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# Carver County Minnesota



# 2014

## Popular Annual Financial Report

Produced by the Carver County Financial Services Division, June 2015



**Carver County Financial Services**

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# 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 2014 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 and is audited by independent auditors. 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 using information from the CAFR, it includes condensed information from other county publications. Because this report is a summary, it does not conform to Generally Accepted Accounting Principles and reporting requirements for government entities and should

not be used as a substitute for the CAFR.

This is the fifth year Carver County has produced this type of report. The County received an Award for Outstanding Achievement in Popular Annual Financial Reporting for its 2010, 2011, 2012, and 2013 reports 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 2014.

The Financial Services Division staff produces the PAFR for use primarily as an online resource. **View this and the division's other financial reports on the County's website at [www.co.carver.mn.us/departments/finance/index.asp](http://www.co.carver.mn.us/departments/finance/index.asp).** 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](mailto:dfrischmon@co.carver.mn.us).



Dave Frischmon / 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. In 2014, Carver County began the process of revamping its website, [www.co.carver.mn.us](http://www.co.carver.mn.us), to further increase transparency and ease in accessing information.

## Quick Facts on Carver County

County Established	1855
Land Area (square miles)	357
<b>2014 Population Estimate</b>	<b>97,166</b>
County Population Rank (of 87)	11
Percent of Population over 65	9.4%
Percent of Population under 18	28.6%
<b>2040 Population Estimate</b>	<b>161,020</b>
<b>Housing Units, 2013</b>	<b>35,756</b>
Average Household Size, 2013	2.77
Median Age, 2013 estimate	36.7
<b>Median Household Income, 2013</b>	<b>\$82,333</b>
Per Capita Income, 2013 dollars	\$62,061
Percent Living in Poverty, 2013	4.5%
<b>Total Labor Force, 2013</b>	<b>51,358</b>
Unemployment Rate, 2014	3.6%
<b>Major Employers Estimated No. Employees</b>	
Emerson Electric Co.	1,600
Ridgeview Medical Center	1,600
Easter Carver County Schools ISD 112	1,300
Instant Web Companies	1,000
Carver County	924
Lifetime Fitness	900

# County government supports a full range of services

The organizational structure of Carver County includes eight divisions, and the departments, units and independent/separate agencies within those divisions. The following summarizes the work of the County's divisions and lists 2014 division directors:

## County Administrator David Hemze

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



David Hemze

## Tom Vellenga is the director of

### Administrative Services.

The division is responsible for the overall administration, planning, development and implementation of services conducted through



Tom Vellenga

Administration, Facility Services, Information Services, Library, and Veterans Services. The division has a working relationship with Carver County Historical Society and University of Minnesota Extension.

## Gary Bork served as the director of Community Social Services.

The division determines eligibility for financial assistance, food support, and health care coverage. It oversees the collection and transfer of child support, and it is responsible for licensing child and adult foster homes and family day care providers. The division provides mental health services, transportation services, and employment training and services.



Gary Bork

Kerie Anderka is the director of the **Employee Relations Division**. The 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, employee health and wellness.



Kerie Anderka

## Dave Frischmon is the director of the

### Financial Services Division.

The division is responsible for all phases of budget planning, preparation and monitoring, capital improvement and long-term financial planning, debt financing, payroll, financial reporting, general ledger, receipting, disbursements, contract encumbrance and control, inventory of fixed assets, independent audit assistance, grant coordination, and cash and investment management. The division provides accounting support to the various divisions and support for communicating financial issues to the County Board.



Dave Frischmon

## Mark Lundgren served as the director for Property Records & Taxpayer Services.

His division is responsible for a wide range of services relating to taxation, land records, assessment, vital statistics, elections, ditches, and the license service centers.



Mark Lundgren

Randy Wolf served as the director of the **Public Health & Environment Division**. The division assures the health

of the public is protected, maintained and enhanced. It is responsible for programs and projects relating to land, water, housing, environment, conservation, and development. It maintains a working relationship with the Carver Soil & Water Conservation District and the Carver County Community Development Agency (CDA), a separate tax levy authority that focuses on housing and economic development.



