	0.26272
195	0.60772	0.81530	0.59228	0.34185	0.36679	0.29347	0.22065	0.22632	0.22492	0.19031
196	0.56311	0.53231	0.53249	0.28883	0.27638	0.26074	0.26251	0.27554	0.23607	0.21136
197	0.50659	0.44240	0.43088	0.15272	0.14401	0.12917	0.21878	0.21428	0.19838	0.18914
199	0.55610	0.43385	0.44570	0.16824	0.14565	0.10032	0.07793	0.17796	0.16607	0.19764
200	0.69188	0.54881	0.51024	0.22943	0.22906	0.22050	0.22126	0.18683	0.18157	0.16676
252	0.53785	0.57359	0.46390	0.14471	0.25253	0.23727	0.16143	0.16555	0.13827	0.20580
659	0.54553	0.53354	0.53783	0.36023	0.32944	0.33521	0.32590	0.32272	0.31463	0.29579
<u>SPECIAL DISTRICTS</u>										
Watershed #2	0.00339	0.00288	0.00279	0.00515	0.00390	0.00390	0.00358	0.00296	0.00290	0.00448
Watershed V					0.00338	0.00203	0.00309	0.00640	0.00608	0.00603
Transit District	0.04624	0.04454	0.04424	0.01471	0.01659	0.01610	0.01464	0.01476	0.01253	0.01247
Transit Area	0.00411	0.00388	0.00402	---	---	---	---	---	---	---
Mosquito Control	0.00335	0.00328	0.00312	0.00478	0.00529	0.00527	0.00545	0.00483	0.00483	0.00490
Metro Council	0.00882	0.00808	0.00782	0.01408	0.01370	0.01124	0.01010	0.00834	0.00847	0.00817
Dakota County CDA	0.00810	0.00821	0.00402	0.01598	0.01604	0.01617	0.01637	0.01615	0.01635	0.01622
Burnsville EDA	---	---	---	---	0.01222	0.01150	0.00155	0.00397	0.00615	0.00565
Hastings HRA	0.00476	0.00938	0.00796	0.01107	0.01177	0.01174	0.01207	0.01216	0.01183	0.01169
Northfield EDA								0.01616	0.01646	0.01560
Northfield HRA	---	---	---	---	0.01199	0.01397	0.01295	0.01226	0.01307	0.01268
South St Paul HRA	0.00842	0.00759	0.00798	0.01906	0.01047	0.01066	0.01015	0.01294	0.01268	0.01267
Light Transit Rail	0.00051	0.00044	0.00039	0.00066	0.00063	0.00047	0.00251	0.00208	0.00198	0.00217

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

Dakota County, Minnesota

PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Name</u>	<u>Type of Business</u>	<u>1999 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>	<u>Name</u>	<u>Type of Business</u>	<u>2008 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 8,806,288	2.8 %	Xcel Energy	Electric Utility	\$ 5,504,423	1.4 %
Dakota Electric Assn.	Electric Utility	3,117,859	1.0	Flint Hills	Refinery	3,312,987	0.9
Burnsville Minnesota LLC	Burnsville Center	2,752,500	0.9	Burnsville Minnesota LLC	Burnsville Mall	2,100,000	0.5
West Publishing Co.	Book Publishing	2,467,111	0.8	Dakota Electric Assn.	Electric Utility	1,905,920	0.5
Great Northern Oil Co.	Refinery	1,647,928	0.5	West Publishing Co.	Book Publishing	1,586,874	0.4
Minnegasco Inc.	Natural Gas Utility	1,147,242	0.4	Northern Natural Gas Co.	Natural Gas Utility	1,163,085	0.3
AMB Property	Property Mangement	1,049,926	0.3	BCBSN Inc.	Health Care	970,681	0.3
DDRA Community Ctrs Five LP	Eagan Marketplace-Retail	934,418	0.3	AMB Property LP	Burnsville Center	882,076	0.2
RLJ Properties LLC	Warehouse Storage	891,915	0.3	IRET Properties	Investment Real Estate	855,214	0.2
Koch Refinery Co.	Refinery	875,263	0.3	Minnegasco Inc.	Natural Gas Utility	851,814	0.2
Total		<u>\$ 23,690,450</u>	<u>7.6 %</u>	Total		<u>\$ 19,133,074</u>	<u>4.9 %</u>

