



# DAKOTA COUNTY

MINNESOTA

# 2013

FOR FISCAL YEAR ENDED DECEMBER 31, 2013

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

**For The Year Ended December 31, 2013**



Prepared by the Financial Services Department

**Stephanie Shawback, Director**

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Introductory  
Section

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June 27, 2014

**Financial Services**

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

SUBJECT: ***2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT***

The Comprehensive Annual Financial Report (CAFR) of Dakota County is submitted for the fiscal year ended December 31, 2013. The County's Financial Services Department prepared this report in conformity with generally accepted accounting principles (GAAP). Responsibility for both the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and sets forth the financial position and results of operations and cash flows of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

**Independent Audit**

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

**Single Audit**

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

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

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

## **Internal Controls**

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

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

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

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

## **Profile of the Government**

Dakota County was organized in 1849 as a county in the State of Minnesota. It has an area of 587 square miles, including 13 townships and 21 full and fractional incorporated municipalities. The 2013 population was 408,509 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. The VRW was established in 2002 for purposes set forth in Minn. Stat. §103B.201 within the geographic boundary of the Vermillion River watershed located in Dakota County and Scott County. The Vermillion River Watershed Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota County.

### **Budgetary Controls**

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

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

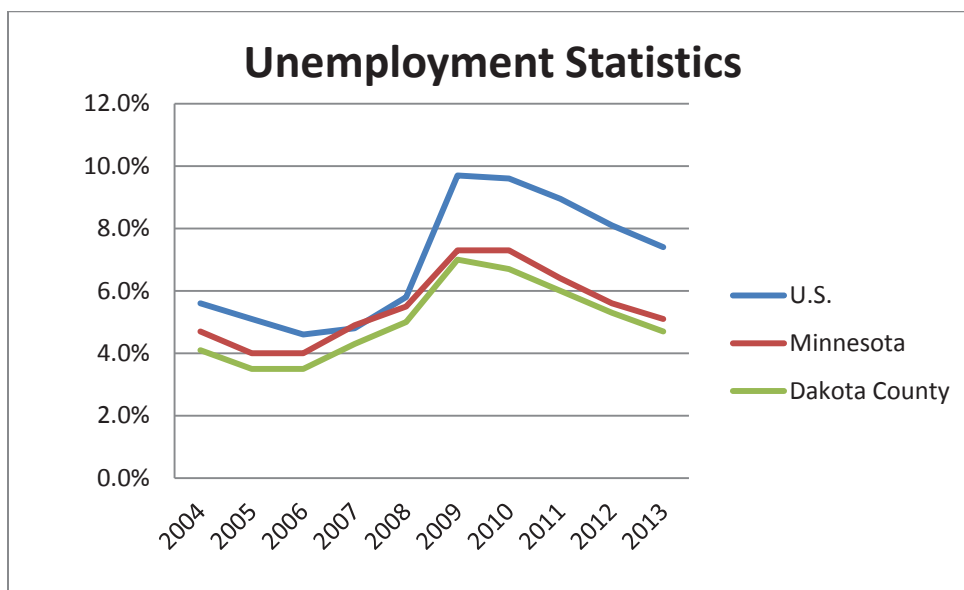
### **Factors Affecting Financial Condition**

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

#### **Key population, labor force and employment trends:**

- Dakota County's population increased from 2000 to 2012 by 14%, adding more than 49,000 people. According to Census estimates, 2008 was the first year since 1977 that Dakota County gained less than 1 percent in population, with the trend continuing through 2012. Over the next 25 years, regional growth is projected to continue at an average rate of slightly under 1% per year. The seven-county metropolitan region is anticipated to increase by 29% (824,000 residents) between 2010 and 2040, to a total population of more than 3.7 million residents. According to recent forecasts from the Metropolitan Council, Dakota County will attain a population of close to 528,000 people by the year 2040. This growth represents a 32% increase in population between 2010 and 2040, and highlights the tremendous development pressure on relatively more outlying communities.
- According to the Minnesota Department of Employment and Economic Development (DEED) there were 9,515 private sector firms and 160,933 private sector employees in Dakota County. Largest employing industry sectors in the county are Trade, Transportation and Utilities (44,628), Education and Health Services (31,030), Manufacturing (19,611), Professional and Business Services (19,047), and Leisure and Hospitality (17,821). The trade and education/health service sectors account for approximately 42% of employment in Dakota County.
- Affordable rental housing is in greater demand due to record low vacancy rates, modest job growth and slow income growth for renter households. In Dakota County the growing demand for affordable housing is especially critical for individuals employed in the retail and hospitality service sector and for single head-of-household families with children. Further, the demand for affordable housing is critical for senior citizens, the population of which will increase substantially in Dakota County and metropolitan area in the next 20 years.
- Dakota County maintains the lowest property tax rate in the State of Minnesota. This means that for each unit of value for a property, property owners in Dakota County pay the least amount. The price of government in Dakota County (taxes versus personal income) has declined over the last ten years.

- Recent economic conditions have resulted in challenges for many residents of Dakota County. Since 2003, the unemployment rate in Dakota County generally increased slowly until 2009 and 2010 peaking at 8%, when it began to decline to the current rate of 4.7% (end of 1Q 2014). Typically, the County's unemployment rate tracks with general state and national trends but is consistently below the state and national numbers. In April 2014, Dakota County's unemployment rate was 4.7%, the State's unemployment rate was 5.4% and the national unemployment rate was 6.8%.



The above chart shows unemployment rates from 2004 through 2013. Dakota County maintains a lower average unemployment rate than Minnesota and the U.S.

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

	Dakota County		Distribution		% Change 2012-2013	
	Avg. Number of Employees		Dakota	State of		
	2012	2013	County	Minnesota	County	State
Total, All Industries	172,827	177,826	100.00%	100.00%	2.8%	2.2%
Agricultural, Forestry, Fishing	701	841	0.5%	0.8%	16.6%	7.7%
Mining	159	222	0.1%	0.3%	28.4%	4.6%
Construction	7,599	9,810	5.8%	4.7%	22.5%	16.5%
Manufacturing	18,743	19,611	11.5%	11.9%	4.4%	1.7%
Utilities	419	429	0.3%	0.6%	2.3%	3.3%
Wholesale Trade	9,192	9,221	5.4%	5.1%	0.3%	2.4%
Retail Trade	21,683	22,126	13.0%	11.1%	2.0%	2.1%
Information	8,604	8,522	5.0%	2.2%	-1.0%	0.1%
Finance, Insurance & Real Estate	13,537	13,835	8.1%	7.0%	2.2%	2.8%
Services	42,775	40,504	23.8%	26.2%	-5.6%	-1.4%
Other	28,513	39,840	23.4%	30.6%	28.4%	3.7%
Total, All Industries -- Government	18,769	16,893	9.9%	13.0%	-11.1%	-8.5%
Total, All Industries -- Private	154,057	160,933	94.5%	90.8%	4.3%	3.8%

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

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	\$230,307	\$149,576	\$146,271	\$149,700	\$202,165
Commercial	68,309	26,147	29,959	19,514	41,064
Industrial	12,220	2,023	8,009	3,165	12,546
Agricultural	1,814	1,476	2,038	2,846	2,392
Apartments	<u>21,155</u>	<u>42,451</u>	<u>14,601</u>	<u>22,061</u>	<u>41,855</u>
Total Value	<u>\$333,805</u>	<u>\$221,673</u>	<u>\$200,878</u>	<u>\$197,286</u>	<u>\$300,022</u>

*Source: Dakota County Assessor's Office*

**Major Initiatives by Dakota County**

Dakota County government 2013 highlights:

- Employee Relations implemented a self-funded medical plan for Dakota County. A vision plan — a first for the County — was also implemented.
- Employee Relations and Communications launched an outcome-based wellness incentive in which more than 800 employees opted to take part. By completing a health assessment through a program called myHealthCheck, the employees became eligible for health coverage premium reductions in 2014.
- An assessment was done by Employee Relations of the internal equity and market competitiveness of the County's compensation and job classification programs. Results were incorporated into the 2014 job classification and merit compensation plans.
- Information Technology had its first real disaster recovery exercise during which systems were taken down at the Administration Center and Juvenile Detention Center and brought up at the Northern Service Center. The exercise included more than 75 employees involved in testing and verifying systems.
- GIS was integrated into the IT department.
- The METRO Red Line bus rapid transit service was launched in Dakota County on June 22. The line features station stops in Apple Valley and Eagan before it connects to the METRO Blue Line light rail service at the Mall of America in Bloomington. Weekday ridership reached approximately 850 during the first quarter of use.
- Dakota County Parks reached 1,075,360 visitors in 2013, marking a 15.3-percent increase from 2010 and 36-percent over the past six years. The Parks Department also secured \$3.3 million of non-County funds to advance system growth, including the construction of Whitetail Woods Regional Park.
- Environmental Resources obtained \$6.7 million in grant funds for land protection, which were used to protect 1,355 acres of farmland, 308 acres of natural area and shoreline, and 97 acres of parks and greenways.
- The Transportation Department received the National Association of Counties 2013 Achievement Award, Best in Category, for online highway permitting in cooperation with IT.
- The Dakota County Fleet program earned a No. 3 ranking in the United States by the "100 Best Fleets" organization, moving up from its 16<sup>th</sup>-place ranking in 2012.
- Environmental Resources implemented organics diversion programs at 10 area schools and piloted an organics collection project within the Physical Development Division.
- Environmental Resources increased the number of items accepted at The Recycling Zone and achieved a 10-percent increase in overall participation at the facility from the previous year.
- In 2013, 10,550 children and 1,545 teens registered for summer reading programs at the Dakota County Library. Other youth programs drew more than 14,500 people.

- Adult Services received the AMC County Achievement Award for implementing the structured decision-making tool in Adult Protection Services.
- Social Services received the 2013 Department of Human Services Commissioner Circle of Excellence Award for its preferred integrated network.
- Community Corrections did a study that found participants who completed Drug Court improved their employment status, furthered their education and showed a decrease in service needs.
- Community Corrections reduced court activity by keeping 91 percent of One Day DWI Program participants from returning to court and saw a 78-percent success rate of offenders completing program requirements.
- Communications, Community Services and the County Attorney’s Office collaborated to launch the Sleep On It campaign, which educated child care providers about unsafe sleeping practices for infants. The campaign was adopted by more than 20 other counties and agencies in Minnesota. It also earned recognition from the Minnesota DHS and the Governor, who declared an Infant Safe Sleep Week in September.
- Communications won a 3CMA Savvy award for the Performance Issue of the spring 2013 Dakota County Newsletter.
- Communications won a Silver Award from the W3 Awards for structure and navigation of the Dakota County website.
- The Sheriff’s Office negotiated with its current food service vendor to reduce the cost of inmate meals at the Dakota County Jail from \$1.33 to \$1.15 per meal, anticipating a savings of about \$90,000 in annual meal costs.

**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, 2013.

<u>Bargaining Unit</u>	<u>Term of contract</u>	<u>Status of Contract</u>
AFSCME - Human Services	2013	Settled
AFSCME – Library	2011-2013	Settled
Assessing Services	2013	Settled
Attorney Employees’ Assoc.	2013	Settled
Community Corrections	2013	Settled
Human Services Supervisors’ Assoc.	2013	Settled
Park Maintenance	2013	Settled
Facilities Management	2013	Settled
Public Health Services/MNA	2013	Settled
Public Health Support	2013	Settled
Road & Bridge Maintenance	2013	Settled
Sheriff Adm/Support	2013	Settled
Sheriff Licensed Deputies	2013	Settled
Sheriff Jail	2013	Settled
Sheriff Supervisor	2013	Settled
Sheriff Non license Supervisor	2013	Settled

All contracts start January 1 and end December 31.

**Awards and Acknowledgements**

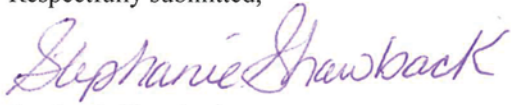
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dakota County for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the 24rd consecutive year 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 2013. This is the 17th year Dakota County has received the award.

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

Respectfully submitted,



Stephanie Shawback  
Director of Financial Services



Government Finance Officers Association

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

Presented to

**Dakota County  
Minnesota**

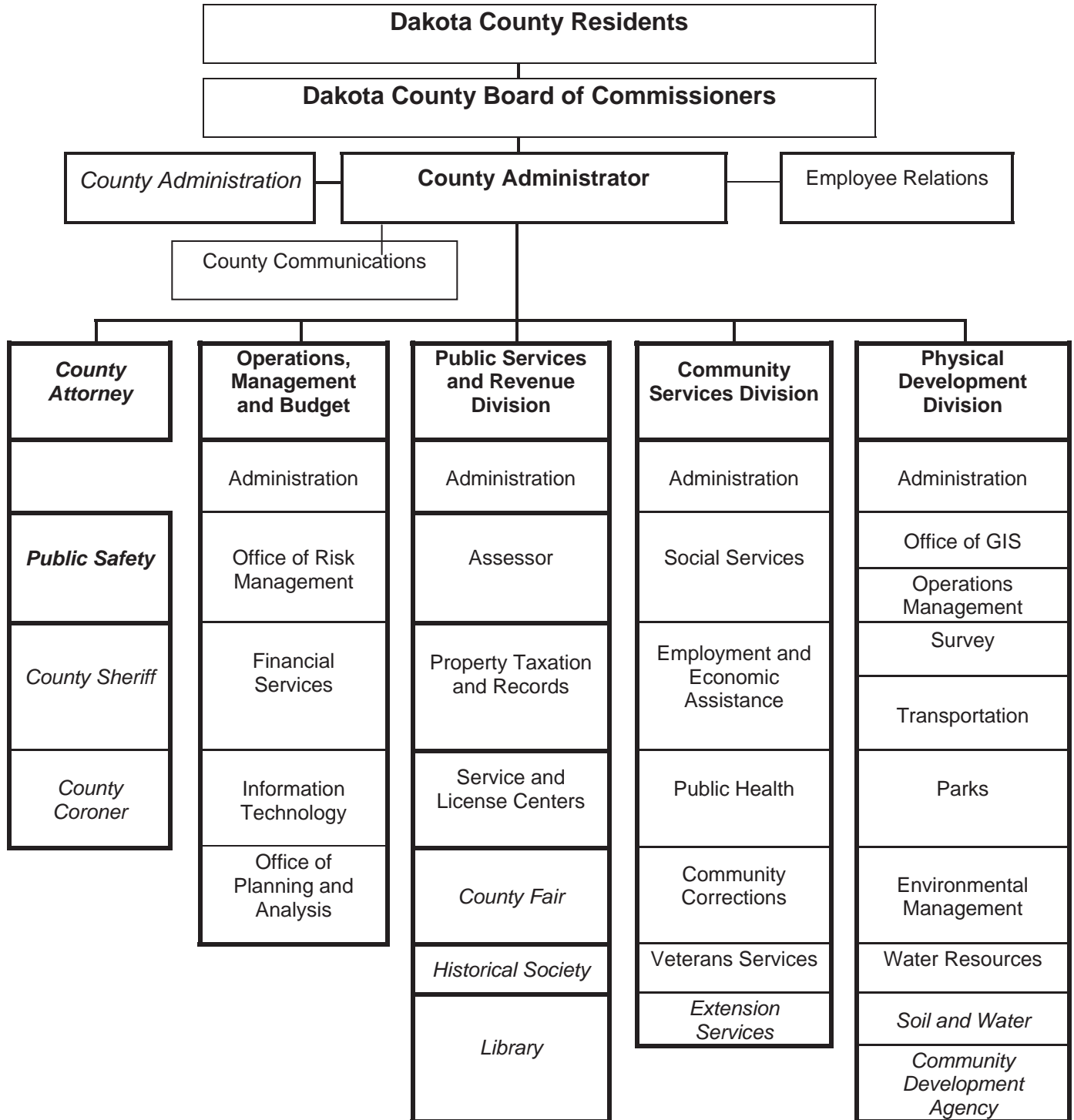
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



## 2013 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

2013

<b>Officer</b>	<b>Name</b>	<b>From</b>	<b>Term To</b>
<b>Commissioners:</b>			
1 <sup>st</sup> District	Mike Slavik	Jan. 2013	Dec. 2014
2 <sup>nd</sup> District	*Kathleen A. Gaylord	Jan. 2003	Dec. 2014
3 <sup>rd</sup> District	Thomas A. Egan	Jan. 2005	Dec. 2016
4 <sup>th</sup> District	Nancy Schouweiler	Jan. 1999	Dec. 2016
5 <sup>th</sup> District	Liz Workman	Jan. 2009	Dec. 2016
6 <sup>th</sup> District	Paul J. Krause	Jan. 1995	Dec. 2014
7 <sup>th</sup> District	Chris Gerlach	Jan. 2013	Dec. 2016
 <b>Officers:</b>			
<b>Elected -</b>			
Attorney	James C. Backstrom	Sep. 1987	Dec. 2014
Sheriff	David Bellows	Feb. 2010	Dec. 2014
 <b>Appointed -</b>			
County Administrator	Brandt Richardson	May 1992	Indefinite
Deputy County Administrator/Director of Operations, Mgmt. & Budget	Matthew G. Smith	Oct. 2011	Indefinite
Director of Community Services	Kelly Harder	July 2010	Indefinite
Director of Physical Development	Vacant	-	-
Director of Public Service & Revenue Div.	Thomas V. Novak	July 1998	Indefinite

\* Chair



Financial  
Section

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Dakota County

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dakota County Community Development Agency (CDA), which is 99.3 percent, 99.2 percent, and 97.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund and the Highway, Community Services, Environmental Management, and Regional Rail Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note I to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the supplementary information, the governmental revenue schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and governmental revenue schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of Dakota County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering Dakota County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 26, 2014

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# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

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Dakota County's Financial Management offers readers this narrative overview and analysis of financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal and the notes to the financial statements.

## Financial Highlights

- Dakota County's assets exceeded liabilities at the close of 12/31/13 by \$950,711,467 (*net position*). Of this amount, \$288,228,803 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Dakota County's total net position increased by \$51,035,426 over 2012. This is primarily the result of budget savings from operations, additional resources available and investments in infrastructure.
- As of the close of the 2013 fiscal year, Dakota County governmental funds ending fund balances were \$282,602,078 compared to \$277,143,570 in 2012. This increase is primarily due to budget savings in operations from vacancies as well as recognizing revenues greater than anticipated. Approximately 95.1% or \$268,784,381 of the total fund balance is available for spending at Dakota County's discretion (committed, assigned, and unassigned fund balances).
- At the end of the current fiscal year, combined assigned and unassigned fund balance for the General Fund was \$56,663,943 or 66.6% of total General Fund expenditures.

## Overview of the Financial Statements

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

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

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

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

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

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

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

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Regional Rail Authority, although also legally separate, functions for all practical purposes as a department of Dakota County, and therefore has been included as an integral part of the primary government.

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

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

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

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

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

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

The basic governmental fund financial statements may be found on pages 30-43 of this report.

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

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

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

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

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

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**Proprietary Funds.** Dakota County maintains two different types of proprietary funds: enterprise funds and an internal service fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Dakota County uses an enterprise fund to account for its Geographic Information System financial activity including the sale of GIS data/maps and costs of updating the GIS database. In 2009 an additional enterprise fund, Criminal Justice Information Integration Network (CJIIN) Fund, was created to account for revenue received from criminal justice agencies that use the County's applications. In 2011, the Byllesby Dam Fund was added to account for the net revenue generated from producing electricity at the Byllesby Dam Hydro-electric facility and subsequently sold to Xcel Energy. Expenses are paid to a third-party contractor to operate the turbines and generators. The internal service fund is an accounting device used to accumulate and allocate costs internally among Dakota County's various functions. Dakota County created such a fund in 1997 called the Employee Services Reserve Fund. All compensated absences were transferred to it in 1997. Each year an adjustment is made to reflect the current value of vacation and sick balances. In 2007, the activity for the other post-employment benefits was included in this fund. Additionally, at the beginning of 2013 a reserve was established for a self-funded health care program. Because this program primarily benefits governmental rather than business-type functions it is included with governmental activities in the government wide financial statements.

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

The basic proprietary fund financial statements may be found on pages 44-46 this report.

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

The basic fiduciary fund financial statements may be found on pages 47-48 of this report.

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

The notes to the financial statements may be found on pages 49-80 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 83-96 of this report.

## Government-wide Financial Analysis

As noted earlier, the change in net position amounts may serve over time as a useful indicator of a government's financial position. Dakota County's assets exceeded liabilities by \$950,711,467 at the close of 2013, which is an increase of \$51,035,426 over 2012.

Net investment in capital assets, of \$634,927,138 (e.g., land, buildings, machinery and equipment, infrastructure, improvements other than buildings and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (66.8%). 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, Minnesota | December 31, Management's Discussion and Analysis | 2013

## Dakota County's Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Current and other assets	\$ 377,995,797	\$ 357,029,763	\$ 3,815,456	\$ 2,235,170	\$ 381,811,253	\$ 359,264,933
Capital assets	681,421,614	658,324,508	-	-	681,421,614	658,324,508
Total assets	<u>1,059,417,411</u>	<u>1,015,354,271</u>	<u>3,815,456</u>	<u>2,235,170</u>	<u>1,063,232,867</u>	<u>1,017,589,441</u>
Long-term liabilities outstanding	73,648,339	71,541,216	-	-	73,648,339	71,541,216
Other liabilities	37,724,269	46,200,355	1,148,792	171,829	38,873,061	46,372,184
Total liabilities	<u>111,372,608</u>	<u>117,741,571</u>	<u>1,148,792</u>	<u>171,829</u>	<u>112,521,400</u>	<u>117,913,400</u>
Net position:						
Net investment in capital assets	634,927,138	605,966,240	-	-	634,927,138	605,966,240
Restricted	27,406,220	12,189,502	149,306	2,063,341	27,555,526	14,252,843
Unrestricted	285,711,445	279,456,958	2,517,358	-	288,228,803	279,456,958
Total net position	<u>\$ 948,044,803</u>	<u>\$ 897,612,700</u>	<u>\$ 2,666,664</u>	<u>\$ 2,063,341</u>	<u>\$ 950,711,467</u>	<u>\$ 899,676,041</u>

Dakota County's total net position increased by \$51,035,426 from 2012's ending balance. This increase is due to a combination of many factors, but the primary changes are in capital assets (increases in buildings, infrastructure, and the acquisition of land) and budget savings from operations and additional available resources.

An additional portion of Dakota County's net position \$27,555,526 or 2.9%, represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$13,302,683 during the current fiscal year. The remaining balance of unrestricted net position of \$288,228,803 may be used to meet Dakota County's obligations to citizens and creditors.

As indicated above, Dakota County had positive balances in all three categories of net position at the end of 2013, including the government as a whole, and in each type of activity. These results are similar to 2012.

**Governmental Activities.** Governmental activities increased Dakota County's net position by \$50,432,103 from 2012, thereby accounting for 98.8% of the total growth in the net position of Dakota County. Most of this growth is due to additional investments in infrastructure.

**Business-type Activities.** Business-type activities increased Dakota County's net position by \$603,323 accounting for 1.2% of the total change in the government's net position.

