

Carver County, Minnesota Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2016
Prepared by the Carver County Financial Services Department



Coney Island of the West in Clearwater Lake, Waconia, Minnesota.

Residents encouraged to review County finances

This publication is an attempt to explain County finances and show how tax dollars are put to use. Most of the financial information in this report is taken from the County's 2016 Comprehensive Annual Financial Report (CAFR), which provides more detailed and complete financial information. The annual CAFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) and is audited by independent auditors. It receives an unmodified or "clean" opinion. The CAFR includes information on the Carver County Community Development Agency (CDA), a discretely presented component unit. This document does not include information on the CDA or agency funds. The Government Finance Officers Association (GFOA) has awarded Certificates of Achievement for Excellence in Financial Reporting to County CAFRs each year since 1996. This report is referred to as a Popular Annual Financial Report (PAFR) by the GFOA since it is designed to give the populace a more general, less technical, summary of county government and its financial condition. In addition to information from the CAFR, it includes condensed information from other County publications. Because this report is a summary, it does not conform to GAAP and reporting requirements for government entities and should not be used

as a substitute for the CAFR. This is the seventh year Carver County has produced this type of report. The County received an Award for Outstanding Achievement in Popular Annual Financial Reporting for the last six years and is submitting this report for GFOA review. We encourage taxpayers to use these reports as a starting point for understanding Carver County finances and operations. Included in this report is an overview of the organizational structure, demographics, financial statements, and highlights of projects in 2016. The PAFR is produced for use primarily as an online resource. This publication, the CAFR, and other financial reports can be viewed on the County website at www.co.carver.mn.us/departments/property-financial-services/financial-services. If you have questions, or would like a printed copy of this report sent to you, please call me at 952-361-1506 or email dfrischmon@co.carver.mn.us.



David Frischmon
Property and Financial Services Division Director



Pictured above, from left to right, are Carver County Commissioners Randy Maluchnik, Jim Ische, Gayle Degler, Tim Lynch, and Tom Workman. Elected county officials also include Sheriff Jim Olson, pictured above on the right, and County Attorney Mark Metz.

Carver County leaders committed to transparency in government

Carver County is governed by the Carver County Board of Commissioners who represent the five districts in the county. The Board and the County's two other elected officials, the County Sheriff and the County Attorney, are committed to making information on County finances and programs available to the public. More information on Carver County is available on its website, www.co.carver.mn.us.

Quick Facts on Carver County

County Established	1855
Land Area (square miles)	354.33
2016 Population Estimate	100,621
County Population Rank (of 87)	11th
Percent of Population over 65, 2016	10.8%
Percent of Population under 18, 2016	27.3%
2040 Population Estimate	161,020
Housing Units, 2016	37,532
Average Household Size, 2016	2.76
Median Age, 2015 estimate	36.9
Median Household Income, 2015	\$86,323
Per Capita Income, 2015 dollars	\$63,291
Percent Living in Poverty, 2016	4.5%
Total Labor Force, 2015	52,573
Unemployment Rate, 2016	3.6%

Major Employers Estimated No. Employees

Ridgeview Medical Center	1,600
Lifetime Fitness	1,218
Instant Web Companies	1,193
Strom Aviation	1,001
Entegris, Inc.	1,000

County divisions, departments support a full range of services

County Administrator



David Hemze is the head of County responsible for the management of County affairs. His division implements the directives, resolutions, ordinances, and policies of the County board.

Employee Relations



Kerie Anderka is the director of the Employee Relations Division. This division provides a full range of personnel services including personnel administration, staffing classification and compensation, staff benefits, labor relations, training and development, risk management and safety, and employee health and wellness.

Health and Human Services Division



Rod Franks is the director of the Health and Human Services Division. This division provides a wide variety of social services and public health services and supports to children and families, vulnerable adults, and individuals who are disabled, mentally ill, or medically compromised. The staff provides assessments and assists with applications for state and federal programs, makes referrals for community resources, and provides direct services related to local programs.