Dakota County, Minnesota

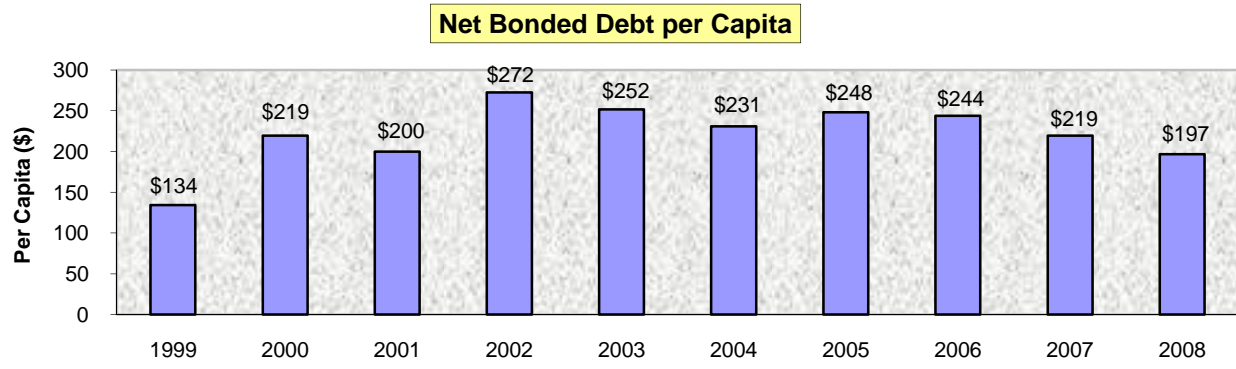
PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Fiscal Year	Total Tax Levy	Current Collections		Delinquent Collections	Total Collections	% of Current Levy	Outstanding Delinquent Taxes	Total Delinquent Taxes as a % of Current Levy
		Amount	% of Levy					
1999	\$ 82,903,427	\$ 82,177,413	99.1	\$ 457,435	\$ 82,634,848	99.7	\$ 914,546	1.1
2000	86,831,352	86,053,087	99.1	789,411	86,842,498	100.0	984,824	1.1
2001	90,675,753	89,841,347	99.1	790,525	90,631,872	100.0	968,760	1.1
2002	96,025,625	95,288,532	99.2	949,884	96,238,416	100.2	835,917	0.9
2003	101,200,325	100,375,665	99.2	871,280	101,246,945	100.0	841,405	0.8
2004	105,594,810	104,697,190	99.1	878,779	105,575,969	100.0	931,291	0.9
2005	110,227,346	109,201,094	99.1	922,621	110,123,715	99.9	1,053,565	1.0
2006	115,797,237	114,139,225	98.6	1,118,912	115,258,137	99.5	1,412,980	1.2
2007	121,561,877	119,969,277	98.7	1,444,306	121,413,583	99.9	1,660,437	1.4
2008	126,375,073	124,407,407	98.4	1,486,006	125,893,413	99.6	2,064,492	1.6