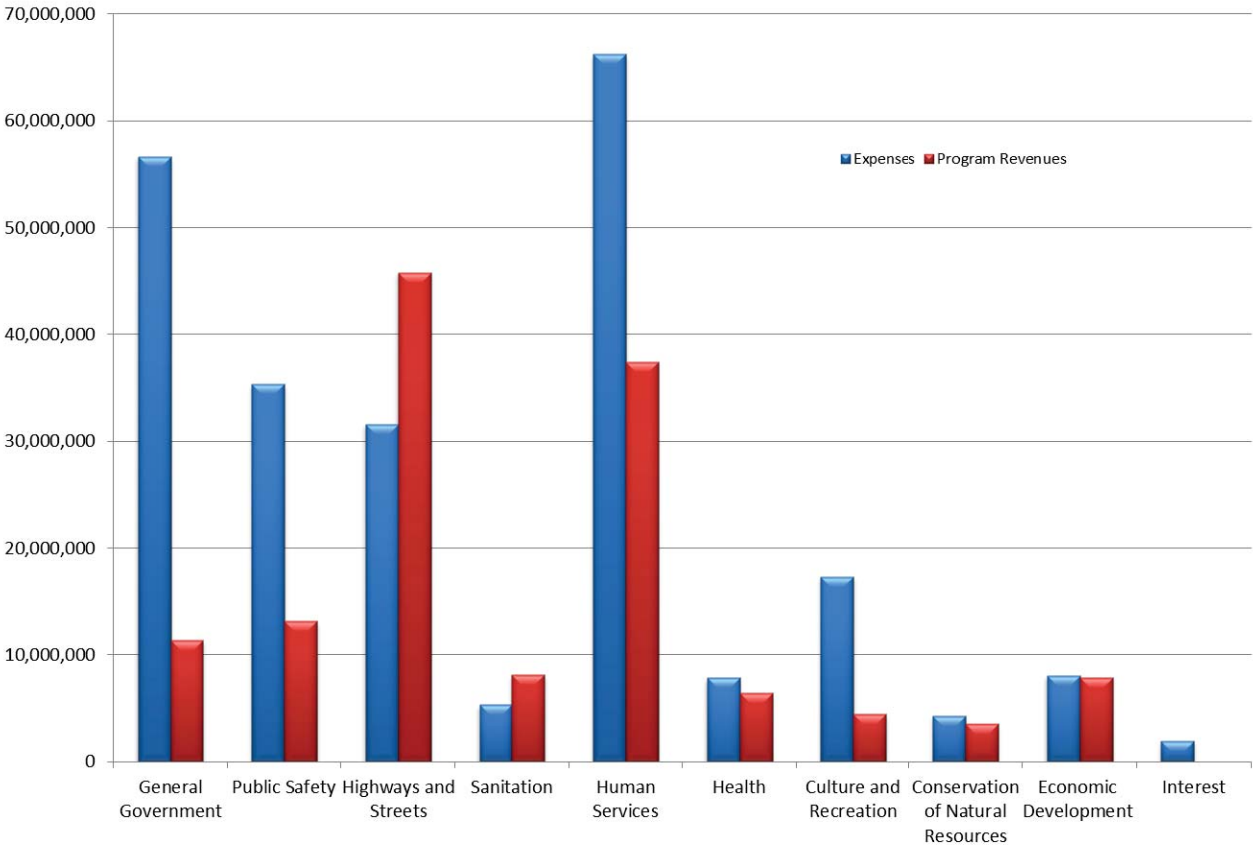
# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

## Dakota County's Changes in Net Position

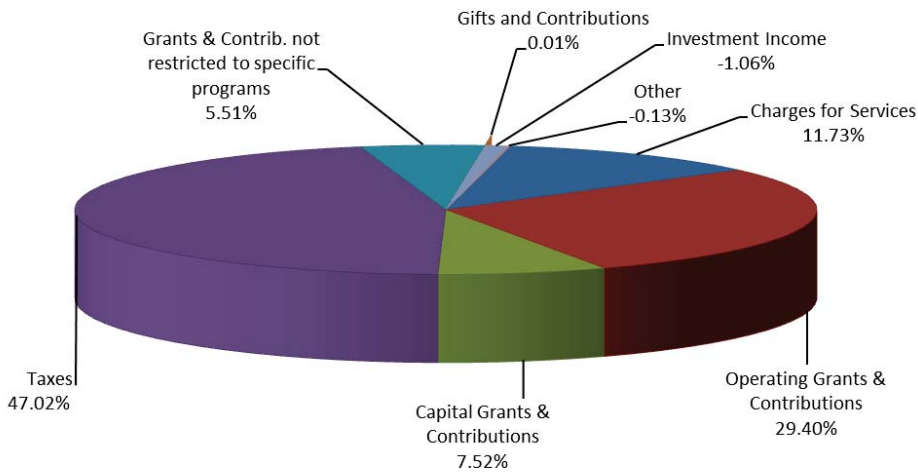
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Fees, charges, fines and other	\$ 33,463,362	\$ 29,289,267	\$ 786,725	\$ 764,319	\$ 34,250,087	\$ 30,053,586
Operating grants & contributions	83,871,498	75,709,446	2,354,120	157,769	86,225,618	75,867,215
Capital grants & contributions	21,450,568	34,620,817	-	-	21,450,568	34,620,817
General revenues:						
Taxes	134,119,552	135,515,385	-	-	134,119,552	135,515,385
Grants & contributions not restricted to specific programs	15,709,430	15,293,028	-	-	15,709,430	15,293,028
Gifts and contributions	24,009	38,595	-	-	24,009	38,595
Investment income	(3,034,627)	6,212,921	-	-	(3,034,627)	6,212,921
Other	(357,958)	1,737,431	3,024,000	-	2,666,042	1,737,431
Total revenues	<u>285,245,834</u>	<u>298,416,890</u>	<u>6,164,845</u>	<u>922,088</u>	<u>291,410,679</u>	<u>299,338,978</u>
Expenses:						
General government	56,902,146	55,323,557	-	-	56,902,146	55,323,557
Public safety	35,334,573	35,409,600	-	-	35,334,573	35,409,600
Highways and streets	31,617,540	22,657,918	-	-	31,617,540	22,657,918
Sanitation	5,326,179	5,197,563	-	-	5,326,179	5,197,563
Human services	66,211,619	66,997,873	-	-	66,211,619	66,997,873
Health	7,861,046	8,486,409	-	-	7,861,046	8,486,409
Culture and recreation	17,287,925	18,171,501	-	-	17,287,925	18,171,501
Conservation of natural resources	4,276,455	4,016,128	-	-	4,276,455	4,016,128
Economic development	8,079,665	8,216,401	-	-	8,079,665	8,216,401
Interest	1,916,583	2,212,496	-	-	1,916,583	2,212,496
Operating expenses - GIS	-	-	9,096	9,072	9,096	9,072
Operating expenses -Byllesby	-	-	5,438,963	928,924	5,438,963	928,924
Operating expenses – CJIN	-	-	113,463	48,021	113,463	48,021
Total expenses	<u>234,813,731</u>	<u>226,689,446</u>	<u>5,561,522</u>	<u>986,017</u>	<u>240,375,253</u>	<u>227,675,463</u>
Increase (decrease) in net position	50,432,103	71,727,444	603,323	(63,929)	51,035,426	71,663,515
Net position 1/1	<u>897,612,700</u>	<u>825,885,256</u>	<u>2,063,341</u>	<u>2,127,270</u>	<u>899,676,041</u>	<u>828,012,526</u>
<b>Net Position 12/31</b>	<u><b>\$ 948,044,803</b></u>	<u><b>\$ 897,612,700</b></u>	<u><b>\$ 2,666,664</b></u>	<u><b>\$ 2,063,341</b></u>	<u><b>\$ 950,711,467</b></u>	<u><b>\$ 899,676,041</b></u>

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

### Expenses and Program Revenues – Governmental Activities



### Revenues by Source – Governmental Activities



# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

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## Financial Analysis of the Government's Funds

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

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

As of the end of 2013, Dakota County's governmental funds reported combined ending fund balances of \$282,602,078 an increase of \$5,458,508 in comparison with the prior year. This increase includes budget savings from operations. The majority of the fund balance, \$268,784,381 or net resources, are available for spending at the government's discretion. The remainder of fund balance is not available for new spending due to restrictions for specific purposes.

*General Fund.* The General Fund is the chief operating fund of Dakota County. At the end of 2013, the General Fund's fund balance was \$62,409,186 of which \$56,663,943 was committed, assigned or unassigned. As a measure of the General Fund's liquidity, it may be useful to compare committed, assigned and unassigned fund balance and total fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 66.6% of total General Fund expenditures of \$85,038,810, while total fund balance represents 73.4% of that same amount.

*Highway Fund.* The Highway Fund had total fund balance of \$56,274,343 at the end of 2013. The fund balance of the Highway Fund increased by \$4,735,810 for the current fiscal year. This increase is mostly due to receiving city, state, and federal revenues from prior year projects in 2013.

*Community Services Fund.* The Community Services Fund had a total fund balance of \$87,343,673 at the end of 2013. This is Dakota County's largest operating fund due to receipt of external revenues for state and federal programs. The fund balance of the Community Services Fund increased by \$5,431,735 over the prior fiscal period as personnel costs were lower due to several vacancies. This fund also incurred savings from placement costs and client services.

*Environmental Management.* The Environmental Management fund had a total fund balance of \$34,494,573 at the end of 2013. The fund balance of the Environmental Management fund increased by \$2,060,143 during the current fiscal year due to higher host fee revenues.

*Regional Rail Fund.* The Regional Rail Fund had a total fund balance of \$7,432,469 at the end of 2013. The fund balance of the Regional Rail Fund increased by \$1,325,627 from the prior fiscal year for advanced receipt of revenue on capital improvement projects not completed.

*Debt Service Fund.* The Debt Service Fund had a total fund balance of \$5,838,954 at the end of 2013, all of which is restricted for the payment of debt service. The fund balance has decreased by over \$2 million for scheduled payments on outstanding bonds.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$17,180,684. The fund balance for the Capital Projects Fund increased by \$863,988 during 2013 compared to 2012. The increase in 2013 is due to more County Program Aid allocated to the fund and capital improvement projects not completed.

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

Net position restricted for equipment replacement of the *Geographic Information Systems Enterprise Fund* at the end of the year totaled \$149,306, which is a slight increase of \$1,936 compared to 2012. The *Criminal Justice Information Integration Network Fund* had a unrestricted net position balance at the end of the year of \$340,674. This balance reflects

# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

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an increase of \$5,169 over 2012. *The Byllesby Dam Enterprise Fund* had a unrestricted net position balance at the end of the year of \$2,176,684. *The Employee Services Reserve Internal Service Fund*, also regarded as a proprietary fund, has a unrestricted net position balance at the end of the year of \$10,993,241. The net position of the internal service fund increased by \$6,173,276 over the past year due to the timing of premiums paid versus funds collected for self-insurance costs. Other factors concerning the finances of these funds are addressed in the discussion of Dakota County's business-type activities.

## 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 \$17,449,720 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 2012 funds to expand the Open Space Program to acquire permanent agricultural easements.
- \$2.1 million for 2012 carry-over of unspent Budget Incentive Program (BIP) funds for all departments.
- \$5.8 million for 2012 carry-over of funds for various grants and unfinished projects system, and Voice Over IP phone system.

The difference between the original budget and final amended budget for revenue was \$3,162,089. The majority of this increase from original to final budget relates to carryover of 2012 revenues for various programs and grants including Homeland Security grants and open space grants.

### Comparison of Actual Resources to Final Amended Budget

Actual expenditures were \$19,110,790 less than budgeted at fiscal yearend. The variance of final budget versus actual was due to unspent Open Space Funds, Capital Equipment Program (CEP) and Budget Incentive Program (BIP) dollars, and project grants that have not been completed.

## Capital Asset and Debt Administration

**Capital Assets.** Dakota County's investment in capital assets for its government and business-type activities as of December 31, 2013, amounts to \$681,421,614 (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 \$23,097,106, or 3.5%.

Major capital asset events during 2013 included the following:

- Acquired land and easements for the Farmland and Natural Area Program for \$3,661,246.
- 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 \$8,116,000.
- Acquired land for eventual use as right of way at a cost of \$2,116,689.
- Acquired land and easements for Parks for \$1,103,779.



# Dakota County, Minnesota | December 31, Management's Discussion and Analysis | 2013

## Dakota County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 201,106,801	\$ 194,225,087	\$ -	\$ -	\$ 201,106,801	\$ 194,225,087
Buildings	128,080,962	131,967,633	-	-	128,080,962	131,967,633
Machinery and equipment	14,744,001	12,855,477	-	-	14,744,001	12,855,477
Infrastructure	255,611,109	257,092,044	-	-	255,611,109	257,092,044
Improvements other than buildings	13,239,737	12,498,223	-	-	13,239,737	12,498,223
Construction in progress	68,639,004	49,686,044	-	-	68,639,004	49,686,044
<b>Total</b>	<b>\$ 681,421,614</b>	<b>\$ 658,324,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 681,421,614</b>	<b>\$ 658,324,508</b>

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 2013, Dakota County had total bonded debt outstanding of \$46,400,000. This is a decrease of \$5,855,000 for the current fiscal year. The only factor in this decrease was the retirement of bond principal. Current and future county tax levies plus fund balance are used to finance the entire bonded indebtedness.

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

## Dakota County's Outstanding Debt

### General Obligation and Revenue Bonds

	Governmental activities	
	2013	2012
General obligation bonds	\$46,400,000	\$52,255,000
<b>Total</b>	<b>\$46,400,000</b>	<b>\$52,255,000</b>

State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the county. Based on the calculation, the current debt limitation for Dakota County is \$1,036,654,820 which is significantly in excess of Dakota County's outstanding general obligation debt of \$46,400,000. The net bonded debt per capita is \$99.

Additional information on Dakota County's long-term debt may be found in note III F beginning on page 63 of this report.

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

- The unemployment rate for Dakota County as of December, 2013 was 4.7%, which is a decrease from a rate of 5.3% a year ago. This compares favorably to both the state and national average unemployment rate of 5.4% and 6.8% respectively.
- After several years of decline in property values, Dakota County's property tax base is on the rise. The 2014 tax base is 2.7% higher than 2013 and the 2015 tax base is projected to be approximately 8% higher than 2014.

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- The State budget conditions have improved and stabilized during the past few years, however, the uncertainty of funding levels in the future remains a reality. The continued upward pressure on major cost categories within the County continues to be a key area of concern and challenge to overcome with little control and predictability from major funding sources at the State and Federal level. The County continues to apply principals of sound financial management when creating a structurally balanced budget and financial projections.

On December 17, 2013, the Dakota County Board of Commissioners approved the 2014 budget for \$332.7 million. This is an overall increase of \$12.7 million or 5.8%. Under the Adopted Budget, the total operating budget totals \$233.2 million, an increase of 12.7 million or 5.8% more than the previous year. Additionally, the Adopted Budget contains the 2014 Capital Improvement Program (CIP) of \$99.5 million, an increase of \$28.2 million, or 39.5% more than the 2013 CIP.

The 2014 total property tax levy is \$128.4 million, which is a 0.6% decrease from the 2013 levy. Additionally, as a means of helping manage the risk of state aid reductions, the adopted budget continues to budget remaining anticipated State county program aid almost entirely in capital budgets.

## Requests for Information

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



Basic Financial  
Statements

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**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Community Development Agency</u>	<u>Vermillion River Watershed</u>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 331,253,212	\$ 1,615,555	\$ 332,868,767	\$ 41,831,238	\$ 2,012,796
Petty cash and change funds	19,165	-	19,165	-	-
Investments	-	-	-	22,826,908	-
Taxes receivable					
Current - net	-	-	-	3,908,236	63,724
Prior - net	2,754,019	-	2,754,019	-	4,644
Accounts receivable - net	1,490,503	24,846	1,515,349	717,441	25,000
Note receivable	-	-	-	59,631,309	-
Accrued interest receivable	503,653	-	503,653	1,508,804	-
Internal balances	-	-	-	-	-
Due from other governments	34,719,819	2,175,055	36,894,874	5,494,759	30,732
Inventories	1,842,422	-	1,842,422	-	-
Prepaid items	153,146	-	153,146	417,813	-
Restricted assets					
Cash and pooled investments	-	-	-	15,541,505	-
Deferred charges	-	-	-	-	-
Investment in joint venture	-	-	-	10,233,151	-
Lease receivable	5,259,858	-	5,259,858	-	-
Capital assets					
Non-depreciable	269,745,805	-	269,745,805	27,898,207	-
Depreciable - net of accumulated depreciation	411,675,809	-	411,675,809	128,272,979	-
<b>Total Assets</b>	<b>\$ 1,059,417,411</b>	<b>\$ 3,815,456</b>	<b>\$ 1,063,232,867</b>	<b>\$ 318,282,350</b>	<b>\$ 2,136,896</b>
<b><u>Deferred Outflows of Resources</u></b>					
Deferred charge on refundings	\$ -	\$ -	\$ -	\$ 626,908	\$ -
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 626,908</b>	<b>\$ -</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 9,836,419	\$ 971,105	\$ 10,807,524	\$ 2,211,913	\$ 183,711
Salaries payable	5,339,423	-	5,339,423	-	-
Contracts payable	1,226,868	177,686	1,404,554	-	-
Due to other governments	1,781,533	1	1,781,534	651,538	-
Accrued interest payable	788,479	-	788,479	1,847,192	-
Unearned revenues	18,751,547	-	18,751,547	526,771	-
Compensated absences					
Due within one year	284,598	-	284,598	391,924	-
Due in more than one year	17,507,417	-	17,507,417	381,059	-
Claims and judgments payable					
Due within one year	640,188	-	640,188	-	-
Due in more than one year	1,882,826	-	1,882,826	-	-
General obligation bonds payable					
Due within one year	3,670,000	-	3,670,000	2,715,000	-
Due in more than one year	42,824,476	-	42,824,476	66,341,460	-
OPEB liability					
Due in more than one year	6,838,834	-	6,838,834	-	-
Notes payable					
Due in more than one year	-	-	-	6,077,029	-
<b>Total Liabilities</b>	<b>\$ 111,372,608</b>	<b>\$ 1,148,792</b>	<b>\$ 112,521,400</b>	<b>\$ 81,143,886</b>	<b>\$ 183,711</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ 7,997,909	\$ -
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,997,909</b>	<b>\$ -</b>
<b><u>Net Position</u></b>					
Net investment in capital assets	\$ 634,927,138	\$ -	\$ 634,927,138	\$ 81,612,927	\$ -
Restricted for					
Capital projects	-	-	-	13,411,672	-
General government	1,692,728	-	1,692,728	-	-
Public safety	496,336	-	496,336	-	-
Highways and streets	17,456,761	-	17,456,761	-	-
Culture and recreation	489	-	489	-	-
Debt service	5,838,954	-	5,838,954	-	-
Equipment replacement	1,920,952	149,306	2,070,258	-	-
Federal grants	-	-	-	17,579,870	-
Tax increment	-	-	-	9,624,216	-
HOPE program	-	-	-	18,384,717	-
Senior Levy	-	-	-	2,288,450	-
Unrestricted	285,711,445	2,517,358	288,228,803	86,865,611	1,953,185
<b>Total Net Position</b>	<b>\$ 948,044,803</b>	<b>\$ 2,666,664</b>	<b>\$ 950,711,467</b>	<b>\$ 229,767,463</b>	<b>\$ 1,953,185</b>

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**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	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
<b>Functions/Programs</b>									
<b>Primary government</b>									
<b>Governmental activities</b>									
General government	\$ 56,902,146	\$ 7,819,235	\$ 3,560,993	\$ -	\$ (45,521,918)	\$ -	\$ (45,521,918)		
Public safety	35,334,573	3,331,432	9,773,312	-	(22,229,829)	-	(22,229,829)		
Highways and streets	31,617,540	3,589,979	20,887,253	21,319,833	14,179,525	-	14,179,525		
Sanitation	5,326,179	7,713,818	450,558	-	2,838,197	-	2,838,197		
Human services	66,211,619	7,776,989	29,671,099	-	(28,763,531)	-	(28,763,531)		
Health	7,861,046	1,363,361	5,036,177	-	(1,461,508)	-	(1,461,508)		
Culture and recreation	17,287,925	1,540,512	3,410,363	130,735	(12,206,315)	-	(12,206,315)		
Conservation of natural resources	4,276,455	25,455	3,491,245	-	(759,755)	-	(759,755)		
Economic development	8,079,665	302,581	7,590,498	-	(186,586)	-	(186,586)		
Interest	1,916,583	-	-	-	(1,916,583)	-	(1,916,583)		
<b>Total governmental activities</b>	<b>\$ 234,813,731</b>	<b>\$ 33,463,362</b>	<b>\$ 83,871,498</b>	<b>\$ 21,450,568</b>	<b>\$ (96,028,303)</b>	<b>\$ -</b>	<b>\$ (96,028,303)</b>		
<b>Business-type activities</b>									
Geographic Information System	9,096	11,032	-	-	-	1,936	1,936		
Criminal Justice Information Integration	113,463	118,632	-	-	-	5,169	5,169		
Byllesby Dam	5,438,963	657,061	2,354,120	-	-	(2,427,782)	(2,427,782)		
<b>Total business-type activities</b>	<b>\$ 5,561,522</b>	<b>\$ 786,725</b>	<b>\$ 2,354,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,420,677)</b>	<b>\$ (2,420,677)</b>		
<b>Total primary government</b>	<b>\$ 240,375,253</b>	<b>\$ 34,250,087</b>	<b>\$ 86,225,618</b>	<b>\$ 21,450,568</b>	<b>\$ (96,028,303)</b>	<b>\$ (2,420,677)</b>	<b>\$ (98,448,980)</b>		
<b>Component units</b>									
Community Development Agency	\$ 45,690,723	\$ 19,204,733	\$ 24,503,052	\$ 2,571,433				\$ 588,495	\$ -
Vermillion River Watershed	883,232	4,135	338,844	-				-	(540,253)
<b>Total component units</b>	<b>\$ 46,573,955</b>	<b>\$ 19,208,868</b>	<b>\$ 24,841,896</b>	<b>\$ 2,571,433</b>				<b>\$ 588,495</b>	<b>\$ (540,253)</b>

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



**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
				Governmental Activities	Business-Type Activities	Total	Community Development Agency	Vermillion River Watershed
<b>General Revenues</b>								
Property taxes				\$ 131,085,200	\$ -	\$ 131,085,200	\$ 7,092,062	\$ 835,041
Gravel taxes				616,104	-	616,104	-	-
Mortgage registry and deed tax				541,012	-	541,012	-	-
Tax increment financing				-	-	-	1,659,474	-
Taxes - other				1,877,236	-	1,877,236	-	-
Gifts and contributions - Unrestricted				24,009	-	24,009	-	-
Grants and contributions not restricted to specific programs				15,709,430	-	15,709,430	-	-
Investment income				(3,034,627)	-	(3,034,627)	105,064	12,168
Miscellaneous				2,475,734	-	2,475,734	-	-
Gain on sale of capital assets				190,308	-	190,308	-	-
<b>Transfers</b>				(3,024,000)	3,024,000	-	-	-
<b>Total general revenues</b>				<b>\$ 146,460,406</b>	<b>\$ 3,024,000</b>	<b>\$ 149,484,406</b>	<b>\$ 8,856,600</b>	<b>\$ 847,209</b>
<b>Change in net position</b>				<b>\$ 50,432,103</b>	<b>\$ 603,323</b>	<b>\$ 51,035,426</b>	<b>\$ 9,445,095</b>	<b>\$ 306,956</b>
<b>Net Position - Beginning (Restated for CDA, see Note I)</b>				<b>897,612,700</b>	<b>2,063,341</b>	<b>899,676,041</b>	<b>220,322,368</b>	<b>1,646,229</b>
<b>Net Position - Ending</b>				<b>\$ 948,044,803</b>	<b>\$ 2,666,664</b>	<b>\$ 950,711,467</b>	<b>\$ 229,767,463</b>	<b>\$ 1,953,185</b>

**DAKOTA COUNTY  
MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>									
Cash and pooled investments	\$ 63,588,915	\$ 54,687,893	\$ 87,162,078	\$ 35,426,456	\$ 14,960,128	\$ 5,544,957	\$ 18,213,730	\$ 16,412,874	\$ 295,997,031
Petty cash and change funds	10,095	-	5,290	-	-	-	-	3,780	19,165
Taxes receivable									
Prior	1,204,024	118,257	986,888	9,663	26,934	115,991	17,234	275,028	2,754,019
Accounts receivable	514,806	118,965	138,382	695,480	-	-	-	22,870	1,490,503
Accrued interest receivable	503,653	-	-	-	-	-	-	-	503,653
Due from other funds	635,313	233,712	21,319	3,352	-	294,683	-	20,655	1,209,034
Due from other governments	3,613,188	21,923,952	7,450,305	90,109	289,437	-	-	1,265,409	34,632,400
Advance to other funds	1,872,670	-	-	-	-	-	-	-	1,872,670
Prepaid items	145,931	6,195	1,020	-	-	-	-	-	153,146
Inventories	696,738	1,145,684	-	-	-	-	-	-	1,842,422
Lease receivable	5,259,858	-	-	-	-	-	-	-	5,259,858
<b>Total Assets</b>	<b>\$ 78,045,191</b>	<b>\$ 78,234,658</b>	<b>\$ 95,765,282</b>	<b>\$ 36,225,060</b>	<b>\$ 15,276,499</b>	<b>\$ 5,955,631</b>	<b>\$ 18,230,964</b>	<b>\$ 18,000,616</b>	<b>\$ 345,733,901</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>									
<b>Liabilities</b>									
Accounts payable	\$ 2,793,672	\$ 920,487	\$ 3,274,608	\$ 351,830	\$ 214,129	\$ -	\$ 685,774	\$ 1,146,456	\$ 9,386,956
Salaries payable	1,984,062	259,887	2,522,677	109,672	-	-	-	463,125	5,339,423
Claims and judgments payable-current	53,482	-	-	-	-	-	-	-	53,482
Contracts payable	-	1,148,501	-	-	-	-	52,864	25,503	1,226,868
Due to other funds	695,219	41,869	632,198	60,425	204,998	-	294,683	9,595	1,938,987
Due to other governments	1,445,639	1,332	329,059	3,176	-	-	-	2,327	1,781,533
Unearned revenue - other	5,314,418	2,010,895	675,780	1,195,763	7,398,314	-	-	2,156,377	18,751,547
Advance from other funds	-	-	-	-	-	-	-	1,872,670	1,872,670
<b>Total Liabilities</b>	<b>\$ 12,286,492</b>	<b>\$ 4,382,971</b>	<b>\$ 7,434,322</b>	<b>\$ 1,720,866</b>	<b>\$ 7,817,441</b>	<b>\$ -</b>	<b>\$ 1,033,321</b>	<b>\$ 5,676,053</b>	<b>\$ 40,351,466</b>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue	\$ 3,349,513	\$ 17,577,344	\$ 987,287	\$ 9,621	\$ 26,589	\$ 116,677	\$ 16,959	\$ 696,367	\$ 22,780,357
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,349,513</b>	<b>\$ 17,577,344</b>	<b>\$ 987,287</b>	<b>\$ 9,621</b>	<b>\$ 26,589</b>	<b>\$ 116,677</b>	<b>\$ 16,959</b>	<b>\$ 696,367</b>	<b>\$ 22,780,357</b>

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

DAKOTA COUNTY  
MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	General	Highway	Community Services	Environmental Management	Regional Rail	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances (Continued)</u></b>									
<b>Fund Balances</b>									
Non-spendable:									
Inventories	\$ 696,738	\$ 1,145,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,842,422
Prepays	145,931	6,195	1,020	-	-	-	-	-	153,146
Advances to other funds	1,872,670	-	-	-	-	-	-	-	1,872,670
Restricted for:									
Debt service	-	-	-	-	-	5,838,954	-	-	5,838,954
Law library	-	-	-	-	-	-	-	950,294	950,294
Recorder's equipment purchases	1,695,759	-	-	-	-	-	-	-	1,695,759
Spring Lake Park	-	-	-	-	-	-	-	489	489
Victim Witness	15,969	-	-	-	-	-	-	-	15,969
Sheriff-911	233,613	-	-	-	-	-	-	-	233,613
Elections-HAVA	225,193	-	-	-	-	-	-	-	225,193
Boat and water	259,519	-	-	-	-	-	-	-	259,519
Attorney-Diversion	81,550	-	-	-	-	-	-	-	81,550
Sheriff-Alcohol compliance	3,204	-	-	-	-	-	-	-	3,204
Criminal forfeitures	222,710	-	-	-	-	-	-	422,205	644,915
Committed to:									
Farmland and Natural Area Program	292,387	-	-	-	-	-	-	-	292,387
Investigation and remediation/waste sites	-	-	-	16,800,000	-	-	-	-	16,800,000
Assigned to:									
General government	3,653,500	-	-	-	-	-	-	-	3,653,500
Public safety	161,157	-	-	-	-	-	-	-	161,157
Highway and streets	-	12,019,360	-	-	-	-	-	-	12,019,360
Sanitation	-	-	-	17,544,481	-	-	-	-	17,544,481
Human services	-	-	83,192,084	-	-	-	-	-	83,192,084
Culture and recreation	2,337	-	-	-	-	-	-	1,003,593	1,005,930
Economic development	-	-	-	-	7,432,469	-	-	-	7,432,469
Capital improvements	-	42,684,746	-	-	-	-	17,180,684	8,165,689	68,031,119
Insurance	1,923,105	-	-	-	-	-	-	-	1,923,105
Budget incentive program	4,219,956	-	106,452	-	-	-	-	170,285	4,496,693
Capital equipment	12,296,440	-	-	-	-	-	-	198,571	12,495,011
Petty cash	10,095	-	5,290	-	-	-	-	3,780	19,165
Other post employment benefits	3,222,380	418,358	4,038,827	150,092	-	-	-	713,290	8,542,947
Unassigned	31,174,973	-	-	-	-	-	-	-	31,174,973
<b>Total Fund Balances</b>	<b>\$ 62,409,186</b>	<b>\$ 56,274,343</b>	<b>\$ 87,343,673</b>	<b>\$ 34,494,573</b>	<b>\$ 7,432,469</b>	<b>\$ 5,838,954</b>	<b>\$ 17,180,684</b>	<b>\$ 11,628,196</b>	<b>\$ 282,602,078</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 78,045,191</b>	<b>\$ 78,234,658</b>	<b>\$ 95,765,282</b>	<b>\$ 36,225,060</b>	<b>\$ 15,276,499</b>	<b>\$ 5,955,631</b>	<b>\$ 18,230,964</b>	<b>\$ 18,000,616</b>	<b>\$ 345,733,901</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