Randy Wolf

## Lyndon Robjent is the director of the

### Public Works Division.

The division administers all functions associated with the county highway, county parks, and county surveying systems. The division maintains a functional working relationship with the Carver County Regional Rail Authority (RRA), a separate tax levy authority that oversees designated rail transportation corridors in Carver County.

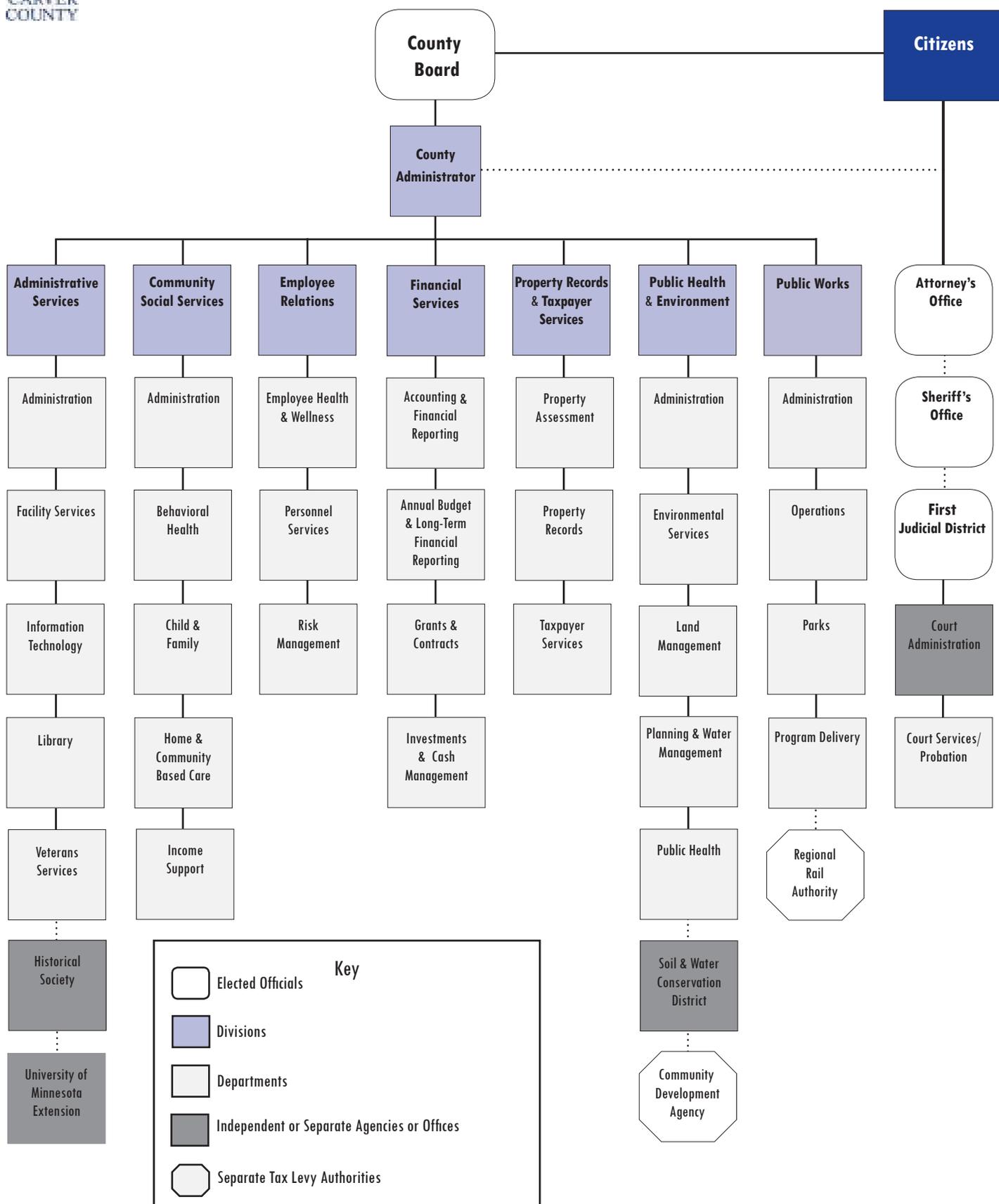


Lyndon Robjent

Four resident judges have been elected to serve the Carver County District Court in the **First Judicial District**: Janet L. Barke Cain, Kevin W. Eide, Philip T. Kanning, and Richard C. Perkins. Under the First Judicial District, Court Administrator Vicky L. Carlson oversees Court Administration. The District Court processes filings for civil, criminal, traffic, family, probate and juvenile matters. John Klavins served 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. The judges are State employees, and Court Administration operates under the State. Court Services/Probation employees are county employees.