Dakota County, Minnesota

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

<u>Fiscal Year Assessed</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>	<u>Percentage of Personal Income</u>
1999	350,520	\$ 316,636,837	\$ 80,825,000	\$ 33,787,335	\$ 47,037,665	14.86	134	0.39%
2000	357,850	356,397,668	80,050,000	1,578,827	78,471,173	22.02	219	0.60%
2001	363,509	277,681,183	74,685,000	2,115,263	72,569,737	26.13	200	0.54%
2002	368,028	308,474,370	101,670,000	1,441,409	100,228,591	32.49	272	0.72%
2003	371,759	343,705,509	97,415,000	3,910,970	93,504,030	27.20	252	0.65%
2004	376,537	385,814,152	90,715,000	3,793,808	86,921,192	22.53	231	0.57%
2005	381,027	433,008,299	100,595,000	6,071,069	94,523,931	21.83	248	0.59%
2006	385,076	477,431,817	100,710,000	6,783,501	93,926,499	19.67	244	0.57%
2007	389,418	501,670,371	124,580,000	39,109,079	85,470,921	17.04	219	0.49%
2008	390,478	506,462,333	110,425,000	33,675,182	76,749,818	15.15	197	N/A



Dakota County, Minnesota

COMPUTATION OF DIRECT, UNDERLYING AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS DECEMBER 31, 2008

<u>Government Unit</u>	<u>Gross GO Debt</u>	<u>Applicable to Dakota County</u>	
	<u>Outstanding¹</u>	<u>Percent²</u>	<u>Amount</u>
<u>Direct:</u>			
Dakota County	\$ 110,425,000	100.0 %	\$ 110,425,000
<u>Underlying:</u>			
Dakota County CDA	\$ 493,195,876	100.0 %	\$ 493,195,876
City of Apple Valley	51,960,000	100.0	51,960,000
City of Burnsville	58,902,364	100.0	58,902,364
City of Eagan	22,140,000	100.0	22,140,000
City of Farmington	43,610,000	100.0	43,610,000
City of Hampton	1,945,000	100.0	1,945,000
City of Hastings	39,670,000	99.7	39,550,990
City of Inver Grove Hts	47,415,592	100.0	47,415,592
City of Lakeville	98,955,000	100.0	98,955,000
City of Lilydale	2,065,000	100.0	2,065,000
City of Mendota	43,168	100.0	43,168
City of Mendota Heights	12,935,000	100.0	12,935,000
City of Northfield	64,645,912	1.6	1,034,335
City of Rosemount	26,285,000	100.0	26,285,000
City of South St. Paul	16,430,000	100.0	16,430,000
City of Sunfish Lake	160,000	100.0	160,000
City of Vermillion	525,000	100.0	525,000
City of West St. Paul	16,246,000	100.0	16,246,000
Marshan Township	5,069	100.0	5,069
Special S.D. #6 (South St Paul)	23,080,000	100.0	23,080,000
Ind. S.D. #191 (Burnsville)	77,895,000	86.2	67,145,490
Ind. S.D. #192 (Farmington)	283,640,217	100.0	283,640,217
Ind. S.D. #194 (Lakeville)	188,527,299	88.4	166,658,132
Ind. S.D. #195 (Randolph)	5,410,000	100.0	5,410,000
Ind. S.D. #196 (Rosemount)	147,453,275	100.0	147,453,275
Ind. S.D. #197 (W. St. Paul)	60,250,000	100.0	60,250,000
Ind. S.D. #199 (Inver Grove Hts.)	47,530,000	100.0	47,530,000
Ind. S.D. #200 (Hastings)	39,310,000	90.0	35,379,000
Ind. S.D. #252 (Cannon Falls)	21,260,000	3.9	829,140
Ind. S.D. #659 (Northfield)	64,060,000	14.6	9,352,760
Total underlying debt	\$ 1,955,549,772		\$ 1,780,131,408
<u>Overlapping:</u>			
Metropolitan Council (Pks & Solid Waste)	\$ 8,625,000 ³	15.3 %	\$ 1,319,625
Metropolitan Transit Commission	190,955,000	16.7	31,889,485
Total overlapping debt	\$ 199,580,000		\$ 33,209,110
Total debt	\$ 2,265,554,772		\$ 1,923,765,518

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

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

³ The Metropolitan Council also has outstanding \$813,017,184 of general obligation sanitary sewer bonds and loans which are supported by system revenues.

