

SCOTT COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDING, DECEMBER 31, 2017



Mission: To advance safe, healthy, and livable communities through citizen-focused services.

Prepared by the Office of Management and Budget



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared by the Office of Management and Budget

Scott County

Geographic Location in Minnesota



**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

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SHAKOPEE, MINNESOTA**

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

INTRODUCTORY SECTION

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SCOTT COUNTY GOVERNMENT CENTER

Office of Management and Budget

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<http://www.co.scott.mn.us>

DATE: June 19, 2018

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

Subject: 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) of Scott County is submitted for the fiscal year ended December 31, 2017. The County's Office of Management and Budget prepared this report in conformity with generally accepted accounting principles (GAAP) in the United States of America. Responsibility for both the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and sets forth the financial position and results of operations and cash flows of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

Independent Audit

Minnesota State Law requires an audit to be made of the books of account, financial records, and transactions of the County. This requirement has been complied with and the Auditor's report has been included in this report.

Single Audit

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It provides for a single independent audit of the financial operations, including the 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 policies and procedures and are continually reviewed, evaluated, and modified to meet current needs.

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 the MD&A and should be read in conjunction with it.

Profile of the Government

Scott County was organized in 1855 as a County in the State of Minnesota. It has an area of 375 square miles including 11 full and fractional townships and 7 incorporated municipalities. The 2017 population was 145,827. It is one of seven counties comprising the Twin Cities metropolitan area. The County seat, Shakopee, is located on the Minnesota River 25 miles southwest of the state capital, St. Paul.

Scott County operates under an elected five-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 day-to-day operations of the government, and for appointing the heads of 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; courts and probation services; tax assessment and collection; vital statistics and public records; health and human services; highways, parks, public works and planning; environment 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 to be 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 County and the entity was such that exclusion would cause the County's basic financial statements to be misleading or incomplete. Scott County has two blended component units: the Scott County Regional Railroad Authority (Authority) and the Scott Watershed Management Organization (WMO). The Authority was created pursuant to Minnesota Statutes. The Scott County Board of Commissioners appoints the Authority's five member board and the WMO's five member board. The Scott County Community Development Agency is a discretely presented component unit. The Agency was established in 1980 pursuant to special Minnesota legislation. Its five member board is also appointed by the Scott County Board of Commissioners.

Budgetary Controls

The annual budget serves as the foundation for the Scott County Government financial planning and control. The County budgets at a more detailed level than is required by law in Minnesota or for federal programs. The budgets are developed by divisions and departments on a line item basis 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 1st of the year. Budgetary control has traditionally been maintained at the department category level.

Division and department managers are held responsible for their budget performance. Compliance with budgets is essential for the County to maintain its sound financial condition.

Financial Policies

The County has a fund balance policy mandating a minimum threshold for the General Fund. The policy requires a minimum unrestricted fund balance (committed, assigned and unassigned) at year end of 25-30% of operating expenditures.

Economic Condition and Outlook

Scott County is in the Southwest quadrant of the Twin Cities Metropolitan Region. It is strategically located near an international airport, major rail lines, navigable rivers, and major interstate highways. The economic condition and outlook for Scott County reflects the economic vibrancy of the Metropolitan Region.

Key Economic Indicators

Scott County continues to be one of the fastest growing counties in Minnesota. From 2010 to 2017 Scott County grew by 12.3% and was the fastest growing county in Minnesota on a percentage growth basis.

Economic Indicators	Amount	Annual Percent Change
Unemployment Rate (2017)	3.2%	(0.1%)
Number of Households (2016)	47,154	0.7%
Population (2017)	145,827	1.5%

Population

The U.S. Census Bureau estimates that the population in the County had increased to 145,827 by July 1, 2017. Scott County has the 9th largest population out of the 87 counties in Minnesota.

Economy

Scott County continued to enjoy lower unemployment rates than the State of Minnesota and the United States in 2017. Scott County has a median household income (\$90,198); that is consistently among the highest of the counties in Minnesota. Approximately 5.5 percent of Scott County's residents live in poverty. The poverty rate is consistently among the lowest in Minnesota.

Property Values and Taxation Trends

Scott County has experienced an increase in property values for the past four years from 2014 through 2017 after four years of declining property values. In 2017 Scott County experienced an increase of 4.0%, bringing its property values to 107.6% of the 2010 level.

Year	Estimated Market Value		Assessed Valuation/ Tax Capacity Amount
	Amount	Percentage Growth	
2012	\$13,986,614,300	(1.5)%	\$147,880,081
2013	\$13,274,718,800	(5.1)%	\$140,113,811
2014	\$13,606,908,300	2.5%	\$144,285,577
2015	\$14,849,174,900	9.1%	\$158,806,171
2016	\$15,704,212,500	5.8%	\$168,324,337
2017	\$16,337,842,200	4.0%	\$177,304,584

Gross tax capacity has correspondingly increased or decreased as market values have increased or decreased.

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 Scott County for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The timely preparation of this report could not have been accomplished without the professional and dedicated hard work of the entire staff of the Office of Management and Budget. Also, cooperation was essential from many other departments. 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,

A handwritten signature in black ink, appearing to read "Daniel Lenz", written in a cursive style.

Daniel Lenz
Chief Financial Officer

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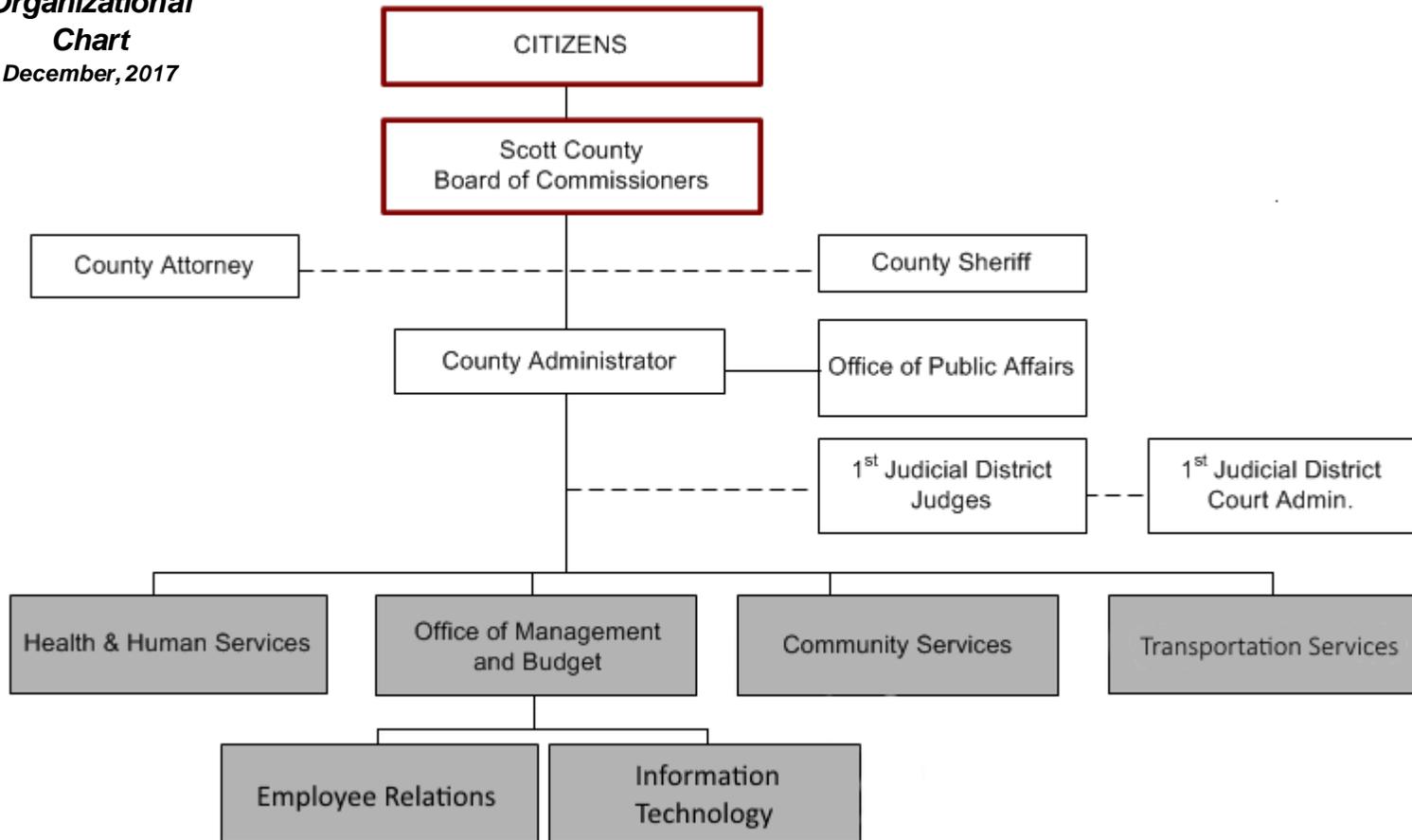
**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

ORGANIZATION

Elected			Term Expires
Commissioners			
Chair	Tom Wolf	District 2	December 2020
Vice Chair	Barb Weckman Brekke	District 1	December 2020
Board Member	Michael Beard	District 3	December 2018
Board Member	Jon Ulrich	District 5	December 2018
Board Member	Dave Beer	District 4	December 2020
Attorney	Ronald Hocevar		December 2018
County Sheriff	Luke Hennen		December 2018
Appointed			
Administrator	Gary Shelton		Indefinite
Agricultural Inspector	Nick Reishus		Indefinite
Assessor	Michael Thompson		December 2020
Auditor / Treasurer	Cindy Geis		Indefinite
Deputy Administrator	Lezlie Vermillion		Indefinite
Drainage Inspector	James Hentges		Indefinite
Highway Engineer	Anthony Winiecki		April 2020
Human Services Director	Pam Selvig		Indefinite
Surveyor	James Hentges		May 2019
Veteran's Services Director	Jerry Brua		August 2018



**County
Organizational
Chart**
December, 2017





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Scott County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

FINANCIAL SECTION

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Scott County
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County, Minnesota, as of and for the year ended December 31, 2017, 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 Scott County Community Development Agency, the discretely presented component unit. 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 discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Governmental Accounting Standards Board, 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 Scott County's basic financial statements. The introductory section, the supplementary information, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of Scott 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 solely 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 effectiveness of Scott County's 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 Scott County's internal control over financial reporting and compliance. It does not include the Scott County Community Development Agency, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 19, 2018

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(Unaudited)**

The Financial Management of Scott County offers the readers of Scott County's financial statements this narrative overview and analysis of the financial activities of Scott County for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of Scott County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$399,837,594 (net position). Of this amount, \$32,193,747 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total assets and deferred outflows of resources decreased by \$16,577,621. This decrease is largely due to the paying off of two debt issuances with advanced refunding bond proceeds.
- As of the close of the current fiscal year, Scott County governmental funds reported combined ending fund balances of \$76,369,367. Approximately 89% of this amount, \$68,333,794, is available for spending at the government's discretion (unrestricted fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$35,451,578, or 36% of the total General Fund expenditures.
- Scott County's general obligation bonds and loans payable decreased by \$22,930,987 or 28% during the current fiscal year. The key factor in this decrease was paying off two debt issuances from advanced refunding bond proceeds and the scheduled payment of principal during 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Scott County's basic financial statements. Scott County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial

statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of Scott County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference (assets plus deferred outflows of resources less liabilities and deferred inflows of resources) being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Scott County is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 only 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 have functions of Scott County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Scott County include general government, public safety, highways and streets, sanitation, transit, human services, health, culture and recreation, conservation of natural resources, and economic development.

The government-wide financial statements include not only Scott County itself (known as the primary government), but also a legally separate Scott County Community Development Agency for which Scott County is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23 – 27 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Scott County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of Scott County can be divided into three 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 statement. 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.

Scott County maintains ten individual governmental funds. 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 General Fund, Watershed Management Organization Fund, Road and Bridge Construction Fund, Capital Improvement Fund, and Debt Service Fund all of which are considered major funds. Data from the Ditch Fund, Regional Railroad Authority Fund, Law Library Fund, Transportation Initiative Fund, Regional Training Facility Fund are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Scott County adopts an annual appropriated budget for its five major governmental funds and its nonmajor governmental funds except the Ditch Fund, Regional Railroad Authority Fund, Regional Training Facility Fund and the Transportation Initiative Fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 28 – 38 of this report.

General Fund. The General Fund is used to account for all financial resources except those to be accounted for in another fund.

Special Revenue Fund. Special Revenue governmental funds account for the proceeds of specific revenue that are restricted, committed or assigned to expenditures for specific purposes. The Special Revenue Funds include:

- Ditch
- Law Library
- Regional Railroad Authority
- Regional Training Facility
- Transportation Initiative
- Watershed Management Organization

Capital Projects Fund. The Capital Projects Funds track major construction projects. The Capital Projects Funds include:

- Road and Bridge Construction
- Capital Improvement

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

Proprietary funds. Scott County uses only one type of proprietary fund. Internal Service funds are an accounting device used to accumulate and allocate costs internally among Scott County's various functions. Scott County uses an internal service fund to account for its self-insurance and an additional internal service fund to fund future other postemployment benefits in a revocable trust fund.

The proprietary fund financial statements can be found on Exhibits 7 through 9 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because resources of those funds are not available to support Scott County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits 10 and 11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 – 104 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented at the beginning of the supplementary information section. Combining and individual fund statements and schedules can be found on pages 121 and 122 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Scott County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$399,837,594 at the close of the most recent fiscal year.

Net investment in capital assets of \$353,255,239 (e.g., land, land improvements, buildings, machinery, furniture, equipment and vehicles, infrastructure and construction in progress, less any depreciation and related debt used to acquire assets that is still outstanding) represents 88% of total net position. Scott County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Scott County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 4% of Scott County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$32,193,747 or approximately 8% may be used to meet the government's ongoing obligations to citizens and creditors.

	Governmental Activities	
	2017	2016
Current and other assets	\$ 118,936,160	\$ 120,621,333
Capital assets	409,718,831	409,473,887
Total assets	<u>\$ 528,654,991</u>	<u>\$ 530,095,220</u>
Deferred Outflows of Resources	<u>\$ 22,719,986</u>	<u>\$ 37,857,378</u>
Long-term liabilities outstanding	\$ 123,272,927	\$ 165,507,905
Other liabilities	7,642,922	7,485,548
Total liabilities	<u>\$ 130,915,849</u>	<u>\$ 172,993,453</u>
Deferred Inflows of Resources	<u>\$ 20,621,534</u>	<u>\$ 7,337,643</u>
Net Position:		
Net investment in capital assets	\$ 353,255,239	\$ 349,716,847
Restricted	14,388,608	28,876,416
Unrestricted	32,193,747	9,028,239
Total net position	<u>\$ 399,837,594</u>	<u>\$ 387,621,502</u>

At the end of the current fiscal year, Scott County is able to report positive balances in all three categories of net position. The same held true for the prior fiscal year.