# Carver County 2014 Organization Chart

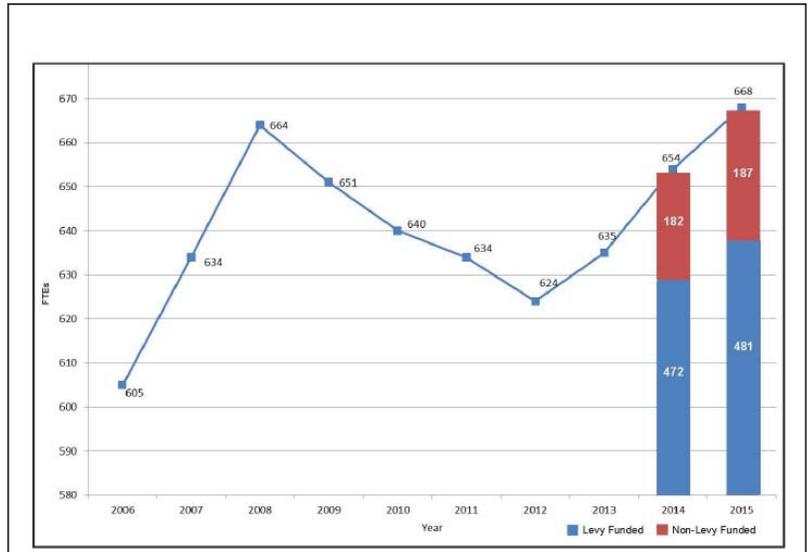


# County's 2013-2014 growth rate ranks No. 1 in state

Carver County is a growing county located approximately 30 miles west of Minneapolis, Minnesota. Considered part of the seven-county Twin Cities Metropolitan Area, the county remains a blend of rural and suburban populations. About 85% of land in the county is agricultural or rural open space.

Carver County ranks 11<sup>th</sup> out of 87 counties in Minnesota in terms of population. The county's 2014 population was estimated at 97,166. The percent change in the county's population from 2013 to 2014 was 1.78% which was the highest year-to-year growth rate in Minnesota. It is estimated Carver County will have a population of 161,020 by 2040.

The Carver County Government Center is located in Chaska, which is the County Seat and the largest city with a population of 25,270. Chanhassen is second in size with a population of 24,503. Other cities, ranked in order of population, are Waconia, Victoria, Norwood Young America, Watertown, Carver, Cologne, Mayer, Hamburg and New Germany.



Significant growth in the Carver County increases the need for public investment in infrastructure, and population growth is also the biggest factor related to service demand pressure for county government. Despite a significant increase in the county's population in the last decade, the total number of Full-Time Equivalent (FTE) employees employed by Carver County decreased from a high of 664 FTEs in 2008 to 621 FTEs in 2012. There were 654 FTE positions at the close of 2014, and 668 FTE positions were requested for 2015.

2013-2014 Budget Comparison		
Revenue	2013 Budget	2014 Budget
Taxes & Penalties	47,426,767	49,858,867
Licenses & Permits	714,760	891,430
Intergovernmental	23,037,627	63,068,584
Charges for Services	10,995,020	11,285,231
Fines & Forfeitures	240,834	230,834
Investment Earnings	2,185,067	2,150,661
Other Revenues	3,989,230	34,433,966
<b>Total Revenues</b>	<b>88,589,305</b>	<b>161,919,573</b>
Expenditures		
Public Assistance	4,581,935	4,203,351
Personal Services	52,514,847	56,451,735
Services & Charges	10,146,540	9,480,883
Material & Supplies	3,937,232	3,931,649
Capital Outlay	11,531,859	80,865,564
Debt Services	4,554,175	5,912,865
Other Expenses	(101,485)	(406,350)
Transfers	1,424,202	1,799,876
<b>Total Expenditures</b>	<b>88,589,305</b>	<b>162,239,573</b>
<b>Capital Reserves Used</b>	-	320,000

## 2014 Budget increase reflects large construction project costs

The 2014 Budget approved by the Board of Commissioners in December of 2013 called for total expenditures of \$161,919,573 balanced by an equal amount of revenue. The table compares the revenue and expenditure amounts for 2013 and 2014.