Dakota County, Minnesota

**Legal Debt Margin
Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessed Value	\$ 18,653,673,800	\$ 20,808,947,438	\$ 23,181,946,500	\$ 26,204,761,200	\$ 29,660,333,100	\$ 33,573,146,100	\$ 37,833,571,100	\$ 41,486,662,700	\$ 43,373,927,900	\$ 43,416,860,100
Legal Debt Margin										
Debt Limit (3% of assessed value)*	373,073,476	416,178,949	463,638,930	524,095,224	593,206,662	671,462,922	756,671,422	829,733,254	867,478,558	1,302,505,803
Debt Applicable to limit:										
General Obligation Bonds	80,825,000	80,050,000	74,685,000	101,670,000	97,415,000	90,715,000	100,595,000	100,710,000	124,580,000	110,425,000
Less: amount reserved for repayment of general obligation debt	(33,787,335)	(1,578,827)	(2,115,263)	(1,441,409)	(3,910,970)	(3,793,808)	(6,098,546)	(6,783,501)	(39,109,079)	(33,675,182)
Total Debt Applicable to Limit	47,037,665	78,471,173	72,569,737	100,228,591	93,504,030	86,921,192	94,496,454	93,926,499	85,470,921	76,749,818
Legal Debt Margin	\$ 326,035,811	\$ 337,707,776	\$ 391,069,193	\$ 423,866,633	\$ 499,702,632	\$ 584,541,730	\$ 662,174,968	\$ 735,806,755	\$ 782,007,637	\$ 1,225,755,985
Total debt applicable to the limit as a percent of debt limit	12.6%	18.9%	15.7%	19.1%	15.8%	12.9%	12.5%	11.3%	9.9%	5.9%

*Debt Limit was 2% of assessed value for years 1999 - 2007.

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

Dakota County, Minnesota

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Fiscal Year	Population¹	Personal Income	Per Capita Income	Median Age²	School Enrollment K thru 12³	Annual Average Unemployment Rate⁴
1999	350,520	\$ 12,116,443,000	\$ 34,567	32.5	71,539	1.9
2000	357,850	13,089,975,000	36,580	33.7	71,845	2.2
2001	363,509	13,372,750,000	36,788	N/A	72,818	2.8
2002	368,028	13,843,891,000	37,616	N/A	72,493	3.7
2003	371,759	14,458,266,000	38,892	N/A	74,281	3.8
2004	376,537	15,286,872,000	40,599	34.7	74,051	4.1
2005	381,027	15,918,437,000	41,778	35.2	73,031	3.5
2006	385,827	16,545,054,000	42,966	35.7	73,342	3.5
2007	389,418	17,541,174,000	45,045	35.9	75,333	4.0
2008	390,478	N/A	N/A	N/A	N/A	6.1

Data Sources:

¹ US Bureau of Economic Analysis

² US Dept Of Commerce, Bureau of Economic Analysis

³ State Department of Education/Minnesota Planning

⁴ State Department of Economic Security/Minnesota Workforce Center

Dakota County, Minnesota

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer (1)</u>	2000 <u>Employees</u>	Percentage of Total County <u>Employment</u>	<u>Employer</u>	2008 <u>Employees</u>	Percentage of Total County <u>Employment</u>
West Group	5,396	2.55%	Reuters Thomson West	6,000	2.73%
Blue Cross-Blue Shield	2,916	1.38%	Independent School District 196	4,000	1.82%
School District #196	2,773	1.31%	Blue Cross-Blue Shield	3,300	1.50%
Burnsville Center	2,950	1.39%	Northwest/Delta Airlines	2,300	1.05%
UNISYS	2,150	1.02%	Dakota County	1,769	0.80%
Land O lakes	2,003	0.95%	Independent School District 191	1,600	0.73%
Dakota County	1,673	0.79%	Lockheed Martin	1,600	0.73%
Lockheed Martin	1,600	0.76%	Independent School District 194	1,596	0.73%
Independent School District 194	1,488	0.70%	US Postal Service	1,570	0.71%
U.S. Postal Service	1,435	0.68%	Flint Hills Resources	1,200	0.55%
	<hr/>			<hr/>	
Total County Employment (2)	211,589	11.53%	Total County Employment	220,011	11.35%