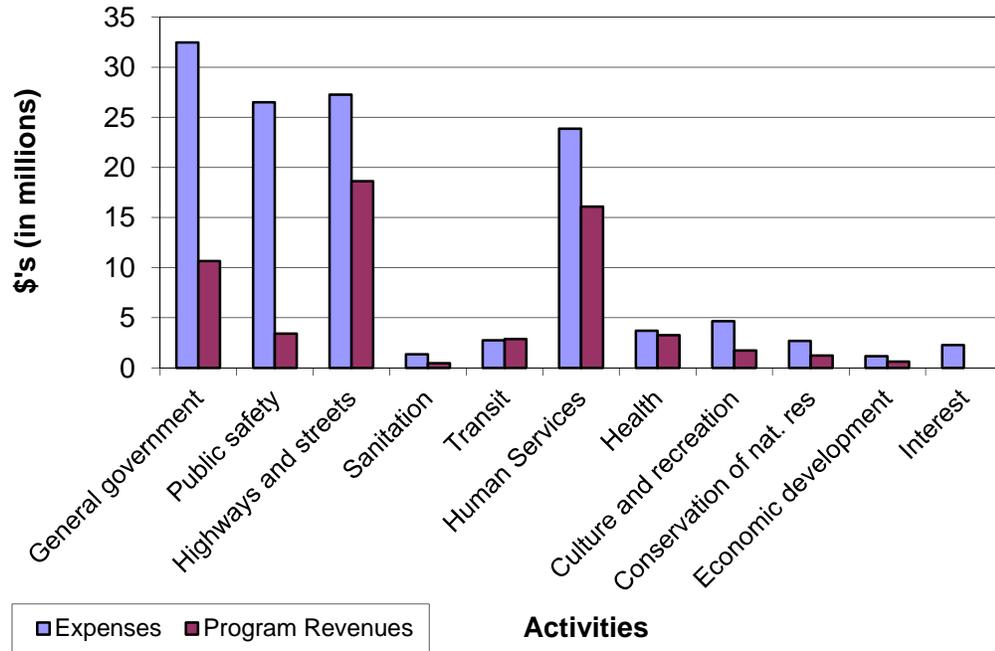
Key elements of the increase in net position are as follows: Scott County's net position increased by \$12,216,092 during the current fiscal year. This increase is the combination of many surpluses and deficits but the primary changes occurred from the construction of highways and streets in Scott County. In 2017 Scott County continued construction expansion of County Highways 16, 21, 27, 42 and 83. County Highways 16, 21, 27, 42 and 83 had \$4,704,787 of construction work completed during 2017. The construction expenses of these projects are capitalized for the government-wide statements and depreciated over the useful life of the assets.

Scott County's Changes in Net Position

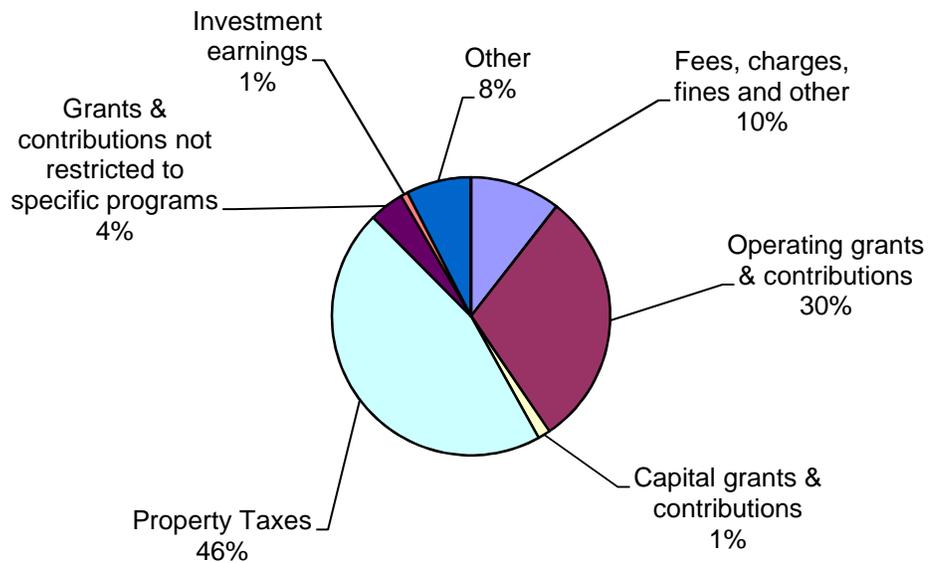
	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Fees, charges, fines and other	\$ 14,823,734	\$ 15,021,746
Operating grants & contributions	42,256,502	46,869,060
Capital grants & contributions	2,015,050	6,049,778
General revenues:		
Property taxes	64,348,387	61,554,040
Payment in lieu of taxes	82,391	74,575
Grants & contributions not restricted to specific programs	5,722,964	5,670,325
Investment earnings	1,125,514	853,255
Miscellaneous	10,587,957	10,417,750
Total Revenues	\$ 140,962,499	\$ 146,510,529
Expenses:		
General government	\$ 32,474,886	\$ 30,298,725
Public safety	26,497,355	25,910,680
Highway and streets	27,256,091	22,056,070
Sanitation	1,371,142	1,603,079
Transit	2,761,710	2,601,358
Human services	23,866,045	23,712,167
Health	3,712,501	3,426,764
Culture and recreation	4,663,308	5,222,454
Conservation of natural resources	2,698,916	3,571,073
Economic development	1,171,284	1,315,879
Interest	2,273,169	3,045,973
Total Expenses	\$ 128,746,407	\$ 122,764,222
Change in net position	\$ 12,216,092	\$ 23,746,307
Net position 1/1	387,621,502	363,875,195
Net position 12/31	\$ 399,837,594	\$ 387,621,502

Revenue decreased in 2017 and this was primarily due to a decrease in grant funds on road construction projects. Operating grants and contributions decreased by \$4,612,558. The primary drivers for this decrease were decreases in state highway user tax funding, disaster grant funding and city contributions for services performed by the highway department. Expenses increased by \$5,982,185 with the largest change coming from the increased expenses for highway maintenance including highway overlays.

Expenses and Program Revenues – Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Scott County *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Scott County's financing requirements. In particular, unrestricted fund balances 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 the current fiscal year, Scott County's governmental funds reported combined ending fund balances of \$76,369,367, a decrease of \$13,342,030 in comparison with the prior year. Of the total amount, \$68,333,794, constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is considered nonspendable or restricted to indicate that it is not available for new spending because it has been restricted for various reasons either by state law, grant agreements, or bond covenants. The main driver in the decrease in fund balance was from the payoff of debt issuances from advanced refunding bond proceeds. The restricted fund balance associated with these bonds decreased by \$18,789,907 in 2017.

The General Fund is the chief operating fund of Scott County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$35,451,578, while total fund balance increased to \$41,945,104. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and the total fund balance to total fund expenditures. Unrestricted fund balance represents 36% of total General Fund expenditures, while total fund balance represents 43% of that same amount.

The fund balance of Scott County's General Fund increased by \$1,214,589 during the current fiscal year. Many favorable variances caused the fund balance to increase including donations to the library that will be used at a later date. Increased Building Inspections revenue due to 3 solar farm installations in the community. Increased Land Records recording documents from increases in sales of properties and low interest rates caused increased revenue. Decrease in the number of adult placements. Increase in revenue due to an influx of clients with developmental disabilities.

The Watershed Management Organization Fund had a total fund balance of \$502,041 at the end of the current fiscal year. The fund balance of the Watershed Management Organization Fund decreased \$18,568 during the current fiscal year due to increased expenses on projects during 2017.

The Road and Bridge Construction Fund had a total fund balance of \$28,275,723 at the end of the current fiscal year. The fund balance of the Road and Bridge Construction Fund increased by \$4,389,941 during the current fiscal year was due to the second full year of transportation sales tax received in 2017.

The Capital Improvement Fund had a total fund balance of \$3,425,236 at the end of the current fiscal year. The Capital Improvement Fund decreased by \$175,098 during the fiscal year. This decrease was primarily due to not completing as many projects as was planned during 2016 and completing them in 2017.

The Debt Service Fund had a total fund balance of \$680,524 at the end of the current fiscal year. The Debt Service Fund decreased by \$18,789,907 during the current fiscal year. The decrease was the result of paying off two bond issuances with the proceeds from advanced cross-over refunding bonds.

The Ditch Fund had a total fund balance of \$111,897 at the end of the current fiscal year. The fund balance of the Ditch Fund decreased by \$14,029 during the fiscal year. This decrease was due to increased ditch projects in 2017.

The Regional Railroad Authority Fund had a fund balance of \$95,869 at the end of the current fiscal year. Fund balance decreased by \$76 due to operational expenses of the fund.

General Fund Budgetary Highlights

There were no changes between the original and the final budget for 2017.

The variance of the final budget versus actual was due to a variety of favorable financial results. Many favorable variances caused the fund balance to increase including donation to the library that will be used at a later date. Increased revenues in Building Inspections due to 3 solar farm installations. Increased sales of properties and low interest rates caused increased revenue from recording of land property documents. There was a decrease in the number of adult placements.

Capital Asset and Debt Administration

Capital Assets. Scott County's investment in capital assets for its government as of December 31, 2017, amounted to \$409,718,831 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Scott County investment in capital assets for the current year was less than a .06%.

Major capital asset events during the current fiscal year included the following:

- Continued infrastructure construction on highways. Completions of road construction projects for Highways 6, 8, 16, 60 and 83 amounted to an increase to infrastructure of \$16,228,628. With the completion of these construction projects the construction in progress decreased by \$16,447,951.

**Scott County's Capital Assets
(net of depreciation)**

	Governmental Activities	
	2017	2016
Land	\$ 92,684,192	\$ 90,864,330
Land Improvements	1,130,971	741,143
Buildings	45,566,464	47,110,855
Machinery, Furniture, Equipment and Vehicles	8,134,195	8,335,227
Infrastructure	255,398,223	239,169,595
Construction in Progress	6,804,786	23,252,737
Total	\$ 409,718,831	\$ 409,473,887

Additional information on Scott County's capital assets can be found in the notes on page 64 of this report.

Long-term Debt. At the end of the current fiscal year, Scott County had total bonded debt outstanding of \$56,463,592. This is a decrease of \$22,987,742 from the start of the year. Current and future county tax levies are used to finance \$56,463,592 of the bond indebtedness. The decrease in the total bonded debt is primarily related to the payoff of advanced refunding bonds in 2017.

Scott County's Outstanding Debt

General Obligation Bonds

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 56,463,592	\$ 79,451,334

State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the county. The current debt limitation for Scott County is \$490,135,266, which is significantly in excess of Scott County's outstanding general obligation debt.

Additional information on Scott County's long-term debt can be found in the notes on pages 66 - 69 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Scott County is currently 2.8%, which is a decrease from a rate of 3.3% a year ago. This compares favorably to the State's average unemployment rate of 3.4% and the national average of 3.9%.

These factors were considered in preparing Scott County's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Scott 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 Office of Management and Budget Division, 200 Fourth Avenue West, Government Center, Shakopee, MN 55379-1220. Or visit our website at www.co.scott.mn.us.

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BASIC FINANCIAL STATEMENTS

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government Governmental Activities	Component Unit Community Development Agency
<u>Assets</u>		
Cash and pooled investments	\$ 82,575,249	\$ 6,735,311
Petty cash and change funds	8,490	-
OPEB revocable trust investments	17,617,922	-
Taxes receivable		
Prior	480,446	-
Accounts receivable - net	814,489	107,462
Accrued interest receivable	241,338	2,307
Loan receivable	1,182,961	850,000
Due from other governments	14,636,292	143,146
Inventories	1,181,092	-
Prepaid items	197,881	144,122
Restricted assets		
Cash and pooled investments	-	7,822,969
Capital assets		
Non-depreciable	99,488,978	6,575,936
Depreciable - net of accumulated depreciation	310,229,853	57,614,443
Total Assets	\$ 528,654,991	\$ 79,995,696
<u>Deferred Outflows of Resources</u>		
Deferred charges on refunding	\$ -	\$ 595,267
Deferred pension outflows	2,087,620	-
Deferred pension economic experience difference	1,507,704	-
Deferred pension investment results	34,136	-
Deferred pension changes in actuarial assumptions	16,368,625	-
Deferred pension changes in proportionate share	2,721,901	-
Total Deferred Outflows of Resources	\$ 22,719,986	\$ 595,267

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 1
(Continued)

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government	Component Unit
	Governmental	Community
	Activities	Development
		Agency
<u>Liabilities</u>		
Accounts payable	\$ 2,830,604	\$ 253,420
Salaries payable	1,264,189	54,384
Contracts payable	994,682	-
Retainage payable	62,708	-
Due to other governments	1,993,122	292,239
Accrued interest payable	468,822	665,127
Security deposit payable	-	358,286
Unearned revenue	28,795	4,213
Long-term liabilities:		
Due within one year		
General obligation bonds payable	4,065,000	-
Revenue bonds payable	-	1,685,000
Loans payable	230,205	59,351
Claims payable	517,428	-
Compensated absences	3,517,695	95,800
Due in more than one year		
General obligation bonds payable	52,398,592	-
Revenue bonds payable	-	41,540,090
Loans payable	1,242,705	2,716,061
Non current liabilities other	-	27,171
Compensated absences	1,890,430	26,821
Net pension liability	53,306,808	-
Net other post employment benefit obligation	6,104,064	376,937
	\$ 130,915,849	\$ 48,154,900
<u>Deferred Inflows of Resources</u>		
Deferred Inflow Prepaid Taxes	\$ 3,181,455	\$ -
Deferred pension economic experience difference	3,966,043	-
Deferred pension investment results	168,687	-
Deferred pension changes in actuarial assumptions	12,374,228	-
Deferred pension changes in proportionate share	931,121	-
	\$ 20,621,534	\$ -

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 1
(Continued)

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government Governmental Activities	Component Unit Community Development Agency
<u>Net Position</u>		
Net investment in capital assets	\$ 353,255,239	\$ 18,785,144
Restricted for		
Debt service	680,524	909,531
Equipment replacement	665,587	-
Solid waste	1,860,128	-
Human services	363,740	-
MNDOT allotments	7,534,126	-
Gravel pit closure	263,236	-
MRTS funding	55,380	-
Veterans services	5,363	-
Local recycling program	1,040,149	-
SCORE	-	-
E911	384,025	-
Aquatic invasive species program	186,595	-
Carrying permits	270,409	-
Sheriff's contingency	273,202	-
Conservation of natural resources	130,135	-
Transportation initiative	299,860	-
Law library	280,280	-
Regional rail authority	95,869	-
Other purposes	-	6,312,339
Unrestricted	32,193,747	6,429,049
Total Net Position	\$ 399,837,594	\$ 32,436,063