Property and Financial Services Division



Dave Frischmon is the director of the Property and Financial Services Division. This division is responsible for all phases of County budget planning, preparation and monitoring, and long-term financial planning, and it is responsible for a wide range of services related to taxation, surveying and land records, property assessment, elections, ditches and the operation of two license/service centers. This division performs accounting and payroll services, financial management, capital improvement planning, debt financing, fixed asset inventory, independent audit assistance, grant reporting contract management, and cash and investment management.

Public Services Division



Tom Vellenga is the director of the Public Services Division. This division provides library, environment, land management, planning, water management, technology, and veteran services for the County. Internally, it provides administrative, communications, facility, planning, and technological support for the County's operations. This division maintains a working relationship with the Historical Society, the Soil and Water Conservation District, and the Community Development Agency, which is a separate tax levy authority.

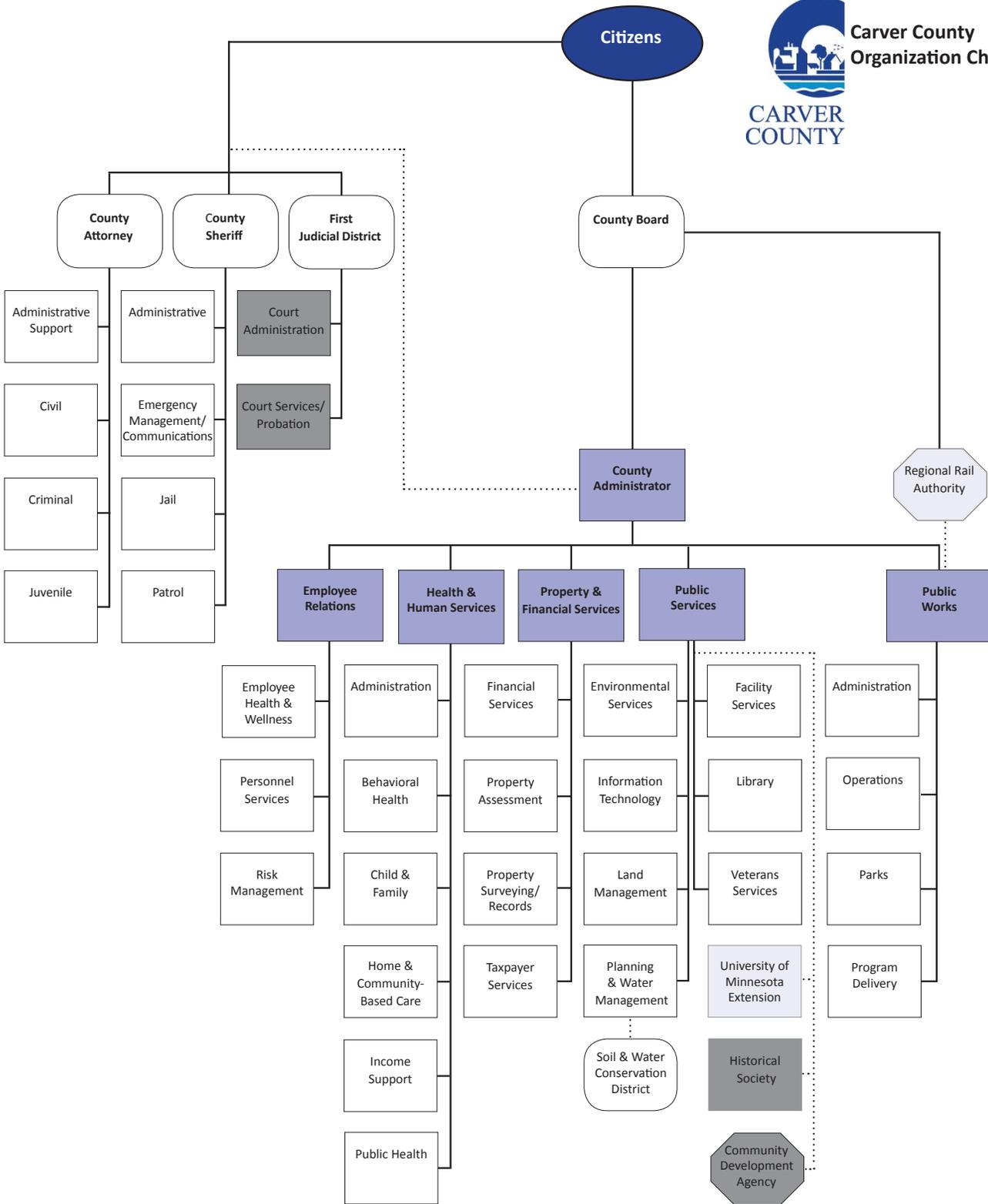
Public Works Division



Lyndon Robjent is the director of the Public Works Division. This division administers all functions associated with the County highway and County parks systems. This division also maintains a functional working relationship with the Carver County Regional Rail Authority, a separate tax levy authority that oversees designated rail transportation corridors in the County.

First Judicial Court