<b>Fund balances - total governmental funds</b>		<b>\$</b>	<b>282,602,078</b>
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			681,421,614
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.			22,780,357
Internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			10,993,241
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	\$	(46,400,000)	
Unamortized premiums on G.O. Bonds		(94,476)	
Claims and judgments payable		(2,469,532)	
Accrued interest payable		(788,479)	
		<u>                    </u>	<u>(49,752,487)</u>
<b>Net position of governmental activities</b>			<b><u><u>\$ 948,044,803</u></u></b>

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**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>									
Taxes	\$ 58,227,355	\$ 6,559,140	\$ 48,057,409	\$ 672,997	\$ 1,635,629	\$ 5,262,999	\$ 599,313	\$ 13,650,924	\$ 134,665,766
Licenses and permits	28,601	215,975	-	909,719	-	-	-	100,683	1,254,978
Intergovernmental	12,675,664	43,334,423	45,347,475	1,968,151	1,265,345	3,927	1,991,921	4,204,052	110,790,958
Charges for services	12,354,889	3,502,410	10,427,406	6,593,235	-	-	-	1,547,311	34,425,251
Fines and forfeits	48,367	-	-	-	-	-	-	64,804	113,171
Gifts and contributions	890	-	643	-	-	-	-	23,119	24,652
Investment earnings	(3,161,411)	-	-	-	102,760	-	-	1,347	(3,057,304)
Miscellaneous	2,622,469	367,726	1,073,102	210,864	-	-	-	221,019	4,495,180
<b>Total Revenues</b>	<b>\$ 82,796,824</b>	<b>\$ 53,979,674</b>	<b>\$ 104,906,035</b>	<b>\$ 10,354,966</b>	<b>\$ 3,003,734</b>	<b>\$ 5,266,926</b>	<b>\$ 2,591,234</b>	<b>\$ 19,813,259</b>	<b>\$ 282,712,652</b>
<b>Expenditures</b>									
<b>Current</b>									
General government	\$ 55,923,177	\$ -	\$ 508,504	\$ -	\$ -	\$ -	\$ -	\$ 410,876	\$ 56,842,557
Public safety	20,106,833	-	16,569,393	-	-	-	-	-	36,676,226
Highways and streets	1,672,864	49,128,969	-	-	-	-	-	-	50,801,833
Sanitation	-	-	-	7,398,443	-	-	-	-	7,398,443
Human services	-	-	70,193,719	-	-	-	-	-	70,193,719
Health	-	-	8,162,589	-	-	-	-	-	8,162,589
Culture and recreation	476,667	-	-	-	-	-	-	20,974,194	21,450,861
Conservation of natural resources	4,004,810	-	269,322	-	-	-	-	-	4,274,132
Economic development	2,854,459	-	4,414,562	-	1,678,107	-	-	-	8,947,128
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,727,246</b>	<b>-</b>	<b>1,727,246</b>
<b>Debt service</b>									
Principal	-	-	-	-	-	5,855,000	-	-	5,855,000
Interest	-	-	-	-	-	2,020,059	-	-	2,020,059
Administrative - fiscal charges	-	-	-	-	-	2,950	-	-	2,950
<b>Total Expenditures</b>	<b>\$ 85,038,810</b>	<b>\$ 49,128,969</b>	<b>\$ 100,118,089</b>	<b>\$ 7,398,443</b>	<b>\$ 1,678,107</b>	<b>\$ 7,878,009</b>	<b>\$ 1,727,246</b>	<b>\$ 21,385,070</b>	<b>\$ 274,352,743</b>
<b>Excess of Revenues Over (Under)</b>									
<b>Expenditures</b>	<b>\$ (2,241,986)</b>	<b>\$ 4,850,705</b>	<b>\$ 4,787,946</b>	<b>\$ 2,956,523</b>	<b>\$ 1,325,627</b>	<b>\$ (2,611,083)</b>	<b>\$ 863,988</b>	<b>\$ (1,571,811)</b>	<b>\$ 8,359,909</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Highway</u>	<u>Community Services</u>	<u>Environmental Management</u>	<u>Regional Rail</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in	\$ 928,798	\$ -	\$ 343,789	\$ 31,398	\$ -	\$ 576,672	\$ -	\$ 2,266,657	\$ 4,147,314
Transfers out	(6,242,516)	-	-	(927,778)	-	-	-	(1,020)	(7,171,314)
Proceeds from sale of assets	187,815	-	-	-	-	-	-	-	187,815
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (5,125,903)</b>	<b>\$ -</b>	<b>\$ 343,789</b>	<b>\$ (896,380)</b>	<b>\$ -</b>	<b>\$ 576,672</b>	<b>\$ -</b>	<b>\$ 2,265,637</b>	<b>\$ (2,836,185)</b>
<b>Change in Fund Balance</b>	<b>\$ (7,367,889)</b>	<b>\$ 4,850,705</b>	<b>\$ 5,131,735</b>	<b>\$ 2,060,143</b>	<b>\$ 1,325,627</b>	<b>\$ (2,034,411)</b>	<b>\$ 863,988</b>	<b>\$ 693,826</b>	<b>\$ 5,523,724</b>
<b>Fund Balance - January 1</b>	<b>69,727,396</b>	<b>51,538,533</b>	<b>82,211,938</b>	<b>32,434,430</b>	<b>6,106,842</b>	<b>7,873,365</b>	<b>16,316,696</b>	<b>10,934,370</b>	<b>277,143,570</b>
<b>Increase (decrease) in inventories</b>	<b>49,679</b>	<b>(114,895)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65,216)</b>
<b>Fund Balance - December 31</b>	<b>\$ 62,409,186</b>	<b>\$ 56,274,343</b>	<b>\$ 87,343,673</b>	<b>\$ 34,494,573</b>	<b>\$ 7,432,469</b>	<b>\$ 5,838,954</b>	<b>\$ 17,180,684</b>	<b>\$ 11,628,196</b>	<b>\$ 282,602,078</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Net change in fund balances - total governmental funds** **\$ 5,523,724**

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	\$ 41,347,773	
Current year depreciation	<u>(16,882,348)</u>	24,465,425

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. (1,368,319)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 10,736,978

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		5,855,000
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Internal service fund is used by management to account for services provided to departments by employees, specifically employee benefits including compensated absences. The net revenue of certain activities of the internal service funds is reported with governmental activities. 6,173,276

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	\$ 106,426	
Amortization of premiums	8,792	
Deferred charges not previously expensed	(278,814)	
Change in claims and judgments payable	(725,169)	
Change in inventories	<u>(65,216)</u>	<u>(953,981)</u>

**Change in net position of governmental activities** **\$ 50,432,103**



**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 58,259,821	\$ 58,277,321	\$ 58,227,355	\$ (49,966)
Licenses and permits	40,500	40,500	28,601	(11,899)
Intergovernmental	10,827,038	14,804,734	12,675,664	(2,129,070)
Charges for services	12,490,940	11,643,833	12,354,889	711,056
Fines and forfeits	45,000	45,000	48,367	3,367
Gifts and contributions	2,500	2,500	890	(1,610)
Investment earnings	2,612,000	2,612,000	(3,161,411)	(5,773,411)
Miscellaneous	2,584,262	2,598,262	2,622,469	24,207
<b>Total Revenues</b>	<b>\$ 86,862,061</b>	<b>\$ 90,024,150</b>	<b>\$ 82,796,824</b>	<b>\$ (7,227,326)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 725,398	\$ 815,919	\$ 711,410	\$ 104,509
Courts services	260,733	260,733	337,258	(76,525)
County administration	1,679,923	2,237,657	1,442,138	795,519
OMB division administration/OPED	1,933,205	1,796,985	1,395,888	401,097
Public service and revenue admin	886,637	928,591	670,118	258,473
Service and license centers	1,757,589	1,808,464	1,722,486	85,978
County treasurer	4,700,102	5,366,468	4,411,760	954,708
County assessor	3,231,491	3,415,019	3,153,263	261,756
Accounting and auditing	3,150,731	3,543,216	2,857,583	685,633
Information technology	8,150,359	11,403,577	9,063,513	2,340,064
Operations management services	11,878,814	13,937,283	9,845,111	4,092,172
Employee relations	2,328,857	2,560,410	2,198,942	361,468
Attorney	8,825,629	9,231,861	8,861,504	370,357
Risk management	2,318,385	4,906,295	3,519,244	1,387,051
Surveyor	745,557	741,731	760,111	(18,380)
Physical development administration	1,831,083	2,874,217	2,250,835	623,382
Communications	950,915	964,146	843,357	120,789
County-wide operations	4,165,798	4,711,948	1,878,656	2,833,292
<b>Total general government</b>	<b>\$ 59,521,206</b>	<b>\$ 71,504,520</b>	<b>\$ 55,923,177</b>	<b>\$ 15,581,343</b>
<b>Public safety</b>				
Sheriff	\$ 18,062,277	\$ 18,715,660	\$ 18,653,513	\$ 62,147
Coroner	1,453,320	1,453,320	1,453,320	-
<b>Total public safety</b>	<b>\$ 19,515,597</b>	<b>\$ 20,168,980</b>	<b>\$ 20,106,833</b>	<b>\$ 62,147</b>
<b>Highway and streets</b>				
Other-highway and streets	\$ 1,498,000	\$ 1,498,000	\$ 1,672,864	\$ (174,864)
<b>Total highway and streets</b>	<b>\$ 1,498,000</b>	<b>\$ 1,498,000</b>	<b>\$ 1,672,864</b>	<b>\$ (174,864)</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Culture and recreation</b>				
Historical society	\$ 100,000	\$ 100,000	\$ 125,000	\$ (25,000)
County fair	115,000	141,600	141,600	-
Parks	82,000	82,000	208,433	(126,433)
County library	-	976	1,634	(658)
<b>Total culture and recreation</b>	<b>\$ 297,000</b>	<b>\$ 324,576</b>	<b>\$ 476,667</b>	<b>\$ (152,091)</b>
<b>Conservation of natural resources</b>				
Soil and water conservation	\$ 309,482	\$ 309,482	\$ 272,571	\$ 36,911
Farmland and natural area program	5,558,595	10,344,042	3,732,239	6,611,803
<b>Total conservation of natural resources</b>	<b>\$ 5,868,077</b>	<b>\$ 10,653,524</b>	<b>\$ 4,004,810</b>	<b>\$ 6,648,714</b>
<b>Economic development</b>				
Administration	\$ -	\$ -	\$ 2,854,459	\$ (2,854,459)
<b>Total economic development</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,854,459</b>	<b>\$ (2,854,459)</b>
<b>Total Expenditures</b>	<b>\$ 86,699,880</b>	<b>\$ 104,149,600</b>	<b>\$ 85,038,810</b>	<b>\$ 19,110,790</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 162,181</b>	<b>\$ (14,125,450)</b>	<b>\$ (2,241,986)</b>	<b>\$ 11,883,464</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 927,000	\$ 928,798	\$ 1,798
Transfers out	(576,672)	(3,189,852)	(3,218,516)	(28,664)
Proceeds from sale of assets	334,500	381,988	187,815	(194,173)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (242,172)</b>	<b>\$ (1,880,864)</b>	<b>\$ (2,101,903)</b>	<b>\$ (221,039)</b>
<b>Change in Fund Balance</b>	<b>\$ (79,991)</b>	<b>\$ (16,006,314)</b>	<b>\$ (4,343,889)</b>	<b>\$ 11,662,425</b>
<b>Fund Balance - January 1</b>	<b>69,727,396</b>	<b>69,727,396</b>	<b>69,727,396</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>49,679</b>	<b>49,679</b>
<b>Fund Balance - December 31</b>	<b>\$ 69,647,405</b>	<b>\$ 53,721,082</b>	<b>\$ 65,433,186</b>	<b>\$ 11,712,104</b>

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,536,097	\$ 4,536,097	\$ 6,559,140	\$ 2,023,043
Licenses and permits	150,000	150,000	215,975	65,975
Intergovernmental	34,826,590	105,686,140	43,334,423	(62,351,717)
Charges for services	3,529,762	3,669,762	3,502,410	(167,352)
Miscellaneous	235,425	235,425	367,726	132,301
<b>Total Revenues</b>	<b>\$ 43,277,874</b>	<b>\$ 114,277,424</b>	<b>\$ 53,979,674</b>	<b>\$ (60,297,750)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highway and streets</b>				
Administration	\$ 586,120	\$ 615,286	\$ 645,912	\$ (30,626)
Maintenance	4,672,551	4,724,538	4,474,430	250,108
Construction	35,425,467	108,452,100	44,008,627	64,443,473
<b>Total Expenditures</b>	<b>\$ 40,684,138</b>	<b>\$ 113,791,924</b>	<b>\$ 49,128,969</b>	<b>\$ 64,662,955</b>
<b>Change in Fund Balance</b>	<b>\$ 2,593,736</b>	<b>\$ 485,500</b>	<b>\$ 4,850,705</b>	<b>\$ 4,365,205</b>
<b>Fund Balance - January 1</b>	<b>51,538,533</b>	<b>51,538,533</b>	<b>51,538,533</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(114,895)</b>	<b>(114,895)</b>
<b>Fund Balance - December 31</b>	<b>\$ 54,132,269</b>	<b>\$ 52,024,033</b>	<b>\$ 56,274,343</b>	<b>\$ 4,250,310</b>

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 48,232,662	\$ 48,232,662	\$ 48,057,409	\$ (175,253)
Intergovernmental	45,037,249	47,140,638	45,347,475	(1,793,163)
Charges for services	12,545,238	12,035,394	10,427,406	(1,607,988)
Gifts and contributions	-	-	643	643
Miscellaneous	1,649,251	1,932,904	1,073,102	(859,802)
<b>Total Revenues</b>	<b>\$ 107,464,400</b>	<b>\$ 109,341,598</b>	<b>\$ 104,906,035</b>	<b>\$ (4,435,563)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Veterans service officer	\$ 522,708	\$ 535,461	\$ 508,504	\$ 26,957
<b>Total general government</b>	<b>\$ 522,708</b>	<b>\$ 535,461</b>	<b>\$ 508,504</b>	<b>\$ 26,957</b>
<b>Public safety</b>				
Community corrections	\$ 17,770,227	\$ 17,922,985	\$ 16,569,393	\$ 1,353,592
<b>Total public safety</b>	<b>\$ 17,770,227</b>	<b>\$ 17,922,985</b>	<b>\$ 16,569,393</b>	<b>\$ 1,353,592</b>
<b>Human services</b>				
Income maintenance	\$ 22,873,005	\$ 24,090,204	\$ 23,475,290	\$ 614,914
Social services	51,354,024	53,583,316	46,718,429	6,864,887
<b>Total human services</b>	<b>\$ 74,227,029</b>	<b>\$ 77,673,520</b>	<b>\$ 70,193,719</b>	<b>\$ 7,479,801</b>
<b>Health</b>				
Public health	\$ 9,420,119	\$ 9,221,559	\$ 8,162,589	\$ 1,058,970
<b>Total health</b>	<b>\$ 9,420,119</b>	<b>\$ 9,221,559</b>	<b>\$ 8,162,589</b>	<b>\$ 1,058,970</b>
<b>Conservation of natural resources</b>				
County extension	\$ 340,224	\$ 340,224	\$ 269,322	\$ 70,902
<b>Total conservation of natural resources</b>	<b>\$ 340,224</b>	<b>\$ 340,224</b>	<b>\$ 269,322</b>	<b>\$ 70,902</b>
<b>Economic development</b>				
Community development	\$ 5,235,581	\$ 5,597,163	\$ 4,414,562	\$ 1,182,601
<b>Total economic development</b>	<b>\$ 5,235,581</b>	<b>\$ 5,597,163</b>	<b>\$ 4,414,562</b>	<b>\$ 1,182,601</b>
<b>Total Expenditures</b>	<b>\$ 107,515,888</b>	<b>\$ 111,290,912</b>	<b>\$ 100,118,089</b>	<b>\$ 11,172,823</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (51,488)</b>	<b>\$ (1,949,314)</b>	<b>\$ 4,787,946</b>	<b>\$ 6,737,260</b>

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 343,789	\$ 343,789
<b>Change in Fund Balance</b>	<b>\$ (51,488)</b>	<b>\$ (1,949,314)</b>	<b>\$ 5,131,735</b>	<b>\$ 7,081,049</b>
<b>Fund Balance - January 1</b>	<b>82,211,938</b>	<b>82,211,938</b>	<b>82,211,938</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b><u>\$ 82,160,450</u></b>	<b><u>\$ 80,262,624</u></b>	<b><u>\$ 87,343,673</u></b>	<b><u>\$ 7,081,049</u></b>

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

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 520,000	\$ 520,000	\$ 672,997	\$ 152,997
Licenses and permits	838,768	838,768	909,719	70,951
Intergovernmental	1,704,964	2,307,264	1,968,151	(339,113)
Charges for services	5,281,360	5,281,360	6,593,235	1,311,875
Miscellaneous	85,000	85,000	210,864	125,864
<b>Total Revenues</b>	<b>\$ 8,430,092</b>	<b>\$ 9,032,392</b>	<b>\$ 10,354,966</b>	<b>\$ 1,322,574</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 7,750,160	\$ 8,354,754	\$ 7,398,443	\$ 956,311
<b>Total Expenditures</b>	<b>\$ 7,750,160</b>	<b>\$ 8,354,754</b>	<b>\$ 7,398,443</b>	<b>\$ 956,311</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 679,932</b>	<b>\$ 677,638</b>	<b>\$ 2,956,523</b>	<b>\$ 2,278,885</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 2,734	\$ 31,398	\$ 28,664
Transfers out	-	(925,000)	(927,778)	(2,778)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ (922,266)</b>	<b>\$ (896,380)</b>	<b>\$ 25,886</b>
<b>Change in Fund Balance</b>	<b>\$ 679,932</b>	<b>\$ (244,628)</b>	<b>\$ 2,060,143</b>	<b>\$ 2,304,771</b>
<b>Fund Balance - January 1</b>	<b>32,434,430</b>	<b>32,434,430</b>	<b>32,434,430</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 33,114,362</b>	<b>\$ 32,189,802</b>	<b>\$ 34,494,573</b>	<b>\$ 2,304,771</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
REGIONAL RAIL SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,640,516	\$ 1,640,516	\$ 1,635,629	\$ (4,887)
Intergovernmental	-	8,978,941	1,265,345	(7,713,596)
Investment earnings	-	-	102,760	102,760
<b>Total Revenues</b>	<b><u>\$ 1,640,516</u></b>	<b><u>\$ 10,619,457</u></b>	<b><u>\$ 3,003,734</u></b>	<b><u>\$ (7,615,723)</u></b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Economic development</b>				
Community development	\$ 25,000	\$ 12,223,781	\$ 1,428,848	\$ 10,794,933
Administration	365,045	365,045	249,259	115,786
<b>Total Expenditures</b>	<b><u>\$ 390,045</u></b>	<b><u>\$ 12,588,826</u></b>	<b><u>\$ 1,678,107</u></b>	<b><u>\$ 10,910,719</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ 1,250,471</u></b>	<b><u>\$ (1,969,369)</u></b>	<b><u>\$ 1,325,627</u></b>	<b><u>\$ 3,294,996</u></b>
<b>Fund Balance - January 1</b>	<b><u>6,106,842</u></b>	<b><u>6,106,842</u></b>	<b><u>6,106,842</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u><u>\$ 7,357,313</u></u></b>	<b><u><u>\$ 4,137,473</u></u></b>	<b><u><u>\$ 7,432,469</u></u></b>	<b><u><u>\$ 3,294,996</u></u></b>

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





**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Employee Services Reserve Internal Service Fund</u>
<b>Operating Revenues</b>		
Charges for services	\$ 786,725	\$ 24,694,226
Miscellaneous	-	213,608
	<u>                    </u>	<u>                    </u>
<b>Total Operating Revenues</b>	<b><u>\$ 786,725</u></b>	<b><u>\$ 24,907,834</u></b>
<b>Operating Expenses</b>		
Personal services	\$ -	\$ 95,170
Professional services	-	36,494
Medical claims	-	16,231,622
Repairs and maintenance	5,438,963	-
Administration and fiscal services	-	1,242,573
OPEB expense	-	1,131,026
Other services and charges	122,559	5,348
	<u>                    </u>	<u>                    </u>
<b>Total Operating Expenses</b>	<b><u>\$ 5,561,522</u></b>	<b><u>\$ 18,742,233</u></b>
<b>Operating income</b>	<b><u>\$ (4,774,797)</u></b>	<b><u>\$ 6,165,601</u></b>
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental	\$ 2,354,120	\$ -
Investment earnings	-	7,675
	<u>                    </u>	<u>                    </u>
<b>Total Nonoperating revenues (expenses)</b>	<b><u>\$ 2,354,120</u></b>	<b><u>\$ 7,675</u></b>
<b>Income before contributions and transfers</b>	<b><u>\$ (2,420,677)</u></b>	<b><u>\$ 6,173,276</u></b>
<b>Transfers in</b>	<u>3,024,000</u>	<u>-</u>
<b>Change in Net Position</b>	<b><u>\$ 603,323</u></b>	<b><u>\$ 6,173,276</u></b>
<b>Net Position - January 1</b>	<u>2,063,341</u>	<u>4,819,965</u>
<b>Net Position - December 31</b>	<b><u><u>\$ 2,666,664</u></u></b>	<b><u><u>\$ 10,993,241</u></u></b>

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities - Employee Services Reserve Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 841,149	\$ 213,608
Receipts from internal services provided	-	24,265,569
Payments to suppliers	(4,584,559)	(17,066,574)
Payments to internal services used	-	(765,551)
	<u>                    </u>	<u>                    </u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ (3,743,410)</u></b>	<b><u>\$ 6,647,052</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Intergovernmental	\$ 276,741	\$ -
Transfers in	3,024,000	-
	<u>                    </u>	<u>                    </u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b><u>\$ 3,300,741</u></b>	<b><u>\$ -</u></b>
<b>Cash Flows from Investing Activities</b>		
Investment earnings	\$ -	\$ 7,675
	<u>                    </u>	<u>                    </u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>\$ -</u></b>	<b><u>\$ 7,675</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b><u>\$ (442,669)</u></b>	<b><u>\$ 6,654,727</u></b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>2,058,224</u></b>	<b><u>28,601,454</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 1,615,555</u></u></b>	<b><u><u>\$ 35,256,181</u></u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	<b><u>\$ (4,774,797)</u></b>	<b><u>\$ 6,165,601</u></b>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
(Increase) decrease in accounts receivable	\$ 81,976	\$ -
(Increase) decrease in due from other governments	(27,552)	(87,419)
(Increase) decrease in due from other funds	-	(341,238)
Increase (decrease) in accounts payable	799,276	449,463
Increase (decrease) in contracts payable	177,686	-
Increase (decrease) in compensated absences payable	-	95,171
Increase (decrease) in due to other funds	-	(270,999)
Increase (decrease) in due to other governments	1	-
Increase (decrease) in OPEB liability	-	636,473
	<u>                    </u>	<u>                    </u>
<b>Total adjustments</b>	<b><u>\$ 1,031,387</u></b>	<b><u>\$ 481,451</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u><u>\$ (3,743,410)</u></u></b>	<b><u><u>\$ 6,647,052</u></u></b>

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2013**

	<b>Private-Purpose Trusts</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 531,039	\$ 35,827,631
Accounts receivable	9,000	128,028
Due from other governments	170,111	383,212
<b>Total Assets</b>	<b>\$ 710,150</b>	<b>\$ 36,338,871</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ 66,451	\$ 1,067,219
Due to other governments	172,177	35,271,652
<b>Total Liabilities</b>	<b>\$ 238,628</b>	<b>\$ 36,338,871</b>
<b><u>Net Position</u></b>		
Net position held in trust for other purposes	\$ 471,522	
<b>Total Net Position</b>	<b>\$ 471,522</b>	

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

**DAKOTA COUNTY  
MINNESOTA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Private-Purpose Trusts</b>
<b><u>ADDITIONS:</u></b>	
State Grants	
Mn Dept of Trial Courts	\$ 1,263,502
Payments from other governments	548,105
Other agencies	17,800
Miscellaneous	161
Investment earnings:	
Interest	7,502
	7,502
<b>Total additions</b>	<b>\$ 1,837,070</b>
<b><u>DEDUCTIONS:</u></b>	
Judicial District expenses	\$ 1,263,502
Solid waste expenses	979,688
Emergency preparedness expenses	91,595
	91,595
<b>Total deductions</b>	<b>\$ 2,334,785</b>
<b>Change in net position</b>	<b>\$ (497,715)</b>
<b>Net position - January 1</b>	<b>969,237</b>
<b>Net position - December 31</b>	<b>\$ 471,522</b>

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

**Dakota County, Minnesota** | **December 31,**  
**Notes to the Financial Statements** | **2013**

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**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.

Changes in Accounting Principles

During 2013, the County adopted new accounting guidance by implementing the provisions of GASB Statements 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.6. in the notes to the financial statements for additional information regarding the County's deferred inflows/outflows of resources.

Restatements of December 31, 2012, net position or fund balance for Dakota County were not required as a result of adopting these changes in accounting principles.

As of June 30, 2012, the beginning net position of the Dakota County Community Development Agency was restated for bond issuance costs incurred prior to that fiscal year. Under GASB Statement No. 65, these costs should be expensed as incurred.

Net position, beginning of year as previously reported	\$ 221,016,294
Debt issuance costs	<u>( 686,076)</u>
Net position, beginning of year as restated	<u>\$ 220,322,368</u>

**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.

The Dakota County Community Development Agency (CDA) was established in 1971 pursuant to special Minnesota legislation. The mission of the CDA is to improve the lives of Dakota County residents through affordable housing and community development. The CDA utilizes available federal, state, and local resources to serve the residents of the

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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County by working to upgrade and maintain the existing housing stock; encourage the construction of new housing affordable to low and moderate income households; promote economic development efforts and provide assistance to the County communities through community-development programs; and to provide low and moderate income family and senior households with decent, safe, and affordable rental housing opportunities.