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions
<u>Functions/Programs</u>			
Primary government			
Governmental activities			
General government	\$ 32,474,886	\$ 7,914,967	\$ 2,748,940
Public safety	26,497,355	2,220,190	1,214,765
Highways and streets	27,256,091	742,072	15,878,781
Sanitation	1,371,142	67,598	413,793
Transit	2,761,710	587,374	2,294,725
Human services	23,866,045	2,137,530	13,950,016
Health	3,712,501	440,955	2,833,602
Culture and recreation	4,663,308	401,251	1,348,552
Conservation of natural resources	2,698,916	311,797	937,250
Economic development	1,171,284	-	636,078
Interest	2,273,169	-	-
Total Primary Government	\$ 128,746,407	\$ 14,823,734	\$ 42,256,502
Component unit			
Community Development Agency	\$ 14,182,525	\$ 7,313,073	\$ 3,688,660
General Revenues			
Property taxes			
Gravel taxes			
Wheelage taxes			
Transportation sales tax			
Mortgage registry and deed tax			
Payments in lieu of tax			
Grants and contributions not restricted to specific programs			
Unrestricted investment earnings			
Miscellaneous			
Total general revenues			
Change in net position			
Net Position - Beginning			
Net Position - Ending			

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets		
Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Community Development Agency
\$	\$	
-	(21,810,979)	
-	(23,062,400)	
2,015,050	(8,620,188)	
-	(889,751)	
-	120,389	
-	(7,778,499)	
-	(437,944)	
-	(2,913,505)	
-	(1,449,869)	
-	(535,206)	
-	(2,273,169)	
\$ 2,015,050	\$ (69,651,121)	
\$ 18,539		\$ (3,162,253)
	\$	\$
	64,348,387	2,931,070
	139,760	-
	1,251,421	-
	8,715,658	-
	481,118	-
	82,391	-
	5,722,964	169,156
	1,125,514	41,475
	-	53,590
	\$ 81,867,213	\$ 3,195,291
	\$ 12,216,092	\$ 33,038
	387,621,502	32,403,025
	\$ 399,837,594	\$ 32,436,063

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Watershed Management Organization
<u>Assets</u>		
Cash and pooled investments	\$ 42,602,923	\$ 557,033
Petty cash and change funds	8,410	-
Taxes receivable		
Prior	370,065	7,194
Accounts receivable	743,401	-
Accrued interest receivable	169,850	2,783
Due from other governments	5,674,354	27,139
Prepaid items	15,200	182,681
Inventories	1,181,092	-
Loans receivable	-	-
	\$ 50,765,295	\$ 776,830
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 1,829,713	\$ 165
Salaries payable	1,254,313	7,412
Contracts payable	-	36,013
Retainage payable	-	-
Due to other governments	1,476,032	166,455
Unearned revenue	28,795	-
	\$ 4,588,853	\$ 210,045
 Deferred Inflows of Resources		
Unavailable revenue	\$ 1,748,622	\$ 9,261
Deferred Inflow Prepaid Taxes	2,482,716	55,483
	\$ 4,231,338	\$ 64,744

Exhibit 3

Road and Bridge Construction	Capital Improvement	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 28,599,885	\$ 2,672,611	\$ 986,101	\$ 1,553,107	\$ 76,971,660
-	-	-	80	8,490
34,036	11,665	51,191	-	474,151
1,006	66,024	-	4,058	814,489
48,817	4,035	1,937	4,092	231,514
8,897,950	20,763	-	16,086	14,636,292
-	-	-	-	197,881
-	-	-	-	1,181,092
-	1,182,961	-	-	1,182,961
\$ 37,581,694	\$ 3,958,059	\$ 1,039,229	\$ 1,577,423	\$ 95,698,530
\$ 765,346	\$ 204,999	\$ -	\$ 30,381	\$ 2,830,604
-	874	-	1,590	1,264,189
785,549	173,120	-	-	994,682
62,708	-	-	-	62,708
301,592	48,970	-	73	1,993,122
-	-	-	-	28,795
\$ 1,915,195	\$ 427,963	\$ -	\$ 32,044	\$ 7,174,100
\$ 7,177,101	\$ 14,663	\$ 52,630	\$ 4,640	\$ 9,006,917
213,675	90,197	306,075	-	3,148,146
\$ 7,390,776	\$ 104,860	\$ 358,705	\$ 4,640	\$ 12,155,063

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Watershed Management Organization
Fund Balances		
Nonspendable		
Inventory	\$ 1,181,092	\$ -
Restricted		
Solid waste	1,860,128	-
Recorder's equipment	665,587	-
E-911	384,025	-
Local recycling development	1,040,149	-
Aquatic invasive species	186,595	-
Restricted for MRTS Capital Funding	-	-
Administering the carrying of weapons	270,409	-
Law enforcement	273,202	-
Gravel pit closure	263,236	-
Veteran's services	5,363	-
Debt service	-	-
Ditch maintenance and repairs	-	-
Law library	-	-
Regional railroad authority	-	-
Transportation initiative	-	-
Restricted for child protection	363,740	-
Committed		
Committed for Treatment Court	805,431	-
Assigned		
Wheelage tax construction projects	-	-
Transportation tax construction projects	-	-
Unified management plan	4,657	-
County parks	647,964	-
Water quality	20,379	-
Library operations	257,423	-
Meth task force	205,861	-
Sheriff	150,574	-
Juvenile alternative facility wood program	6,700	-
Extension services	3,292	-
Elections	68,020	-
Juvenile restitution	108,129	-
Septic loan program	1,305	-
Imaging	64,618	-
Contracted Purchase	321,054	-
New Options & mobile crisis response	750,000	-
Road & bridge construction	-	-
Capital improvement	-	-
Water Management Organization (WMO)	-	502,041
Public safety	-	-
Unassigned	32,036,171	-
Total Fund Balances	\$ 41,945,104	\$ 502,041
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,765,295	\$ 776,830

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

Exhibit 3
(Continued)

<u>Road and Bridge Construction</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,181,092
-	-	-	-	1,860,128
-	-	-	-	665,587
-	-	-	-	384,025
-	-	-	-	1,040,149
-	-	-	-	186,595
-	55,380	-	-	55,380
-	-	-	-	270,409
-	-	-	-	273,202
-	-	-	-	263,236
-	-	-	-	5,363
-	-	680,524	-	680,524
-	-	-	130,135	130,135
-	-	-	280,279	280,279
-	-	-	95,869	95,869
-	-	-	299,860	299,860
-	-	-	-	363,740
-	-	-	-	805,431
1,839,040	-	-	-	1,839,040
11,995,647	-	-	-	11,995,647
-	-	-	-	4,657
-	-	-	-	647,964
-	-	-	-	20,379
-	-	-	-	257,423
-	-	-	-	205,861
-	-	-	-	150,574
-	-	-	-	6,700
-	-	-	-	3,292
-	-	-	-	68,020
-	-	-	-	108,129
-	-	-	-	1,305
-	-	-	-	64,618
-	-	-	-	321,054
-	-	-	-	750,000
14,441,036	-	-	-	14,441,036
-	3,369,856	-	-	3,369,856
-	-	-	-	502,041
-	-	-	752,834	752,834
-	-	-	(18,238)	32,017,933
<u>\$ 28,275,723</u>	<u>\$ 3,425,236</u>	<u>\$ 680,524</u>	<u>\$ 1,540,739</u>	<u>\$ 76,369,367</u>
<u>\$ 37,581,694</u>	<u>\$ 3,958,059</u>	<u>\$ 1,039,229</u>	<u>\$ 1,577,423</u>	<u>\$ 95,698,530</u>

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

Fund balances - total governmental funds (Exhibit 3)	\$	76,369,367
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.		409,718,831
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		9,006,917
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The assets and liabilities included in governmental activities in the statement of net position are:		22,686,893
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.		
Deferred outflows related to pensions		22,719,986
Deferred inflows related to pensions		(17,440,079)
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	\$	(56,463,592)
Loans payable		(1,472,910)
Compensated absences		(5,408,125)
Accrued interest payable		(468,822)
Net pension liability		(53,306,808)
Net other post employment benefit obligation		(6,104,064)
		(123,224,321)
Net Position of Governmental Activities (Exhibit 1)	\$	<u>399,837,594</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Watershed Management Organization
Revenues		
Taxes	\$ 51,018,887	\$ 1,119,757
Special assessments	95,758	-
Licenses and permits	1,761,519	-
Intergovernmental	33,793,491	943,172
Charges for services	9,567,768	58,438
Fines and forfeits	723,512	-
Gifts and contributions	180,150	-
Investment earnings	739,525	11,178
Miscellaneous	2,172,107	102,965
	\$ 100,052,717	\$ 2,235,510
Expenditures		
Current		
General government	\$ 27,659,591	\$ -
Public safety	21,183,431	-
Highways and streets	9,802,200	-
Sanitation	1,371,142	-
Transit	2,788,435	-
Human services	24,360,275	-
Health	3,702,223	-
Culture and recreation	4,975,169	-
Conservation of natural resources	639,719	2,054,078
Economic development	1,185,711	-
Intergovernmental		
Highways and streets	215,945	-
Capital outlay		
	-	-
Debt service		
Principal	122,916	196,091
Interest	-	3,909
Administrative (fiscal) charges	-	-
	\$ 98,006,757	\$ 2,254,078
Excess of Revenues Over (Under)		
Expenditures	\$ 2,045,960	\$ (18,568)

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

Exhibit 5

<u>Road and Bridge Construction</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 14,457,507	\$ 1,695,501	\$ 6,688,102	\$ -	\$ 74,979,754
-	-	-	33,063	128,821
-	-	-	-	1,761,519
9,394,186	903,796	-	499,986	45,534,631
480,493	123,342	-	428,719	10,658,760
-	-	-	-	723,512
-	-	-	-	180,150
190,237	47,358	26,321	13,430	1,028,049
11,139	19,650	-	1,714	2,307,575
<u>\$ 24,533,562</u>	<u>\$ 2,789,647</u>	<u>\$ 6,714,423</u>	<u>\$ 976,912</u>	<u>\$ 137,302,771</u>
\$ -	\$ -	\$ -	\$ 166,084	\$ 27,825,675
-	-	-	564,705	21,748,136
-	-	-	132,718	9,934,918
-	-	-	-	1,371,142
-	-	-	-	2,788,435
-	-	-	-	24,360,275
-	-	-	-	3,702,223
-	-	-	-	4,975,169
-	-	-	48,183	2,741,980
-	-	-	835	1,186,546
-	-	-	-	215,945
19,575,967	4,954,388	-	-	24,530,355
-	-	22,328,708	-	22,647,715
-	-	3,172,397	-	3,176,306
-	-	3,225	-	3,225
<u>\$ 19,575,967</u>	<u>\$ 4,954,388</u>	<u>\$ 25,504,330</u>	<u>\$ 912,525</u>	<u>\$ 151,208,045</u>
<u>\$ 4,957,595</u>	<u>\$ (2,164,741)</u>	<u>\$ (18,789,907)</u>	<u>\$ 64,387</u>	<u>\$ (13,905,274)</u>

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Watershed Management Organization</u>
Other Financing Sources (Uses)		
Transfers in	\$ 567,654	\$ -
Transfers out	(1,846,599)	-
Proceeds from septic loan program	439,470	-
Proceeds from sale of capital assets	8,104	-
	<u>8,104</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ (831,371)	\$ -
Net Change in Fund Balance	\$ 1,214,589	\$ (18,568)
Fund Balance - January 1	40,730,515	520,609
	<u>40,730,515</u>	<u>520,609</u>
Fund Balance - December 31	\$ 41,945,104	\$ 502,041
	<u>41,945,104</u>	<u>502,041</u>

Exhibit 5
(Continued)

<u>Road and Bridge Construction</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 1,873,973	\$ -	\$ -	\$ 2,441,627
(567,654)	-	-	(27,374)	(2,441,627)
-	-	-	-	439,470
-	115,670	-	-	123,774
<u>\$ (567,654)</u>	<u>\$ 1,989,643</u>	<u>\$ -</u>	<u>\$ (27,374)</u>	<u>\$ 563,244</u>
\$ 4,389,941	\$ (175,098)	\$ (18,789,907)	\$ 37,013	\$ (13,342,030)
<u>23,885,782</u>	<u>3,600,334</u>	<u>19,470,431</u>	<u>1,503,726</u>	<u>89,711,397</u>
<u><u>\$ 28,275,723</u></u>	<u><u>\$ 3,425,236</u></u>	<u><u>\$ 680,524</u></u>	<u><u>\$ 1,540,739</u></u>	<u><u>\$ 76,369,367</u></u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - total governmental funds (Exhibit 5) \$ (13,342,030)

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in revenue deferred as unavailable.

Deferred inflows of resources - unavailable revenue - December 31	\$ 9,006,917	
Deferred inflows of resources - unavailable revenue - January 1	<u>(4,916,774)</u>	4,090,143

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. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 10,495,309	
Net book value of assets sold	(46,162)	
Current year depreciation	<u>(10,204,203)</u>	244,944

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums and discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.

Proceeds of new debt		
Septic loans issued		(439,470)
Principal repayments		
General obligation bonds	\$ 22,265,000	
Loans payable	<u>382,715</u>	22,647,715
Current year amortization of discounts and premiums		722,742

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 6
(Continued)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	\$	183,620	
Change in compensated absences		11,748	
Change in net other post employment benefit obligation		(478,065)	
Change in net pension liability		19,611,818	
Change in deferred pension outflows		(15,137,392)	
Change in deferred pension inflows		<u>(10,102,436)</u>	(5,910,707)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The expense of certain activities of the internal service funds is reported with governmental activities.