Judges Janet L. Barke Cain, Kevin W. Eide, Phillip T. Kanning, and Richard C. Perkins have been elected to serve as judges for the First Judicial Court. The District Court processes filings for civil, criminal, traffic, family, probate and juvenile matters. Court Administrator Mary Dalbec oversees Court Administration under the First Judicial Court. Eric Johnson serves as the director of Court Services/Probation, a community-based corrections agency that serves under the authority of Minnesota Statute 244 and the First Judicial District.



Key

Elected Officials	Divisions	Separate Agency With County Employee Positions	Separate Tax Levy Authority/County Commissioners
Direct Report	Departments	Separate Agency/Non-County Employees	Separate Tax Levy Authority/Non-County Employees
Indirect Report			

Improving, but Continually Challenging Economic Times...

With the Improving, but continually challenging economic times being experienced both globally and locally in Carver County; the 2016 budget responds to those challenges by making smart financial decisions. That ultimately results in a continued stable level of service for citizens. Financial planning policies and practices for Carver County are designed to maintain the County's commitment to a balanced budget: Every dollar budgeted to be spent during the fiscal year must be paired with an offsetting dollar of funding.

The 2016 Budget approved by the Board of Commissioners in December of 2015 called for total expenditures of \$99,436,679 balanced by an equal amount of revenue. The **Budget Comparison Table** compares the revenue and expenditure amounts for 2015 and 2016. The 2016 budget is an increase of \$4.92 million from the 2015 Budget with the most significant change being in Human Services and Street and Highway Construction for expenses that coincide with additional state and federal funds being received for social services and road and bridge projects.

How tax dollars are used

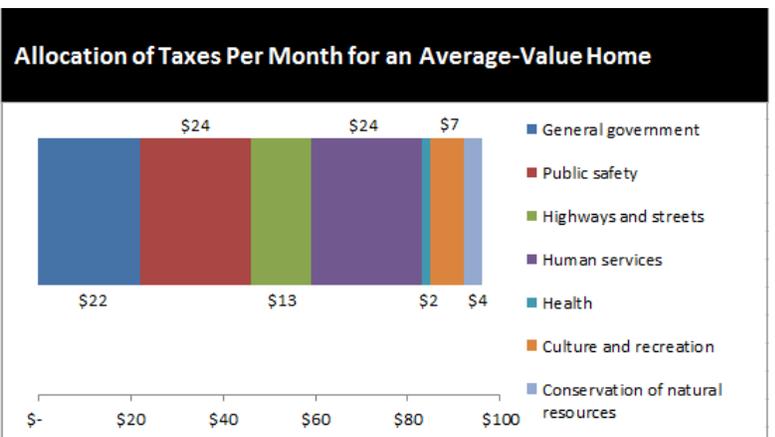
In 2016, owners of an average-valued home (a home valued at \$303,300) paid \$1,140 a year, or approximately \$95 a month, in County taxes.