The County appoints all seven members of the CDA's Board of Commissioners. Additionally the County has underwritten several of the bond issues of the CDA. The CDA is therefore included as a discretely presented unit because of the significance of the relationship between the CDA and the County.

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

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

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

### **B. Government-Wide and Fund Financial Statements**

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

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

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

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private purpose trust fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for taxes, charges for services, and reimbursements for services and 90 days for Intergovernmental grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

Community Services Special Revenue Fund accounts for all costs for human services. Financing comes primarily from an annual property tax levy, charges for services, and restricted intergovernmental revenue from the state and federal governments.

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

Regional Rail Special Revenue Fund accounts for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail and other transit alternatives within the County.

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

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

The government reports the following nonmajor governmental funds:

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

- County Library Fund accounts for the operating cost of the Dakota County Library. Financing is provided by an annual property tax levy.
- County Parks Special Revenue Fund accounts for park acquisition, development and operating costs. Financing is provided by an annual property tax levy and restricted grants from Metropolitan Council.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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- Law Library Fund accounts for revenues and expenditures of the Law Library. Revenues are derived from fees collected from certain litigants and expenditures are primarily law books and minor administrative and personal service costs.
- Attorney Forfeiture Fund accounts for the 20 percent of the proceeds from the sale of forfeited property which is distributed to the County Attorney as a supplement to operating monies for prosecutorial purposes.

Additionally, the government reports the following fund types:

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

- Geographic Information System Fund accounts for the sale of geographic information such as data and maps.
- Criminal Justice Information Integration Network accounts for revenue received from criminal justice agencies that use the County's applications. Expenses from the fund are used for technical infrastructure purchases and upgrades as well as development of further criminal justice technology applications.
- Byllesby Dam Fund accounts for the net revenue generated from producing electricity at the Byllesby Dam Hydro-electric facility and subsequently sold to Xcel Energy after expenses paid to a third-party operator contracted to operate the turbines and generators.

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

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

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

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund accounts for the proceeds from the sales of vehicles forfeited for DUI, for all monies collected per State statute for sale of lands forfeited for unpaid taxes, for the State's share of funding for agricultural preserve property tax credit, for monies deducted from employees'



# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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salaries for benefits and payments on their behalf, for collection and payments of civil fees due to different municipalities and agencies, for cash seized as evidence or pending forfeiture action, for funds received from individuals booked into the County jail and returned to the individual upon their release, for receipts from redemption's, executions, sheriff sales and subsequently paid out, for clients' receipts from Social Security and maternity support, legal settlements, and Veterans Administration used for personal needs of the client, for the fees and fines collected which are to be remitted to the State and for the collection and payment of tax and penalties to various taxing districts.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

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

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

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

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

#### **D. Assets, Liabilities, Deferred Outflows/Inflows Of Resources, and Net Position/Fund Balance**

##### **1. Deposits and Investments**

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

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

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

**2. *Receivables and Payables***

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

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

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

**3. *Inventories and Prepaid Items***

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

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

**4. *Restricted Assets***

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

**5. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment. Infrastructure has a threshold of \$50,000, Buildings and Building Improvements have a \$50,000 threshold, and Land has no minimum threshold; while Land Improvements have a \$50,000 threshold. Machinery and Equipment has a \$5,000 threshold and Controllable Items have no minimum threshold.

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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For the CDA major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net interest capitalized during the year ended June 30, 2013 was \$200,619.

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

For the County the estimated useful lives are:

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

For the CDA the estimated useful lives are:

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position for the CDA component unit. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item "*unavailable revenue*" is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, charges for services, grants receivable and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **7. *Net Position Flow Assumption***

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

**8. *Compensated Absences***

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

**9. *Long-Term Obligations***

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

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

**10. *Classification of Net Position***

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

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

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

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

**11. *Classification of Fund Balances***

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

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

*Restricted* - fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

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

Assigned - amounts in the assigned fund balance classification the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the Financial Services Director who has been delegated that authority by Board resolution.

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

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

### **12. Minimum Fund Balance Policy**

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

### **E. Revenues**

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

#### Imposed Nonexchange Transactions

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

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

Intergovernmental

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

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

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

Exchange Transactions

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

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

### **A. Budgetary Information**

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

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

The appropriated budget is prepared by fund, function, and department. This appropriated budget is adopted at the department level. Budgets may be amended during the year with the approval of the County Administrator or County Board as required by the County Budget Compliance Policy. The County Administrator is authorized to transfer budgeted amounts between departments or appropriate certain revenues received in excess of the original budget estimate. Supplemental appropriations are reviewed by the County Administrator and submitted to the County Board for their approval. If approved, the adjustments are implemented by the Financial Services Department by budget revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

The Board made several supplemental budgetary appropriations throughout the year. The material supplemental budgetary appropriations were:

<u>Fund</u>	<u>Amount</u>
General	\$ 17,449,720
Highway	\$ 73,107,786
Community Services	\$ 3,775,024
Environmental Management	\$ 604,594
Regional Rail	\$ 12,198,781
Capital Projects	\$ 3,359,125
County Library	\$ 1,134,587
County Parks	\$ 23,112,515

### B. Excess of expenditures over appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in Courts Services in the General Fund by \$76,525, Surveyor in the General Fund by \$18,380, Other-highway and streets in the General Fund by \$174,864, Historical Society in the General Fund by \$25,000, Parks in the General Fund by \$126,433, County Library in the General Fund by \$658, Economic Development Administration in the General Fund by \$2,854,459, Administration in the Highway Special Revenue Fund by \$30,626 and Administrative - fiscal charges in the Debt Service Fund by \$2,950. These excess expenditures were funded by available fund balance and current year savings.

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

#### 1. Cash and Cash Equivalents

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

#### 2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the Director of Financial Services for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2013. 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 2013 were a *negative* \$3,161,411 due to the decline in market values over the past twelve months.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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

Government-wide statement of net position		
Governmental activities		
Cash and pooled investments	\$	331,253,212
Petty cash and change funds		19,165
Business-type activities		
Cash and pooled investments		1,615,555
Discrete component unit		
Cash and pooled investments		2,012,796
Statement of fiduciary net position		
Cash and pooled investments		36,358,670
Total Cash and Investments	\$	<u>371,259,398</u>
Deposits	\$	195,727,332
Petty cash and change funds		19,165
Investments		<u>175,512,901</u>
Total Deposits, Cash on hand, and Investments	\$	<u>371,259,398</u>

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

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

*Custodial Credit Risk—Deposits.* Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. As of December 31, 2013, the County's deposits were not exposed to custodial credit risk. The County policy is in accordance with state statutes.

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

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



# Dakota County, Minnesota

## Notes to the Financial Statements

### December 31, 2013

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

**Interest Rate Risk** - Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. To limit exposure to interest rate risk, the County's investment policy is to structure the portfolio so that securities mature to meet cash requirements for ongoing operations and to invest operating funds primarily in shorter term securities, money market mutual funds, or similar investing pools and limits the average maturity of the portfolio. The investment maturities are as follows:

At December 31, 2013, the County had the following investments at Fair Value:

Type of Security	Credit Risk	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<b>US Government:</b>					
US Treasuries	N/R	\$11,950,517	\$14,311,671	\$16,059,902	\$42,322,090
US Treasury Inflation Indexed Bonds	N/R	-	1,239,736	1,281,053	2,520,789
<b>US Government Instrumentalities:</b>					
Federal Agricultural Mortgage Assoc.	Aaa	-	-	922,048	922,048
Federal Home Loan Bank	Aaa	-	522,800	-	522,800
Federal Home Loan Mortgage Corp	Aaa	1,602,512	12,065,769	12,621,401	26,289,682
Financing Corp	Other	3,579,588	4,303,225	-	7,882,813
Federal National Mortgage Assoc.	Aaa	654,305	27,083,829	22,043,952	49,782,086
Government National Mortgage Assoc.	Aaa	-	-	4,024,794	4,024,794
Municipal Bonds	Aaa	505,158	3,284,416	791,141	4,580,715
Municipal Bonds	Aa1	362,938	3,931,517	270,301	4,564,756
Municipal Bonds	Aa2	366,068	3,324,230	300,084	3,990,382
Municipal Bonds	Aa3	250,035	1,151,834	-	1,401,869
Municipal Bonds	N/R	550,700	2,466,105	1,240,933	4,257,738
National Credit Union Assoc. Notes	Aaa	-	247,102	425,207	672,309
Negotiable Certificates of Deposit	Aaa	736,703	-	-	736,703
Overseas Private Investment Corp	Aaa	-	607,174	284,735	891,909
Resolution Funding Corp	N/R	-	789,952	-	789,952
Small Business Administration	Aaa	-	339,464	459,035	798,499
Tennessee Valley Authority	N/R	-	7,816,298	8,992,569	16,808,867
Government Money Market Funds	N/R	1,752,100	-	-	1,752,100
<b>Total Investments</b>		<b>\$22,310,624</b>	<b>\$83,485,122</b>	<b>\$69,717,155</b>	<b>\$175,512,901</b>

**Credit Risk** - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Generally, it is the County's policy to invest in securities that meet the ratings requirements set by state statute, which has established a minimum rating of "A" or better by at least one national bond rating agency.

The County's exposure to credit risk as of December 31, 2013 is listed in the table above, which displays rating assignments per Moody's Investors Service.

**Custodial Credit Risk** - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As required by County policy, at December 31, 2013, all of Dakota County's investments are held by a third party custodian and were not exposed to custodial credit risk.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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

Issuer/Security	Amount Invested	Percentage
Federal Home Loan Mortgage Corporation	\$ 26,289,682	14.98%
Federal National Mortgage Association	49,782,086	28.36%
Tennessee Valley Authority	16,808,867	9.58%
US Treasuries	44,842,879	25.55%
Total	\$137,723,514	78.47%

As of June 30, 2013, the Community Development Agency (CDA) had the following investments:

Investment Type	Reported Amount/ Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	More Than 5
U.S. Government Agencies	\$ 14,826,930	\$ 2,000,080	\$ 12,826,850	\$ -
Mortgage Backed Securities	1,752,330	-	-	1,752,330
Money market mutual funds	24,602,075	24,602,075	-	-
Local government investment pool	33,744,140	33,744,140	-	-
	<u>\$ 74,925,475</u>	<u>\$ 60,346,295</u>	<u>\$ 12,826,850</u>	<u>\$ 1,752,330</u>

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

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

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

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

***Interest Rate Risk*** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its investment policy, the CDA manages its exposure to declines in fair values by limiting non-bond reserve investment maturities to five years or less. The mortgage backed securities held by the CDA were obtained through the defeasance of a single family bond issue and are expected to be held until maturity.

***Credit Risk*** - Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The CDA's investment policy places no restrictions on credit risk other than requiring compliance with State Law. State Law does not limit investments in securities of U.S. Government Agencies including mortgaged backed securities by credit quality. All investments in securities of local government complied with State Law requiring general obligations backed by taxing powers to be rated "A" or better and revenue obligations backed by taxing powers to be rated "AA" or

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

better. The local government investment pool and money market mutual funds are unrated. Investments held by the local government investment pool conform to state restrictions while the investments in money market mutual funds comply with state requirements for being rated in one of the highest two categories by a NRSRO. Commercial paper investments comply with State Law requiring it to be rated in the highest quality category by two nationally recognized rating agencies and having maturities of 270 days or less.

Concentration of Credit Risk - The CDA places no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk-Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the CDA's deposits may not be returned to it. The CDA follows State law which requires all deposits with financial institutions to be collateralized in an amount equal to 110 percent of deposits in excess of FDIC insurance. At June 30, 2013, the entire amount of the CDA's bank balances was covered by federal-depository insurance.

Custodial Credit Risk-Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the CDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2013, all investments are held by counterparties, are insured or registered, and are not exposed to custodial risk.

### B. Receivables

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

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

	Deferred inflows of resources	Unearned
Property taxes receivable	\$ 2,610,340	\$ -
Charges for services	96,079	57,335
Grant Receivables that do not provide current financial resources	19,680,621	-
Miscellaneous	393,317	372,887
Lease Receivable	-	5,259,858
Grant drawdowns prior to meeting all eligibility requirements	-	13,061,467
Total deferred inflows of resources / unearned revenue for governmental funds	\$ 22,780,357	\$ 18,751,547

### 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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

the bond interest rate), resulting in total base rent payments of \$8,650,048. The lease agreement also includes rent for additional construction costs of \$1,650,000. The rent is \$12,369 per month to be paid for 180 months.

The annual lease requirement payments to maturity are as follows:

<u>Year Ended December 31</u>	<u>Lease Receivable</u>
2014	\$ 725,100
2015	725,100
2016	725,100
2017	725,100
2018	725,100
2019-2022	<u>2,658,700</u>
Total Lease Receivable	6,284,200
Less Interest	<u>(1,024,342)</u>
Present Value of Lease Receivable	<u>\$ 5,259,858</u>

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

### D. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 194,225,087	\$ 6,881,714	\$ -	\$ 201,106,801
Construction in progress	49,686,044	30,177,314	(11,224,354)	68,639,004
Total capital assets, not being depreciated	<u>243,911,131</u>	<u>37,059,028</u>	<u>(11,224,354)</u>	<u>269,745,805</u>
Capital assets, being depreciated:				
Buildings	191,582,858	-	-	191,582,858
Improvements other than buildings	15,347,744	1,503,937	-	16,851,681
Machinery and equipment	34,981,679	7,043,539	(3,605,170)	38,420,048
Infrastructure	<u>404,123,842</u>	<u>6,965,623</u>	<u>-</u>	<u>411,089,465</u>
Total capital assets being depreciated	<u>646,036,123</u>	<u>15,513,099</u>	<u>(3,605,170)</u>	<u>657,944,052</u>
Less accumulated depreciation for:				
Buildings	(59,615,225)	(3,886,671)	-	(63,501,896)
Improvements other than buildings	(2,849,521)	(762,423)	-	(3,611,944)
Machinery and equipment	(22,126,202)	(3,786,696)	2,236,851	(23,676,047)
Infrastructure	<u>(147,031,798)</u>	<u>(8,446,558)</u>	<u>-</u>	<u>(155,478,356)</u>
Total accumulated depreciation	<u>(231,622,746)</u>	<u>(16,882,348)</u>	<u>2,236,851</u>	<u>(246,268,243)</u>
Total capital assets, being depreciated, net	<u>414,413,377</u>	<u>(1,369,249)</u>	<u>(1,368,319)</u>	<u>411,675,809</u>
Governmental activities capital assets, net	<u>\$ 658,324,508</u>	<u>\$ 35,689,779</u>	<u>\$ (12,592,673)</u>	<u>\$ 681,421,614</u>

**Dakota County, Minnesota** | **December 31,**  
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation for:				
Machinery and equipment	-	-	-	-
Total capital assets, being depreciated, net	\$ -	\$ -	\$ -	\$ -

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

Governmental activities:	
General Government	\$ 3,749,868
Public Safety	1,182,154
Highways and streets, including depreciation of general infrastructure assets	9,723,472
Human Services	53,834
Health	10,185
Economic Development	-
Culture and Recreation	2,157,496
Conservation of Natural Resources	2,323
Sanitation	3,016
Total depreciation expense--governmental activities	\$ 16,882,348
Business-type activities:	
Information Systems	-
Total depreciation expense--business-type activities	\$ -

**Construction Commitments**

The government has active construction projects as of December 31, 2013. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year-end the government's major commitments with contractors are as follows:

General Government

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 59,994,049	\$ 21,758,523
Parks Construction	987,957	25,503
	\$ 60,982,006	\$ 21,784,026

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

### Discretely Presented Component Unit

Activity for the CDA for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,741,430	\$ 2,350,418	\$ 2,291,693	\$ 6,800,155
Total capital assets, not being depreciated	<u>6,741,430</u>	<u>2,350,418</u>	<u>2,291,693</u>	<u>6,800,155</u>
Capital assets, being depreciated:				
Land improvements	144,098	5,714	-	149,812
Buildings	4,751,381	167,378	-	4,918,759
Furniture and equipment	2,299,788	84,189	16,918	2,367,059
Total capital assets being depreciated	<u>7,195,267</u>	<u>257,281</u>	<u>16,918</u>	<u>7,435,630</u>
Less accumulated depreciation for:				
Land improvements	(93,664)	(9,892)	-	(103,556)
Buildings	(1,005,483)	(120,206)	-	(1,125,689)
Furniture and equipment	(1,786,650)	(202,979)	(16,918)	(1,972,711)
Total accumulated depreciation	<u>(2,885,797)</u>	<u>(333,077)</u>	<u>(16,918)</u>	<u>(3,201,956)</u>
Total capital assets, being depreciated, net	<u>4,309,470</u>	<u>(75,796)</u>	<u>-</u>	<u>4,233,674</u>
Governmental activities capital assets, net	<u>\$ 11,050,900</u>	<u>\$ 2,274,622</u>	<u>\$ 2,291,693</u>	<u>\$ 11,033,829</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 19,409,429	\$ 1,197,569	\$ -	\$ 20,606,998
Construction in progress	14,584,605	3,271,391	17,364,942	491,054
Total capital assets, not being depreciated	<u>33,994,034</u>	<u>4,468,960</u>	<u>17,364,942</u>	<u>21,098,052</u>
Capital assets, being depreciated:				
Land improvements	3,580,159	681,485	-	4,261,644
Buildings	139,746,070	24,772,255	323,655	164,194,670
Furniture and equipment	5,379,681	495,446	3,469	5,871,658
Total capital assets being depreciated	<u>148,705,910</u>	<u>25,949,186</u>	<u>327,124</u>	<u>174,327,972</u>
Less accumulated depreciation for:				
Land improvements	(2,005,325)	(711,668)	-	(2,716,993)
Buildings	(37,063,015)	(6,267,452)	(147,372)	(43,183,095)
Furniture and equipment	(3,938,841)	(453,207)	(3,469)	(4,388,579)
Total accumulated depreciation	<u>(43,007,181)</u>	<u>(7,432,327)</u>	<u>(150,841)</u>	<u>(50,288,667)</u>
Total capital assets, being depreciated, net	<u>105,698,729</u>	<u>18,516,859</u>	<u>176,283</u>	<u>124,039,305</u>
Business-type activities capital assets, net	<u>\$ 139,692,763</u>	<u>\$ 22,985,819</u>	<u>\$ 17,541,225</u>	<u>\$ 145,137,357</u>

# Dakota County, Minnesota

## Notes to the Financial Statements

### December 31, 2013

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

Component Unit

Project	Spent-to-Date	Remaining Commitment
Senior housing development	\$ 20,509,544	\$ 61,370

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$943,287 and \$172,612 respectively for a carrying value of \$770,675.

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

The composition of interfund balances as of December 31, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Highway	\$ 41,869
	Community Services	517,686
	Environmental Management	30,260
	Regional Rail	33,732
	Nonmajor Governmental Funds	7,615
	Proprietary Funds	4,151
	Highway	General
Community Services	Regional Rail	171,266
	Proprietary Funds	56,446
	General	21,319
Environmental Management	General	2,734
	Community Services	618
Debt Service	Capital Projects	294,683
	Nonmajor Governmental Funds	General
Proprietary Funds	Environmental Management	525
	Nonmajor Governmental Funds	151
	Proprietary Funds	19,963
	General	665,150
	Community Services	113,894
	Environmental Management	29,640
Total	Nonmajor Governmental Funds	1,829
		\$ 2,019,547

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.

**Dakota County, Minnesota** | **December 31,**  
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The General Fund advanced the County Parks Fund \$1,872,670 to be repaid when grant funds are received.

Interfund Transfers:	Transfer Out:			
Transfer In:	General Fund	Environmental Management	Nonmajor Governmental Funds	Total Transfers in:
General	\$ -	\$ 927,778	\$ 1,020	\$ 928,798
Community Services	343,789	-	-	343,789
Environmental Management	31,398	-	-	31,398
Debt Service	576,672	-	-	576,672
Nonmajor Governmental Funds	2,266,657	-	-	2,266,657
Nonmajor Enterprise Fund	3,024,000	-	-	3,024,000
<b>Total transfers out:</b>	<b>\$ 6,242,516</b>	<b>\$ 927,778</b>	<b>\$ 1,020</b>	<b>\$ 7,171,314</b>

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

**F. Long-Term Debt**

**Primary Government**

General Obligation Bonds

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

Bonds payable at December 31, 2013, are composed of the following issues:

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

\$ 4,105,000

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.

\$9,480,000

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.

\$ 5,695,000



# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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 were being held in escrow through 2011. The bonds have interest rates of 4.0 to 4.25 percent and mature 2009-2026.

\$ 27,120,000

**Total Bonds Payable** \$46,400,000

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 %	\$ 19,280,000
Governmental activities-refunding	3.40 – 4.85 %	<u>27,120,000</u>
		<u><u>\$ 46,400,000</u></u>

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

Year Ending December 31	<u>Principal</u>	<u>Interest</u>
2014	\$ 12,825,000	\$ 1,819,997
2015	3,145,000	1,322,624
2016	3,265,000	1,193,774
2017	3,400,000	1,058,473
2018	3,550,000	916,374
2019-2023	13,420,000	2,623,336
2024-2027	6,795,000	492,955
Total	<u>\$ 46,400,000</u>	<u>\$ 9,377,533</u>

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bond Payable					
General obligation bonds	\$ 52,255,000	\$ -	\$ ( 5,855,000)	\$ 46,400,000	\$ 3,670,000
Premium on GO bonds	103,268	-	( 8,792)	94,476	8,792
Total bonds payable	<u>52,358,268</u>	<u>-</u>	<u>( 5,863,792)</u>	<u>46,494,476</u>	<u>3,678,792</u>
Claims and judgments	1,831,511	1,370,752	( 679,249)	2,523,014	640,188
OPEB liability	6,202,361	1,131,026	( 494,553)	6,838,834	-
Compensated absences	17,696,844	11,478,378	(11,383,207)	17,792,015	284,598
Governmental activity					
Long-term liabilities	<u>\$ 78,088,984</u>	<u>\$ 13,980,156</u>	<u>\$ (18,420,801)</u>	<u>\$ 73,648,339</u>	<u>\$ 4,603,578</u>

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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

### **Discretely Presented Component Unit**

Activity for the CDA for the year ended June 30, 2013, was as follows:

#### Notes Payable

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

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

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

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

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

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

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

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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

### Housing Development Bonds

The Agency issues housing development bonds to finance the acquisition and construction of senior housing developments. These bonds are limited obligations of the government but are secured by the pledge of the full faith and credit and power of Dakota County, Minnesota to levy direct general ad valorem taxes. These bonds are secured by and payable from the pooled gross rent receipts and other operating revenues related to the operation of housing developments financed by these bonds and an annual pledge of \$5,600,000 from the Agency's tax levy, and pledged tax increment revenues. Housing development bonds are issued as serial bonds.

Bonds payable at June 30, 2013 are as follows:

Description of Note	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
2005 Housing Development Bonds	04/01/05	01/01/23	3.50 - 5.00%	\$15,040,000	\$ 7,350,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	\$21,335,000	20,125,000
2010 Housing Development Bonds	07/21/10	01/01/40	2.00 - 6.00%	\$46,160,000	40,100,000
Subtotal					67,575,000
Less current maturities					(2,715,000)
Total					<u>\$ 64,860,000</u>

The annual aggregate principal and interest maturities for the fiscal years subsequent to June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,715,000	\$ 3,254,594	\$ 5,969,594
2015	2,860,000	3,168,669	6,028,669
2016	2,850,000	3,075,282	5,925,282
2017	2,895,000	2,974,219	5,869,219
2018	2,940,000	2,852,619	5,792,619
2019-2023	14,755,000	12,380,308	27,135,308
2024-2028	11,330,000	9,316,502	20,646,502
2029-2033	14,840,000	6,024,500	20,864,500
2034-2038	10,115,000	2,100,671	12,215,671
2039-2040	2,275,000	213,000	2,488,000
Total	<u>\$ 67,575,000</u>	<u>\$45,360,364</u>	<u>\$ 112,935,364</u>

**Dakota County, Minnesota** | **December 31,**  
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Changes in Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 496,227	\$ 283,055	\$ ( 283,742)	\$ 495,540	\$ 224,658
Notes payable	1,008,400	-	( 408,400)	600,000	-
	<u>\$ 1,504,627</u>	<u>\$ 283,055</u>	<u>\$ (692,142)</u>	<u>\$ 1,095,540</u>	<u>\$ 224,658</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 256,880	\$ 224,798	\$ ( 204,235)	\$ 277,443	\$ 167,266
Notes payable	5,347,869	1,256,000	(1,126,840)	5,477,029	-
Bonds payable	70,350,000	-	(2,775,000)	67,575,000	2,715,000
Plus deferred amounts:					
For issuance premiums	1,618,204	-	( 136,744)	1,481,460	-
Total bonds payable	<u>71,968,204</u>	<u>-</u>	<u>(2,911,744)</u>	<u>69,056,460</u>	<u>2,715,000</u>
	<u>\$ 77,572,953</u>	<u>\$ 1,480,798</u>	<u>\$ (4,242,819)</u>	<u>\$ 74,810,932</u>	<u>\$ 2,882,266</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 \$32,420 of internal service funds compensated absences are included in the above amounts. In governmental funds, compensated absences are generally liquidated by the General Fund.

Conduit Debt

The CDA has issued certain limited-obligation revenue bonds, including: 1) mortgage revenue bonds issued to provide funding for first time homebuyer loans; 2) multifamily housing revenue bonds issued to provide funds to finance specific multifamily rental housing projects; 3) industrial development revenue bonds issued to assist manufacturing companies in financing new facilities, structural improvements and expansions, and new equipment; 4) essential function bonds to finance facilities used by the general public; and 5) 501(c)3 bonds issued to finance specific rental housing projects developed by nonprofit organizations. This debt is secured by the property financed and is payable solely from payments received on the underlying loans. The CDA is not obligated in any manner for repayment of this debt and accordingly, it is not reported as liabilities in the accompanying financial statements. The aggregate amount of all outstanding conduit debt obligations at June 30, 2013 was \$252,533,370.

**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).

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

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

	Year ended 12/31/13	Year ended 12/31/12
Unpaid claims, beginning of fiscal year	\$ 1,831,511	\$ 2,071,844
Incurred claims (including IBNR)	1,370,752	124,344
Claim payments	(679,249)	(364,677)
Unpaid claims, end of fiscal year	\$ 2,523,014	\$ 1,831,511

**B. Contingent Liabilities**

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

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

**C. Joint Powers Debt Commitment**

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

On May 1, 2007, the DCC issued Pubic Safety Revenue Bonds, Series 2007 in the amount of \$7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The bonds are special obligations of the DCC, payable from revenues to be received from members. Pursuant to the joint powers agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due to the bonds. The bonds mature February 1, 2014, and bear interest rates ranging from 4.0%-5.0%. The debt will be re-paid with member assessments over a seven year amortization. All members reserve the right to repay, in whole or in part on any date, its allocated share of principal and interest on the bonds.