Governmental activities share of net income after transfers 4,202,755

Change in Net Position of Governmental Activities (Exhibit 2) \$ 12,216,092

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 7

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017**

		Governmental Activities Internal Service Funds
<u>Assets</u>		
Current Assets:		
Cash and pooled investments	\$	5,603,590
OPEB revocable trust investments		17,617,922
Taxes receivable		
Prior		6,295
Accrued interest receivable		9,823
		23,237,630
Total Assets	\$	23,237,630
<u>Liabilities</u>		
Current Liabilities:		
Claims payable	\$	517,428
		517,428
<u>Deferred Inflows of Resources</u>		
Prepaid Taxes	\$	33,309
		33,309
<u>Net Position</u>		
Net position unrestricted	\$	22,686,893
		22,686,893

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

		Governmental Activities Internal Service Funds
		<hr/>
Operating Revenues		
Charges for services	\$	13,436,976
Miscellaneous		278,124
		<hr/>
Total Operating Revenues	\$	13,715,100
 Operating Expenses		
Professional services		12,391,794
		<hr/>
Operating Income (Loss)	\$	1,323,306
 Nonoperating Revenues (Expenses)		
Property taxes	\$	697,223
Investment earnings		2,182,226
		<hr/>
Total Nonoperating revenues (expenses)	\$	2,879,449
 Change in Net Position	\$	4,202,755
 Net Position - January 1		<hr/> 18,484,138
 Net Position - December 31	\$	<hr/> 22,686,893 <hr/>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
Increase (Decrease) in Cash and Cash Equivalents**

		Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers and users	\$	3,312,110
Receipts from internal services provided		10,124,866
Receipts from insurance provider		278,124
Payments to suppliers		(12,550,284)
Net cash provided by (used in) operating activities	\$	1,164,816
Cash Flows from Noncapital Financing Activities		
Property taxes	\$	733,309
Cash Flows from Investing Activities		
Purchase of OPEB revocable trust investment	\$	(2,832,981)
Investment earnings received		2,176,601
Net cash provided by (used in) investing activities	\$	(656,380)
Net Increase (Decrease) in Cash and Cash Equivalents	\$	1,241,745
Cash and Cash Equivalents at January 1		4,361,845
Cash and Cash Equivalents at December 31	\$	5,603,590
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$	1,323,306
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Increase (decrease) in claims payable		(158,490)
Net Cash Provided by (Used in) Operating Activities	\$	1,164,816

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 10

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017**

	Investment Trusts	Agency Funds
<u>Assets</u>		
Cash and pooled investments	\$ 52,947	\$ 10,830,385
Accrued interest receivable	125	672
Due from other governments	-	93,931
	\$ 53,072	\$ 10,924,988
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 417,445
Due to other governments	-	10,507,543
	\$ -	\$ 10,924,988
<u>Net Position</u>		
Net position, held in trust for pool participants	\$ 53,072	

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Exhibit 11

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Investment Trusts
<u>Additions</u>	
Investment earnings	
Interest	\$ 489
<u>Deductions</u>	
Administrative expense	-
Change in net position	\$ 489
Net Position - January 1	52,583
Net Position - December 31	\$ 53,072

NOTES TO FINANCIAL STATEMENTS

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies

The County’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2017. The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for government units through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Scott County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Scott County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Blended Component Units

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Scott County has two blended component units.

<u>Component Unit</u>	<u>Component Unit Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Regional Railroad Authority (RRA) provides for the preservation or improvement of rail transportation within the County.	County Commissioners are the members of the RRA Board and management of Scott County has operational responsibility for the entity.	Separate financial statements are not prepared.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

<p>Scott Watershed Management Organization (WMO) manages the quantity, and tries to improve the quality, of runoff.</p>	<p>County Commissioners are the members of the WMO Board and management of Scott County has operational responsibility for the entity.</p>	<p>Separate financial statements are not prepared.</p>
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Discretely Presented Component Unit

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component unit of Scott County is discretely presented:

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
<p>Scott County Community Development Agency (CDA) provides services pursuant to Minn. Stat. §§ 469.001-.047.</p>	<p>County appoints board members and the County would be responsible in the case of financial default.</p>	<p>Scott County CDA 323 South Naumkeag Street Shakopee, MN 55379</p>

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures which are described in Note 8.B. The County also participates in jointly-governed organizations which are described in Note 8.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

on fees and charges to external parties for support. Scott County does not have any business-type activities.

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements are on major individual governmental funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The County reports the following major governmental funds:

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

The Watershed Management Organization Special Revenue Fund accounts for the financial resources to be used for proper resource management and implementation of the approved Scott County Watershed Management Organization Comprehensive Water Resources Management Plan. The major revenue sources are intergovernmental grants received from the Federal Government and the State of Minnesota.

The Road and Bridge Construction Capital Projects Fund is used to account for financial resources to be used for construction of roads, bridges and other projects affecting County roadways.

The Capital Improvement Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

The Debt Service Fund is used to account for the financial resources restricted for payments made for the principal and interest on long-term debt of the government.

Additionally, the County reports the following fund types:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The Internal Service Funds account for self-insurance activities provided to other departments and funds on a cost-reimbursement basis and for the accumulation of resources in a revocable trust for the intended purpose of meeting future other post-employment benefits obligations.

The Investment Trusts Fund is used to account for resources legally held in trust for others. Scott County holds individual investments on behalf of a local cemetery.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds account for monies held on behalf of school districts and special districts that use the County as a depository; property taxes collected on behalf of other governments; and surety bonds and performance deposits.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Scott County considers all revenues to be *available* if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The principal operating revenues of the government's internal service funds are charges to customers. Operating expenses for internal service funds are the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Property Tax Revenue and Records Manager for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2017. A market approach is used to value all investments other than external investment pools, which are measured at the net asset or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Additionally the county invests funds held for post-employment benefits with the State Board of Investments. The fair value of the investment is the fair value per share of the underlying portfolio. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2017 were \$739,525.

Minn. Stat. § 118A.02 authorizes the County to designate depositories for public funds and make investments. Minn. Stat. § 118A.03 requires that all bank 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 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.

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;

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary fund. Cash and pooled investments that have the characteristics of demand deposits, are considered to be cash and cash equivalents on the statement of cash flows.

2. Receivables and Payables

Activity 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). Advances between funds, as reported in the fund financial statements, would be 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 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories and Prepaid Items

Inventory in the General Fund, consisting of parts, field materials, and supplies, is valued by using the weighted average cost. The cost value of these inventories will be recorded as an expenditure at the time the individual items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

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 governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	10-20
Land improvements	10-20
Public domain infrastructure	25-75
Machinery, furniture, equipment, and vehicles	3-10

6. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

7. Pension Plan

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

8. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual paid time off and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a three-year average of terminated employees. The noncurrent portion consists of the remaining amount of vacation and vested sick leave.

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 or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 will not be recognized as an outflow of resources (expenditures/expense) until then. Currently, the County has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, changes in proportion, differences between expected and actual economic experience, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only on the statement of net position.

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In addition to liabilities, the statement of financial position reports 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 will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has three types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable and intergovernmental grants, for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions, the differences between projected and actual earnings on pension plan investments, and also pension plan changes in proportionate share, and accordingly, are reported only in the statement of net position. The County also has prepaid taxes. These inflows arise from the taxpayer prepaying 2018 property taxes in 2017, this tax is reported in the statement of net position and in the governmental funds balance sheet.

11. Classification of Net Position

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

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

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

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

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12. Fund Equity

Fund balance is divided into five classifications based primarily on the extent to which the 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 amounts cannot be converted to cash, such as inventories or prepayments, or are legally or contractually required to be maintained intact.

Restricted – the fund balance amounts have externally imposed constraints placed on their use which are legally enforceable.

Committed – the fund balance amounts have self-imposed constraints on items that can be used only for the specific purposes as determined by formal action of the County Board. Any funds set aside as committed fund balance requires the passage of a resolution by a simple majority vote. Amounts within this category require the same formal Board action to remove the commitment.

Assigned – the fund balance amounts have self-imposed constraints to demonstrate intent, which can be established by Board action or delegated by the County Board to others. The County Board authorized the County Administrator and the Chief Financial Officer as the officials authorized to assign fund balance to a specific purpose. This authorization was made by the Fund Balance Policy was adopted by the County Board on July 5, 2011.

Unassigned – the fund balance amounts are available for any public purpose. The County's General Fund is the only fund that may report a positive unassigned fund balance as the remaining balance after all other amounts have been classified.

The 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.

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Minimum Fund Balance

Scott County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined the need to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) at year end of 25-30% of operating expenditures. The Fund Balance Policy was adopted by the County Board on July 5, 2011. At December 31, 2017, unrestricted fund balances for the General Fund was at or above the minimum fund balance levels.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 deferred

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inflows of resources 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 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.

2. Stewardship, Compliance and Accountability

Deficit Fund Equity

The Ditch Fund had a deficit unassigned fund balance of \$18,238 as of December 31, 2017. This deficit was caused by the timing of ditch maintenance expenses. A special assessment will be made to correct this problem.

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Excess of Expenditures Over Budget

The Capital Improvement Fund had expenditures in excess of budget for the year ending December 31, 2017 of \$467,088.

Tax Abatement Agreements

Scott County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with four entities as of December 31, 2017, as follows:

<u>Business</u>	<u>Percentage of Taxes Abated during The Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Trystar, Inc. and Bridgewater, LLC	-	-
Rosemount, Inc.	54	52,889
Datacard Corporation	37	32,416
Shutterfly, Inc.	76	63,370

Each agreement was negotiated under Minnesota Statutes Sections §469.1812 to 469.1815 (the Abatement Act). But for the tax abatement, the projects above would not have been economically feasible. The County has not made any commitments as part of the agreements other than to reduce taxes. Amounts are requested by the recipient and the County Board determines the actual abatement amount. The percentage displayed above shows how much of the recipients taxes were abated.

These abatements are made for the purpose of attracting and retaining jobs in the County. Recipients need to meet conditions in order for the tax abatement. These conditions can include the creation of a set number of new jobs, the retention of existing jobs and a certain wage level of the jobs.

The County has the option to recapture taxes if the conditions are not met. That decision is made by the County Board in consultation with the County Administrator.

The tax abatement recipient's taxes are reduced through a reduction of assessed value.

The County is subject to property tax abatements granted by tax increment finance (TIF) authorities within the County. TIF authorities are defined in Minnesota Statutes Sections §469.174 and include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes

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(increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property taxes on the property subject to the TIF agreement.

In the case of the County, TIF agreements of other local governments have resulted in reductions of County property tax revenues for the year ended December 31, 2017, as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Jordan	\$ 22,735
Prior Lake	130,700
Savage	136,817
Shakopee	159,550

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of Scott County's total cash and investments to the basic financial statements follows:

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 82,575,249
Petty cash and change funds	8,490
OPEB revocable trust investments	17,617,922
Statement of fiduciary net position	
Cash and pooled investments	
Investment Trusts fund	52,947
Agency funds	10,830,385
Total Cash and Investments	\$ 111,084,993
Deposits	\$ 14,228,151
Petty cash and change funds	8,490

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Investments	96,848,352
Total Deposits, Cash on Hand, and Investments	\$ 111,084,993

As of December 31, 2017, Scott County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
U.S. government securities	\$ 10,593,710	*AA+	3.53
Negotiable certificates of deposit	21,723,890	N/A	2.41
Mutual funds	25,270,202	*AAA	0.00
Municipal bonds	500,175	*AA	
Municipal bonds	997,670	*AA-	
Municipal bonds	11,227	*A+	
Municipal bonds	172,382	*BBB-	
Total municipal bonds	1,681,454		2.21
Commercial paper	14,964,744	*A-1+	
Commercial paper	4,996,430	*A-1	
Total Commercial paper	19,961,174		0.12
Money in external investment pool	17,617,922	N/A	0.00
Total fair value	\$96,848,352		
Portfolio weighted average maturity			1.77

*Ratings are provided by Standard and Poor's credit rating agency.

^Ratings are provided by Moody's credit rating agency.

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. It is the County's policy to have less than 10% of the investment portfolio invested between ten years and thirty years on any given day. The County manages its exposure to fair value losses arising from increasing interest rates by limiting the portion of its investment portfolio that may be invested between ten and thirty years.

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Credit Risk

State law limits investments in commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less. It is Scott County's policy to invest within the state law.

Concentration of Credit Risk

Concentration of credit risk is defined as positions of 5 percent or more in the securities of a single issuer. Scott County does not have a policy specifically related to concentration of credit risk. More than 5 percent of Scott County's investments are in negotiable certificates of deposits, commercial paper, external investment pool (Minnesota State Board of Investment), and federal home loan mortgages. These investments are 22.4%, 20.6%, 18.2% and 8.3%, respectively, of the County's total investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2017, all of Scott County's deposits were insured or collateralized in accordance with Minnesota statutes.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Scott County does not have a policy for custodial credit risk for investments. At December 31, 2017, none of the county's investments were subject to custodial credit risk.

The County implemented GASB Statement No. 72, *Fair Value Measurement and Application* for the year ending December 31, 2016. Investments for the County are stated at fair value and a market approach is used to value investments.

The County categorizes its investments using a fair value hierarchy established by generally accepted accounting principles. The hierarchy places investment in one

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of three categories based upon the inputs used to measure the fair value of the investment. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted for identical securities in active markets. Debt securities classified in Level 2 of the fair value hierarchy are valued using significant other observable inputs. This might include quoted prices for similar securities in active markets. Securities classified in Level 3 of the hierarchy are valued using significant unobservable inputs, this primarily includes securities that do not have active markets.

At December 31, 2017, Scott County had the following recurring fair value measurements.

	<u>December 31, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value				
Debt Securities				
US Agencies	\$ 10,593,710	\$ -	\$ 10,593,710	\$ -
Municipal/Public Bonds	1,681,454	-	1,681,454	-
Negotiable Certificates of Deposit	21,723,890	-	21,723,890	-
Commercial Paper	19,961,174	19,961,174		
Money Market Mutual Funds	25,270,202	25,270,202	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Debt Securities	<u>\$ 79,230,430</u>	<u>\$ 45,231,376</u>	<u>\$ 33,999,054</u>	<u>\$ -</u>

The County also holds funds with the State Board of Investments, an external investment pool. At year-end the funds held were \$17,617,922 in the Equity Pool. The fair value of the investments is the fair value per share of the underlying portfolio. The County invests in this pool due to the increased investment authority and historically higher rate of return on investments, as a revocable OPEB trust.

2. Receivables

There is no allowance for uncollectible receivables because such amounts are not expected to be material. The collection rate for taxes on average exceeds 99% and it has been determined that the other receivables will be collected.