The **Allocation of Taxes Per Month for an Average-Value Home Chart** indicates the breakdown of how those taxes were allocated in 2016. The largest allocations are for the Public Safety, General Government, and Human Services.

Sampling of Your Tax Dollars at Work:

- Maintain 274 miles of roads, 64 bridges, 899 acres of public areas
- Public Safety: patrol, jail, 9-1-1 center, courts & probation
- Human Services: Behavioral Health, Employment Services, Elderly/Disabled Transportation, Child Protection

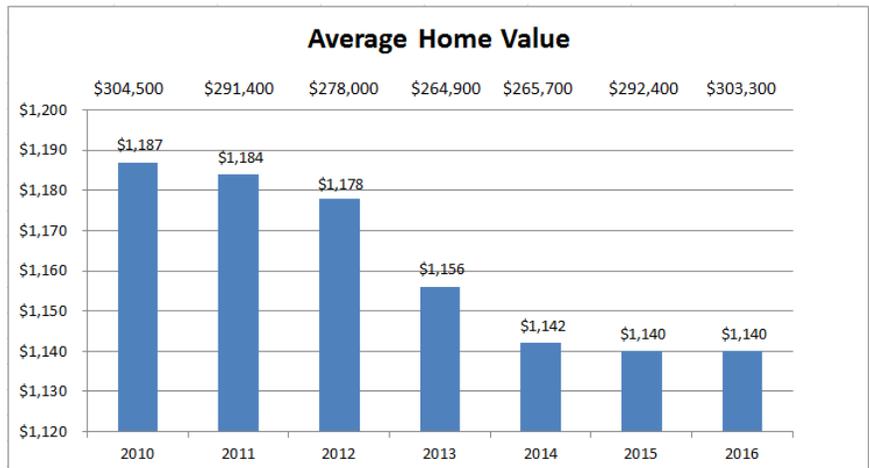
2015-2016 Budget Comparison		
Revenue	2015 Budget	2016 Budget
Tax Levy:		
County	\$ 49,861,920	\$ 50,196,200
Carver County Water Management Organization	575,498	656,958
Carver County Rail Authority	120,000	144,000
Special Assessments and Other Taxes & Penalties	1,754,963	1,856,463
Licenses and Permits	946,924	1,046,830
Intergovernmental	24,268,319	28,441,537
Charges for Services	11,866,348	12,519,270
Fines and Forfeits	225,586	225,586
Interest on Investments	1,644,661	1,644,661
Miscellaneous	2,554,731	2,705,174
Total Revenues	\$ 93,818,950	\$ 99,436,679
Expenditures		
General Government	\$ 19,367,770	\$ 20,593,652
Public Safety	19,192,141	19,521,214
Highway and Streets (excluding construction)	6,740,804	6,791,261
Human Services	20,757,161	22,355,580
Health	2,391,397	2,136,545
Culture and Recreation	5,222,806	5,384,735
Conservation of Natural Resources	3,413,432	3,685,841
Street and Highway Construction	6,361,998	9,820,808
Capital Outlay (includes buildings)	3,790,206	1,819,308
Debt Service- Principal	4,351,500	3,903,000
Interest and Fiscal Charges	1,461,365	1,846,365
Transfers Out	1,468,370	1,578,370
Total Expenditures	\$ 94,518,950	\$ 99,436,679
Capital Reserves Used	700,000	-



Budget reflects strategy to reduce tax impact on homeowners

The 2016 property tax levy of \$50,196,200 set by the County Board is an increase of \$380,780 (0.76%) from the 2015 levy. The levy increase captured the new construction tax base.