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

Payments from Dakota County are provided from General Fund appropriations. Dakota County's future member payments to the DCC as of December 31, 2013 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2014	\$ 89,250
Total	<u>\$ 89,250</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](http://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](mailto:dfeller@ci.lakeville.mn.us).

### D. Joint Ventures

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

1. Metropolitan Emergency Services Board: Dakota County entered into a joint powers agreement with the Counties of Anoka, Carver, Chisago, Hennepin, Isanti, Ramsey, Scott, Washington, and the City of Minneapolis, pursuant to Minnesota Statutes section 471.59 to comply with the mandate of Minnesota Statutes, Chapter 403, for the implementation and administration of a regional 911 system and encourage the development of new resources and the coordination of emergency medical services. Dakota County paid annual dues of \$149,235 in 2013. Except for annual dues the County has no other financial obligations. Current financial statements are available at the 911 Board Office, 2099 University Avenue West, St. Paul, MN 55104-3431.
2. Metropolitan Library Service Agency (MELSA): Dakota County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of Saint Paul and Minneapolis to improve public library services within the various jurisdictions. The Board of Directors of MELSA consists of one representative from each member entity. Financing is provided by gifts, grants, and other property of assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. Dakota County did not provide any gifts to MELSA in 2013. The MELSA agency handles the accounting function for the Board. Current financial statements are available from the MELSA office, 1619 Dayton Avenue, Suite 314, Saint Paul, MN 55104-6276.
3. Minnesota River Basin: Dakota County entered into a joint powers agreement to promote the orderly water quality improvement and management of the Minnesota River Watershed, pursuant to Minnesota Statutes section 471.59. The management of the Joint Powers Board is vested in the Board of Directors consisting of one member and one alternate from each county board of commissioners included in this agreement.

According to the latest information available, 37 counties are members under this agreement. Financing is provided by a contribution from each member county based upon its share of the annual budget. Dakota County's 2013 contributions were \$2,500. Complete financial statements for the Joint Powers Board can be obtained from its administrative offices at: MN River Board, MN State University - Mankato, 184 Trafton Science Center S, Mankato, MN 56001.

4. Hope Fund: Dakota County entered into a joint powers agreement with the Dakota County Community Development Agency (CDA) to provide a source of gap financing used to leverage public and private sector funds for the construction of affordable housing in Dakota County. The County will appropriate funds, as the County Board deems appropriate. Dakota County did not appropriate funds in 2013. The CDA will administer the fund.

**Dakota County, Minnesota** | **December 31,**  
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5. **Dakota Communications Center:** Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to acquire and provide the facilities, infrastructure, hardware, software, services and other items necessary for the establishment and operation of a joint law enforcement, fire, emergency medical services and other emergency communications system. The Board of Directors consists of an elected official from each Member. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member and call volume. The fiscal agent is the City of Lakeville. Current financial statements are available from the City of Lakeville Finance Department, City Hall, 20195 Holyoke Avenue, Lakeville, MN 55044.
6. **Domestic Preparedness Agency:** Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul and West St. Paul to provide for the joint exercise of the parties' powers to plan for and to respond to the need of the first responders for special response operations caused by the occurrence of large-scale disasters and emergencies. The Board of Directors consists of an appointed individual from each Member, one city manager, and the Dakota County Emergency Coordinator. Financing is provided by member contributions determined by pro-rating the costs according to proportion of total county population served by each member less any grants received. This agency is presented as the Domestic Preparedness Private Purpose Trust Fund.
7. **Counties Transit Improvement Board (CTIB):** CTIB was created on April 1, 2008, as required by Minn. Statute Section 297A.992, by joint powers agreement between the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. Its purpose is to receive and distribute the ¼ cent transit sales tax for the development, construction and operation of transit ways serving the five-county area. Hennepin County is the fiscal agent. Financial statements are available from Hennepin County, Department of Finance, 300 South Sixth Street, A-2301 Government Center, Minneapolis, Minnesota 55487.
8. **The Minnesota Valley Transit Authority (MVTA):** Dakota County entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Eagan, Rosemount, and Savage ("Cities"), under the laws of the State of Minnesota, and Dakota County and Scott County, to provide public transit service in and for persons within the Cities and within the Metropolitan Area pursuant to Minnesota Statutes, Sections 473.388, 473.384, 471.59 and related statutes.

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

#### **E. Jointly Governed Organizations**

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

1. **Dakota County Collaborative:** The Dakota County Collaborative is an integrated Children's Mental Health and Family Services Collaborative. The duties and membership of collaboratives are defined in Minnesota Statutes Sections 124D.23 and 245.493. By resolution No. 05-601 (November 29, 2005), the County Board approved execution of a new Joint Powers Agreement between Dakota County, Scott-Carver Dakota CAP Agency, and the ten school districts in Dakota County to establish the Dakota County Collaborative, which combined the Children's Mental Health Collaborative and Family Service Collaborative into one integrated collaborative in January 2006. The Collaborative Governing Board, which includes three Dakota County

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

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members, oversees the Collaborative's integrated fund. Dakota County serves as the fiscal agent for the Collaborative. The County has shown \$583,392 in expenditures in 2013 related to the Collaborative.

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

### **F. Employee Retirement Systems and Pension Plans**

#### Plan Description

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

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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

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



# Dakota County, Minnesota

## Notes to the Financial Statements

### December 31, 2013

Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

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

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

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

#### Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2013:

	2013
General Employees Retirement Fund	
Basic Plan Members	11.78%
Coordinated Plan members	7.25%
Public Employees Police and Fire Fund	14.40%
Public Employees Correctional Fund	8.75%

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2013		2012		2011
General Employees Retirement Fund	\$ 6,481,627	\$	6,401,444	\$	6,218,565
Public Employees Police and Fire Fund	740,588		729,240		693,656
Public Employees Correctional Fund	471,500		439,897		411,324

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

# Dakota County, Minnesota

## Notes to the Financial Statements

# December 31, 2013

### Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

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

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$17,096	\$17,096
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

### **G. Other Post-Employment Benefits**

#### Plan Description

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

In addition to providing the pension benefits described above, the County provides post-retirement health care benefits. This benefit is provided based on County Board Resolution #81-519 as part of the Sheriff contract settlement. The eligible participants were employees of the Sheriff Department who have retired. The County currently has 37 eligible participants. Based on this plan, the County contributes \$60 a month per participant for health insurance. The participant contributes either \$483 for single coverage or \$1,723 for family coverage per month. During 2013, the County expended \$26,760 for this benefit.

#### Annual OPEB Costs and Net OPEB Obligation

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

Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2013, there were approximately 266 retirees receiving health benefits from the County's health plan.

# Dakota County, Minnesota

## Notes to the Financial Statements

### December 31, 2013

Participants of the plan consisted of the following at January 1, 2013, the date of the most recent actuarial valuation:

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

The County's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 1,232,690
Interest on net OPEB obligation	279,106
Adjustment to ARC	<u>(380,770)</u>
Annual OPEB Cost	1,131,026
Contributions during the year	<u>(494,553)</u>
Increase in net OPEB obligation	636,473
Net OPEB beginning of year	<u>6,202,361</u>
Net OPEB End of year	<u>\$ 6,838,834</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011, 2012 and 2013 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, 2011	\$2,213,940	\$943,909	42.63%	\$5,828,108
December 31, 2012	\$1,092,789	\$718,536	65.75%	\$6,202,361
December 31, 2013	\$1,131,026	\$494,553	43.73%	\$6,838,834

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

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Dakota County, Minnesota** | **December 31,**  
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Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.0%. The annual healthcare cost trend rate is 8.10% initially, reduced incrementally to an ultimate rate of 5% after twenty years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2007.

This actuarial valuation was done with three scenarios, based on 30-year, 10-year and 1-year funding options. In 2013, the County continued with the 30-year model.

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

**H. Subsequent Events**

On January 7, 2014, the County Board determined it was in the best interest of the County and there existed sufficient monies in the Bond Fund to prepay on February 1, 2014, \$3,770,000 aggregate principal amount of Bonds maturing in the years 2015 through 2023; and \$5,385,000 aggregate principal amount of Bonds maturing in the years 2015 through 2027.

On May 20, 2014, the CDA Board of Commissioners authorized the issuance, sale and delivery of revenue bonds in an aggregate principal amount not to exceed \$7,000,000 to finance the construction of a transitional care unit.



Required  
Supplementary  
Information

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**DAKOTA COUNTY  
MINNESOTA**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets ( a )</b>	<b>Actuarial Accrued Liability ( b )</b>	<b>Unfunded Actuarial Accrued Liability ( b-a )</b>	<b>Funded Ratio ( a/b )</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ( ( b-a ) / c )</b>
1/1/2008	\$0	\$14,588,881	\$14,588,881	0.00%	\$112,903,961	12.92%
1/1/2010	\$0	\$19,866,455	\$19,866,455	0.00%	\$113,111,525	17.56%
1/1/2012	\$0	\$10,766,761	\$10,766,761	0.00%	\$99,770,000	10.79%

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

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Supplementary  
Information

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**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,298,388	\$ 5,298,388	\$ 5,262,999	\$ (35,389)
Intergovernmental revenue	-	-	3,927	3,927
<b>Total Revenues</b>	<b><u>\$ 5,298,388</u></b>	<b><u>\$ 5,298,388</u></b>	<b><u>\$ 5,266,926</u></b>	<b><u>\$ (31,462)</u></b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 5,855,000	\$ 5,855,000	\$ 5,855,000	\$ -
Interest	2,020,060	2,020,060	2,020,059	1
Administrative - fiscal charges	-	-	2,950	(2,950)
<b>Total Expenditures</b>	<b><u>\$ 7,875,060</u></b>	<b><u>\$ 7,875,060</u></b>	<b><u>\$ 7,878,009</u></b>	<b><u>\$ (2,949)</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ (2,576,672)</u></b>	<b><u>\$ (2,576,672)</u></b>	<b><u>\$ (2,611,083)</u></b>	<b><u>\$ (34,411)</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 576,672	\$ 576,672	\$ 576,672	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ 576,672</u></b>	<b><u>\$ 576,672</u></b>	<b><u>\$ 576,672</u></b>	<b><u>\$ -</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (2,000,000)</u></b>	<b><u>\$ (2,000,000)</u></b>	<b><u>\$ (2,034,411)</u></b>	<b><u>\$ (34,411)</u></b>
<b>Fund Balance - January 1</b>	<b><u>7,873,365</u></b>	<b><u>7,873,365</u></b>	<b><u>7,873,365</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u><u>\$ 5,873,365</u></u></b>	<b><u><u>\$ 5,873,365</u></u></b>	<b><u><u>\$ 5,838,954</u></u></b>	<b><u><u>\$ (34,411)</u></u></b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 585,800	\$ 585,800	\$ 599,313	\$ 13,513
Intergovernmental	2,040,092	2,040,092	1,991,921	(48,171)
<b>Total Revenues</b>	<b>\$ 2,625,892</b>	<b>\$ 2,625,892</b>	<b>\$ 2,591,234</b>	<b>\$ (34,658)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Capital outlay</b>				
Capital outlay	\$ 11,743,000	\$ 15,102,125	\$ 1,727,246	\$ 13,374,879
<b>Total Expenditures</b>	<b>\$ 11,743,000</b>	<b>\$ 15,102,125</b>	<b>\$ 1,727,246</b>	<b>\$ 13,374,879</b>
<b>Change in Fund Balance</b>	<b>\$ (9,117,108)</b>	<b>\$ (12,476,233)</b>	<b>\$ 863,988</b>	<b>\$ 13,340,221</b>
<b>Fund Balance - January 1</b>	<b>16,316,696</b>	<b>16,316,696</b>	<b>16,316,696</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,199,588</b>	<b>\$ 3,840,463</b>	<b>\$ 17,180,684</b>	<b>\$ 13,340,221</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	County Library	County Parks	Law Library	Attorney Forfeiture	
<b>Assets</b>					
Cash and pooled investments	\$ 2,355,950	\$ 12,659,502	\$ 949,221	\$ 448,201	\$ 16,412,874
Petty cash and change funds	2,600	1,100	80	-	3,780
Taxes receivable					
Prior	215,192	59,836	-	-	275,028
Accounts receivable	5,304	16,683	74	809	22,870
Due from other funds	4,586	16,065	4	-	20,655
Due from other governments	11,235	1,232,367	21,807	-	1,265,409
<b>Total Assets</b>	<b>\$ 2,594,867</b>	<b>\$ 13,985,553</b>	<b>\$ 971,186</b>	<b>\$ 449,010</b>	<b>\$ 18,000,616</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 78,041	\$ 1,032,237	\$ 9,373	\$ 26,805	\$ 1,146,456
Salaries payable	361,502	92,225	9,398	-	463,125
Contracts payable	-	25,503	-	-	25,503
Due to other funds	3,885	3,685	2,025	-	9,595
Due to other governments	-	2,311	16	-	2,327
Unearned revenue - other	-	2,156,377	-	-	2,156,377
Advance from other funds	-	1,872,670	-	-	1,872,670
<b>Total Liabilities</b>	<b>\$ 443,428</b>	<b>\$ 5,185,008</b>	<b>\$ 20,812</b>	<b>\$ 26,805</b>	<b>\$ 5,676,053</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 215,362	\$ 481,005	\$ -	\$ -	\$ 696,367
<b>Total deferred inflows of resources</b>	<b>\$ 215,362</b>	<b>\$ 481,005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 696,367</b>
<b>Fund Balances</b>					
Restricted for:					
Law library	\$ -	\$ -	\$ 950,294	\$ -	\$ 950,294
Spring Lake Park	-	489	-	-	489
Criminal forfeitures	-	-	-	422,205	422,205
Assigned to:					
Culture and recreation	1,003,593	-	-	-	1,003,593
Capital improvements	-	8,165,689	-	-	8,165,689
Budget incentive program	170,285	-	-	-	170,285
Capital equipment	198,571	-	-	-	198,571
Petty cash	2,600	1,100	80	-	3,780
Other post employment benefits	561,028	152,262	-	-	713,290
<b>Total Fund Balances</b>	<b>\$ 1,936,077</b>	<b>\$ 8,319,540</b>	<b>\$ 950,374</b>	<b>\$ 422,205</b>	<b>\$ 11,628,196</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,594,867</b>	<b>\$ 13,985,553</b>	<b>\$ 971,186</b>	<b>\$ 449,010</b>	<b>\$ 18,000,616</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>County Library</b>	<b>County Parks</b>	<b>Law Library</b>	<b>Attorney Forfeiture</b>	
<b>Revenues</b>					
Taxes	\$ 10,896,670	\$ 2,754,254	\$ -	\$ -	\$ 13,650,924
License and permits	-	100,683	-	-	100,683
Intergovernmental	317,134	3,886,918	-	-	4,204,052
Charges for services	512,394	742,162	292,755	-	1,547,311
Fines and forfeits	-	7,340	-	57,464	64,804
Gifts and contributions	20,543	2,576	-	-	23,119
Investment earnings	1,347	-	-	-	1,347
Miscellaneous	202,909	9,129	8,981	-	221,019
<b>Total Revenues</b>	<b>\$ 11,950,997</b>	<b>\$ 7,503,062</b>	<b>\$ 301,736</b>	<b>\$ 57,464</b>	<b>\$ 19,813,259</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ -	\$ -	\$ 363,559	\$ 47,317	\$ 410,876
Culture and recreation	12,054,121	8,920,073	-	-	20,974,194
<b>Total Expenditures</b>	<b>\$ 12,054,121</b>	<b>\$ 8,920,073</b>	<b>\$ 363,559</b>	<b>\$ 47,317</b>	<b>\$ 21,385,070</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (103,124)</b>	<b>\$ (1,417,011)</b>	<b>\$ (61,823)</b>	<b>\$ 10,147</b>	<b>\$ (1,571,811)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 28,532	\$ 2,238,125	\$ -	\$ -	\$ 2,266,657
Transfers out	-	(1,020)	-	-	(1,020)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 28,532</b>	<b>\$ 2,237,105</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,265,637</b>
<b>Net Change in Fund Balance</b>	<b>\$ (74,592)</b>	<b>\$ 820,094</b>	<b>\$ (61,823)</b>	<b>\$ 10,147</b>	<b>\$ 693,826</b>
<b>Fund Balance - January 1</b>	<b>2,010,669</b>	<b>7,499,446</b>	<b>1,012,197</b>	<b>412,058</b>	<b>10,934,370</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,936,077</b>	<b>\$ 8,319,540</b>	<b>\$ 950,374</b>	<b>\$ 422,205</b>	<b>\$ 11,628,196</b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
COUNTY LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 10,976,281	\$ 10,976,281	\$ 10,896,670	\$ (79,611)
Intergovernmental	114,000	114,000	317,134	203,134
Charges for services	597,300	597,300	512,394	(84,906)
Gifts and contributions	-	15,143	20,543	5,400
Investment earnings	-	-	1,347	1,347
Miscellaneous	116,000	151,656	202,909	51,253
<b>Total Revenues</b>	<b>\$ 11,803,581</b>	<b>\$ 11,854,380</b>	<b>\$ 11,950,997</b>	<b>\$ 96,617</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Regional library	\$ 11,803,581	\$ 12,938,168	\$ 12,054,121	\$ 884,047
<b>Total Expenditures</b>	<b>\$ 11,803,581</b>	<b>\$ 12,938,168</b>	<b>\$ 12,054,121</b>	<b>\$ 884,047</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ (1,083,788)</b>	<b>\$ (103,124)</b>	<b>\$ 980,664</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 28,532	\$ 28,532	\$ -
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (1,055,256)</b>	<b>\$ (74,592)</b>	<b>\$ 980,664</b>
<b>Fund Balance - January 1</b>	<b>2,010,669</b>	<b>2,010,669</b>	<b>2,010,669</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,010,669</b>	<b>\$ 955,413</b>	<b>\$ 1,936,077</b>	<b>\$ 980,664</b>

**DAKOTA COUNTY  
MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
COUNTY PARKS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,787,774	\$ 2,787,774	\$ 2,754,254	\$ (33,520)
Licenses and permits	71,300	73,300	100,683	27,383
Intergovernmental	7,630,980	25,642,780	3,886,918	(21,755,862)
Charges for services	602,773	602,773	742,162	139,389
Fines and forfeits	10,000	10,000	7,340	(2,660)
Gifts and contributions	-	-	2,576	2,576
Miscellaneous	-	-	9,129	9,129
<b>Total Revenues</b>	<b>\$ 11,102,827</b>	<b>\$ 29,116,627</b>	<b>\$ 7,503,062</b>	<b>\$ (21,613,565)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Culture and recreation</b>				
Parks	\$ 17,043,047	\$ 40,155,562	\$ 8,920,073	\$ 31,235,489
<b>Total Expenditures</b>	<b>\$ 17,043,047</b>	<b>\$ 40,155,562</b>	<b>\$ 8,920,073</b>	<b>\$ 31,235,489</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (5,940,220)</b>	<b>\$ (11,038,935)</b>	<b>\$ (1,417,011)</b>	<b>\$ 9,621,924</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 41,480	\$ 2,279,605	\$ 2,238,125	\$ (41,480)
Transfers out	-	(2,000)	(1,020)	980
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 41,480</b>	<b>\$ 2,277,605</b>	<b>\$ 2,237,105</b>	<b>\$ (40,500)</b>
<b>Change in Fund Balance</b>	<b>\$ (5,898,740)</b>	<b>\$ (8,761,330)</b>	<b>\$ 820,094</b>	<b>\$ 9,581,424</b>
<b>Fund Balance - January 1</b>	<b>7,499,446</b>	<b>7,499,446</b>	<b>7,499,446</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,600,706</b>	<b>\$ (1,261,884)</b>	<b>\$ 8,319,540</b>	<b>\$ 9,581,424</b>



**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2013**

	<u>Geographic Information System Enterprise Fund</u>	<u>Criminal Justice Information Integration Network</u>	<u>Byllesby Dam Enterprise Fund</u>	<u>Totals</u>
<b><u>Assets</u></b>				
Current assets:				
Cash and pooled investments	\$ 162,307	\$ 299,530	\$ 1,153,718	\$ 1,615,555
Accounts receivable (net)	-	24,846	-	24,846
Due from other governments	4,000	27,965	2,143,090	2,175,055
<b>Total current assets</b>	<b><u>\$ 166,307</u></b>	<b><u>\$ 352,341</u></b>	<b><u>\$ 3,296,808</u></b>	<b><u>\$ 3,815,456</u></b>
 <b>Total Assets</b>	 <b><u><u>\$ 166,307</u></u></b>	 <b><u><u>\$ 352,341</u></u></b>	 <b><u><u>\$ 3,296,808</u></u></b>	 <b><u><u>\$ 3,815,456</u></u></b>
 <b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	\$ 17,000	\$ 11,667	\$ 942,438	\$ 971,105
Contracts payable	-	-	177,686	177,686
Due to other governments	1	-	-	1
<b>Total current liabilities</b>	<b><u>\$ 17,001</u></b>	<b><u>\$ 11,667</u></b>	<b><u>\$ 1,120,124</u></b>	<b><u>\$ 1,148,792</u></b>
 <b>Total Liabilities</b>	 <b><u><u>\$ 17,001</u></u></b>	 <b><u><u>\$ 11,667</u></u></b>	 <b><u><u>\$ 1,120,124</u></u></b>	 <b><u><u>\$ 1,148,792</u></u></b>
 <b>Net Position</b>				
Restricted for				
Equipment replacement	\$ 149,306	-	-	\$ 149,306
Unrestricted	-	340,674	2,176,684	2,517,358
<b>Total Net Position</b>	<b><u><u>\$ 149,306</u></u></b>	<b><u><u>\$ 340,674</u></u></b>	<b><u><u>\$ 2,176,684</u></u></b>	<b><u><u>\$ 2,666,664</u></u></b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Geographic Information System Enterprise Fund</b>	<b>Criminal Justice Information Integration Network</b>	<b>Byllesby Dam Enterprise Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>				
Charges for services	\$ 11,032	\$ 118,632	\$ 657,061	\$ 786,725
<b>Total Operating Revenues</b>	<b>\$ 11,032</b>	<b>\$ 118,632</b>	<b>\$ 657,061</b>	<b>\$ 786,725</b>
<b>Operating Expenses</b>				
Repairs and maintenance	\$ -	\$ -	\$ 5,438,963	\$ 5,438,963
Other services and charges	9,096	113,463	-	122,559
<b>Total Operating Expenses</b>	<b>\$ 9,096</b>	<b>\$ 113,463</b>	<b>\$ 5,438,963</b>	<b>\$ 5,561,522</b>
<b>Operating income (loss)</b>	<b>\$ 1,936</b>	<b>\$ 5,169</b>	<b>\$ (4,781,902)</b>	<b>\$ (4,774,797)</b>
<b>Nonoperating revenues (expenses)</b>				
Intergovernmental	\$ -	\$ -	\$ 2,354,120	\$ 2,354,120
<b>Total Nonoperating revenues (expenses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,354,120</b>	<b>\$ 2,354,120</b>
<b>Income before contributions and transfers</b>	<b>\$ 1,936</b>	<b>\$ 5,169</b>	<b>\$ (2,427,782)</b>	<b>\$ (2,420,677)</b>
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>3,024,000</b>	<b>3,024,000</b>
<b>Change in Net Position</b>	<b>\$ 1,936</b>	<b>\$ 5,169</b>	<b>\$ 596,218</b>	<b>\$ 603,323</b>
<b>Net Position - January 1</b>	<b>147,370</b>	<b>335,505</b>	<b>1,580,466</b>	<b>2,063,341</b>
<b>Net Position - December 31</b>	<b>\$ 149,306</b>	<b>\$ 340,674</b>	<b>\$ 2,176,684</b>	<b>\$ 2,666,664</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Geographic Information System Enterprise Fund</b>	<b>Criminal Justice Information Integration Network</b>	<b>Byllesby Dam Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 7,032	\$ 172,168	\$ 661,949	\$ 841,149
Payments to suppliers	(595)	(132,347)	(4,451,617)	(4,584,559)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,437</b>	<b>\$ 39,821</b>	<b>\$ (3,789,668)</b>	<b>\$ (3,743,410)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental	\$ -	\$ -	\$ 276,741	\$ 276,741
Transfers in	-	-	3,024,000	3,024,000
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,300,741</b>	<b>\$ 3,300,741</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 6,437</b>	<b>\$ 39,821</b>	<b>\$ (488,927)</b>	<b>\$ (442,669)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>155,870</b>	<b>259,709</b>	<b>1,642,645</b>	<b>2,058,224</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 162,307</b>	<b>\$ 299,530</b>	<b>\$ 1,153,718</b>	<b>\$ 1,615,555</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ 1,936	\$ 5,169	\$ (4,781,902)	\$ (4,774,797)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
(Increase) decrease in accounts receivable	\$ -	\$ 77,088	\$ 4,888	\$ 81,976
(Increase) decrease in due from other governments	(4,000)	(23,552)	-	(27,552)
Increase (decrease) in accounts payable	8,500	(18,884)	809,660	799,276
Increase (decrease) in contracts payable	-	-	177,686	177,686
Increase (decrease) in due to other governments	1	-	-	1
<b>Total adjustments</b>	<b>\$ 4,501</b>	<b>\$ 34,652</b>	<b>\$ 992,234</b>	<b>\$ 1,031,387</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 6,437</b>	<b>\$ 39,821</b>	<b>\$ (3,789,668)</b>	<b>\$ (3,743,410)</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
DECEMBER 31, 2013**

	<b>First Judicial District Trust Fund</b>	<b>Rural Solid Waste Commission Trust Fund</b>	<b>Solid Waste Management Coordinating Board Trust Fund</b>	<b>Domestic Preparedness Team Trust Fund</b>	<b>Total</b>
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ -	\$ 21,101	\$ 255,727	\$ 254,211	\$ 531,039
Accounts receivable	8,839	-	-	161	9,000
Due from other governments	170,111	-	-	-	170,111
<b>Total Assets</b>	<b>\$ 178,950</b>	<b>\$ 21,101</b>	<b>\$ 255,727</b>	<b>\$ 254,372</b>	<b>\$ 710,150</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 6,777	\$ 105	\$ 54,763	\$ 4,806	\$ 66,451
Due to other governments	172,173	-	4	-	172,177
<b>Total Liabilities</b>	<b>\$ 178,950</b>	<b>\$ 105</b>	<b>\$ 54,767</b>	<b>\$ 4,806</b>	<b>\$ 238,628</b>
<b><u>Net Position</u></b>					
Net position held in trust for other purposes	\$ -	\$ 20,996	\$ 200,960	\$ 249,566	\$ 471,522
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 20,996</b>	<b>\$ 200,960</b>	<b>\$ 249,566</b>	<b>\$ 471,522</b>