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Receivables at December 31, 2017, are:

	Total Receivable	Amounts Not Scheduled for Collection in the Subsequent Year
Taxes	\$ 480,446	\$ -
Accounts receivable	814,489	-
Accrued interest receivable	241,337	-
Loans receivable	1,182,961	1,117,961
Due from other governments	14,636,292	-
Total receivables for governmental activities	\$ 17,355,525	\$ 1,117,961

Governmental 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 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
Prepaid taxes	\$ 3,181,456	\$ -
Delinquent property taxes	474,152	-
Account receivables that do not provide current financial resources	38,209	-
Grant receivables that do not provide current financial resources	8,368,133	-
Interest receivable that does not provide current financial resources	126,423	-
Grant drawdowns prior to meeting all eligibility requirements	-	28,795
Total	\$ 12,188,373	\$ 28,795

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3. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, not being depreciated				
Land	\$ 90,864,330	\$ 1,819,862	\$ -	\$ 92,684,192
Construction in progress	23,252,737	5,507,962	21,955,913	6,804,786
Total capital assets, not being depreciated	<u>\$ 114,117,067</u>	<u>\$ 7,327,824</u>	<u>\$ 21,955,913</u>	<u>\$ 99,488,978</u>
Capital assets being depreciated				
Land improvements	\$ 1,142,971	\$ 462,566	\$ -	\$ 1,605,537
Buildings	78,253,660	219,500	-	78,473,160
Machinery, furniture, equipment, and vehicles	22,697,983	2,485,419	1,140,776	24,042,626
Infrastructure	298,400,012	21,955,913	-	320,355,925
Total capital assets being depreciated	<u>\$ 400,494,626</u>	<u>\$ 25,123,398</u>	<u>\$ 1,140,776</u>	<u>\$ 424,477,248</u>
Less: accumulated depreciation				
Land improvements	\$ 401,828	\$ 72,738	\$ -	\$ 474,566
Buildings	31,142,805	1,763,891	-	32,906,696
Machinery, furniture, equipment, and vehicles	14,362,756	2,640,289	1,094,614	15,908,431
Infrastructure	59,230,417	5,727,285	-	64,957,702
Total accumulated depreciation	<u>\$ 105,137,806</u>	<u>\$ 10,204,203</u>	<u>\$ 1,094,614</u>	<u>\$ 114,247,395</u>
Total capital assets, being depreciated, net	<u>\$ 295,356,820</u>	<u>\$ 14,919,195</u>	<u>\$ 46,162</u>	<u>\$ 310,229,853</u>
Governmental Activities Capital Assets, Net	<u>\$ 409,473,887</u>	<u>\$ 22,247,019</u>	<u>\$ 22,002,075</u>	<u>\$ 409,718,831</u>

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

Governmental Activities	
General government	\$ 1,397,397
Public safety	2,848,220
Highways and streets, including depreciation of infrastructure assets	5,849,868
Conservation of natural resources	4,685
Culture and recreation	90,019
Human services	14,014
	<u> </u>
Total Depreciation Expense - Governmental Activities	<u>\$ 10,204,203</u>

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B. Interfund Receivables, Payables, and Transfers

Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following:

Transfers to Capital Improvement Fund from the General Fund	\$ 1,846,599	Provide funds for capital outlay for expansion of household hazardous waste facility, storage area network, read mobile, investment earnings for capital.
Transfers to General Fund from the Road and Bridge Fund	567,654	Provide funds for seal coating projects across the county.
Transfers to Capital Improvement Fund from the Regional Training Facility Fund	<u>27,374</u>	Provide funds for tactical tower testing.
Total Interfund Transfers	<u>\$ 2,441,627</u>	

C. Liabilities

1. Construction Commitments

The government has active construction projects as of December 31, 2017. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
General government	\$ 4,207,422	\$ 562,244
Conservation of natural resources	69,340	104,281
Culture and recreation	1,793,979	94,418
Roads and bridges	15,500,568	2,185,165
Total	<u>\$ 21,571,309</u>	<u>\$ 2,946,108</u>

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2. Leases

Operating Leases

The County has not entered into lease agreements as lessee for financing equipment.

3. Capital Leases

The County has not entered into lease agreements as lessee for financing the acquisition of equipment.

4. Loans for Septic Program

The County has entered into a loan agreement for \$1,176,315 with the Minnesota Department of Agriculture to operate a loan fund for the purpose of funding the repair of failing septic systems. The loans will be paid from special assessments. The loans due to the Department of Agriculture will be paid in semi-annual payments over 10 years with no interest.

5. Long-Term Debt

Governmental Activities

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2017</u>
2008A G.O. Capital Improvement Bonds	2019	\$275,000 - \$520,000	4.00	\$ 4,630,000	\$ 1,030,000
2009A G.O. Capital Improvement Bonds	2026	\$880,000 - \$1,235,000	1.65- 5.50	16,800,000	10,210,000
2012A G.O. Refund Law Enforcement Bonds	2033	\$820,000 - \$1,745,000	3.00-4.50	24,570,000	21,095,000
2014A G.O. Capital Improvement Bonds	2034	\$125,000 - \$225,000	2.00-3.50	3,355,000	2,960,000
2014B G.O. Refund CIP Bonds	2027	\$1,410,000 - \$2,020,000	4.00-5.00	17,170,000	17,170,000
Total general obligation bonds				<u>\$ 66,525,000</u>	\$ 52,465,000

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Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2017
Plus: unamortized premium / discount					3,998,592
Total General Obligation Bonds, net					<u>\$ 56,463,592</u>
Loans payable:					
2006 Citimortgage, Inc.	2022	\$40,555 - \$81,110	4.29	\$ 896,080	\$ 322,991
Septic Loan	2026	\$2,547 - \$31,213	0.00	1,176,315	963,973
Clean Water Partnership Loan	2024		2.00	<u>382,036</u>	<u>185,946</u>
Total Loans Payable				<u>\$ 2,454,431</u>	<u>\$ 1,472,910</u>

Debt Service Requirements

Debt service requirements at December 31, 2017, were as follows:

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2018	\$ 4,065,000	\$ 2,263,174	\$ 230,205	\$ 16,278
2019	4,185,000	2,083,574	234,576	11,569
2020	3,830,000	1,896,418	143,177	6,613
2021	4,075,000	1,718,655	147,894	3,443
2022	4,100,000	1,538,050	112,918	491
2023-2027	21,285,000	4,848,080	280,866	-
2028-2032	8,740,000	1,442,038	-	-
2033-2034	2,185,000	62,538	-	-
Total	<u>\$ 52,465,000</u>	<u>\$ 15,852,527</u>	<u>\$ 1,149,636</u>	<u>\$ 38,394</u>

The Minnesota Department of Agriculture provided a payment schedule in September and does not include funds received between September 18, 2017 and December 31, 2017, which totaled \$323,274.

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Scott County issued \$16,800,000 of Build America Bonds (BABS), which were issued for the construction of County State-Aid Highway 21. The Series 2009A Bonds are direct pay tax credit BABS, in which the County will receive a payment from the federal government equal to 35 percent of the amount of interest payable on each interest payment date. The County has complied with all requirements of

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ARRA to be eligible for the BABS interest credit. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 the refundable credit has been reduced by 7.3% from sequestration.

Taking into consideration the aforementioned BABS interest credit, as of December 31, 2017, the County's net annual debt service requirements to amortize all taxable general obligation bonds outstanding, including interest of \$14,974,534, is as follows:

Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Total Payment
2018	\$ 4,065,000	\$ 2,263,174	\$ (166,515)	\$ 2,096,659	\$ 6,161,659
2019	4,185,000	2,083,574	(151,331)	1,932,243	6,117,243
2020	3,830,000	1,896,418	(135,350)	1,761,068	5,591,068
2021	4,075,000	1,718,655	(118,475)	1,600,180	5,675,180
2022	4,100,000	1,538,050	(100,693)	1,437,357	5,537,357
2023-2027	21,285,000	4,848,080	(205,629)	4,642,451	25,927,451
2028-2032	8,740,000	1,442,038	-	1,442,038	10,182,038
2033-2034	2,185,000	62,538	-	62,538	2,247,538
Total	<u>\$ 52,465,000</u>	<u>\$ 15,852,527</u>	<u>\$ (877,993)</u>	<u>\$ 14,974,534</u>	<u>\$ 67,439,534</u>

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds	\$ 74,730,000	\$ -	\$ 22,265,000	\$ 52,465,000	\$ 4,065,000
Unamortized Premiums/ Discounts	4,721,334	-	722,742	3,998,592	-
Loans payable	1,416,155	439,470	382,715	1,472,910	230,205
Compensated absences	5,419,873	5,110,583	5,122,331	5,408,125	3,517,695
Long-Term Liabilities	<u>\$ 86,257,362</u>	<u>\$ 5,550,053</u>	<u>\$ 27,770,046</u>	<u>\$ 63,344,627</u>	<u>\$ 7,812,900</u>

The internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, compensated absences are generally liquidated

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by the General Fund and special revenue funds. Bonded debt is paid from the Debt Service Fund. Net other post-employment benefit obligations are generally liquidated by the General Fund and special revenue funds.

4. Pension Plans

A. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Scott County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan, the Public Employees Police and Fire Plan, and the Local Government Correctional Service Retirement Plan (the Public Employees Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan members and Minneapolis Employees Retirement Fund are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

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

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

2. Benefits Provided

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

for two consecutive years, the benefit increase will decrease to 1.0 percent.

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the

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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. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Plan and Public Employees Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Plan Basic members, Coordinated members, and Minneapolis Employees Retirement Fund members were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent, respectively, of their annual covered salary in 2017. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2017. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2017.

In 2017, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan members	11.78%
Coordinated Plan members	7.50

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Minneapolis Employees Retirement Fund members	9.75
Public Employees Police and Fire Plan	16.20
Public Employees Correctional Plan	8.75

The employee and employer contribution rates did not change from the previous year.

The County's contributions for the year ended December 31, 2017, to the pension plans were:

General Employees Retirement Plan	\$ 3,168,495
Public Employees Police and Fire Plan	603,283
Public Employees Correctional Plan	367,499

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

4. Pension Costs

General Employees Retirement Plan

At December 31, 2017, the County reported a liability of \$42,140,348 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 0.6601 percent. It was 0.6207 percent measured as of June 30, 2016. The County recognized pension expense of \$6,233,262 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$15,302 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation required the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan for the fiscal year ended June 30, 2017.

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The County's proportionate share of the net pension liability	\$ 42,140,348
State of Minnesota's proportionate share of the net pension liability associated with the County	529,840
Total	<u><u>\$ 42,670,188</u></u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,388,817	\$ 2,558,414
Changes in actuarial assumptions	6,578,616	4,224,574
Difference between projected and actual investment earnings	-	145,146
Changes in proportion	2,399,313	772,608
Contributions paid to PERA subsequent to measurement date	1,594,972	-
Total	<u>\$ 11,961,718</u>	<u>\$ 7,700,742</u>

The \$1,594,972 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ 1,760,410
2019	2,808,180
2020	(113,801)
2021	(1,788,785)

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The \$306,832 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ 97,831
2019	97,831
2020	(83,312)
2021	(373,199)
2022	(1,331,493)

Public Employees Correctional Plan

At December 31, 2017, the County reported a liability of \$6,184,521 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was 2.170 percent. It was 2.210 percent measured as of June 30, 2016. The County recognized pension expense of \$2,338,608 for its proportionate share of the Public Employees Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,213	\$ 101,616
Changes in actuarial assumptions	3,429,169	1,076,537

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Difference between projected and actual investment earnings	-	23,541
Changes in proportion	-	113,063
Contributions paid to PERA subsequent to measurement date	185,816	-
 Total	\$ 3,619,198	\$ 1,314,757

The \$185,816 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ 1,329,621
2019	1,374,391
2020	(413,244)
2021	(172,143)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2017, was \$9,815,800.

5. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent

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through 2044 and 2064, respectively, and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for the Public Employees Correctional Plan.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Retirement Plan was dated June 30, 2015. The experience study for the Public Employees Police and Fire Plan was dated August 30, 2016. The experience study for the Public Employees Correctional Plan was dated February 2012.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	0.00

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2017, which remained consistent with 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan and the Public Employees Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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In the Public Employees Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2061. Beginning in fiscal year ended June 30, 2062, when projected benefit payments exceed the Plan's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 3.56 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.96 percent for the Public Employees Correctional Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits to the point of asset depletion and 3.56 percent thereafter.

7. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2017:

General Employees Retirement Plan

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15 percent for vested deferred member liability, and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21,000,000 in calendar years 2017 and 2018 and returns to \$31,000,000 through calendar year 2031. The state's required contribution is \$16,000,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000,000 annually through calendar year 2031.

Public Employees Police and Fire Plan

- The assumed salary increases were changed as recommended in the June 30,

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2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.0 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent per year thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

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Public Employees Correctional Plan

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1.0 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

8. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Position Liability	Discount Rate	Net Position Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50 %	\$ 65,362,812	6.50 %	\$ 9,382,445	4.96 %	\$ 10,191,318
Current	7.50	42,140,348	7.50	4,981,939	5.96	6,184,521
1% Increase	8.50	23,128,544	8.50	1,349,079	6.96	3,057,161

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9. Pension Plan Fiduciary Net Position

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

B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Scott County during the year ended December 31, 2017, were:

	Employee	Employer
Contribution amount	\$ 12,781	\$ 12,781
Percentage of covered payroll	5 %	5 %

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5. Other Post-employment Benefits

A. Plan description

Scott County provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its personnel policy manual and union contracts within the guidelines of Minnesota Statute. Minnesota Statute requires eligibility to be available for pension-eligible retirees (i.e. retirement after age 55 with 3 years of service). The plan does not issue a separate report. The activity of the plan is reported in the County's Other Post Employment Benefits Trust Internal Service Fund.

B. Summary of Plan Provisions

Non-bargained employees hired prior to July 1, 1992 with continuous benefit eligible employment since date of hire are eligible for a County Contribution for retiree healthcare (i.e. the County will pay a portion of the single premium). Non-bargained employees hired on or after July 1, 1992 are not eligible for a County Contribution for retiree healthcare and will pay a 2.0% administrative fee in addition to their premium.

Bargained employees hired prior to July 1, 1993 with continuous benefit eligible employment since date of hire are eligible for a County Contribution for retiree healthcare (i.e. the County will pay a portion of the single premium). Bargained employees hired on or after July 1, 1993 are not eligible for a County Contribution for retiree healthcare and will pay a 2.0% administrative fee in addition to their premium. Employees who are member of the LELS – Deputized Labor Group are assumed to participate in the Police & Fire Plan. If they become disabled in the line-of-duty, they may continue the same coverage they had on their date of disability, at the same (Active Employee) rate.

For those employees eligible for a County Contribution for retiree healthcare, the County will pay a portion of the single premium under the County's group healthcare plans, based on the retiree's years of benefit eligible employment at retirement. Employees with less than 10 years of benefit eligible service will not receive a County Contribution, employees with 10 – 14 years of benefit eligible service will receive a 50% County Contribution, employees with 15 – 19 years of benefit eligible service will receive a 75% County Contribution and those employees with 20 or more years of

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benefit eligible service will receive a 100% County Contribution towards a single premium.