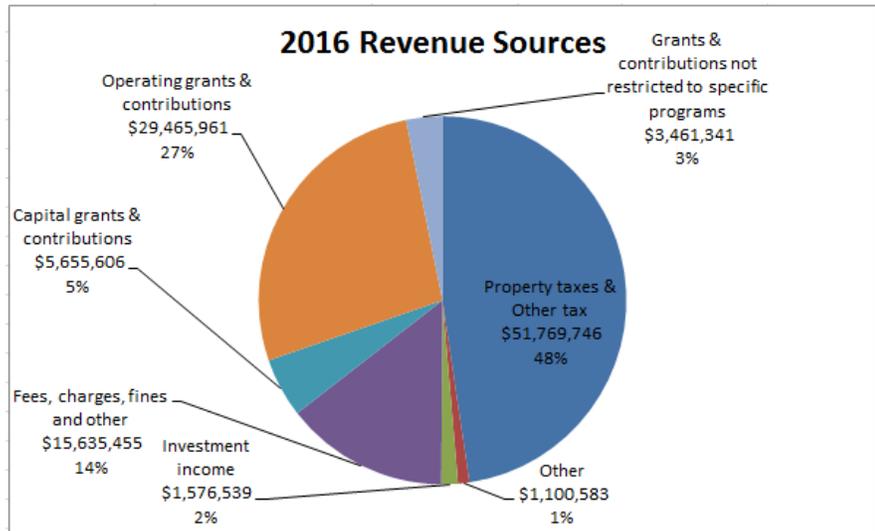
The 2016 Adopted Budget reinforced the Board's ongoing strategy to reduce the tax impact on the average-value home. The **County Property Taxes on Average-Value Home Chart** shows how the County's portion of the property tax bill on an average-value home has decreased or remained the same since 2009. It also shows how the average-home value decreased from 2010-2014 and now has increased in 2015 and 2016 to a value of \$303,300.



2016 Actual Revenue Sources: The Certified Property Tax Levy is the primary funding source for the County budget, and the source of revenue over which the County has the most control.

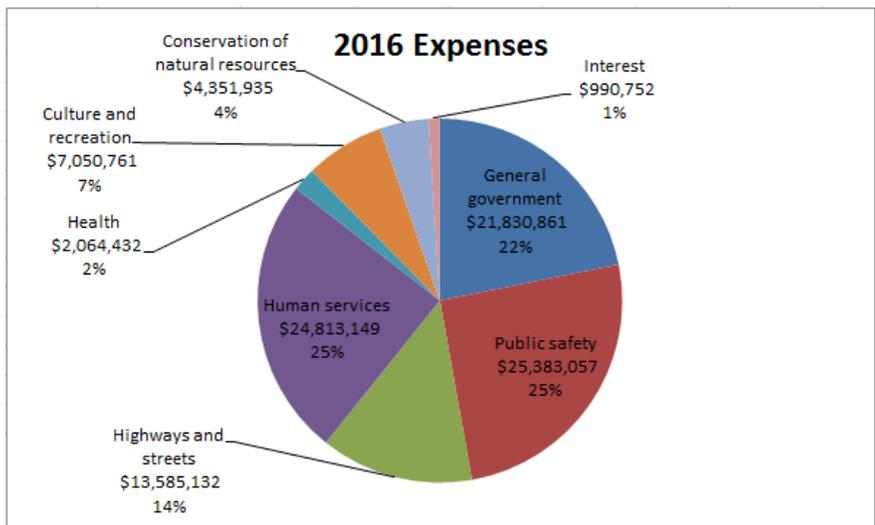
The preliminary levy for the following year is set by the County Board in September, and the levy is adopted in December. Once established, the property tax levy cannot be increased during the year. The County's annual budget includes the amount of property taxes levied for the year and estimated penalty fees.

In 2016, a combination of property taxes and special assessments comprised 48% of all revenue sources, as shown in the **2016 Revenue Sources Chart**.