Source: Minnesota Department of Economic Security

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

Function/program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County Wide										
County Wide	2.0	1.0					2.0			
Public Service										
Public Service		5.0	6.0	7.0	7.0	10.9	10.4	10.1	10.1	10.1
Assessor	41.7	38.0	38.0	38.0	38.5	37.0	37.0	37.0	37.0	38.0
Property Records	23.0	22.0	22.0	22.3	22.3	22.3	22.3	23.3	23.3	
Treasurer-Auditor	51.5	35.7	34.7	34.7	34.7	27.7	27.7	28.1	28.1	51.4
Service & Licensing	-	14.5	14.5	19.5	19.3	19.3	19.3	19.3	19.3	23.3
Library	153.5	146.9	147.9	147.9	148.1	141.8	142.6	148.9	148.9	158.9
Operations Management										
Operations Management	37.6	36.6	38.6	42.6	43.1	41.6	45.1	46.7	48.2	63.0
Information Technology	46.0	48.0	54.0	57.0	59.0	54.3	56.3	59.3	59.3	62.3
Financial Services	33.4	28.0	29.0	29.0	32.5	32.0	31.5	30.5	30.3	29.3
OMB Division Administration	-	7.3	7.3	6.3	6.9	4.9	3.0	6.0	8.0	9.0
Planning, Evaluation	-	6.0	5.2	6.0	6.0	6.0	6.0	6.0	6.5	6.5
Administration										
County Administration	8.5	8.0	9.8	9.0	8.3	8.0	8.5	8.0	11.0	8.0
County Board	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Communications	-	-	-	-	-	-	-	-	-	8.0
Employee Relations	18.7	18.7	20.6	21.6	21.6	20.2	20.7	21.2	21.2	21.2
Community Services										
Community Services Administration	19.3	19.3	19.0	20.0	21.0	20.0	18.0	18.0	18.0	17.0
Social Services	224.4	231.1	243.1	259.6	270.6	266.6	269.6	263.7	264.5	276.5
Employment & Economic Assistance	230.5	233.5	238.0	243.7	248.7	242.7	243.7	244.7	243.7	248.7
Public Health	116.5	117.2	129.1	136.0	126.3	123.1	122.9	126.8	134.0	145.9
Veterans Services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Community Corrections	143.6	156.2	164.1	165.8	167.8	165.8	168.5	175.3	177.3	179.0
Extension	7.5	7.5	7.5	7.3	7.3	1.5	-	-	-	-
Public Safety										
Sheriff	154.4	157.8	158.8	163.8	164.5	161.5	170.7	180.2	169.3	175.3
County Attorney										
County Attorney	71.6	79.6	81.1	81.1	81.6	79.4	80.2	82.7	83.7	85.1
Courts										
District Court	77.8	77.9	77.9	80.3	80.3	80.4	-	-	-	-
Physical Development										
Office of GIS	-	-	-	-	8.0	8.0	8.0	10.0	10.0	10.0
Physical Development	5.1	4.0	4.0	4.0	5.0	5.0	15.8	18.0	24.6	22.4
Transportation	76.1	78.1	80.1	82.1	83.1	82.0	85.0	86.7	87.7	83.5
Parks	51.3	54.9	56.0	56.1	58.0	54.1	43.5	45.0	47.8	48.2
Water Resources	-	-	-	-	-	-	-	-	13.3	17.2
Physical Development Planning	12.0	13.0	12.0	10.8	11.8	12.8	11.8	10.8	-	-
Environmental	34.1	33.3	33.3	31.8	32.0	32.7	28.9	29.0	21.5	16.5
Survey	18.5	18.5	18.5	19.0	10.0	9.0	9.0	8.0	8.0	8.0
Total	1,672.6	1,711.6	1,764.1	1,816.3	1,837.3	1,784.6	1,722.0	1,757.3	1,768.6	1,837.3