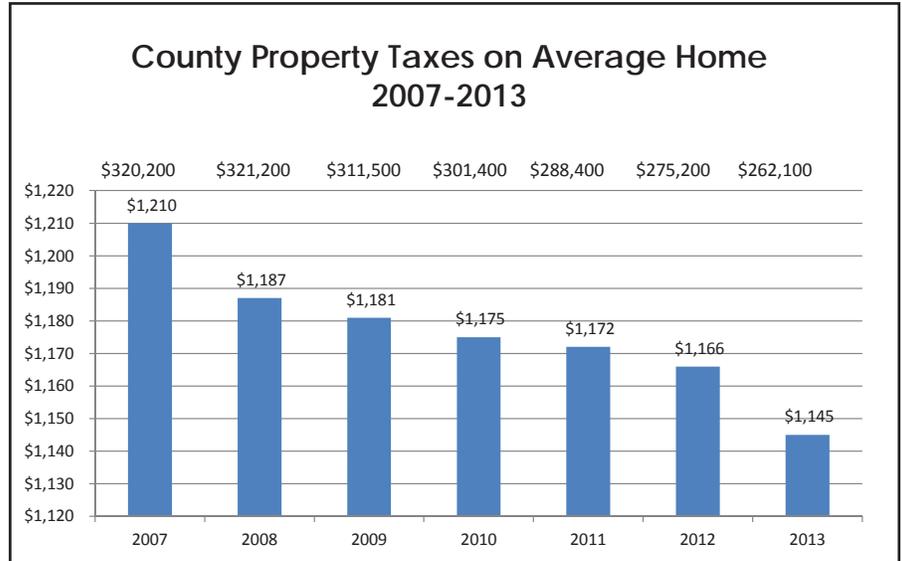
The 2014 Budget is an increase of \$73.7 million from the 2013 Budget with the most significant change being in Capital Outlay, Intergovernmental, and Other Revenues. The increases in both revenues and expenditures are primarily due to the Highway 101 River Crossing/Highway 61 reconstruction project known as the Southwest Reconstruction Project. This project is projected to cost \$53 million. It will be funded by State and local funds and a bond sale by the County. The \$320,000 in capital reserves is being used for the Next Generation Phone System. It will be paid with existing 911 fees set from recent years set aside in preparation of this purchase.

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.

# Strategy designed to reduce tax impact on homes

The 2014 property tax levy of \$47,546,920 set by the County Board is an increase of \$1,917,200 (4.2%) from the 2013 levy. The levy increase was limited to capturing new construction tax base plus a 2% adjustment for inflation.

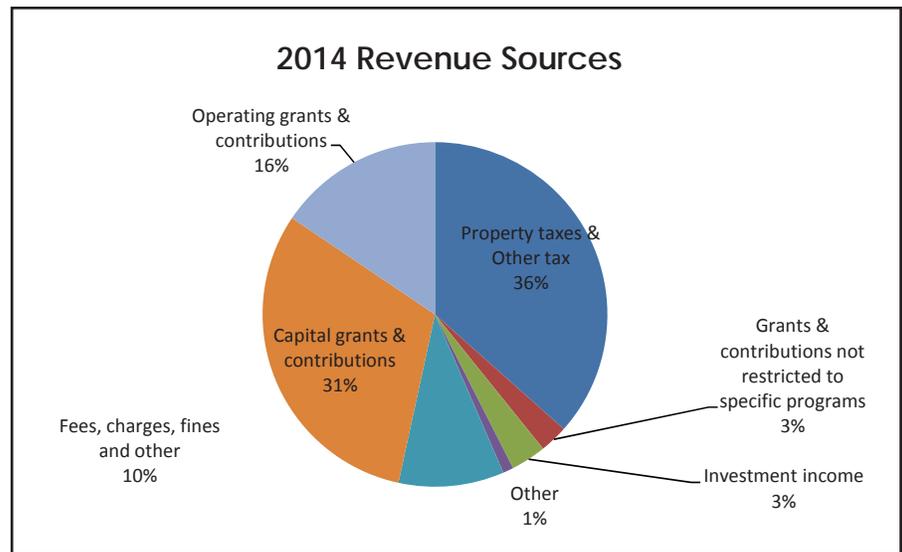
The 2014 Adopted Budget reinforced the Board's ongoing strategy to reduce the tax impact on the average-value home. The **County Property Taxes on Average Home Chart** shows how the County's portion of the property tax bill on an average-value home has decreased since 2008. It also shows how the average home value has decreased since 2008 when it was \$321,200. In 2014, the average value home was \$262,100.