C. Participants

At January 1, 2017, membership consisted of:

Retirees currently receiving benefits (includes 2 disabled retirees)	202
Beneficiaries currently receiving benefits	4
Terminated employees entitled to benefits not yet receiving them	-
Active employees	712
Total	918
Participating Employers	1

D. Funding Policy

The County established a revocable trust to accumulate funds for the future costs of other post-employment benefits (OPEB). According to GASB No. 45, because the trust is not irrevocable, the assets in the trust cannot be used to offset the Actuarial Accrued Liability in determining the Unfunded Actuarial Accrued Liability. Therefore, as long as the County's trust is revocable, the Actuarial Value of Assets for GASB No. 45 is assumed to be \$0. During 2017 Scott County contributed \$700,000 and had a year end balance in the OPEB revocable trust of \$17,617,922.

E. Annual OPEB Costs and Net OPEB Obligation

The County had an actuarial valuation performed for the plan as of January 1, 2016 to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2017. The County's annual OPEB cost (expense) was \$1,880,786 for 2017. The transition liability was set at zero as of January 1, 2008. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding fiscal years were as follows:

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Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	% of Annual OPEB Cost Contribution	Net OPEB Obligation
December 31, 2015	\$ 1,592,386	\$ 1,143,124	72%	\$ 5,056,583
December 31, 2016	1,796,948	1,227,532	68%	5,625,999
December 31, 2017	1,880,786	1,402,721	75%	6,104,064

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual required contribution (ARC)	\$ 1,824,637
Interest on net OPEB obligation	421,950
Adjustment to annual required contribution	<u>(365,801)</u>
Annual OPEB cost	1,880,786
Contributions made	<u>(1,402,721)</u>
Increase (decrease) in net OPEB obligation	478,065
Net OPEB obligation – beginning of year	<u>5,625,999</u>
Net OPEB obligation – end of year	<u>\$ 6,104,064</u>

F. Funded Status and Funding Progress.

The funded status of the plan as of December 31, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 21,405,364
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 21,405,364
Funded ratio (actuarial value of plan assets/AAL)	0%
Estimated covered payroll (active plan members)	\$ 46,426,000
UAAL as percentage of covered payroll	46%

Actuarial valuations of an ongoing plan 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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer, are subject to continual revision as

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actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

G. Actuarial Methods and Assumptions

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

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 7.5% investment rate of return and an actuarial healthcare cost trend rate range of 9.5% to 5.0% for pre-65 and 7.0% to 5.0% for post-65. Both rates included a 3 percent inflation assumption. The actuarial value of assets was not determined as the County advance funds its obligation in a revocable trust and the actuarial valuation can only include funding in an irrevocable trust. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2017, was twenty years.

6. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2017 and 2018. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining and the County pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The County established a limited risk management program for health and dental coverages in 1993. Premiums are paid into the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$125,000 stop-loss per person per year (\$13,635,239 aggregate) for the health plan. There is a maximum claim limit of \$1,250 per person per year for the dental plan.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). 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 re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended December 31	
	2017	2016
Unpaid claims, beginning of fiscal year	\$ 675,918	\$ 445,748
Incurred claims (including IBNRs)	10,077,354	10,264,597
Claims payments	(10,235,844)	(10,034,427)
Unpaid Claims, End of Fiscal Year	\$ 517,428	\$ 675,918

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7. Conduit Debt

The majority of the conduit bond financings are private activity bonds where the bond proceeds are lent to a private individual or entity to meet a public purpose. Tax-exempt private activity bonds require an allocation of bonding authority. The revenues pledged to repay the bonds are paid by the private entity directly to the trustee. In 2004 Scott County entered into a conduit debt agreement with St. John the Baptist Church where St. John the Baptist Church issued \$4,622,771 of debt for the replacement of existing school facilities plus handicapped accessibility for school renovation of the Parish center for meetings and classrooms. The outstanding balance as of December 31, 2017 was \$2,106,519. Neither the County nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

8. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

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

B. Joint Ventures

Minnesota River Basin

The Minnesota River Basin Joint Powers Board was established July 12, 1995, by an agreement between Scott County and other counties. The agreement was made to promote orderly water quality improvement and management of the Minnesota River Watershed. Each county is responsible for its proportionate share of the administrative budget and for its share of benefits from any special project.

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The management of the Joint Powers Board is vested in the Board of Directors consisting of one member and an alternate from each county board of commissioners included in this agreement. According to the latest information available, 37 counties are members under this agreement.

Separate financial information can be obtained from:

Minnesota River Basin
Administration Building No. 14
600 East 4th Street
Chaska, Minnesota 55318

Cedar Lake Area Wastewater Collection and Treatment System

Pursuant to Minn. Stat. § 471.59, Scott County entered into a joint powers agreement with Cedar Lake Area Water and Sanitary Sewer District.

According to the agreement, the District shall design and construct the Cedar Lake Area Wastewater Collection and Treatment System in order to provide sewer services to all customers in the District's service area.

The County shall provide administrative assistance to the District and provide funds to enable the District to meet its administrative needs until such time as the District receives financing for construction. The total monetary obligation of the County to the District shall not exceed \$15,000. The joint powers' treasurer handles the accounting functions. Current financial statements are not available.

Metropolitan Library Service Agency (MELSA)

Scott County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of St. 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 or assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. MELSA handles the accounting functions for the Board.

Separate financial information can be obtained from:

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Metropolitan Library Service Agency
Suite 314
1619 Dayton Avenue
Saint Paul, Minnesota 55104-1849

Metropolitan Emergency Services Board

Pursuant to Minn. Stat. § 471.59, Scott County entered into a joint powers agreement with Anoka, Carver, Dakota, Hennepin, Ramsey, and Washington Counties. The purposes of the agreement are: (a) the implementation and administration of a regional 911 system, and (b) encouraging the development of new resources and the coordination of emergency medical services.

The Board, consisting of two commissioners from each of the counties, determines the amount of contribution by each participating county according to an assessment formula. Financial statements are prepared by Washington County and audited by Redpath and Company. Financial statements can be obtained at the 911 Board Office, 2099 University Avenue, Saint Paul, Minnesota 55104-3431.

SmartLink Transit

Pursuant to Minn. Stat. § 471.59, Scott County entered into a joint powers agreement with Carver County. The objective of the agreement is to work together to provide transportation services to residents in Carver and Scott Counties by partnering to use existing resources and develop expanded transit services in order to increase the scope, availability, and quality of the two-county region's transit system.

Both entities are governed by their respective Boards. The Management Team, consisting of equal partners from both counties, is responsible for major operational and budgetary decisions, long-range planning and capital equipment purchases. Scott County is the fiscal agent, receiving funds on behalf of both counties for administration of the programs and services.

Separate financial statements are not available.

Southwest Metro Drug Task Force

The Southwest Metro Drug Task Force was established in 2000 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Carver, McLeod,

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and Scott Counties, and the Cities of Chaska, Chanhassen, Shakopee, Mound, Hutchinson, West Hennepin, and Minnetrista and the South Lake Minnetonka Police Department. The Drug Task Force's objectives are to detect, investigate and apprehend controlled substance offenders in the three-county area.

Control of the Southwest Metro Drug Task Force is vested in the Southwest Metro Drug Task Force Executive Committee. The Executive Committee consists of one designated official from each of the three counties and eight cities. In the event of dissolution of the Drug Task Force, the remaining net position will be distributed among the agencies based on their level of participation. However, if only one agency terminates the agreement and the Drug Task Force continues, all equipment will remain with the Drug Task Force.

Financing is provided by grants, forfeiture money, and appropriations from members. Complete financial information can be obtained from the City of Shakopee, 129 Holmes Street South, Shakopee, Minnesota 55379.

Vermillion River Watershed Joint Powers Agreement

Scott County entered into a joint powers agreement with Dakota County, pursuant to Minn. Stat. § 471.59, and Minn. Stat. Ch. 103B to prepare, adopt and implement the watershed plan for the Vermillion River. The Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota County. Complete financial information can be obtained from Dakota County Financial Services, 1590 Highway 55, Hastings, Minnesota 55033.

Minnesota Valley Transit Authority (MVTA)

Pursuant to Minnesota Statutes §§ 473.384, 473.388, and 471.59, Scott County entered into a joint powers agreement with Dakota County and the Cities of Apple Valley, Burnsville, Eagan, Rosemount, and Savage. The purpose of this agreement is to provide public transit service to persons within the participating Cities and the Metropolitan Area.

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 withdrawal of any party from the MVTA, all of the assets which remain after payment of debts and obligations shall be distributed among the parties to this

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agreement immediately prior to its termination, subject to the terms and requirements of obligations issued by one or more municipalities pursuant to Minn. Stat. § 473.388, Subd. 7.

C. Jointly-Governed Organizations

Scott County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organization listed below:

Scott County Family Services and Children’s Mental Health Collaborative

Scott County entered into the Scott County Family Services and Children’s Mental Health Collaborative. The purpose of the Collaborative is to enhance family strengths and support through service coordination and access to informal communication. The Collaborative started in 1996.

The Collaborative consists of: Scott County Human Services; Minnesota River Valley Special Education Cooperative; CAP Agency; Scott County Corrections; Scott County CDA; Shakopee, Prior Lake/Savage, Jordan, Belle Plaine, New Prague, and Burnsville/Eagan/Savage School Districts; and the Family Leadership Council.

Scott County is the fiscal agent for the Collaborative. Financing is provided by various grants. Counties participating in local children’s mental health collaboratives must contribute to the local collaborative’s integrated fund an amount at least equal to any allocations awarded from the TEFRA Restructuring, Collaborative Implementation, Collaborative Wrap-Around, and Adolescent Services grant programs. The total grant award for 2017 was \$298,283. The Collaborative’s transactions are accounted for in an agency fund of Scott County.

9. Scott County Community Development Agency Component Unit Notes

A. Summary of Significant Accounting Policies

The Scott County Community Development Agency (the CDA) was created under the laws of the State of Minnesota. The CDA is governed by a five-member Board of Commissioners (the Board) appointed by the Scott County Board of Commissioners. The CDA provides economic development and affordable housing for the citizens within the County.

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Reporting Entity

The CDA has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the CDA are such that exclusion would cause the CDA's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The CDA is reported as a discrete component unit in Scott County's financial statements.

The Greentree Development Corporation is a Minnesota non-profit corporation holding IRS classification as a 501(c)(3) tax exempt organization with a public charity status under 509(a)(1) and 170(b)(1)(A)(vi). Although legally separate from the CDA, Greentree Development Corporation is reported as if it were part of the CDA as a blended component unit. The Board of Directors of the Corporation are comprised of the Board of Commissioners of the Scott County Community Development Agency, and their terms of office as directors of the Corporation shall be conterminous with their terms as Commissioners. It is this criterion that results in the Greentree Development Corporation being reported as a blended component unit.

Government-wide Statements

Government-wide Financial Statements – The statement of net position and statement of activities display information about the Agency. These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operations of capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

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Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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

Deposits and Investments

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. Investments are stated at fair value. The investments in the broker money markets are external investment pools. The reported value of the pools is equal to the value of the pool's shares.

Restricted Cash and Pooled Investments

The bond indenture requires the CDA to establish and maintain various trust funds related to construction of the projects, bond sinking and reserve funds, and operating reserve funds.

Property Taxes

The CDA Board annually adopts a levy and certifies it to the County for collection. The County is responsible for collecting all property taxes for the CDA. Real property taxes are paid by taxpayers of the County in two equal installments on May 15 and October 15. The County provides tax settlements to the CDA three times per year, in January, July and December.

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Delinquent taxes receivable include the past twelve years' uncollected taxes.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. All trade receivables are shown net of an allowance for uncollectable. The allowance for uncollectible at December 31, 2017 was \$16,347.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. The CDA defines capital assets as those assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives.

Estimated useful lives are as follows:

Buildings	40 years
Building improvements	15 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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) until then. The CDA only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position.

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Compensated Absences

The Agency's policy allows employees to accumulate paid time off (PTO) up to a maximum of 54 days. The CDA accrues accumulated unpaid compensated absences when earned by the employee.

B. Detailed Notes

1. Assets

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the CDA's deposits and investments may not be returned or the CDA will not be able to recover collateral securities in the possession of an outside party. The government does not have a deposit policy. However, Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. At December 31, 2017, the Agency's carrying amount of deposits was \$7,358,945 and the bank balance was \$7,427,996. All of this bank balance was covered by federal depository insurance and collateral held by the CDA's agent in the CDA's name.

Investments

At December 31, 2017, the CDA had the following investments:

	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurements Using		
				Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level						
Non-pooled commercial paper	A-1+	less than 6 months	\$ 4,389,776	\$ -	\$ 4,389,776	\$ -
Investments measured at amortized cost						
Pooled Broker Money Market	N/A	less than 6 months	2,807,809			
Total investments			<u>\$ 7,197,585</u>			

Debt Securities classified in Level 2 are valued using significant other observable inputs.

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

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The investments of the CDA are subject to the following risks, which are not addressed in the investment policy:

Interest Rate Risk: Is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk: Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the CDA's investments.

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.

Concentration of Credit Risk: Is the risk of loss attributed to the magnitude of a government's investment in a single issue.

A reconciliation of cash and temporary investments is as follows:

Carrying amount of deposits	\$	7,358,945
Investments		7,197,585
Cash on hand		1,750
Total	\$	14,558,280
Cash and investments		
Cash-unrestricted	\$	6,735,311
Cash-other restricted		248,579
Cash-tenant security deposits		376,805
Restricted investments		7,197,585
Total	\$	14,558,280

Notes Receivable

The balance of notes receivable as of December 31, 2017 is \$850,000. \$350,000 of the balance is for a 0 percent deferred loan for the construction of a 66 unit affordable housing project with a maturity date of December 31, 2042. \$500,000 of the balance is for a 0 percent deferred loan for construction of a 68 unit affordable housing project with a maturity date of December 31, 2034.

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Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Non-depreciable assets:				
Land and land improvements	\$ 6,629,893	\$ -	\$ (53,957)	\$ 6,575,936
Construction in progress	199,044	-	(199,044)	-
Total non-depreciable assets	<u>6,828,937</u>	<u>-</u>	<u>(253,001)</u>	<u>6,575,936</u>
Depreciable assets				
Buildings and improvements	81,909,758	312,657	(199,044)	82,023,371
Equipment	<u>1,004,984</u>	<u>169,334</u>	<u>(6,784)</u>	<u>1,167,534</u>
Total depreciable assets	<u>82,914,742</u>	<u>481,991</u>	<u>(205,828)</u>	<u>83,190,905</u>
Accumulated depreciation				
Buildings and improvements	(22,807,826)	(2,303,760)	-	(25,111,586)
Equipment	<u>(390,309)</u>	<u>(81,351)</u>	<u>6,784</u>	<u>(464,876)</u>
Total accumulated depreciation	<u>(23,198,135)</u>	<u>(2,385,111)</u>	<u>6,784</u>	<u>(25,576,462)</u>
Depreciable assets, net	<u>59,716,607</u>	<u>(1,903,120)</u>	<u>(199,044)</u>	<u>57,614,443</u>
Capital assets, net	<u>\$ 66,545,544</u>	<u>\$ (1,903,120)</u>	<u>\$ (452,045)</u>	<u>\$ 64,190,379</u>

2. Liabilities

Long-Term Liabilities

Revenue Bonds

The CDA has the following revenue bonds outstanding at December 31, 2017, which were issued to finance rental buildings and will be repaid from rental income. The CDA is being reimbursed for a portion of its interest paid on the 2010A Build America Bonds; this is shown as a credit in the debt maturity schedule below.