**DAKOTA COUNTY  
MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>First Judicial District Trust Fund</u>	<u>Rural Solid Waste Commission Trust Fund</u>	<u>Solid Waste Management Coordinating Board Trust Fund</u>	<u>Domestic Preparedness Team Trust Fund</u>	<u>Total Private- Purpose Trust Fund</u>
<b><u>ADDITIONS:</u></b>					
State Grants					
Mn Dept of Trial Courts	\$ 1,263,502	\$ -	\$ -	\$ -	\$ 1,263,502
Payments from other governments	-	-	430,255	117,850	548,105
Other agencies	-	17,800	-	-	17,800
Miscellaneous	-	-	-	161	161
Investment earnings:					
Interest	-	231	7,271	-	7,502
<b>Total additions</b>	<b>\$ 1,263,502</b>	<b>\$ 18,031</b>	<b>\$ 437,526</b>	<b>\$ 118,011</b>	<b>\$ 1,837,070</b>
<b><u>DEDUCTIONS:</u></b>					
Judicial District expense	\$ 1,263,502	\$ -	\$ -	\$ -	\$ 1,263,502
Solid waste expenses	-	16,171	963,517	-	979,688
Emergency preparedness expenses	-	-	-	91,595	91,595
<b>Total deductions</b>	<b>\$ 1,263,502</b>	<b>\$ 16,171</b>	<b>\$ 963,517</b>	<b>\$ 91,595</b>	<b>\$ 2,334,785</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ 1,860</b>	<b>\$ (525,991)</b>	<b>\$ 26,416</b>	<b>\$ (497,715)</b>
<b>Net position - January 1</b>	<b>-</b>	<b>19,136</b>	<b>726,951</b>	<b>223,150</b>	<b>969,237</b>
<b>Net position - December 31</b>	<b>\$ -</b>	<b>\$ 20,996</b>	<b>\$ 200,960</b>	<b>\$ 249,566</b>	<b>\$ 471,522</b>

DAKOTA COUNTY  
MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 37,156,162	\$ 1,705,326,896	\$ 1,706,655,427	\$ 35,827,631
Accounts receivable	134,624	130,470	137,066	128,028
Due from other governments	561,540	363,683	542,011	383,212
<b>Total Assets</b>	<b><u>\$ 37,852,326</u></b>	<b><u>\$ 1,705,821,049</u></b>	<b><u>\$ 1,707,334,504</u></b>	<b><u>\$ 36,338,871</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 955,995	\$ 146,388,906	\$ 146,277,682	\$ 1,067,219
Unapportioned taxes payable	-	130,961,718	130,961,718	-
Due to other funds	-	86,805	86,805	-
Due to other governments	36,896,331	689,702,951	691,327,630	35,271,652
<b>Total Liabilities</b>	<b><u>\$ 37,852,326</u></b>	<b><u>\$ 967,140,380</u></b>	<b><u>\$ 968,653,835</u></b>	<b><u>\$ 36,338,871</u></b>

**DAKOTA COUNTY  
MINNESOTA**

**GOVERNMENTAL FUND BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION  
VERMILLION RIVER WATERSHED DISTRICT  
DECEMBER 31, 2013**

**Assets**

Cash and investments	\$ 2,012,796
Taxes receivable	
Current	63,724
Prior - net	4,644
Accounts receivable	25,000
Due from other governments	30,732
	<hr/>
<b>Total Assets</b>	<b><u><u>\$ 2,136,896</u></u></b>

**Liabilities**

Current liabilities	
Accounts payable	\$ 183,711
	<hr/>
<b>Total Liabilities</b>	<b><u><u>\$ 183,711</u></u></b>

**Fund Balance/Net Position**

Unrestricted	\$ 1,953,185
	<hr/>
<b>Total Fund Balance/Net Position</b>	<b><u><u>\$ 1,953,185</u></u></b>
<b>Total Liabilities and Fund Balance/Net Position</b>	<b><u><u>\$ 2,136,896</u></u></b>

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

**DAKOTA COUNTY  
MINNESOTA**

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES  
VERMILLION RIVER WATERSHED DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Revenues</b>	
Taxes	\$ 835,041
License and permits	4,135
Intergovernmental	338,844
Investment earnings	<u>12,168</u>
<b>Total Revenues</b>	<b><u>\$ 1,190,188</u></b>
<b>Expenditures/Expenses</b>	
<b>Current</b>	
Conservation of natural resources	<u>\$ 883,232</u>
<b>Net Change in Fund Balance/ Net Position</b>	<b>\$ 306,956</b>
<b>Fund Balance/Net Position - January 1</b>	<b><u>1,646,229</u></b>
<b>Fund Balance/Net Position - December 31</b>	<b><u><u>\$ 1,953,185</u></u></b>

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





Governmental  
Revenue  
Schedules

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**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
<b>Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 14,354,906	\$ -	\$ 14,354,906
PERA rate reimbursement	333,927	-	333,927
Disparity reduction aid	1,876	-	1,876
Police aid	551,328	-	551,328
Agricultural preserve credit	44,469	-	44,469
County program aid	12,723,542	-	12,723,542
Local performance aid	25,000	-	25,000
Market value credit	95,361	-	95,361
State aid disaster funds	110,356	-	110,356
<b>Total Shared Revenue</b>	<b>\$ 28,240,765</b>	<b>\$ -</b>	<b>\$ 28,240,765</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	\$ 5,514,746	\$ -	\$ 5,514,746
<b>Total Reimbursement for Services</b>	<b>\$ 5,514,746</b>	<b>\$ -</b>	<b>\$ 5,514,746</b>
<b>Payments</b>			
<b>Local</b>			
County contributions	\$ 366,958	\$ 17,606	\$ 384,564
City contributions	1,257,950	-	1,257,950
Metropolitan council	4,235,254	-	4,235,254
City and agency share of construction	676,599	-	676,599
MELSA	191,717	-	191,717
Other contributions	1,586,626	-	1,586,626
Local contributions	475,532	-	475,532
<b>Total Payments</b>	<b>\$ 8,790,636</b>	<b>\$ 17,606</b>	<b>\$ 8,808,242</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department of			
Agriculture	\$ 52,671	\$ -	\$ 52,671
Public Safety	222,655	-	222,655
Transportation	10,869,205	-	10,869,205
Health	1,071,107	-	1,071,107
Natural Resources	2,543,484	2,336,514	4,879,998
Human Services	6,841,731	-	6,841,731
Water and Soil Resources Board	110,409	-	110,409
Employment and Economic Development	1,068,182	-	1,068,182
Pollution Control Agency	1,359,513	-	1,359,513
Trial courts	30,000	-	30,000
Education	1,865	-	1,865
Board of Peace Officers Standards and Training	29,049	-	29,049
Corrections	4,988,782	-	4,988,782
Veterans Affairs	2,298	-	2,298
<b>Total State</b>	<b>\$ 29,190,951</b>	<b>\$ 2,336,514</b>	<b>\$ 31,527,465</b>

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
<b>Grants (Continued)</b>			
<b>Federal</b>			
Department of			
Agriculture	\$ 3,118,348	\$ -	\$ 3,118,348
Housing and Urban Development	3,308,222	-	3,308,222
Interior	80,000	-	80,000
Justice	221,847	-	221,847
Labor	1,669,765	-	1,669,765
Transportation	7,457,663	-	7,457,663
Environmental Protection Agency	74,816	-	74,816
Health and Human Services	21,982,986	-	21,982,986
Homeland Security	1,140,213	-	1,140,213
<b>Total Federal</b>	<b>\$ 39,053,860</b>	<b>\$ -</b>	<b>\$ 39,053,860</b>
<b>Total State and Federal Grants</b>	<b>\$ 68,244,811</b>	<b>\$ 2,336,514</b>	<b>\$ 70,581,325</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 110,790,958</b>	<b>\$ 2,354,120</b>	<b>\$ 113,145,078</b>

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture</b>			
Direct			
Farm and Ranch Lands Protection Program	10.913	\$ 1,802,376	\$ -
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1,332,919	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	2,699	-
Passed Through Minnesota Department of Education Child Nutrition Cluster			
School Breakfast Program	10.553	16,070	-
National School Lunch Program	10.555	24,875	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1,741,785	-
<b>Total U.S. Department of Agriculture</b>		<b>\$ 4,920,724</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>			
Direct			
Community Development Block Grant - Entitlement Grants	14.218	\$ 1,609,496	\$ 1,609,496
Supportive Housing Program	14.235	377,504	-
Home Investment Partnerships Program	14.239	1,244,963	1,244,963
Passed Through Minnesota Department of Human Services Emergency Solutions Grant Program	14.231	45,767	-
Passed Through Minnesota Department of Health Asthma Interventions in Public and Assisted Multifamily Housing	14.914	30,492	-
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$ 3,308,222</b>	<b>\$ 2,854,459</b>
<b>U.S. Department of Interior</b>			
Direct			
Mississippi National River and Recreation Area State and Local Assistance	15.941	\$ 80,000	\$ -
<b>Total U.S. Department of Interior</b>		<b>\$ 80,000</b>	<b>\$ -</b>
<b>U.S. Department of Justice</b>			
Direct			
Edward Byrne Memorial Formula Grant Program	16.579	\$ 26,682	\$ -
Drug Court Discretionary Grant Program	16.585	24,776	-
Equitable Sharing Program	16.922	58,241	-
Passed Through City of Eagan Juvenile Accountability Block Grants	16.523	48,000	-

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

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Justice (Cont.)</b>			
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Block Grants	16.523	\$ 16,729	\$ -
Title V Delinquency Prevention Program	16.548	26,379	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States and Territories	16.738	21,040	-
<b>Total U.S. Department of Justice</b>		<b>\$ 221,847</b>	<b>\$ -</b>
<b>U.S. Department of Labor</b>			
Passed Through Minnesota Department of Employment and and Economic Development			
Workforce Investment Act (WIA) Cluster			
WIA Adult Program	17.258	\$ 421,660	\$ 183,650
WIA Youth Activities	17.259	326,568	293,160
WIA Dislocated Worker Formula Grants	17.278	791,814	171,628
Workforce Investment Act (WIA) National Emergency Grants	17.277	129,723	76,173
<b>Total U.S. Department of Labor</b>		<b>\$ 1,669,765</b>	<b>\$ 724,611</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	\$ 6,813,724	\$ -
Passed Through Met Council			
Job Access and Reverse Commute Program	20.516	22,595	-
Alternatives Analysis	20.522	621,344	-
<b>Total U.S. Department of Transportation</b>		<b>\$ 7,457,663</b>	<b>\$ -</b>
<b>U.S. Environmental Protection Agency</b>			
Direct			
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	\$ 74,816	\$ -
<b>Total U.S. Environmental Protection Agency</b>		<b>\$ 74,816</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	\$ 411,535	\$ -
Immunization Cooperative Agreements	93.268	12,840	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	288,174	-
Temporary Assistance for Needy Families (TANF)	93.558	325,356	-
(Total Temporary Assistance for Needy Families 93.558 \$3,026,020)			
Maternal and Child Health Services Block Grant to the States	93.994	277,260	-
Passed Through Minnesota Department of Human Services			
Guardianship Assistance	93.090	106,815	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	30,382	-
Promoting Safe and Stable Families	93.556	138,526	-

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

**DAKOTA COUNTY  
MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services (Cont.)</b>			
Temporary Assistance for Needy Families (TANF) (Total Temporary Assistance for Needy Families 93.558 \$3,026,020)	93.558	\$ 2,700,664	\$ 911,655
Child Support Enforcement	93.563	7,589,265	-
Child Care and Development Block Grant	93.575	504,087	-
Community-Based Child Abuse Prevention Grants	93.590	98,583	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	44,513	-
Foster Care Title IV-E	93.658	460,523	-
Adoption Assistance	93.659	572,754	-
Social Services Block Grant	93.667	1,486,212	-
Chafee Foster Care Independence Program	93.674	61,646	-
Medical Assistance Program	93.778	6,747,505	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	101,468	-
Passed Through MnSure			
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	24,878	-
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 21,982,986</b>	<b>\$ 911,655</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	\$ 13,250	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	41,366	-
Hazard Mitigation Grant	97.039	9,369	-
Emergency Management Performance Grants	97.042	153,054	-
Homeland Security Grant Program	97.067	923,174	-
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 1,140,213</b>	<b>\$ -</b>
<b>Total Federal Awards</b>		<b>\$ 40,856,236</b>	<b>\$ 4,490,725</b>
<b>VERMILLION RIVER WATERSHED DISTRICT (Component Unit)</b>			
<b>U.S. Environmental Protection Agency</b>			
Passed through Minnesota Pollution Control Agency			
Nonpoint Source Implementation Grants	66.460	\$ 23,685	\$ -
<b>Total U.S. Environmental Protection Agency</b>		<b>\$ 23,685</b>	<b>\$ -</b>

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

**DAKOTA COUNTY  
MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Dakota County. The County's reporting entity is defined in Note I to the financial statements. Dakota County's financial statements include the operations of the Dakota County Community Development Agency (the CDA) component unit, which expended \$20,940,809 in federal awards during the year ended June 30, 2013, which are not included in the Schedule of Expenditures of Federal Awards. The CDA has its own single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dakota County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Dakota County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Dakota County.

3. Summary of Significant Accounting Policies

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

4. Clusters

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

Child Nutrition Cluster	\$ 40,945
WIA Cluster	1,540,042



**DAKOTA COUNTY  
MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**


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5. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 39,053,860
Grants received more than 90 days after year-end, deferred in 2013 Farm and Ranch Lands Protection Program	<u>1,802,376</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 40,856,236</u>

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Statistical  
Section

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# Statistical Section

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

## Contents

	<u>Page</u>
<b>Financial Trends</b>	107
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	114
These schedules contain information to help the reader assess the factors affecting the county’s ability to generate its property taxes.	
<b>Debt Capacity</b>	120
These schedules present information to help the reader assess the affordability to the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	123
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	125
These schedules contain information about the County’s operations and resources to help the reader understand how the County provides the activities it performs.	

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

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**Dakota County, Minnesota**

**Net Position by Component**

**Primary Government**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 362,641,327	\$ 382,932,632	\$ 395,989,603	\$ 435,373,306	\$ 502,664,473	\$ 545,729,953	\$ 567,867,785	\$ 605,455,040	\$ 634,821,240	\$ 634,927,138
Restricted	20,087,946	4,213,806	12,634,717	7,134,394	8,289,724	5,860,387	6,578,089	12,124,268	12,189,502	27,406,220
Unrestricted	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,144,007	197,822,900	208,305,948	250,601,958	285,711,445
Total Net Position - Governmental Activities	551,403,367	574,599,976	604,019,685	650,666,250	699,174,793	749,734,347	772,268,774	825,885,256	897,612,700	948,044,803
Business-Type Activities										
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-
Restricted	273,787	257,526	244,026	217,240	197,467	166,432	299,704	2,127,270	2,063,341	149,306
Unrestricted	-	-	-	-	-	131,714	-	-	-	2,517,358
Total Net Position - Business-Type Activities	273,787	257,526	244,026	217,240	197,467	298,146	299,704	2,127,270	2,063,341	2,666,664
Total Primary Government										
Net Investment in Capital Assets	362,641,327	382,932,632	395,989,603	435,373,306	502,664,473	545,729,953	567,867,785	605,455,040	634,821,240	634,927,138
Restricted	20,361,733	4,471,332	12,878,743	7,351,634	8,487,191	6,026,819	6,877,793	14,251,538	14,252,843	27,555,526
Unrestricted	168,674,094	187,453,538	195,395,365	208,158,550	188,220,596	198,275,721	197,822,900	208,305,948	250,601,958	288,228,803
Total Net Position - Primary Government	\$ 551,677,154	\$ 574,857,502	\$ 604,263,711	\$ 650,883,490	\$ 699,372,260	\$ 750,032,493	\$ 772,568,478	\$ 828,012,526	\$ 899,676,041	\$ 950,711,467

**Components Units**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Community Development Agency										
Net Investment in Capital Assets	\$ 50,062,357	\$ 54,523,397	\$ 56,508,944	\$ 58,430,590	\$ 62,660,057	\$ 67,422,313	\$ 70,836,500	\$ 78,312,202	\$ 82,152,316	\$ 81,612,927
Restricted	22,552,239	25,110,847	29,434,579	34,964,470	40,927,194	41,172,119	46,029,306	52,565,562	54,930,480	61,288,925
Unrestricted	37,124,838	38,616,727	45,848,454	50,752,896	55,136,226	62,620,611	70,262,376	75,886,912	83,933,498	86,865,611
Total Net Position - Community Development Agency	\$ 109,739,434	\$ 118,250,971	\$ 131,791,977	\$ 144,147,956	\$ 158,723,477	\$ 171,215,043	\$ 187,128,182	\$ 206,764,676	\$ 221,016,294	\$ 229,767,463
Vermillion River Watershed										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	228,945	452,087	836,040	1,172,206	1,113,522	1,140,810	1,179,489	1,646,229	1,953,185
Total Net Position - Vermillion River Watershed	\$ -	\$ 228,945	\$ 452,087	\$ 836,040	\$ 1,172,206	\$ 1,113,522	\$ 1,140,810	\$ 1,179,489	\$ 1,646,229	\$ 1,953,185

## Dakota County, Minnesota

### Changes in Net Position

<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
General Government	\$ 49,207,103	\$ 50,717,612	\$ 49,730,842	\$ 55,472,603	\$ 58,446,661	\$ 48,513,659	\$ 61,982,946	\$ 67,066,253	\$ 55,323,557	\$ 56,902,146
Public Safety	30,944,558	32,521,143	34,919,409	34,912,593	37,499,603	37,363,437	36,396,222	35,447,935	35,409,600	35,334,573
Highways and Streets	16,304,900	26,006,634	20,420,856	20,277,098	20,428,908	24,016,682	23,114,442	31,587,930	22,657,918	31,617,540
Sanitation	4,604,620	4,304,756	4,011,215	3,680,402	3,498,126	5,476,281	5,314,375	4,954,461	5,197,563	5,326,179
Human Services	76,680,727	85,113,843	89,579,810	94,635,381	94,467,561	85,401,690	69,757,126	68,904,678	66,997,873	66,211,619
Health	11,390,101	12,178,902	11,743,390	13,431,633	14,441,444	14,371,483	14,133,323	10,727,236	8,486,409	7,861,046
Culture and Recreation	15,802,865	15,208,101	16,641,571	17,447,398	17,160,436	19,746,598	19,352,705	19,368,747	18,171,501	17,287,925
Conservation of Natural Resources	634,311	603,508	5,061,173	4,819,932	4,783,651	4,560,051	2,304,181	3,960,904	4,016,128	4,276,455
Economic Development	7,609,962	6,102,141	7,760,382	12,810,832	7,712,727	10,540,298	12,076,877	8,145,271	8,216,401	8,079,665
Interest	4,178,776	3,644,666	4,317,700	5,509,766	4,910,143	4,360,037	3,947,575	2,919,202	2,212,496	1,916,583
Total Governmental Activities	217,357,923	236,401,306	244,186,348	262,997,638	263,349,260	254,350,216	248,379,772	253,082,617	226,689,446	234,813,731
<i>Business-Type Activities</i>										
Geographic Information Systems	45,355	51,166	42,591	47,012	40,082	50,556	24,577	58,164	9,072	9,096
Criminal Justice Information Integration Network	-	-	-	-	-	-	81,669	84,192	48,021	113,463
Byllesby Dam	-	-	-	-	-	-	-	417,750	928,924	5,438,963
Total Business-Type Activities	45,355	51,166	42,591	47,012	40,082	50,556	106,246	560,106	986,017	5,561,522
Total Primary Government Expenses	\$ 217,403,278	\$ 236,452,472	\$ 244,228,939	\$ 263,044,650	\$ 263,389,342	\$ 254,400,772	\$ 248,486,018	\$ 253,642,723	\$ 227,675,463	\$ 240,375,253
<b>Program Revenues</b>										
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Fees, fines, charges and other:										
General Government	\$ 9,781,610	\$ 8,926,807	\$ 9,615,154	\$ 11,007,470	\$ 7,867,792	\$ 7,507,730	\$ 7,124,643	\$ 6,784,853	\$ 7,817,635	\$ 7,819,235
Public Safety	2,663,212	2,554,680	2,922,742	2,808,252	2,731,099	3,214,768	3,127,028	3,532,554	3,491,571	3,331,432
Highways and Streets	847,893	999,754	1,203,304	1,281,339	1,495,081	1,528,495	1,589,965	3,777,498	576,243	3,589,979
Sanitation	4,981,322	4,581,103	5,648,372	5,818,423	6,222,558	6,528,605	8,019,709	8,235,471	8,433,603	7,713,818
Human Services	34,389,557	40,411,091	35,103,513	46,166,824	2,782,157	6,474,404	3,164,919	3,743,711	5,683,801	7,776,989
Health	4,666,247	5,048,774	3,788,860	4,947,124	5,772,599	5,632,467	3,119,419	1,316,458	1,463,958	1,363,361
Culture and Recreation	1,180,256	1,316,474	1,343,261	1,606,090	1,622,497	1,730,132	1,754,286	1,564,452	1,558,792	1,540,512
Conservation of Natural Resources	65,666	37,789	60,388	51,076	43,906	27,492	85,654	47,707	20,021	25,455
Economic Development	-	-	-	-	-	-	40,132	1,247	243,643	302,581
Interest	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenues	58,575,763	63,876,472	59,685,594	73,686,598	28,537,689	32,644,093	28,025,755	29,003,951	29,289,267	33,463,362
<i>Business-Type Activities</i>										
Geographic Information Systems	51,850	34,905	29,091	20,226	20,309	19,521	21,436	38,149	13,166	11,032
Criminal Justice Information Integration Network	-	-	-	-	-	131,714	86,368	183,721	147,584	118,632
Byllesby Dam	-	-	-	-	-	-	-	2,148,477	603,569	657,061
Total Business-Type Program Revenues	51,850	34,905	29,091	20,226	20,309	151,235	107,804	2,370,347	764,319	786,725
Total Primary Government Program Revenues	\$ 58,627,613	\$ 63,911,377	\$ 59,714,685	\$ 73,706,824	\$ 28,557,998	\$ 32,795,328	\$ 28,133,559	\$ 31,374,298	\$ 30,053,586	\$ 34,250,087



**Dakota County, Minnesota**

*Changes in Net Position*

<b>Program Revenues</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Operating Grants and Contributions:										
General Government	\$ 1,411,311	\$ 1,909,154	\$ 628,801	\$ 853,773	\$ 3,893,517	\$ 3,123,481	\$ 3,798,215	\$ 4,080,742	\$ 4,387,424	\$ 3,560,993
Public Safety	6,763,295	6,953,692	12,777,168	8,395,227	8,533,620	8,948,372	9,127,015	8,183,282	7,460,653	9,773,312
Highways and Streets	5,013,888	3,439,157	5,233,333	7,255,780	6,054,166	24,992,562	4,902,202	18,653,704	17,177,991	20,887,253
Sanitation	1,154,986	1,014,073	1,016,810	2,605	8,341	321,394	276,939	372,933	544,354	450,558
Human Services	18,634,901	19,492,199	21,047,402	23,115,310	59,829,926	47,133,328	35,807,530	40,837,578	28,276,091	29,671,099
Health	3,864,966	3,819,458	3,914,089	3,793,765	5,458,305	5,712,664	7,341,345	6,425,794	4,841,022	5,036,177
Culture and Recreation	842,998	3,239,484	434,868	4,499,611	10,126,045	941,566	1,151,534	2,536,834	2,114,445	3,410,363
Conservation of Natural Resources	37,248	133,592	96,522	5,412,063	2,153,127	3,827,241	1,656,906	2,981,223	2,289,603	3,491,245
Economic Development	7,894,503	6,935,833	7,905,728	8,681,447	7,252,218	9,396,842	12,556,252	7,728,144	8,617,863	7,590,498
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Program Revenues</b>	<b>45,618,096</b>	<b>46,936,642</b>	<b>53,054,721</b>	<b>62,009,581</b>	<b>103,309,265</b>	<b>104,397,450</b>	<b>76,617,938</b>	<b>91,800,234</b>	<b>75,709,446</b>	<b>83,871,498</b>
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	-	-	17,325	157,769	2,354,120
<b>Total Business-Type Program Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,325</b>	<b>157,769</b>	<b>2,354,120</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 45,618,096</b>	<b>\$ 46,936,642</b>	<b>\$ 53,054,721</b>	<b>\$ 62,009,581</b>	<b>\$ 103,309,265</b>	<b>\$ 104,397,450</b>	<b>\$ 76,617,938</b>	<b>\$ 91,817,559</b>	<b>\$ 75,867,215</b>	<b>\$ 86,225,618</b>

<b>Program Revenues</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Capital Grants and Contributions:										
General Government	\$ -	\$ -	\$ 964,221	\$ 164,670	\$ -	\$ -	\$ -	\$ 304,216	\$ -	\$ -
Public Safety	346,184	132,576	-	-	-	-	205,987	55,225	53,349	-
Highways and Streets	14,927,590	15,615,808	15,362,204	15,923,156	24,648,824	10,568,802	16,105,736	26,670,592	34,413,883	21,319,833
Sanitation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	153,585	130,735
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Program Revenues</b>	<b>15,273,774</b>	<b>15,748,384</b>	<b>16,326,425</b>	<b>16,087,826</b>	<b>24,648,824</b>	<b>10,568,802</b>	<b>16,311,723</b>	<b>27,030,033</b>	<b>34,620,817</b>	<b>21,450,568</b>
<i>Business-Type Activities</i>										
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Criminal Justice Information Integration Network	-	-	-	-	-	-	-	-	-	-
Byllesby Dam	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Program Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 15,273,774</b>	<b>\$ 15,748,384</b>	<b>\$ 16,326,425</b>	<b>\$ 16,087,826</b>	<b>\$ 24,648,824</b>	<b>\$ 10,568,802</b>	<b>\$ 16,311,723</b>	<b>\$ 27,030,033</b>	<b>\$ 34,620,817</b>	<b>\$ 21,450,568</b>