2016 Actual Expenses: The County classifies expenses by function for General Government, Public Safety, Highways and Streets, Human Services, Health, Culture and Recreation, Conservation of Natural Resources, and Interest.

As the **2016 Expenses Chart** indicates, Human Services and Public Safety had the largest percentage of expenses in 2016, comprising 50% of the total.



Statements reflect County's net position, financial activity, total debt

Statement of Net Position

The County's Statement of Net Position offers a summary of what the County owns (assets) and owes (liabilities) to provide a snapshot of the financial health of the County in any given year. As in past years, the assets of Carver County have exceeded its liabilities at the close of the most recent fiscal year. The following is a summary of the County's Statement of Net Position. It can be found in much more detail in the 2016 Comprehensive Annual Financial Report (CAFR).

2015		2016	
Assets	\$368,218,201	Assets	\$390,966,156
Deferred Outflows of Resources*	6,151,297	Deferred Outflows of Resources	40,271,217
Liabilities	(94,731,791)	Liabilities	(139,589,065)
Deferred Inflows of Resources*	<u>(3,798,023)</u>	Deferred Inflows of Resources	<u>(7,407,663)</u>
Net Position, as restated	<u>\$275,117,892</u>	Net Position	<u>\$284,240,645</u>

The largest portion of the County's net position (85% or \$241,043,777 in 2016) reflects the County's net investment in capital assets (i.e. infrastructure, land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Approximately 10% of Carver County's net position (\$29,155,238) represents resources that are subject to external restrictions on how they may be used. These restrictions are imposed by grantors, contributors, laws, and governmental regulations and restrictions. Approximately 5% of the remaining balance of net position (\$14,041,630 unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

The County's Statement of Activities reflects all of the financial activity for the County during the fiscal year. It presents information to show how the County's net position changed during the year as a result of the financial activity (i.e. revenues and expenditures). This is a summarized version of the more detailed Statement of Activity found in the 2016 CAFR.

2015		2016	
Net Position, beginning of year, restated	\$252,246,044	Net Position, beginning of the year, restated	\$275,478,788
Revenues	111,384,674	Revenues	108,831,936
Expenditures	<u>(88,151,930)</u>	Expenditures	<u>(100,070,079)</u>
Net Position, end of year	<u>275,478,788</u>	Net Position, end of year	<u>284,240,645</u>
Change in Net Position	\$23,232,744	Change in Net Position	\$8,761,857

County revenues decreased in 2016 mainly from a decrease in property tax revenue due to an expiring Chaska TIF district that was received in 2015 in the amount of \$2,335,655. The County's total net position increased by \$8,761,857 from the end of Fiscal Year 2015 to the end of Fiscal Year 2016. This increase was primarily the result of an increase in capital assets that were largely, or partially, funded by non-County dollars such as the MN River Bluffs Trail, Coney Island purchase, and road and bridge projects.

Outstanding Net Total Debt

2015		2016	
General Obligation Bonds	\$25,117,349	General Obligation Bonds	\$30,828,356
General Obligation Notes Payable	13,439,062	General Obligation Notes Payable	14,549,197
Loans	<u>878,319</u>	Loans	<u>737,989</u>
Total	<u>\$39,434,730</u>	Total	<u>\$46,115,542</u>

As this summary of outstanding debt illustrates, the County's total debt increased by \$6,680,812 during the 2016 fiscal year, which is a 17% increase. The General Obligation (GO) Bond category increase relates to refunding bonds being issued. There was also further draw down on the MPFA notes payable, as well as, debt retirements. The 2016 CAFR offers information on outstanding debt in greater detail.

*Deferred outflows/inflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure), or an inflow or resources (revenue), until that time.