Bond Series	Original Amount	Interest Rates (%)	Final Maturity	Balance at Year End
Series – 2006D	\$ 905,000	6.00 – 6.25	2/1/2018	\$ 50,000
Series – 2008	2,400,000	4.20 – 4.60	2/1/2029	105,000
Series – 2010	5,370,000	2.00 – 4.00	2/1/2036	4,360,000
Series – 2010A	1,780,000	2.85 – 5.30	2/1/2028	1,735,000
Series – 2010B	4,445,000	5.50 – 6.60	2/1/2045	4,445,000
Series – 2012B	5,885,000	2.00 – 3.63	2/1/2034	4,955,000

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Series – 2012C	7,110,000	3.00 – 4.00	2/1/2047	5,890,000
Series – 2013A	2,330,000	2.00 – 4.00	2/1/2027	1,835,000
Series – 2013B	1,135,000	2.00 – 4.00	2/1/2027	905,000
Series – 2013C	2,880,000	2.00 – 4.25	2/1/2033	2,525,000
Series – 2013E	1,220,000	2.00 – 3.00	2/1/2023	1,145,000
Series – 2015	7,930,000	2.00 – 3.60	2/1/2048	7,930,000
Series – 2017A	5,900,000	2.00 – 3.75	2/1/2042	5,900,000
Series – 2017B	1,385,000	2.00 – 3.25	2/1/2029	1,385,000
Total Bonds				<u>\$ 43,165,000</u>

Debt Service Requirements

Debt service requirements to maturity for the Community Development Agency are as follows:

Year Ending December 31	Principal	Interest	Credit	Total
2018	\$ 1,685,000	\$ 1,658,046	\$ (150,730)	\$ 3,192,316
2019	1,650,000	1,638,527	(149,070)	3,139,457
2020	1,720,000	1,602,312	(147,185)	3,175,127
2021	1,800,000	1,571,457	(145,102)	3,226,355
2022	1,850,000	1,524,482	(142,827)	3,231,655
2023 – 2027	9,035,000	6,853,646	(672,259)	15,216,387
2028 – 2032	8,245,000	5,487,915	(569,257)	13,163,658
2033 – 2037	6,970,000	4,139,265	(417,688)	10,691,577
2038 – 2042	5,620,000	3,151,892	(235,131)	8,536,761
2043 – 2047	4,175,000	2,343,020	(40,392)	6,477,628
2048	415,000	422,470	-	837,470
Totals	<u>\$ 43,165,000</u>	<u>\$ 30,393,032</u>	<u>\$ (2,669,641)</u>	<u>\$ 70,888,391</u>

Loans

The CDA had the following loans payable outstanding as of December 31, 2017:

Description	Authorized and Issued	Interest Rates (%)	Final Maturity	Balance at Year End
USDA Rural Development Loan	\$ 338,111	6.00	3/31/2030	\$ 304,905
USDA Rural Development Loan	284,844	4.88	4/20/2045	277,017
Schrader Loan	535,711	6.00	5/1/2023	163,962
Market Village SAC & WAC Note	384,749	0.00	12/31/2025	266,362
MHFA Deferred Loan	257,982	0.00	6/10/2033	257,982
MHFA (POHP) Deferred Loan	400,000	0.00	10/28/2019	400,000

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MHFA Deferred Loan	275,000	0.00	4/20/2045	275,000
MHFA Deferred Loan	307,886	0.00	3/31/2031	307,886
MHFA Deferred Loan	91,000	0.00	6/26/2033	91,000
MHFA Deferred Loan	134,551	0.00	12/31/2033	133,777
Multifamily Preservation and Revitalization Loan	106,808	4.25	4/30/2060	101,700
Multifamily Preservation and Revitalization Loan	204,681	3.13	2/1/2063	195,821
Total Loans				<u>\$ 2,775,412</u>

Loan Debt Service Requirements

Loan debt service requirements to maturity for the Community Development Agency are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 59,351	\$ 14,168	\$ 73,519
2019	461,111	12,409	473,520
2020	62,976	10,543	73,519
2021	64,954	8,565	73,519
2022	67,050	6,469	73,519
2023 – 2027	148,491	21,507	169,998
2028 – 2032	634,520	17,885	652,405
2033 – 2037	508,636	13,737	522,373
2038 – 2042	30,842	8,773	39,615
2043 – 2047	588,802	3,122	591,924
2048 – 2052	43,904	87	43,991
2053 – 2057	52,441	-	52,441
2058 – 2062	50,869	-	50,869
2063	1,465	-	1,465
Totals	<u>\$ 2,775,412</u>	<u>\$ 117,265</u>	<u>\$ 2,892,677</u>

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Changes in Long-term Liabilities

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Revenue bonds	\$ 45,670,000	\$ 7,285,000	\$ (9,790,000)	\$ 43,165,000	\$ 1,685,000
Unamortized Bond Premium	-	60,090	-	60,090	-
Loans payable	2,938,274	-	(162,862)	2,775,412	59,351
Noncurrent liabilities – other	32,705	-	(5,534)	27,171	-
OPEB obligation	344,696	56,285	(24,044)	376,937	-
Compensated absences	106,579	150,712	(134,670)	122,621	95,800
Long-term liabilities	<u>\$ 49,092,254</u>	<u>\$ 7,552,087</u>	<u>\$ (10,117,110)</u>	<u>\$ 46,527,231</u>	<u>\$ 1,840,151</u>

Pledged Revenue

These bonds were issued to finance the buildings for the various properties. They will be repaid from future net revenues pledged from the properties. Annual principal and interest payments on the bonds are expected to require more than 52 percent of the net revenues from the properties. Principal and interest paid for the current year and total customer net revenues were \$3,472,242 and \$6,888,950, respectively.

Refunding Bonds

On December 28, 2017, the CDA issued \$5,900,000 of Housing Development Revenue Refunding Bonds, Series 2017A. The bonds bear an average coupon rate of 3.17 percent and will refund the outstanding principal of the Housing Development Revenue Bonds, Series 2007A. As a result of the refunding issue, the CDA will save \$1,127,814 in debt service payments and achieve an economic gain (the present value of the difference of the old and the new debt service) of \$659,720. On December 28, 2017, the CDA issued \$1,385,000 of Taxable Facility Lease Revenue Refunding Bonds, Series 2017B. The bonds bear an average coupon rate of 2.91 percent and will refund the outstanding principal of the Lease Revenue Bonds, Series 2008A. As a result of the refunding issue, the CDA will save \$125,408 in debt service payments and achieve an economic gain (the present value of the difference of the old and the new debt service) of \$74,466.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

Postemployment Benefits Other than Pensions

A. Plan Description

The CDA administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the CDA’s group health insurance plan, which covers both active and retired members. Retirees who are Medicare eligible can receive coverage in the CDA-sponsored Medicare Supplemental Plan or remain in one of the group healthcare plans. Benefit provisions are annually established by the CDA board. The Retiree Health Plan does not issue a publicly available financial report.

The group healthcare plans are integrated with Medicare based on the Coordination of Benefits (COB) method. The COB method determines the employer’s cost by treating Medicare as any other primary insurer would be regarded under a secondary payment provision. The retiree plan, as secondary payer, pays up to the amount it would pay as primary payer, with the exception that it will not pay benefits already paid by Medicare.

B. Funding Policy

Contribution requirements also are set by the Board annually. For fiscal year 2017, the CDA contributed \$24,044 to the plan. Based on an eligible retiree’s years of continuous regular full-time service at retirement, the CDA will pay a portion of the single premium under one of the group healthcare plans or the Medicare Supplemental Plan, as defined: 50, 75, and 100 percent for 10 to 14, 15 to 19, and 20 or more years of continuous regular full-time service, respectively. This benefit is only available to those employees/retirees with a hire date prior to April 11, 2006. In fiscal year 2017, total member contributions were \$23,576.

C. Annual OPEB Cost and Net OPEB Obligation

The CDA’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The following table shows the components of the CDA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the CDA's net OPEB obligation to Retiree Health Plan:

Annual required contribution	\$	56,995
Interest on net OPEB obligation		14,650
Adjustment to annual required contribution		(15,360)
Annual OPEB cost		56,285
Contributions made		(24,044)
Increase in net OPEB obligation		32,241
Net OPEB obligation – beginning of year		344,696
Net OPEB obligation – end of year	\$	376,937

The CDA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Three Year Trend Information		
	Annual OPEB Cost	% of Annual OPEB Cost Contribution	Net OPEB Obligation
December 31, 2017	\$ 56,285	42.2 %	\$ 376,937
December 31, 2016	54,382	45.1 %	344,696
December 31, 2015	43,201	20.3 %	314,984

D. Funded Status and Funding Progress

As of January 1, 2017, the actuarial accrued liability for benefits was \$687,141, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,411,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 48.7 percent.

The projection of future benefit payments for an ongoing plan involves 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 the healthcare cost trend.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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.

E. Methods and Assumptions

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

In the January 1, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.25 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments. The initial healthcare cost trend rate was 9.5 percent, reduced by decrements to an ultimate rate of 8.0 percent after three years. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017, was 30 years.

Retirement Plan

All permanent full-time employees of the CDA are eligible to participate in the Housing Agency Retirement Trust (the Trust). The Trust is a defined contribution plan administered by a trustee. Employees under this Plan receive a pension based on the amount deposited in the Plan by the employee and employer and the amount of investment income earned. Therefore, the Trust is fully funded at all times.

Participating employees vest in the CDA's future and past service contributions based on each full year of continuous employment. Total payroll and eligible payroll for employees covered by the Plan for the year ended December 31, 2017, was \$1,298,270.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The CDA contributed \$103,178 and employees contributed \$82,550 in the Plan for the year ended December 31, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 51,709,970	\$ 51,709,970	\$ 51,018,887	\$ (691,083)
Special assessments	-	-	95,758	95,758
Licenses and permits	1,399,000	1,399,000	1,761,519	362,519
Intergovernmental	30,684,018	30,684,018	33,793,491	3,109,473
Charges for services	9,981,921	9,981,921	9,567,768	(414,153)
Fines and forfeits	797,726	797,726	723,512	(74,214)
Gifts and contributions	33,700	33,700	180,150	146,450
Investment earnings	272,000	272,000	739,525	467,525
Miscellaneous	2,255,078	2,255,078	2,172,107	(82,971)
Total Revenues	\$ 97,133,413	\$ 97,133,413	\$ 100,052,717	\$ 2,919,304
Expenditures				
Current				
General government				
Commissioners	\$ 735,745	\$ 735,745	\$ 644,691	\$ 91,054
Courts	539,408	539,408	657,727	(118,319)
County administration	601,802	601,802	524,765	77,037
Finance	3,712,406	3,712,406	3,129,341	583,065
Land records	1,274,585	1,274,585	1,302,002	(27,417)
Customer service	873,147	873,147	873,712	(565)
Information technology	5,195,940	5,195,940	5,225,656	(29,716)
Employee relations	1,407,491	1,407,491	1,300,380	107,111
Attorney	5,173,754	5,173,754	5,428,791	(255,037)
Building inspections	497,161	497,161	573,065	(75,904)
Planning and analysis	937,901	937,901	1,047,898	(109,997)
Environmental health	1,259,466	1,259,466	802,546	456,920
Zoning	326,048	326,048	399,149	(73,101)
Taxation	1,898,759	1,898,759	1,916,508	(17,749)
Elections	448,468	448,468	484,105	(35,637)
Facilities management	3,196,253	3,196,253	3,006,384	189,869
Veterans service officer	342,698	342,698	342,871	(173)
Total general government	\$ 28,421,032	\$ 28,421,032	\$ 27,659,591	\$ 761,441

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 6,728,509	\$ 6,728,509	\$ 6,757,438	\$ (28,929)
County jail	7,183,117	7,183,117	7,391,870	(208,753)
Emergency services	320,579	320,579	326,922	(6,343)
Medical examiner	314,978	314,978	314,978	-
Law enforcement	2,596,908	2,596,908	2,602,889	(5,981)
Community corrections	4,070,564	4,070,564	3,789,334	281,230
Total public safety	\$ 21,214,655	\$ 21,214,655	\$ 21,183,431	\$ 31,224
Highways and streets				
Administration	\$ 813,813	\$ 813,813	\$ 601,635	\$ 212,178
Engineering	2,709,057	2,709,057	2,578,207	130,850
Maintenance	5,518,427	5,518,427	6,214,301	(695,874)
Equipment and maintenance shops	652,657	652,657	408,057	244,600
Total highways and streets	\$ 9,693,954	\$ 9,693,954	\$ 9,802,200	\$ (108,246)
Sanitation				
SCORE	\$ 283,959	\$ 283,959	\$ 1,371,142	\$ (1,087,183)
Transit				
Transit	\$ 2,383,260	\$ 2,383,260	\$ 2,788,435	\$ (405,175)
Human services				
Income maintenance	\$ 3,642,617	\$ 3,642,617	\$ 3,626,779	\$ 15,838
Administration	2,448,941	2,448,941	2,434,104	14,837
Social services	18,246,913	18,246,913	18,299,392	(52,479)
Total human services	\$ 24,338,471	\$ 24,338,471	\$ 24,360,275	\$ (21,804)
Health				
Family health	\$ 3,688,101	\$ 3,688,101	\$ 3,702,223	\$ (14,122)
Culture and recreation				
Historical society	\$ 140,000	\$ 140,000	\$ 140,000	\$ -
Parks	1,502,736	1,502,736	1,505,163	(2,427)
County library	3,218,572	3,218,572	3,330,006	(111,434)
Total culture and recreation	\$ 4,861,308	\$ 4,861,308	\$ 4,975,169	\$ (113,861)