**2014 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 levy request is determined by first applying all other funding sources against the costs for the budget year and then determining the amount needed to cover remaining costs.

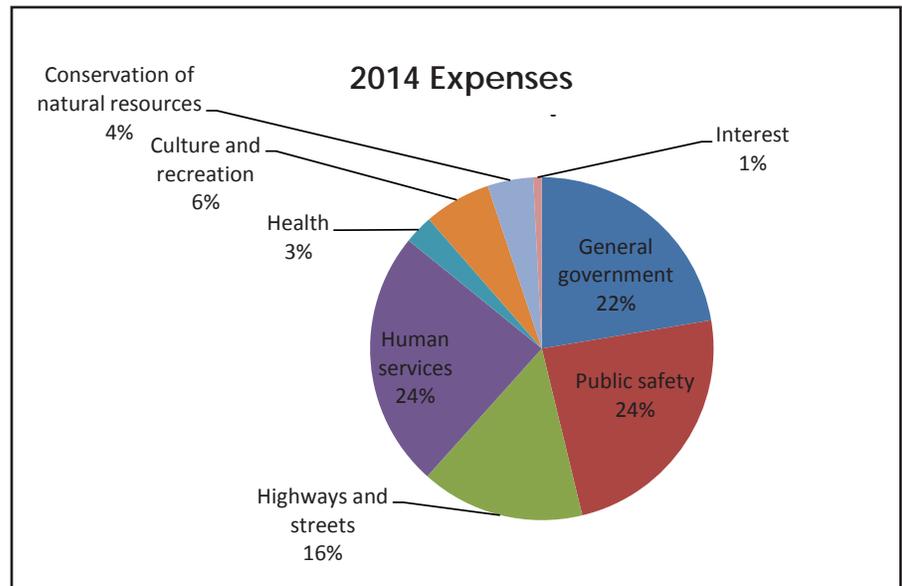
Once established, the property tax levy cannot be increased during the year. The County's annual budget includes the amount of property taxes levied for the year and estimated penalty fees.



In 2014, a combination of property taxes and special assessments comprised 36% of all revenue sources, as shown in the **2014 Revenue Sources Chart**.

**2014 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 **2014 Expenses Chart** indicates, Human Services and Public Safety had the largest amount of expenses in 2014, each comprising 24% of the total, followed by General Government at 22% and Highways and Streets at 16%.



# Statements reflect net position, financial activity for County

## 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 2014 Comprehensive Annual Financial Report (CAFR).

<b>2014</b>	Assets	\$335,313,235	<b>2013</b>	Assets	\$282,477,579
	Liabilities	(51,856,206)		Liabilities	(46,584,394)
	<b>Net Position</b>	<b>\$283,457,069</b>		<b>Net Position</b>	<b>\$235,893,185</b>

The largest portion of the County's net position (70 percent or \$197,728,098 in 2014) 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 13 percent of Carver County's net position (\$37,103,158) 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 17 percent of the remaining balance of net position (\$48,625,773 in unrestricted net assets) 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 expenses). This is a summarized version of the more detailed Statement of Activity found in the 2014 CAFR.