## Dakota County, Minnesota

### Changes in Net Position

<i>Net (Expense) Revenue (a)</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<b>Primary Government</b>										
<i>Governmental Activities</i>										
General Government	\$ (38,014,182)	\$ (39,881,651)	\$ (38,522,666)	\$ (43,446,690)	\$ (46,685,352)	\$ (37,882,448)	\$ (51,060,088)	\$ (55,896,442)	\$ (43,118,498)	\$ (45,521,918)
Public Safety	(21,171,867)	(22,880,195)	(19,219,499)	(23,709,114)	(26,234,884)	(25,200,297)	(23,936,192)	(23,676,874)	(24,404,027)	(22,229,829)
Highways and Streets	4,484,471	(5,951,915)	1,377,985	4,183,177	11,769,163	13,073,177	(516,539)	17,513,864	29,510,199	14,179,525
Sanitation	1,531,688	1,290,420	2,653,967	2,140,626	2,732,773	1,373,718	2,982,273	3,653,943	3,780,394	2,838,197
Human Services	(23,656,269)	(25,210,553)	(33,428,895)	(25,353,247)	(31,855,478)	(31,793,958)	(30,784,677)	(24,323,389)	(33,037,981)	(28,763,531)
Health	(2,858,888)	(3,310,670)	(4,040,441)	(4,690,744)	(3,210,540)	(3,026,352)	(3,672,559)	(2,984,984)	(2,181,429)	(1,461,508)
Culture and Recreation	(13,779,611)	(10,652,143)	(14,863,442)	(11,341,697)	(5,411,894)	(17,074,900)	(16,446,885)	(15,267,461)	(14,344,679)	(12,206,315)
Conservation of Natural Resources	(531,397)	(432,127)	(4,904,263)	643,207	(2,586,618)	(705,318)	(561,621)	(931,974)	(1,706,504)	(759,755)
Economic Development	284,541	833,692	145,346	(4,129,385)	(460,509)	(1,143,456)	519,507	(415,880)	645,105	(186,586)
Interest	(4,178,776)	(3,644,666)	(4,317,700)	(5,509,766)	(4,910,143)	(4,360,037)	(3,947,575)	(2,919,202)	(2,212,496)	(1,916,583)
Total Governmental Net (Expense) Revenue	(97,890,290)	(109,839,808)	(115,119,608)	(111,213,633)	(106,853,482)	(106,739,871)	(127,424,356)	(105,248,399)	(87,069,916)	(96,028,303)
<i>Business-Type Activities</i>										
Geographic Information Systems	6,495	(16,261)	(13,500)	(26,786)	(19,773)	(31,035)	(3,141)	(20,015)	4,094	1,936
Criminal Justice Information Integration Network	-	-	-	-	-	131,714	4,699	99,529	99,563	5,169
Byllesby Dam	-	-	-	-	-	-	-	1,748,052	(167,586)	(2,427,782)
Total Business-Type Net (Expense) Revenue	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558	1,827,566	(63,929)	(2,420,677)
Total Primary Government Net (Expense) Revenue	\$ (97,883,795)	\$ (109,856,069)	\$ (115,133,108)	\$ (111,240,419)	\$ (106,873,255)	\$ (106,639,192)	\$ (127,422,798)	\$ (103,420,833)	\$ (87,133,845)	\$ (98,448,980)
<b>General Revenues</b>										
<b>Primary Government</b>										
<i>Governmental Activities</i>										
Property Taxes	\$ 97,937,477	\$ 104,106,046	\$ 109,728,835	\$ 115,987,757	\$ 121,557,986	\$ 126,986,839	\$ 126,012,038	\$ 126,588,398	\$ 132,725,693	\$ 131,085,200
Gravel Taxes	524,688	469,396	447,678	384,320	356,562	451,950	322,788	448,585	571,663	616,104
Mortgage Registry and Deed Tax	885,223	909,765	648,912	599,797	431,561	408,750	378,235	358,521	481,980	541,012
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	14,895	1,531,322	1,684,323	1,698,801	1,714,530	1,709,980	1,736,049	1,877,236
Gift and Contributions (unrestricted)	28,810	50,934	-	37,065	34,890	54,260	63,531	22,614	38,595	24,009
Grants and Contributions (unrestricted)	15,413,836	19,455,306	19,135,474	18,642,707	15,950,219	21,681,301	17,134,726	16,346,749	15,293,028	15,709,430
Investment Income	3,391,277	7,216,182	13,224,287	18,436,886	13,764,069	3,981,969	2,274,346	11,348,301	6,212,921	(3,034,627)
Miscellaneous	1,270,329	1,479,465	1,655,869	2,032,541	1,516,087	1,951,035	1,875,304	1,825,569	1,633,838	2,475,734
Gain on Sale of Capital Assets	71,893	70,023	16,267	35,653	66,328	84,520	183,285	216,164	103,593	190,308
Special items	-	-	(160,750)	-	-	-	-	-	-	(3,024,000)
Governmental Activities General Revenues	119,523,533	133,757,117	144,711,467	157,688,048	155,362,025	157,299,425	149,958,783	158,864,881	158,797,360	146,460,406
Total Change in Net Position - Governmental Activities	21,633,243	23,917,309	29,591,859	46,474,415	48,508,543	50,559,554	22,534,427	53,616,482	71,727,444	50,432,103
<i>Business-Type Activities</i>										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Payment in lieu of Tax	-	-	-	-	-	-	-	-	-	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Special items	-	-	-	-	-	-	-	-	-	3,024,000
Total General Revenues - Business-Type Activities	-	-	-	-	-	-	-	-	-	3,024,000
Total Change in Net Position - Business-Type Activities	6,495	(16,261)	(13,500)	(26,786)	(19,773)	100,679	1,558	1,827,566	(63,929)	603,323
Total Change in Net Position - Primary Government	\$ 21,639,738	\$ 23,901,048	\$ 29,578,359	\$ 46,447,629	\$ 48,488,770	\$ 50,660,233	\$ 22,535,985	\$ 55,444,048	\$ 71,663,515	\$ 51,035,426

(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

**Dakota County, Minnesota**

**Changes in Net Position - Component Units**

<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Component Unit										
Community Development Agency	\$ 31,257,253	\$ 32,973,947	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320	\$ 38,099,898	\$ 42,276,141	\$ 43,100,632	\$ 38,850,422	\$ 45,690,723
Vermillion River Watershed		325,209	759,557	1,157,625	1,017,956	1,245,246	1,105,654	987,828	908,946	883,232
<b>Total Component Unit</b>	<b>31,257,253</b>	<b>33,299,156</b>	<b>33,517,431</b>	<b>35,167,385</b>	<b>35,636,276</b>	<b>39,345,144</b>	<b>43,381,795</b>	<b>44,088,460</b>	<b>39,759,368</b>	<b>46,573,955</b>

**Program Revenues**

Component Unit										
Community Development Agency	34,263,892	33,470,667	36,142,256	34,403,242	36,440,889	38,353,283	46,562,618	51,619,585	43,888,022	46,279,218
Vermillion River Watershed	-	-	-	434,567	196,434	53,997	95,540	77,874	70,084	342,979
<b>Total Component Unit</b>	<b>34,263,892</b>	<b>33,470,667</b>	<b>36,142,256</b>	<b>34,837,809</b>	<b>36,637,323</b>	<b>38,407,280</b>	<b>46,658,158</b>	<b>51,697,459</b>	<b>43,958,106</b>	<b>46,622,197</b>

**General Revenues - Community Development Agency**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Property Taxes	\$ 4,694,249	\$ 5,278,362	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146	\$ 7,848,758	\$ 7,829,702	\$ 7,566,507	\$ 7,261,674	\$ 7,092,062
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	2,047,034	2,154,606	2,792,582	3,034,382	3,288,340	3,384,616	3,303,413	3,207,383	1,635,537	1,659,474
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	180,027	407,008	1,262,710	2,186,086	1,952,466	1,004,807	493,547	343,651	316,807	105,064
Miscellaneous	-	-	4,050	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	462,004	174,841	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total General Revenues - Community Development Agency</b>	<b>7,383,314</b>	<b>8,014,817</b>	<b>10,156,624</b>	<b>11,962,497</b>	<b>12,752,952</b>	<b>12,238,181</b>	<b>11,626,662</b>	<b>11,117,541</b>	<b>9,214,018</b>	<b>8,856,600</b>
<b>Total Change in Net Position - Community Development Agency</b>	<b>\$ 10,389,953</b>	<b>\$ 8,511,537</b>	<b>\$ 13,541,006</b>	<b>\$ 12,355,979</b>	<b>\$ 14,575,521</b>	<b>\$ 12,491,566</b>	<b>\$ 15,913,139</b>	<b>\$ 19,636,494</b>	<b>\$ 14,251,618</b>	<b>\$ 9,445,095</b>

**General Revenues - Vermillion River Watershed**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Property Taxes	\$ -	\$ 376,609	\$ 886,480	\$ 982,967	\$ 1,032,731	\$ 1,023,239	\$ 939,533	\$ 850,408	\$ 1,257,737	\$ 835,041
Gravel Taxes	-	-	-	-	-	-	-	-	-	-
Mortgage Registry and Deed Tax	-	-	-	-	-	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-	-	-	-	-	-
Grants and Contributions (unrestricted)	-	40,391	84,622	85,293	88,235	87,084	84,066	81,866	33,337	-
Gift and Contributions (unrestricted)	-	-	-	-	-	-	-	-	-	-
Investment Income	-	2,787	11,595	31,526	36,722	20,541	13,569	16,359	14,528	12,168
Miscellaneous	-	24	2	7,225	-	-	234	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	1,701	-	-	-	-
<b>Total General Revenues - Vermillion River Watershed</b>	<b>-</b>	<b>419,811</b>	<b>982,699</b>	<b>1,107,011</b>	<b>1,157,688</b>	<b>1,132,565</b>	<b>1,037,402</b>	<b>948,633</b>	<b>1,305,602</b>	<b>847,209</b>
<b>Total Change in Net Position - Vermillion River Watershed</b>	<b>-</b>	<b>94,602</b>	<b>223,142</b>	<b>383,953</b>	<b>336,166</b>	<b>(58,684)</b>	<b>27,288</b>	<b>38,679</b>	<b>466,740</b>	<b>306,956</b>
<b>Total Change in Net Position - Component Units</b>	<b>\$ 10,389,953</b>	<b>\$ 8,606,139</b>	<b>\$ 13,764,148</b>	<b>\$ 12,739,932</b>	<b>\$ 14,911,687</b>	<b>\$ 12,432,882</b>	<b>\$ 15,940,427</b>	<b>\$ 19,675,173</b>	<b>\$ 14,718,358</b>	<b>\$ 9,752,051</b>

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

**Dakota County, Minnesota**

*Fund Balances  
Governmental Funds*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 22,341,956	\$ 16,038,637	\$ 13,200,485	\$ 15,182,375	\$ 13,449,225	\$ 8,491,434	\$ 8,837,070	\$ -	\$ -	\$ -
Unreserved	64,530,381	71,088,338	80,646,902	81,962,712	67,923,464	65,165,879	62,365,602	-	-	-
Nonspendable	-	-	-	-	-	-	-	2,650,815	2,642,011	2,715,339
Restricted	-	-	-	-	-	-	-	2,847,559	2,891,453	2,737,517
Committed	-	-	-	-	-	-	-	3,180,168	509,796	292,387
Assigned	-	-	-	-	-	-	-	34,233,198	30,525,901	25,488,970
Unassigned	-	-	-	-	-	-	-	29,176,838	33,158,235	31,174,973
Total General Fund	\$ 86,872,337	\$ 87,126,975	\$ 93,847,387	\$ 97,145,087	\$ 81,372,689	\$ 73,657,313	\$ 71,202,672	\$ 72,088,578	\$ 69,727,396	\$ 62,409,186
All Other Governmental Funds										
Reserved	\$ 17,247,019	\$ 24,848,723	\$ 18,311,212	\$ 46,784,920	\$ 41,065,067	\$ 38,726,557	\$ 30,582,499	\$ -	\$ -	\$ -
Unreserved reported in:										
Special Revenue Funds	76,322,254	76,161,184	78,958,047	80,887,248	77,377,250	100,638,992	107,570,290	-	-	-
Debt Services	-	-	-	-	-	-	7,199,602	-	-	-
Capital Projects	22,917,240	26,712,667	29,997,591	27,661,764	19,379,182	16,721,855	9,044,323	-	-	-
Nonspendable	-	-	-	-	-	-	-	881,636	1,266,666	1,152,899
Restricted	-	-	-	-	-	-	-	9,276,709	9,298,049	7,211,942
Committed	-	-	-	-	-	-	-	16,800,000	16,800,000	16,800,000
Assigned	-	-	-	-	-	-	-	137,519,162	180,051,459	195,028,051
Total Unreserved	99,239,494	102,873,851	108,955,638	108,549,012	96,756,432	117,360,847	123,814,215	-	-	-
Total All Other Governmental Funds	\$ 116,486,513	\$ 127,722,574	\$ 127,266,850	\$ 155,333,932	\$ 137,821,499	\$ 156,087,404	\$ 154,396,714	\$ 164,477,507	\$ 207,416,174	\$ 220,192,892

**Dakota County, Minnesota**

*Changes in Fund Balances  
Governmental Funds*

<b>Revenues</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Taxes	\$ 99,225,750	\$ 105,343,232	\$ 110,455,812	\$ 118,197,095	\$ 123,486,583	\$ 129,194,994	\$ 128,338,549	\$ 129,126,978	\$ 135,267,764	\$ 134,665,766
Licenses and Permits	781,824	871,760	977,836	1,046,379	954,087	1,131,419	1,122,733	1,109,853	1,208,683	1,254,978
Intergovernmental	74,459,048	83,801,670	84,160,902	100,882,470	139,767,926	143,779,937	105,592,284	131,231,830	131,281,021	110,790,958
Charges for Services	60,199,754	64,104,712	66,063,636	72,759,043	30,198,174	33,427,184	28,647,199	30,650,575	30,362,450	34,425,251
Fines and Forfeits	795,137	98,247	96,947	123,472	114,356	152,843	120,965	122,031	153,638	113,171
Gifts and Contributions	28,810	43,238	33,161	37,065	34,890	54,760	69,210	28,426	39,756	24,652
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-
Interest on Investments	3,171,148	7,216,182	13,000,684	18,208,836	13,536,019	3,751,959	2,046,447	11,120,407	5,597,900	(3,057,304)
Miscellaneous	4,146,032	4,221,623	4,561,191	3,941,346	5,792,583	5,263,181	5,696,272	4,897,082	4,845,230	4,495,180
<b>Total Revenues</b>	<b>\$ 242,807,503</b>	<b>\$ 265,700,664</b>	<b>\$ 279,350,169</b>	<b>\$ 315,195,706</b>	<b>\$ 313,884,618</b>	<b>\$ 316,756,277</b>	<b>\$ 271,633,659</b>	<b>\$ 308,287,182</b>	<b>\$ 308,756,442</b>	<b>\$ 282,712,652</b>
<b>Expenditures</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Current										
General Government	\$ 45,270,908	\$ 46,495,009	\$ 53,676,685	\$ 61,188,552	\$ 63,074,376	\$ 61,359,073	\$ 59,696,613	\$ 61,322,951	\$ 57,123,212	\$ 56,842,557
Public Safety	31,239,407	32,866,822	35,053,472	35,291,843	36,927,178	37,394,836	35,413,298	35,507,606	35,365,244	36,676,226
Highways and Streets	29,712,978	43,262,177	29,351,870	43,854,429	56,543,277	45,174,737	35,501,940	39,862,672	43,150,384	50,801,833
Sanitation	7,063,958	7,095,465	7,216,642	7,147,093	6,660,486	7,304,309	7,408,981	6,976,314	7,028,601	7,398,443
Human Services	79,078,525	87,468,346	92,009,151	96,888,230	96,753,204	87,426,542	72,523,762	71,697,720	69,426,226	70,193,719
Health	11,380,088	12,194,868	11,769,743	13,389,063	14,344,511	14,379,616	14,158,886	10,721,018	8,476,575	8,162,589
Culture and Recreation	14,968,314	16,093,344	16,463,667	18,550,559	32,511,779	19,225,249	18,944,918	22,195,346	21,350,343	21,450,861
Conservation	643,200	5,211,738	5,053,963	4,814,414	4,739,047	4,567,193	2,289,934	3,956,833	4,013,593	4,274,132
Economic Development	7,610,568	6,083,685	7,766,719	13,028,818	7,652,018	10,464,108	12,048,642	8,411,523	8,597,724	8,947,128
Capital Outlay	5,365,162	4,271,226	11,561,479	9,224,104	8,561,029	2,153,718	5,419,530	2,823,748	1,268,782	1,727,246
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal Retirement	6,708,778	6,920,000	7,185,000	7,825,000	14,155,000	12,650,000	8,715,000	31,180,000	5,625,000	5,855,000
Interest	4,424,848	3,931,502	4,096,008	4,952,325	5,103,038	4,519,421	4,052,158	3,122,794	2,270,450	2,020,059
Bond Issuance Costs	-	68,489	26,699	191,801	-	-	-	-	-	-
Administrative Charges	-	-	-	-	4,900	2,100	350	-	3,200	2,950
<b>Total Expenditures</b>	<b>\$ 243,466,734</b>	<b>\$ 271,962,671</b>	<b>\$ 281,231,098</b>	<b>\$ 316,346,231</b>	<b>\$ 347,029,843</b>	<b>\$ 306,620,902</b>	<b>\$ 276,174,012</b>	<b>\$ 297,778,525</b>	<b>\$ 263,699,334</b>	<b>\$ 274,352,743</b>
<b>Excess of Revenues Over/ (Under) Expenditures</b>	<b>\$ (659,231)</b>	<b>\$ (6,262,007)</b>	<b>\$ (1,880,929)</b>	<b>\$ (1,150,525)</b>	<b>\$ (33,145,225)</b>	<b>\$ 10,135,375</b>	<b>\$ (4,540,353)</b>	<b>\$ 10,508,657</b>	<b>\$ 45,057,108</b>	<b>\$ 8,359,909</b>
<b>Other Financing Sources</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Transfers In	\$ 9,649,930	\$ 14,557,146	\$ 11,751,473	\$ 14,442,981	\$ 23,917,624	\$ 9,555,030	\$ 6,768,955	\$ 3,018,902	\$ 14,372,584	\$ 4,147,314
Transfers Out	(9,649,930)	(14,557,146)	(11,751,473)	(14,442,981)	(23,917,624)	(9,555,030)	(6,768,955)	(3,018,902)	(19,372,584)	(7,171,314)
Bonds Issued	-	16,800,000	7,300,000	-	-	-	-	-	-	-
Proceeds from sale of refunding bonds	-	-	-	31,695,000	-	-	-	-	-	-
Premium/(Discount) on Bond Issuance	-	(18,248)	26,620	88,934	-	-	-	-	-	-
Proceeds from Sale of Capital	77,370	1,792,420	583,421	710,185	75,589	100,919	189,664	218,082	104,196	187,815
<b>Total Other Financing Sources</b>	<b>\$ 77,370</b>	<b>\$ 18,574,172</b>	<b>\$ 7,910,041</b>	<b>\$ 32,494,119</b>	<b>\$ 75,589</b>	<b>\$ 100,919</b>	<b>\$ 189,664</b>	<b>\$ 218,082</b>	<b>\$ (4,895,804)</b>	<b>\$ (2,836,185)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (581,861)</b>	<b>\$ 12,312,165</b>	<b>\$ 6,029,112</b>	<b>\$ 31,343,594</b>	<b>\$ (33,069,636)</b>	<b>\$ 10,236,294</b>	<b>\$ (4,350,689)</b>	<b>\$ 10,726,739</b>	<b>\$ 40,161,304</b>	<b>\$ 5,523,724</b>
Debt Service Expenditures as Percent of Non-Capital Expenditures	5.08%	4.71%	4.59%	4.89%	7.08%	6.20%	5.18%	13.17%	3.58%	3.38%

# 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		
2004	379,955,145	33,272,415,600	5,859,007	300,730,500	385,814,152	33,573,146,100	1.1	0.30300
2005	427,133,158	37,531,168,000	5,875,141	302,403,100	433,008,299	37,833,571,100	1.1	0.28267
2006	471,234,957	41,167,642,300	6,196,860	319,020,400	477,431,817	41,486,662,700	1.2	0.26318
2007	495,383,991	43,049,023,300	6,286,380	324,904,600	501,670,371	43,373,927,900	1.2	0.25127
2008	499,594,005	43,061,778,400	6,868,328	355,081,700	506,462,333	43,416,860,100	1.2	0.25184
2009	475,008,140	40,648,278,700	6,916,149	358,042,600	481,924,289	41,006,321,300	1.2	0.25821
2010	442,537,353	37,854,672,500	7,877,537	405,057,500	450,414,890	38,259,730,000	1.2	0.27269
2011	411,472,047	34,893,431,896	8,111,805	417,754,800	419,583,852	35,311,186,696	1.2	0.29149
2012	391,453,804	33,032,629,112	8,488,045	436,668,024	399,941,849	33,469,297,136	1.2	0.31426
2013	402,125,071	34,109,574,007	8,665,752	445,586,670	410,790,823	34,555,160,677	1.2	0.33421

**Estimated Market Value-Real and Personal Property**



\*Valuations are determined as of January 1 of the year preceding the tax collection year. Amounts are shown for the year in which taxes are payable.

Assessed value is prior to Fiscal Disparity and Tax Increment District Adjustments.

Total County Direct Tax Rate available only in %.

Source: Dakota County Property Taxation and Records Department

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## Dakota County, Minnesota

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

<u>Governments</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>DAKOTA COUNTY</u></b>										
Revenue	0.08710	0.08367	0.07746	0.06932	0.07502	0.07389	0.10362	0.12084	0.13467	0.14353
Highway	0.02849	0.02721	0.02850	0.02754	0.02504	0.02467	0.01191	0.01211	0.01186	0.01094
Community Services	0.12508	0.11565	0.10536	0.10614	0.10340	0.10745	0.10629	0.11052	0.11654	0.12475
Environmental Management	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00122	0.00129
Parks	0.00931	0.00738	0.00699	0.00709	0.00779	0.00808	0.00656	0.00641	0.00689	0.00721
County Library	0.02481	0.02313	0.02102	0.02026	0.02004	0.02285	0.02415	0.02476	0.02638	0.02840
County Building	0.01906	0.01774	0.01679	0.01511	0.01517	0.01557	0.00119	0.00088	0.00141	0.00152
Debt Services	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01274	0.00940	0.00806	0.01371
DCLLR	0.00270	0.00212	0.00191	0.00133	0.00130	0.00167	0.00198	0.00204	0.00237	0.00286
County Referendum	0.00645	0.00577	0.00515	0.00448	0.00408	0.00403	0.00425	0.00451	0.00486	0.00000
Total	0.30300	0.28267	0.26318	0.25127	0.25184	0.25821	0.27269	0.29149	0.31426	0.33421
<b><u>OVERLAPPING RATES:</u></b>										
<u>CITIES</u>										
Apple Valley	0.39610	0.36753	0.35690	0.34891	0.35537	0.37086	0.39867	0.42388	0.44110	0.49210
Burnsville	0.38928	0.38004	0.35414	0.34564	0.35005	0.36121	0.38566	0.42598	0.43213	0.47021
Coates	0.23476	0.19117	0.17908	0.16971	0.15252	0.13587	0.16605	0.14343	0.18984	0.22842
Eagan	0.28702	0.28186	0.26704	0.25232	0.25892	0.26886	0.30408	0.33675	0.34553	0.38272
Farmington	0.41174	0.43767	0.42770	0.41883	0.43821	0.44186	0.49274	0.55733	0.63093	0.66821
Hampton	0.24248	0.22029	0.20224	0.24064	0.22742	0.24038	0.32859	0.34774	0.48625	0.47055
Hastings	0.50110	0.50515	0.50010	0.49235	0.49475	0.49732	0.52677	0.55195	0.66083	0.68547
Inver Grove Heights	0.39904	0.37347	0.35546	0.36514	0.37403	0.37878	0.41757	0.43169	0.44883	0.46312
Lakeville	0.30050	0.31326	0.31610	0.31583	0.34195	0.33973	0.36624	0.38250	0.39051	0.41234
Lilydale	0.28927	0.29238	0.36721	0.41386	0.41239	0.44291	0.47297	0.31115	0.35128	0.35556
Mendota	0.52357	0.49717	0.38234	0.42969	0.37178	0.35265	0.38429	0.45860	0.46652	0.47239
Mendota Heights	0.27030	0.26898	0.28027	0.27633	0.24142	0.26165	0.28061	0.29758	0.32057	0.34479
Miesville	0.26124	0.26831	0.24494	0.21512	0.23654	0.23116	0.24904	0.27223	0.33151	0.34670
New Trier	0.22851	0.26535	0.28778	0.24418	0.32119	0.36932	0.44344	0.47895	0.54663	0.56659
Northfield	0.38841	0.37004	0.34227	0.35691	0.36648	0.38536	0.40370	0.43889	0.50947	0.61901
Randolph	0.16142	0.09358	0.11127	0.11643	0.12512	0.15832	0.17773	0.25048	0.30476	0.32743
Rosemount	0.52368	0.46041	0.43755	0.42521	0.42440	0.42323	0.43358	0.44661	0.46994	0.48862
South St. Paul	0.39452	0.36913	0.34999	0.34143	0.36142	0.38532	0.41428	0.48374	0.56466	0.63280
Sunfish Lake	0.20377	0.18259	0.16817	0.18090	0.17847	0.18967	0.18625	0.20671	0.23677	0.27800
Vermillion	0.51224	0.44767	0.40697	0.32507	0.32429	0.37706	0.38845	0.40864	0.48251	0.51193
West St. Paul	0.41679	0.42289	0.42671	0.42082	0.43706	0.44608	0.50873	0.56078	0.62205	0.69447