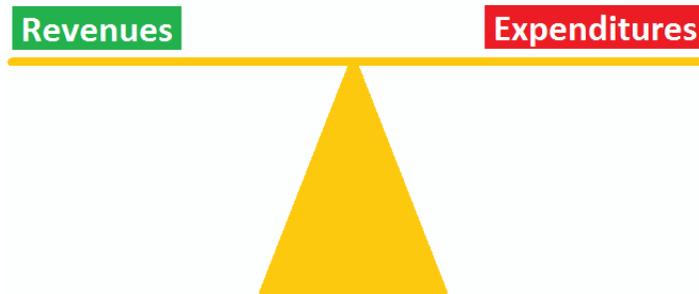
Statements reflect County's net position, financial activity, total debt (continued)

Comparative Revenue Sources

2015		2016	
Property taxes & other tax	\$54,160,050	Property taxes & other tax	\$51,769,746
Operating grants & contributions	28,898,485	Operating grants & contributions	29,465,961
Fees, charges, fines, and other	13,917,670	Fees, charges, fines, and other	15,635,455
Capital grants & contributions	9,324,391	Capital grants & contributions	5,655,606
Grants & contributions not restricted to a specific program	3,723,619	Grants & contributions not restricted to a specific program	3,461,341
Payment in lieu of taxes	172,997	Payment in lieu of taxes	166,705
Investment income	1,122,182	Investment income	1,576,539
Other	<u>65,280</u>	Other	<u>1,100,583</u>
Total	<u>\$111,384,674</u>	Total	<u>\$108,831,936</u>

Comparative Expense Functions

2015		2016	
General government	\$15,267,539	General government	\$15,543,460
Public Safety	21,879,618	Public safety	27,429,936
Highways and streets	13,683,801	Highways and streets	14,206,084
Human services	23,600,282	Human services	27,281,389
Health	2,471,990	Health	2,285,038
Culture and recreation	5,840,587	Culture and recreation	7,691,214
Conservation of natural resources	4,669,976	Conservation of natural resources	4,642,206
Interest	<u>738,137</u>	Interest	<u>990,752</u>
Total	<u>\$88,151,930</u>	Total	<u>\$100,070,079</u>



Community Updates

Financial Health

The financial health of the County received high rankings in 2016. The County's "AAA" bond rating was affirmed by Standard & Poor's (S&P) Global Ratings – good news for taxpayers in terms of getting the best interest rates for county construction projects and overall costs of borrowing.

Taxpayers also learned the 2017 Budget approved by the County Board this month will have no County tax impact on average value homes for the twelfth year in a row. The budget and the County's comprehensive and budget-in-brief annual reports continued to earn national certificates of excellence in 2016.

Coney Island

One of the bright spots in County finances in 2016 was the acquisition of Coney Island on Lake Waconia accomplished using a \$1 million grant from the Metropolitan Council, the final cog in a complex transfer of ownership of the island that involved a charitable pledge and donation agreement with the Norman and Ann Hoffman Foundation. The Foundation donated \$900,000 for cleanup and improvements to the 34-acre site. After months of public engagement activities and work on conceptual plans for how the main park area and Coney Island could be developed, the Carver County Board approved the revised Lake Waconia Regional Park Master Plan in October.

Southwest Reconnection Project

The County checked off another major accomplishment in its Public Works Division – the completion of the Southwest Reconnection Project. While the construction of a new four-lane Highway 101 Bridge and the Highway 101/County Highway 61 intersection reconstruction were completed in 2015, final work on the project – including completion of the bike trail – ended in 2016. The scope of the \$54 million project included construction of a 4,200-foot long, four-lane bridge over the floodplain of the Minnesota River, the bike trail, a roundabout at the "Y" intersection of the two highways, and additional improvements along County Highway 61.

Resilient Communities Project

The Public Services Division completed the Resilient Communities Project, a partnership program with the University of Minnesota that earned it a national award for project management. The program matched 11 County projects and 18 community partner projects with university staff members over the 2015-2016 school year. More than 350 graduate, professional and upper-division undergraduate students worked on projects related to environmental stewardship, housing opportunity, alternative transportation, human services, community engagement and education, building community identity, and effective administration.