<b>2014</b>	Revenue	\$136,739,466	<b>2013</b>	Revenue	\$88,119,845
	Expenses	(89,175,622)		Expenses	(82,705,149)
	Net Assets, beginning of year	\$235,893,185		Net Assets, beginning of year	230,478,489
	<b>Net Assets, end of year</b>	<b>\$283,457,029</b>		<b>Net Assets, end of year</b>	<b>\$235,893,185</b>
	<b>Change in Net Assets</b>	<b>\$ 47,563,84</b>		<b>Change in Net Assets</b>	<b>\$ 5,414,696</b>

County revenues increased in 2014 mainly because the County received federal and state money for the Southwest Reconnection Project, which the County is lead agency on. The County's total net position increased by \$47,563,844 from the end of Fiscal Year 2013 to the end of Fiscal Year 2014. This increase was primarily the result of an increase in capital assets largely funded by non-County dollars, such as the Southwest Regional Trail, Weapons Screening, Southwest Reconnection Project and other road projects. Another factor that affected County's net assets was an increase in investment income.

## Outstanding Net Total Debt

<b>2014</b>	General Obligation Debt	\$28,146,667	<b>2013</b>	General Obligation Debt	\$26,354,561
	Capital Leases	1,051,707		Loans	1,243,245
	Compensated Absences	5,503,833		Compensated Absences	5,112,886
	<b>Total Debt</b>	<b>\$34,702,207</b>		<b>Total Debt</b>	<b>\$32,710,692</b>

As this summary of outstanding debt illustrates, the County's total debt increased by \$1,991,515 during the 2014 fiscal year, which is a 6% increase. There was a reduction in the Loans Payable balance, due to the repayment of loans to the state being larger than the loans issued during the year. There was an increase to Compensated Absences during 2014, which consists of earned but unpaid accumulated annual vacation or paid time off (PTO) and sick leave balances that an employee is eligible to receive upon termination. The General Obligation (GO) Debt category increase relates to the 2014A bond issue that will be used to help fund the Southwest Reconnection Project and other road projects. The increase to GO Debt is offset by the crossover refunding transaction executed on February 1, 2014, refunding the 2005A bonds. General Obligation Debt refers to municipal bonds for large projects that are paid for through general taxation or revenue from the projects. The 2014 CAFR offers information on outstanding debt in greater detail.

**The 2014 CAFR and other financial publications can be accessed in full from the Financial Services Division page on the County's website at [www.co.carver.mn.us/departments/finance/index.asp](http://www.co.carver.mn.us/departments/finance/index.asp).**

# Financial outlook stable as County proceeds with projects

## County retains bond rating, controls tax impact

Carver County remains financially sound as it retained the highest possible AAA bond rating in 2014.

In addition, the Board adopted a budget that, for the tenth year in a row, reduced or flat-lined the County's tax impact on the average-value home.

## Construction begins on 101 River Crossing project

Construction on the 101 River Crossing project began in 2014 under the direction of the County's Public Works Division. It is the biggest transportation project ever undertaken by the County and involves constructing a new four-lane highway to span the floodplain between the existing Highway 101 Minnesota River Bridge in Shakopee and County Road 61 in Chanhassen, a roundabout at the "Y" intersection and additional improvements along County Road 61, and a multi-use trail that will connect regional trails. Known as the South-west Reconnection Project, it will cost \$53 million, which will be paid for by State funding, local funding and a portion of the 2014A County bond sale for \$9.56 million.

More than 20,000 drivers cross the bridge on a daily basis. The regionally significant project will reduce the frequency and duration of road closures caused by seasonal flooding of the Minnesota River Valley. This will minimize regional and local transportation disruptions that occur when other area river crossings must be closed due to seasonal flooding. It will also minimize long-term maintenance and repair costs.

## Weather taxes County's road system

Public Works crews were called in for 42 snow and ice events in 2014 in what was a busy season for the road crew. Winter work was followed in June by extreme amounts of rainfall that caused flooding and road closures throughout the County. Road closures were posted on the County's website and the Office of Emergency Management issued flood safety tips for residents. It also convened local township and city officials to discuss flood conditions, road projects and road repair financing.

## Courts Building gains entry-point screening

The County in early 2014 held a ribbon cutting for the entry point for weapons screening in the Justice Center. The new screening equipment in the entryway addition serves the Court Services and Court Administration areas. The project was part of the County's ongoing efforts to increase security in County facilities.