Unaudited



## Dakota County, Minnesota

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

<u>Governments</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>TOWNSHIPS</u>										
Castle Rock	0.17038	0.15468	0.12776	0.11738	0.11215	0.11484	0.12109	0.13187	0.14779	0.15622
Douglas	0.23536	0.22325	0.18861	0.20097	0.18389	0.18500	0.17439	0.15358	0.20791	0.22376
Empire	0.30439	0.29553	0.24473	0.28244	0.25452	0.26113	0.27764	0.27953	0.30845	0.31746
Eureka	0.18350	0.18655	0.16951	0.18163	0.17001	0.16854	0.17262	0.16951	0.18544	0.16861
Greenvale	0.13396	0.13007	0.13739	0.13014	0.13433	0.14124	0.11828	0.12597	0.12507	0.19220
Hampton	0.10701	0.09895	0.09222	0.10796	0.13156	0.13187	0.12496	0.17815	0.18002	0.17613
Marshan	0.19263	0.18137	0.17730	0.18121	0.17902	0.17435	0.13143	0.13837	0.16292	0.14877
Nininger	0.13109	0.11492	0.10185	0.08972	0.11577	0.12550	0.13430	0.14261	0.15208	0.15121
Randolph	0.08128	0.07425	0.06682	0.05783	0.04988	0.05437	0.05304	0.05576	0.06626	0.07444
Ravenna	0.16694	0.16812	0.14355	0.14268	0.10474	0.13014	0.13610	0.13756	0.15104	0.17773
Sciota	0.12145	0.10836	0.14939	0.19194	0.17116	0.16661	0.15830	0.17164	0.17412	0.17239
Vermillion	0.16449	0.14339	0.12468	0.11052	0.17820	0.17147	0.16629	0.17605	0.18664	0.19555
Waterford	0.10587	0.09692	0.08685	0.08155	0.07109	0.09209	0.09456	0.11311	0.13769	0.13640
<u>SCHOOL DISTRICTS</u>										
6	0.29199	0.26194	0.25900	0.23765	0.27640	0.26907	0.26807	0.30681	0.32306	0.35478
191	0.18955	0.17729	0.18315	0.18185	0.19374	0.19842	0.20668	0.21854	0.21881	0.26168
192	0.35599	0.36540	0.43708	0.44190	0.45831	0.49238	0.53452	0.52157	0.55308	0.57226
194	0.26901	0.25411	0.25670	0.25252	0.26272	0.27062	0.27714	0.32138	0.32061	0.33535
195	0.29347	0.22065	0.22632	0.22492	0.19031	0.20022	0.18547	0.20126	0.20823	0.19114
196	0.26074	0.26251	0.27554	0.23607	0.21136	0.21109	0.25391	0.26959	0.28440	0.27956
197	0.12917	0.21878	0.21428	0.19838	0.18914	0.18051	0.18850	0.19692	0.21857	0.24429
199	0.10032	0.07793	0.17796	0.16607	0.19764	0.19303	0.21795	0.24679	0.28363	0.27556
200	0.22050	0.22126	0.18683	0.18157	0.16676	0.16735	0.20206	0.22140	0.25435	0.23932
252	0.23727	0.16143	0.16555	0.13827	0.20580	0.17642	0.18868	0.20850	0.22379	0.24555
659	0.33521	0.32590	0.32272	0.31463	0.29579	0.28549	0.30528	0.34380	0.34166	0.38435
<u>SPECIAL DISTRICTS</u>										
Watershed M	0.00390	0.00358	0.00296	0.00290	0.00448	0.00911	0.00531	0.00266	0.00440	0.00642
Watershed V	0.00203	0.00309	0.00640	0.00608	0.00603	0.00588	0.00566	0.00555	0.00541	0.00543
Transit District	0.01610	0.01464	0.01476	0.01253	0.01247	0.01223	0.01166	0.01215	0.01375	0.01458
Transit District Lakeville	---	---	---	---	---	0.00608	---	---	---	---
Mosquito Control	0.00527	0.00545	0.00483	0.00483	0.00490	0.00474	0.00481	0.00493	0.00553	0.00573
Metro Council	0.01124	0.01010	0.00834	0.00847	0.00817	0.00792	0.00826	0.00829	0.00968	0.01223
Dakota County CDA	0.01617	0.01637	0.01615	0.01635	0.01622	0.01594	0.01692	0.01718	0.01724	0.01664
Burnsville EDA	0.01150	0.00155	0.00397	0.00615	0.00565	0.00566	0.00607	0.00722	0.00806	0.00906
Hastings HRA	0.01174	0.01207	0.01216	0.01183	0.01169	0.01141	0.01510	0.01487	0.01640	0.01428
Northfield EDA	---	---	0.01616	0.01646	0.01560	0.01539	0.01651	0.01761	0.01728	0.01801
Northfield HRA	0.01397	0.01295	0.01226	0.01307	0.01268	0.01251	0.01431	0.01528	0.01844	0.01838
South St Paul HRA	0.01066	0.01015	0.01294	0.01268	0.01267	0.01686	0.01463	0.01518	0.01618	0.01351
Light Transit Rail	0.00047	0.00251	0.00208	0.00198	0.00217	0.00245	0.00256	0.00389	0.00401	0.00432

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

*Source: Dakota County Property Taxation and Records Department*

Unaudited

## *Dakota County, Minnesota*

### PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

<u>Name</u>	<u>Type of Business</u>	<u>2004 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>	<u>Name</u>	<u>Type of Business</u>	<u>2013 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 5,073,996	1.4 %	Northern States Power Co	Electric Utility	\$ 6,781,264	1.8 %
Burnsville Minnesota LLC	Burnsville Center	1,859,250	0.5	Flint Hills	Refinery	3,282,089	0.9
Dakota Electric Assn.	Electric Utility	1,770,794	0.5	Burnsville Center Spe LP	Burnsville Center	2,079,250	0.5
West Publishing Co.	Book Publishing	1,525,804	0.4	Dakota Electric Assn.	Electric Utility	1,787,744	0.5
Great Northern Oil Co.	Refinery	1,165,108	0.3	West Publishing Co.	Book Publishing	1,463,325	0.4
Haight, Stephen E. & Roberta	Property Management	543,750	0.2	Northern Natural Gas Co.	Natural Gas Utility	1,338,438	0.3
Koch Refinery Co.	Refinery	703,323	0.2	Health Landlord (MN) LLC	Commercial	1,177,650	0.3
BCBSM Inc.	Health Care	815,227	0.2	Minnegasco Inc.	Natural Gas Utility	1,076,964	0.3
Minnegasco Inc.	Natural Gas Utility	869,892	0.2	Eagan Promenade Inc	Health Care	780,284	0.2
IRET Properties	Investment Real Estate	645,187	0.2	Menard Inc	Retail	698,950	0.2
<b>Total</b>		<b><u>\$ 14,972,331</u></b>	<b><u>4.1 %</u></b>	<b>Total</b>		<b><u>\$ 20,465,958</u></b>	<b><u>5.4 %</u></b>

Source: Dakota County Property Taxation and Records Department

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Collections</b>		<b>Delinquent Collections</b>	<b>Total Collections</b>	<b>% of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Total Delinquent Taxes as a % of Current Levy</b>
		<b>Amount</b>	<b>% of Levy</b>					
2004	103,400,325	102,481,424	99.1	878,779	103,360,203	100.0	931,291	0.9
2005	107,794,839	106,745,857	99.0	922,621	107,668,478	99.9	1,053,565	1.0
2006	112,427,346	111,040,475	98.8	1,118,912	112,159,387	99.8	1,412,980	1.3
2007	117,897,237	116,273,805	98.6	1,444,306	117,718,111	99.8	1,660,437	1.4
2008	123,561,877	121,561,943	98.4	1,486,006	123,047,949	99.6	2,064,492	1.7
2009	128,375,073	126,149,491	98.3	1,955,030	128,104,521	99.8	2,347,957	1.8
2010	129,403,054	127,519,688	98.5	2,043,233	129,562,921	100.1	2,587,586	2.0
2011	129,402,073	127,626,444	98.6	2,010,636	129,637,080	100.2	2,422,429	1.9
2012	129,152,073	127,830,060	99.0	1,600,419	129,430,479	100.2	1,406,033	1.1
2013	128,377,938	127,134,365	99.0	1,148,727	128,283,092	99.9	1,694,382	1.3

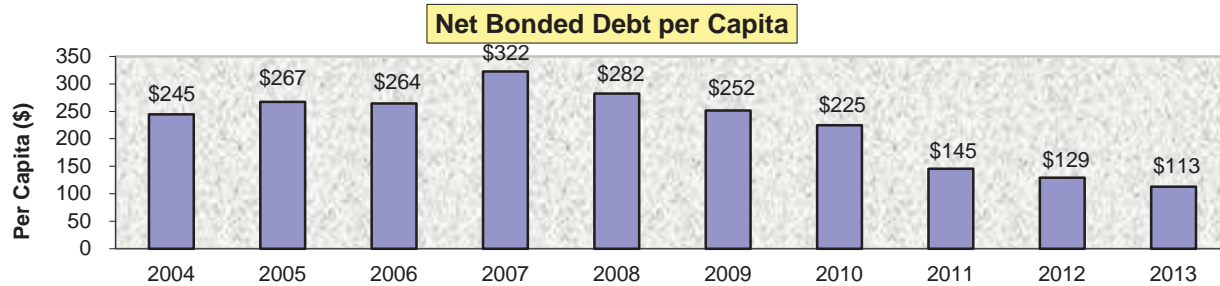
\*Includes tax adjustments, tax credits and Fiscal Disparity adjustments

Source: Dakota County Property Taxation and Records Department

# Dakota County, Minnesota

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

Fiscal Year Assessed	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt Per Capita	Percentage of Personal Income
2004	376,537	385,814,152	92,133,691	3,793,808	88,339,883	23.88	245	0.60%
2005	381,027	433,008,299	101,840,359	6,071,069	95,769,290	23.52	267	0.64%
2006	385,076	477,431,817	101,775,164	6,783,501	94,991,663	21.32	264	0.62%
2007	389,418	501,670,371	125,522,836	39,109,079	86,413,757	25.02	322	0.72%
2008	393,528	506,462,333	111,156,574	33,675,182	77,481,392	21.95	282	0.61%
2009	390,478	481,924,289	98,293,352	33,266,623	65,026,729	20.40	252	0.56%
2010	397,650	450,414,890	89,367,241	33,044,992	56,322,249	19.84	225	0.50%
2011	400,480	419,583,852	58,211,167	7,865,698	50,345,469	13.87	145	0.31%
2012	405,088	399,941,849	52,358,268	7,873,365	44,484,903	13.09	129	0.26%
2013	408,509	410,790,823	46,275,369	5,838,954	40,436,415	11.26	113	N/A



# Dakota County, Minnesota

## COMPUTATION OF DIRECT, UNDERLYING AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS DECEMBER 31, 2013

<u>Government Unit</u>	<u>Gross GO Debt Outstanding<sup>1</sup></u>	<u>Applicable to Dakota County</u>	
		<u>Percent<sup>2</sup></u>	<u>Amount</u>
<b><u>Direct:</u></b>			
Dakota County	\$ 46,400,000	100.0 %	\$ 46,400,000
<b><u>Underlying:</u></b>			
Dakota County CDA	\$ 306,690,306	100.0 %	\$ 306,690,306
City of Apple Valley	40,580,000	100.0	40,580,000
City of Burnsville	64,190,000	100.0	64,190,000
City of Eagan	25,345,000	100.0	25,345,000
City of Farmington	34,747,435	100.0	34,747,435
City of Hampton	2,170,000	100.0	2,170,000
City of Hastings	32,090,000	99.9	32,057,910
Hastings EDA	2,630,000	100.0	2,630,000
City of Inver Grove Hts	44,525,000	100.0	44,525,000
City of Lakeville	108,445,000	100.0	108,445,000
City of Lilydale	2,612,000	100.0	2,612,000
City of Mendota Heights	13,960,000	100.0	13,960,000
City of Northfield	44,638,364	7.9	3,526,431
City of Rosemount	17,145,000	100.0	17,145,000
City of South St. Paul	15,151,000	100.0	15,151,000
City of Sunfish Lake	253,000	100.0	253,000
City of Vermillion	260,000	100.0	260,000
City of West St. Paul	27,240,000	100.0	27,240,000
Empire Township	1,090,000	100.0	1,090,000
Randolph Township	250,000	100.0	250,000
Ravenna Township	225,085	100.0	225,085
Special S.D. #6 (South St Paul)	19,331,780	100.0	19,331,780
Ind. S.D. #191 (Burnsville)	108,795,000	75.8	82,466,610
Ind. S.D. #192 (Farmington)	215,696,465	100.0	215,696,465
Ind. S.D. #194 (Lakeville)	157,950,000	80.0	126,360,000
Ind. S.D. #195 (Randolph)	6,700,000	88.2	5,909,400
Ind. S.D. #196 (Rosemount)	139,405,000	100.0	139,405,000
Ind. S.D. #197 (W. St. Paul)	51,030,000	100.0	51,030,000
Ind. S.D. #199 (Inver Grove Hts.)	46,625,000	100.0	46,625,000
Ind. S.D. #200 (Hastings)	46,935,000	87.2	40,927,320
Ind. S.D. #252 (Cannon Falls)	19,145,000	4.9	938,105
Ind. S.D. #659 (Northfield)	56,945,000	14.8	8,427,860
<b>Total underlying debt</b>	<b>\$ 1,652,795,435</b>		<b>\$ 1,480,210,707</b>
<b><u>Overlapping:</u></b>			
Metropolitan Council (Pks & Solid Waste)	\$ 7,105,000 <sup>3</sup>	13.4 %	\$ 952,070
Metropolitan Transit Commission	357,125,000	13.4	47,854,750
<b>Total overlapping debt</b>	<b>\$ 364,230,000</b>		<b>\$ 48,806,820</b>
<b>Total debt</b>	<b>\$ 2,063,425,435</b>		<b>\$ 1,575,417,527</b>

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

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

<sup>3</sup> The Metropolitan Council also has outstanding \$1,301,233,995 of general obligation sanitary sewer bonds and loans which are supported by system revenues.

**Dakota County, Minnesota**

**Legal Debt Margin  
Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Assessed Value</b>	\$ 33,573,146,100	\$ 37,833,571,100	\$ 41,486,662,700	\$ 43,373,927,900	\$ 43,416,860,100	\$ 41,006,321,300	\$ 38,259,730,000	\$ 35,311,186,696	\$ 33,469,297,136	\$ 34,555,160,677
<b>Legal Debt Margin</b>										
Debt Limit (3% of assessed value)*	671,462,922	756,671,422	829,733,254	867,478,558	1,302,505,803	1,230,189,639	1,147,791,900	1,059,335,601	1,004,078,914	1,036,654,820
Debt Applicable to limit:										
General Obligation Bonds	90,715,000	100,595,000	100,710,000	124,580,000	110,425,000	97,775,000	89,060,000	57,880,000	52,255,000	46,275,369
Less: amount reserved for repayment of general obligation debt	(3,793,808)	(6,098,546)	(6,783,501)	(39,109,079)	(33,675,182)	(33,266,623)	(25,845,390)	(7,865,698)	(7,873,365)	(5,838,954)
<b>Total Debt Applicable to Limit</b>	<b>86,921,192</b>	<b>94,496,454</b>	<b>93,926,499</b>	<b>85,470,921</b>	<b>76,749,818</b>	<b>64,508,377</b>	<b>63,214,610</b>	<b>50,014,302</b>	<b>44,381,635</b>	<b>40,436,415</b>
<b>Legal Debt Margin</b>	<b>\$ 584,541,730</b>	<b>\$ 662,174,968</b>	<b>\$ 735,806,755</b>	<b>\$ 782,007,637</b>	<b>\$ 1,225,755,985</b>	<b>\$ 1,165,681,262</b>	<b>\$ 1,084,577,290</b>	<b>\$ 1,009,321,299</b>	<b>\$ 959,697,279</b>	<b>\$ 996,218,405</b>
Total debt applicable to the limit as a percent of debt limit	12.9%	12.5%	11.3%	9.9%	5.9%	5.2%	5.5%	4.7%	4.4%	3.9%

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

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

# Dakota County, Minnesota

## DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Fiscal Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age<sup>2</sup></u>	<u>School Enrollment K thru 12<sup>3</sup></u>	<u>Annual Average Unemployment Rate<sup>4</sup></u>
2004	376,537	15,286,872,000	40,548	34.7	74,281	4.0
2005	381,027	15,915,188,000	41,706	35.2	74,033	3.7
2006	385,076	16,627,273,000	43,095	35.7	74,382	3.6
2007	389,418	17,541,174,000	45,045	34.6	73,342	4.1
2008	393,528	18,242,899,000	46,357	36.0	73,324	4.9
2009	390,478	17,594,416,000	44,374	34.6	73,033	7.3
2010	397,650	17,970,760,000	45,192	36.8	73,792	6.7
2011	400,480	18,612,486,000	46,475	36.5	73,193	6.1
2012	405,088	20,192,381,000	49,847	36.7	73,222	4.9
2013	408,509	NA	NA	36.7	72,263	4.7

*Data Sources:*

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

<sup>2</sup> US Dept Of Commerce, Bureau of Economic Analysis

<sup>3</sup> State Department of Education

<sup>4</sup> State Department of Employment and Economic Development  
2010 U.S. Census Bureau

## *Dakota County, Minnesota*

### PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	2004 <u>Employees</u>	Percentage of Total County <u>Employment</u>	<u>Employer</u>	2013 <u>Employees</u>	Percentage of Total County <u>Employment</u>
West Group	5,600	2.48%	Reuters Thomson West	7,000	3.01%
Independent School District 196	4,000	1.77%	Blue Cross-Blue Shield	3,550	1.53%
Burnsville Center	3,100	1.37%	Independent School District 196	3,500	1.51%
Northwest Airlines	2,400	1.06%	Burnsville Center	3,000	1.29%
Blue Cross-Blue Shield	2,200	0.97%	Prime Therapeutics	2,700	1.16%
Dakota County	2,000	0.88%	Dakota County	1,806	0.78%
Unisys Corporation	1,750	0.77%	Fairview Ridges Hospital	1,500	0.65%
Independent School District 191	1,600	0.71%	UTC Aerospace	1,500	0.65%
Lockheed Martin	1,450	0.64%	US Postal Service	1,481	0.64%
US Postal Service	1,435	0.63%	Independent School District 191	1,374	0.59%
Total County Employment	226,254	<u>11.28%</u>	Total County Employment	232,407	<u>11.81%</u>

*Source: Department of Employment and Economic Development*



## Dakota County, Minnesota

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

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>County Wide</b>										
County Wide	-	2.0	-	-	-	0.5	-	4.0	3.0	3.0
<b>Public Service</b>										
Public Service	10.9	10.4	10.1	10.1	10.1	10.3	10.3	9.3	10.3	10.3
Assessor	37.0	37.0	37.0	37.0	38.0	38.0	36.0	36.0	35.0	35.0
Property Records	22.3	22.3	23.3	23.3	-	-	-	-	0.0	0.0
Treasurer-Auditor	27.7	27.7	28.1	28.1	51.4	50.7	48.1	-	43.6	43.6
Service & Licensing	19.3	19.3	19.3	19.3	23.3	23.8	22.8	22.8	23.8	23.8
Library	141.8	142.6	148.9	148.9	158.9	158.9	150.9	143.4	135.9	135.9
<b>Operations Management</b>										
Risk Management									5.7	5.7
Information Technology	54.3	56.3	59.3	59.3	62.3	61.3	58.3	55.8	51.8	58.8
Financial Services	32.0	31.5	30.5	30.3	29.3	30.2	29.0	29.0	33.5	33.5
OMB Division Administration	4.9	3.0	6.0	8.0	9.0	11.0	4.0	2.0	0.0	0.0
Planning, Evaluation	6.0	6.0	6.0	6.5	6.5	13.8	13.8	12.0	12.0	12.0
CJIN	-	-	-	-	-	-	5.0	6.00	6.0	6.0
<b>Administration</b>										
County Administration	8.0	8.5	8.0	11.0	8.0	8.0	7.5	8.0	10.0	10.0
County Board	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Communications	-	-	-	-	8.0	8.0	7.6	7.1	6.1	6.1
Employee Relations	20.2	20.7	21.2	21.2	21.2	21.2	20.7	19.1	19.1	19.1
<b>Community Services</b>										
Community Services Administration	20.0	18.0	18.0	18.0	17.0	13.0	13.0	12.0	14.0	15.0
Social Services	266.6	269.6	263.7	264.5	276.5	285.5	279.5	268.0	297.5	298.5
Employment & Economic Assistance	242.7	243.7	244.7	243.7	248.7	250.7	252.7	243.0	245.5	244.6
Public Health	123.1	122.9	126.8	134.0	145.9	146.3	144.8	142.7	95.2	94.3
Veterans Services	7.0	7.0	7.0	7.0	8.0	8.0	8.0	6.0	6.0	6.0
Community Corrections	165.8	168.5	175.3	177.3	179.0	180.6	174.6	168.6	169.7	171.2
Extension	1.5	-	-	-	-	-	-	-	-	-
<b>Public Safety</b>										
Sheriff	161.5	170.7	180.2	169.3	175.3	176.3	173.3	171.3	171.3	171.3
<b>County Attorney</b>										
County Attorney	79.4	80.2	82.7	83.7	85.1	85.1	82.5	84.0	84.0	84.0
<b>Courts</b>										
District Court	80.4	-	-	-	-	-	-	-	-	-
<b>Physical Development</b>										
Office of GIS	8.0	8.0	10.0	10.0	10.0	8.0	8.0	7.0	7.0	0.0
Physical Development	5.0	15.8	18.0	24.6	22.4	20.9	16.9	16.9	20.5	20.5
Transportation	82.0	85.0	86.7	87.7	83.5	82.7	83.7	81.4	82.4	82.4
Operations Management	41.6	45.1	46.7	48.2	63.0	64.1	61.0	60.7	46.5	46.5
Parks	54.1	43.5	45.0	47.8	48.2	50.8	48.30	46.0	44.3	45.3
Water Resources	-	-	-	13.3	17.2	16.9	17.6	16.0	16.0	0.0
Physical Development Planning	12.8	11.8	10.8	-	-	-	-	-	-	-
Environmental	32.7	28.9	29.0	21.5	16.5	16.5	13.4	13.4	14.7	30.7
Survey	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>Total</b>	<b>1,784.6</b>	<b>1,722.0</b>	<b>1,757.3</b>	<b>1,768.6</b>	<b>1,837.3</b>	<b>1,856.1</b>	<b>1,806.3</b>	<b>1,706.5</b>	<b>1,725.2</b>	<b>1,728.0</b>

Source: Dakota County Departmental documents

**Dakota County, Minnesota**  
**Operating Indicators**  
**By Governmental Function**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
Property Documents Recorded	151,980	138,479	113,202	107,507	90,531	95,015	92,340	88,904	98,546	98,215
Employment Applications	8,810	7,718	15,558	14,160	10,699	6,526	6,565	14,080	15,035	15,392
County Veterans Population	31,776	30,987	31,000	30,500	29,974	29,854	29,671	29,481	27,617	N/A
New Adult Criminal Court Cases	4,636	4,821	4,815	4,836	3,970	3,773	3,660	3,712	3,799	3,664
Juvenile Delinquency Referrals	4,093	3,927	4,095	3,848	3,315	3,164	2,612	2,497	2,377	2,013
Commitment Referrals	232	237	246	277	258	254	218	188	243	249
Plat Reviews	251	261	202	157	84	54	37	55	51	62
<b>Public Safety</b>										
Probation Offenders Served	17,757	18,219	19,858	20,327	20,576	22,405	19,649	18,665	11,902	11,503
Community Restoration Hours Served	93,985	92,984	98,961	105,592	97,809	96,967	86,518	72,316	85,762	66,676
Driving While Impaired Arrests	193	282	307	269	249	247	215	162	209	144
Applications for Permit to Carry Handguns	572	566	741	756	1,541	1,263	1,323	1,701	2,765	4,394
Daily Inmate Responsibility Average	263	301	308	334	291	239	263	254	247	211
<b>Highways and Streets</b>										
Fuel Used (Diesel and Unleaded)	120,560	123,601	105,096	120,086	136,865	120,602	132,317	121,207	92,342	117,978
<b>Sanitation</b>										
Pounds of Household Hazardous Waste Collected	1,390,000	1,484,000	1,525,000	2,150,000	3,017,291	2,032,791	3,393,183	3,412,859	3,569,518	3,726,818
<b>Human Services</b>										
Intake and Crisis Calls	39,716	42,956	44,800	45,687	44,410	41,326	36,911	34,034	40,470	44,903
Average Monthly # of Children in Out-of-Home Placement	204	220	230	213	188	139	122	102	121	110
Chemical Health Assessments Completed	1,065	1,172	1,260	1,304	1,535	1,858	1,103	988	847	787
Public Assistance Caseload	12,706	13,593	14,513	15,000	16,075	17,850	19,635	21,173	21,979	22,700
Child Support Collections	\$45,827,907	\$46,592,308	\$47,584,658	\$47,890,683	\$49,497,925	48,324,209	47,243,560	47,385,912	47,316,219	46,646,864
Average # Families served - Child Care Assistance Programs	1,783	1,763	1,878	1,900	1,121	1,273	1,310	1,285	1,264	1,230
<b>Health</b>										
Family Health Referrals	915	765	863	812	1,011	842	618	693	651	582
WIC Clients	10,146	11,146	11,988	12,366	12,730	12,752	12,256	10,560	11,098	10,567
Long Term Care Clients on Medicaid Waiver	1,826	2,013	2,160	2,247	2,431	2,782	2,970	2,872	3,151	3,009
Number of Confirmed Tuberculosis Cases	20	29	31	27	21	23	15	14	16	25
Health Alerts Issued	31	27	19	30	24	68	27	18	35	24
Vaccinations Administered	3,701	3,693	2,745	3,630	3,596	4,895	4,952	4,585	3,236	3,045
<b>Culture and Recreation</b>										
Visitors to Library (Gate Counts)	1,625,621	1,665,874	1,918,538	1,809,828	1,942,459	2,193,975	2,114,952	2,074,789	1,930,725	2,057,720
Master Gardener Education Events	25	30	87	99	114	104	100	-	-	-
<b>Economic Development</b>										
Employment and Training Caseload	4,300	3,875	3,660	4,199	4,959	6,566	5,700	5,275	5,544	4,907
Number of Adults Program Participants Placed in Employment	1,596	920	1,025	1,084	1,300	1,201	1,035	1,429	1,167	1,445

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Government</b>										
Government Centers	3	3	3	3	3	3	3	3	3	3
<b>Public Safety</b>										
Justice Center	1	1	1	1	1	1	1	1	1	1
Patrol Units	84	85	72	74	84	95	105	105	105	105
Bituminous (miles)	353.3	352.7	354.7	353.2	352.8	350.1	356.2	356.2	356.2	359.7
Concrete (miles)	1.8	1.8	1.8	1.8	2.8	2.8	2.8	2.8	2.8	2.8
Gravel (miles)	77.5	72.4	70.4	70.4	67.9	67.5	65	65	61.5	56.5
Bridges	27	27	27	29	29	32	34	34	34	34
Traffic signals	107	111	113	132	133	134	134	134	134	134
Culverts	51	51	51	51	51	47	47	47	47	48
Highway Shops	4	4	4	3	3	3	2	2	2	2
<b>Culture &amp; Recreation</b>										
Acreage	4698	4698	4698	4698	5200	5900	5320	5044	5322	5382
County Parks	1	1	1	1	1	1	1	1	1	1
Regional parks & trails	5	5	5	5	5	6	8	8	8	8
Libraries	8	8	8	8	8	9	9	9	9	9

*Data Sources: Various county departments*

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