Veteran Services

A 64% increase from 2015 in the total number of veteran office contacts (appointments and walk-ins) kept the three-person Veterans Services staff busy in 2016. They report \$33.4 million in federal dollars was awarded to Carver County veterans and their survivors through veteran claims and healthcare enrollment this past year. Veterans Services also hosted the first Carver-Scott Veterans Resource Fair, which drew 25 service providers and more than 300 individuals to the Chaska Event and Curling Center in April.

Child Support

Carver County continued to be a top performer on child support collection efforts ranking high among metro counties on Child Support Federal Measures, a joint accomplishment for the Health and Human Services Division and the Attorney's Office.

County Buildings

The Facility Services Department replaced 5,200 four-foot fluorescent tubes with LED tubes at no cost to the county by using an energy rebate program from the City of Chaska and a federal tax incentive program. The change is expected to save the County \$35,000 a year in energy costs. In addition, the Chaska License Center began construction on a new drive-thru window to provide another option to improve customer service. To protect the public and our employees, the County staff assessed the security of several County facilities and completed 15 projects to improve the security of several workplaces.



Ryder Cup

The Sheriff's Office partnered with other law enforcement agencies to ensure public safety during the 2016 Ryder Cup international golf event from Sept. 30 to Oct. 2 in Chaska that drew more than 250,000 people. Among the other county departments that worked in partnership with event organizers was the Environmental Services Department, which provided recycling and composting alternatives at the site.

New Road Techniques

Public Works continued to use new techniques for road work in 2016 including the use of an ultra-thin bonded wearing course, along with the traditional overlay methods, and full-depth recycling of older roads instead of complete reconstruction. The cost of reconstructing older roads is three times the cost of the full-depth recycling approach.

AIS Inspections

The County's AIS Program inspected more than 25,000 watercraft in 2016 in efforts to decrease the spread of aquatic invasive species.

Behavioral Health Grant

A \$227,000 grant from the Minnesota Department of Human Services awarded to the Behavioral Health Department is providing housing assistance and case management services to adults with serious mental illness who are homeless. The new program uses the Coordinated Entry housing assessment process for Carver County and Scott County that County staff was instrumental in developing and launching in 2016.

Victim/Witness Coordinator

The Attorney's Office was also successful in 2016 in being awarded a five-year grant for \$350,000 to hire a second Victim/Witness Coordinator to provide intensive victim-witness centered services.

High Voter Turnout

Carver County ranked third in the state in reporting election count totals. Voter turnout topped 90% in the 2016 election, and absentee votes represented a record 21% of the votes cast.

Safety Award

The Governor's Safety Award for Meritorious Achievement in Occupational Safety received by the Employee Relations Division recognized workplace health and safety efforts.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Carver County
Minnesota**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Jeffrey R. Egan
Executive Director/CEO

GFOA Award given for Popular Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Carver County for its Popular Annual Financial Report for the fiscal year ended December 31, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report in which the contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Financial Services staff believe the current report continues to conform to the Popular Annual Financial Reporting requirements and is submitting it to GFOA for review.

Popular Annual Financial Report

About this report

This type of community report is referred to as a Popular Annual Financial Report (PAFR) since it is designed to give the populace a general, less technical summary of county government and its financial condition. This report was produced in September 2017 for the fiscal year ended Dec. 31, 2016.

This PAFR was produced by Carver County using in-house resources. A limited number of copies have been printed on recycled paper and are available at the Carver County Government Center.

Taxpayers are encouraged to view the online edition of this report by visiting the Financial Services Department on the Carver County website www.co.carver.mn.us.

Carver County is an equal opportunity employer. Our staff welcomes your questions and comments. Please call the Financial Services Department at 952-361-1506 if you would like more information or have questions.

Carver County Financial Documents On The Web

www.co.carver.mn.us/departments/property-financial-services/financial-services



**CARVER
COUNTY**

Carver County Financial Services Department
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