## County staff register 2,700 new voters

The Taxpayers Services Department trained more than 400 election judges for the November Midterm Election and processed nearly 3,400 Absentee Ballots. The department registered 2,700 new registrants. Statewide, that was the second highest percentage of new voters based on the number of registered voters in each county. Voter turnout for the County was 65%.



## Staff readies Victoria Library, Carver Express Library

Library staff finalized efforts to ready the new Victoria Library for its opening. The new 4,000 square foot library is located in the recently constructed Victoria City Hall, 1670 Steiger Lake Lane. It features sections for children and teens and has 14 computers and eight iPads for public use and 12 laptops for computer classes.

Work was also finalized on the Express Library in Carver that opened in January of 2015. The Express Library is located in the new SouthWest Transit Station, 167 Hartwell Drive, Carver. Users can reserve library materials and pick them up from locker-style compartments that are accessed by punching in a code. The Express Library is open daily from 5:30 a.m. to 9 p.m. when the Transit Station is open.

## County ranks No. 1 in Health Outcomes

For the second consecutive year, Carver County ranked first in Minnesota for health outcomes, according to the 2014 County Health Rankings report released by the Robert Wood Johnson Foundation and University of Wisconsin Population Health Institute. Health outcomes include the collective years of life lost due to people dying before age 75, the percentage of people who report being in fair or poor health, and the rate of low birth weight infants. In these areas, Carver County's numbers are lower than state and national benchmarks. Carver County ranked third in health factors that contribute to health outcomes. Health factors include health behavior, clinical care, social and economic factors, and physical environment.

### **Children's Day Treatment Program opens**

Eastern Carver County School District 112 and Carver County opened The Anicca Program in 2014. The adolescent day treatment program serves students in grades 7-12 who have a mental health diagnosis such as Attention Deficit Hyperactive Disorder, Anxiety Disorder, Depression, or Mood Disorder. It provides academic instruction, individual, family and group therapy, emotional and social skills training, and various types of support and educational opportunities.

### **County promotes Hoks to Library Director**

Carver County Branch Manager Heidi Hoks emerged as the top choice for Library Director following a statewide search. She managed the Waconia, Norwood Young America, and Watertown libraries for five years and will now oversee the Library system with its seven libraries and two express libraries.

### **Social Services reducing foster care placements**

Social Services continues to reduce the number of children placed in foster care through use of its safety program. There were 44 children placed in foster care in 2014; 55% were in placements with relatives. There was only one placement in a Professional Foster Home. Ten years ago, the number of placements in foster homes was double what it was in 2014.

### **County purchases slots for homeless families**

The Beacon Interfaith Housing Collaborative opened Families Moving Forward Southwest in May to provide shelter for homeless families with children under 18. The shelter is provided by host congregations located in Carver County and Scott County. Carver County entered a one-year contract with Beacon to purchase a slot for homeless families.

### **County names new Veterans Services Officer**

Carver County's new Veterans Service Officer Dan Tengwall took the oath of office at the Sept. 2 County Board meeting. Tengwall previously worked on pensions at the U.S. Department of Veterans Affairs in Minneapolis and served as a Veterans Service Representative for Hennepin County.

### **Record number complete youth program**

A record number of youth completed the Summer Youth Employment Program. A total of 36 teenagers started and 33 teenagers completed the 10-week employment program. The program is designed to help youth from low-income and disadvantaged households.

### **License Centers reach revenue milestone**

The License Centers located in Chaska and Chanhassen continue to serve increasing numbers of residents. They reached the milestone of collecting more than \$1 million in revenue.



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, 2013**

Executive Director/CEO

### **GFOA Award given for Popular 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 Dec. 31, 2013. 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, whose 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. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

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Taxpayers are encouraged to view the online edition of this report by visiting the Financial Services Division page on the Carver County website [www.co.carver.mn.us](http://www.co.carver.mn.us).

Carver County is an equal opportunity employer. Our staff welcomes your questions and comments. Please call the Financial Services Division 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/finance/index.asp](http://www.co.carver.mn.us/departments/finance/index.asp)



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