Source: Dakota County Departmental documents

Dakota County, Minnesota
Operating Indicators
By Governmental Function

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Property Documents Recorded	129,102	100,731	131,281	161,798	221,216	151,980	138,479	113,202	107,507	90,531
Employment Applications	861	7,273	8,916	12,390	3,253	8,810	7,718	15,558	14,160	10,699
County Veterans Population	28,540	28,210	29,368	27,900	32,040	31,776	30,987	31,000	30,500	29,974
New Adult Criminal Court Cases	3,369	3,695	4,195	4,679	4,785	4,636	4,821	4,815	4,836	4,310
Juvenile Delinquency Referrals	4,031	4,403	4,540	4,438	4,323	4,093	3,927	4,095	3,848	3,315
Commitment Referrals	187	174	239	264	220	232	237	246	277	258
Plat Reviews	167	195	204	256	249	251	261	202	157	84
Public Safety										
Probation Offenders Served	14,628	15,757	17,490	16,585	17,383	17,757	18,219	19,858	20,327	20,576
Community Restoration Hours Served	na	na	na	91,785	92,429	93,985	92,984	98,961	105,592	97,809
Driving While Impaired Arrests	201	149	192	274	292	193	282	307	269	249
Applications for Permit to Carry Handguns	na	na	na	na	1,147	572	566	741	756	1,541
Daily Inmate Responsibility Average	186	196	212	232	251	263	301	308	334	291
Highways and Streets										
Fuel Used (Diesel and Unleaded)	149,214	154,117	155,700	144,360	144,126	120,560	123,601	105,096	120,086	136,865
Sanitation										
Pounds of Household Hazardous Waste Collected	986,000	955,000	966,000	1,256,000	1,356,000	1,390,000	1,484,000	1,525,000	2,150,000	3,017,291
Human Services										
Intake and Crisis Calls	32,732	40,360	42,317	40,483	37,365	39,716	42,956	44,800	45,687	44,410
Average Monthly # of Children in Out-of-Home Placement	na	na	na	293	213	204	220	230	213	188
Chemical Health Referrals	na	na	1,407	897	733	696	822	900	887	922
Public Assistance Caseload	9,166	6,540	10,183	11,663	12,420	13,311	14,036	14,684	15,418	16,189
Child Support Collections	\$36,170,159	\$38,388,529	\$41,914,403	\$42,954,071	\$44,688,674	\$45,827,907	\$46,592,308	\$47,584,658	\$47,890,683	\$49,497,925
# Families served - Child Care Assistance Programs	1,920	2,105	1,865	2,108	2,116	1,783	1,763	1,878	1,900	
Health										
Family Health Referrals	1,565	1,880	1,930	1,658	1,607	915	765	863	812	1,011
WIC Clients	7,310	7,406	8,215	9,022	9,052	10,146	11,146	11,988	12,366	12,730
Long Term Care Clients on Medicaid Waiver	795	1,087	1,207	1,500	1,742	1,826	2,013	2,160	2,247	2,431
Number of Confirmed Tuberculosis Cases	na	7	11	18	18	20	29	31	27	21
Health Alerts Issued	15	18	21	13	29	31	27	19	30	24
Vaccinations Administered	4,092	3,481	3,348	3,538	4,655	3,701	3,693	2,745	3,630	3,596
Culture and Recreation										
Visitors to Library (Gate Counts)	na	1,496,734	1,547,881	1,613,931	1,604,406	1,625,621	1,665,874	1,918,538	1,809,828	1,942,459
Master Gardener Education Events	na	na	na	4	15	25	30	87	99	114
Economic Development										
Employment and Training Caseload	2,377	2,462	2,850	3,884	4,814	4,300	3,875	3,660	4,199	4,959
Number of Adults Program Participants Placed in Employment	1,295	842	596	663	1,096	1,596	920	1,025	1,084	1,300

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

Dakota County, Minnesota

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM

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

Data Sources: Various county departments

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