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

*Schedule 1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Conservation of natural resources				
County extension	\$ 350,656	\$ 350,656	\$ 350,372	\$ 284
Agricultural society/county fair	107,000	107,000	107,000	-
Natural resources	255,023	255,023	182,347	72,676
Total conservation of natural resources	\$ 712,679	\$ 712,679	\$ 639,719	\$ 72,960
Economic development				
Employment and training	\$ 1,289,946	\$ 1,289,946	\$ 1,185,711	\$ 104,235
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 215,945	\$ (215,945)
Debt Service				
Principal	\$ -	\$ -	\$ 122,916	\$ (122,916)
Total Expenditures	\$ 96,887,365	\$ 96,887,365	\$ 98,006,757	\$ (1,119,392)
Excess of Revenues Over (Under)				
Expenditures	\$ 246,048	\$ 246,048	\$ 2,045,960	\$ 1,799,912
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 567,654	\$ 567,654
Transfers out	(179,700)	(179,700)	(1,846,599)	(1,666,899)
Proceeds from septic loan program	-	-	439,470	439,470
Proceeds from sale of capital assets	-	-	8,104	8,104
Total Other Financing Sources (Uses)	\$ (179,700)	\$ (179,700)	\$ (831,371)	\$ (651,671)
Net Change in Fund Balance	\$ 66,348	\$ 66,348	\$ 1,214,589	\$ 1,148,241
Fund Balance - January 1	40,730,515	40,730,515	40,730,515	-
Fund Balance - December 31	\$ 40,796,863	\$ 40,796,863	\$ 41,945,104	\$ 1,148,241

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
WATERSHED MANAGEMENT ORGANIZATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,163,617	\$ 1,163,617	\$ 1,119,757	\$ (43,860)
Intergovernmental	1,349,254	1,889,343	943,172	(946,171)
Charges for services	-	-	58,438	58,438
Investment earnings	6,000	6,000	11,178	5,178
Miscellaneous	-	-	102,965	102,965
Total Revenues	\$ 2,518,871	\$ 3,058,960	\$ 2,235,510	\$ (823,450)
Expenditures				
Current				
Conservation of natural resources				
Water management	\$ 2,687,869	\$ 3,184,996	\$ 2,054,078	\$ 1,130,918
Debt Service				
Principal	\$ -	\$ -	\$ 196,091	\$ (196,091)
Interest	-	-	3,909	(3,909)
Total Debt Service	\$ -	\$ -	\$ 200,000	\$ (200,000)
Total Expenditures	\$ 2,687,869	\$ 3,184,996	\$ 2,254,078	\$ 930,918
Net Change in Fund Balance	\$ (168,998)	\$ (126,036)	\$ (18,568)	\$ 107,468
Fund Balance - January 1	520,609	520,609	520,609	-
Fund Balance - December 31	\$ 351,611	\$ 394,573	\$ 502,041	\$ 107,468

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 3

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
January 1, 2012	-	\$ 19,742,846	\$ 19,742,846	0%	\$ 39,271,000	50.27%
January 1, 2014	-	18,568,908	18,568,908	0%	42,272,000	43.93%
January 1, 2016	-	20,828,274	20,828,274	0%	44,856,000	46.43%

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 4

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2017**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Scott County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.6601%	\$ 42,140,348	\$ 529,840	\$ 42,670,188	\$ 42,521,944	99.10%	75.90%
2016	0.6207%	50,397,761	658,207	51,055,968	38,517,299	130.84%	68.91%
2015	0.6313%	32,717,242	N/A	32,717,242	37,096,265	88.20%	78.19%

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 5

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2017**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2017	\$ 3,168,445	\$ 3,168,496	\$ 51	\$ 42,245,929	7.50%
2016	2,963,502	2,963,502	-	39,513,367	7.50%
2015	2,938,316	2,938,541	225	39,177,552	7.50%

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 6

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2017**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.369%	\$ 4,981,939	\$ 3,786,265	131.58%	85.43%
2016	0.360%	14,447,426	3,465,437	416.90%	63.88%
2015	0.366%	4,158,616	3,346,113	124.28%	86.61%

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 7

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2017**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2017	\$ 603,283	\$ 603,283	\$ -	\$ 3,723,970	16.20%
2016	569,661	569,660	(1)	3,516,421	16.20%
2015	577,625	577,625	-	3,565,589	16.20%

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 8

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2017**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	2.17%	\$ 6,184,521	\$ 4,334,457	142.68%	67.89%
2016	2.21%	8,073,439	4,169,865	193.61%	58.16%
2015	2.25%	347,850	4,025,888	8.64%	96.95%

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 9

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2017**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2017	\$ 367,499	\$ 367,499	\$ -	\$ 4,199,992	8.75%
2016	366,481	366,506	25	4,188,357	8.75%
2015	374,253	374,263	10	4,277,181	8.75%

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

I. **Stewardship, compliance, and accountability**

A. **Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all budgeted governmental funds. Each appropriation lapses at the end of the fiscal year to the extent that it has not been expended.

The appropriated budget is prepared by fund, function, and department. The County's budgets may be amended or modified at any time by the County Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

The Ditch, Transportation Initiative, Regional Training Facility and Regional Railroad Authority special revenue funds were not annually appropriated for during 2017.

B. **Excess of expenditures over appropriations**

For the year ended December 31, 2017, General Fund expenditures exceeded appropriations in the Courts, Land Records, Customer Service, Information Technology, Attorney, Building Inspections, Planning and Analysis, Zoning, Taxation, Elections, Veterans Service Officer, Sheriff, County Jail, Emergency Services, Law Enforcement, Highway and Streets Maintenance, SCORE, Transit, Social Services, Family Health, Parks, County Library, Intergovernmental, and Debt Service of the General Fund. The amounts expenditures exceeded appropriation were \$118,319, \$27,417, \$565, \$29,716, \$255,037, \$75,904, \$109,997, \$73,101, \$17,749, \$35,637, \$173, \$28,929, \$208,753, \$6,343, \$5,981, \$695,874, \$1,087,183, \$405,175, \$52,479, \$14,122, \$2,427, \$111,434, \$215,945, \$122,916, respectively.

The Watershed Management Organization Special Revenue Fund Debt Service expenditures exceeded appropriations by \$200,000.

II. **Other Post-Employment Benefits**

As disclosed on the Schedule of Funding Progress, no assets have been placed in an irrevocable trust to advance fund the employer's obligation.

The County established a revocable trust to accumulate funds for the future costs of other post-employment benefits. According to GASB No. 45, since the trust is not irrevocable, the assets in the trust cannot be used to offset the Actuarial Accrued Liability in determining the Unfunded Actuarial Accrued Liability.

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

II. **Other Post-Employment Benefits (continued)**

Therefore, as long as the County's trust is revocable, the Actuarial Value of Assets for GASB No. 45 is assumed to be \$0. During 2017 Scott County contributed \$700,000 and had a yearend balance in the OPEB revocable trust of \$17,617,922.

III. **Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2017:

General Employees Retirement Plan

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15 percent for vested deferred member liability, and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21,000,000 in calendar years 2017 and 2018 and returns to \$31,000,000 through calendar year 2031. The state's required contribution is \$16,000,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000,000 annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

III. **Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

General Employees Retirement Plan

2016 (continued)

- percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25

Public Employees Police and Fire Plan

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.0 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

III. **Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

Public Employees Police and Fire Plan

2017 (continued)

(husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

III. **Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

Public Employees Correctional Plan

2017 (continued)

disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1.0 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

SUPPLEMENTARY INFORMATION

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement A-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	<u>Ditch</u>	<u>Regional Railroad Authority</u>	<u>Law Library</u>	<u>Transportation Initiative</u>	<u>Regional Training Facility</u>	<u>Total</u>
<u>Assets</u>						
Cash and pooled investments	\$ 111,820	\$ 95,810	\$ 270,120	\$ 325,950	\$ 749,407	\$ 1,553,107
Petty cash and change funds	-	-	30	-	50	80
Accounts receivable	-	-	82	-	3,976	4,058
Accrued interest receivable	299	229	514	-	3,050	4,092
Due from other governments	-	-	15,041	-	1,045	16,086
Total Assets	\$ 112,119	\$ 96,039	\$ 285,787	\$ 325,950	\$ 757,528	\$ 1,577,423
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 3,463	\$ 26,090	\$ 828	\$ 30,381
Salaries payable	-	-	1,590	-	-	1,590
Due to other governments	-	-	73	-	-	73
Total Liabilities	\$ -	\$ -	\$ 5,126	\$ 26,090	\$ 828	\$ 32,044
Deferred Inflows of Resources						
Unavailable revenue	\$ 222	\$ 170	\$ 382	\$ -	\$ 3,866	\$ 4,640
Fund Balances						
Restricted						
Ditch maintenance and repairs	\$ 130,135	\$ -	\$ -	\$ -	\$ -	\$ 130,135
Law library	-	-	280,279	-	-	280,279
Regional railroad authority	-	95,869	-	-	-	95,869
Transportation initiative	-	-	-	299,860	-	299,860
Assigned						
Public safety	-	-	-	-	752,834	752,834
Unassigned	(18,238)	-	-	-	-	(18,238)
Total Fund Balances	\$ 111,897	\$ 95,869	\$ 280,279	\$ 299,860	\$ 752,834	\$ 1,540,739
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 112,119	\$ 96,039	\$ 285,787	\$ 325,950	\$ 757,528	\$ 1,577,423

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement A-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Ditch</u>	<u>Regional Railroad Authority</u>	<u>Law Library</u>	<u>Transportation Initiative</u>	<u>Regional Training Facility</u>	<u>Total</u>
Revenues						
Special assessments	\$ 33,063	\$ -	\$ -	\$ -	\$ -	\$ 33,063
Intergovernmental	-	-	-	-	499,986	499,986
Charges for services	-	-	213,498	126,400	88,821	428,719
Investment earnings	1,091	759	1,838	(188)	9,930	13,430
Miscellaneous	-	-	733	-	981	1,714
Total Revenues	\$ 34,154	\$ 759	\$ 216,069	\$ 126,212	\$ 599,718	\$ 976,912
Expenditures						
Current						
General government	\$ -	\$ -	\$ 166,084	\$ -	\$ -	\$ 166,084
Public safety	-	-	-	-	564,705	564,705
Highways and streets	-	-	-	132,718	-	132,718
Conservation of natural resources	48,183	-	-	-	-	48,183
Economic development	-	835	-	-	-	835
Total Expenditures	\$ 48,183	\$ 835	\$ 166,084	\$ 132,718	\$ 564,705	\$ 912,525
Excess of Revenues Over (Under)						
Expenditures	\$ (14,029)	\$ (76)	\$ 49,985	\$ (6,506)	\$ 35,013	\$ 64,387
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	(27,374)	(27,374)
Net Change in Fund Balance	\$ (14,029)	\$ (76)	\$ 49,985	\$ (6,506)	\$ 7,639	\$ 37,013
Fund Balance - January 1	125,926	95,945	230,294	306,366	745,195	1,503,726
Fund Balance - December 31	\$ 111,897	\$ 95,869	\$ 280,279	\$ 299,860	\$ 752,834	\$ 1,540,739

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 10

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,490,427	\$ 4,490,427	\$ 14,457,507	\$ 9,967,080
Intergovernmental	12,201,360	12,201,360	9,394,186	(2,807,174)
Charges for services	1,050,992	1,050,992	480,493	(570,499)
Investment earnings	2,925	2,925	190,237	187,312
Miscellaneous	226,252	226,252	11,139	(215,113)
Total Revenues	\$ 17,971,956	\$ 17,971,956	\$ 24,533,562	\$ 6,561,606
Expenditures				
Capital outlay				
Highways and streets	\$ 23,981,376	\$ 23,981,376	\$ 19,575,967	\$ 4,405,409
Excess of Revenues Over (Under)				
Expenditures	\$ (6,009,420)	\$ (6,009,420)	\$ 4,957,595	\$ 10,967,015
Other Financing Sources (Uses)				
Transfers out	-	-	(567,654)	(567,654)
Net Change in Fund Balance	\$ (6,009,420)	\$ (6,009,420)	\$ 4,389,941	\$ 10,399,361
Fund Balance - January 1	23,885,782	23,885,782	23,885,782	-
Fund Balance - December 31	\$ 17,876,362	\$ 17,876,362	\$ 28,275,723	\$ 10,399,361

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 11

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,695,501	\$ 1,695,501	\$ 1,695,501	\$ -
Intergovernmental	45,884	45,884	903,796	857,912
Charges for services	202,500	202,500	123,342	(79,158)
Investment earnings	-	-	47,358	47,358
Miscellaneous	-	-	19,650	19,650
Total Revenues	<u>\$ 1,943,885</u>	<u>\$ 1,943,885</u>	<u>\$ 2,789,647</u>	<u>\$ 845,762</u>
Expenditures				
Capital outlay				
General government	\$ 4,487,300	\$ 4,487,300	\$ 4,603,152	\$ (115,852)
Public safety	-	-	10,999	(10,999)
Culture and recreation	-	-	340,237	(340,237)
Total Expenditures	<u>\$ 4,487,300</u>	<u>\$ 4,487,300</u>	<u>\$ 4,954,388</u>	<u>\$ (467,088)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,543,415)</u>	<u>\$ (2,543,415)</u>	<u>\$ (2,164,741)</u>	<u>\$ 378,674</u>
Other Financing Sources (Uses)				
Transfers in	\$ 255,000	\$ 255,000	\$ 1,873,973	\$ 1,618,973
Proceeds from sale of capital assets	-	-	115,670	115,670
Total Other Financing Sources (Uses)	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ 1,989,643</u>	<u>\$ 1,734,643</u>
Net Change in Fund Balance	<u>\$ (2,288,415)</u>	<u>\$ (2,288,415)</u>	<u>\$ (175,098)</u>	<u>\$ 2,113,317</u>
Fund Balance - January 1	<u>3,600,334</u>	<u>3,600,334</u>	<u>3,600,334</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,311,919</u></u>	<u><u>\$ 1,311,919</u></u>	<u><u>\$ 3,425,236</u></u>	<u><u>\$ 2,113,317</u></u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 12

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,688,102	\$ 6,688,102	\$ 6,688,102	\$ -
Investment earnings	-	-	26,321	26,321
Total Revenues	\$ 6,688,102	\$ 6,688,102	\$ 6,714,423	\$ 26,321
Expenditures				
Debt service				
Principal	\$ 22,328,708	\$ 22,328,708	\$ 22,328,708	\$ -
Interest	3,172,397	3,172,397	3,172,397	-
Administrative - fiscal charges	9,000	9,000	3,225	5,775
Total Expenditures	\$ 25,510,105	\$ 25,510,105	\$ 25,504,330	\$ 5,775
Net Change in Fund Balance	\$ (18,822,003)	\$ (18,822,003)	\$ (18,789,907)	\$ 32,096
Fund Balance - January 1	19,470,431	19,470,431	19,470,431	-
Fund Balance - December 31	\$ 648,428	\$ 648,428	\$ 680,524	\$ 32,096

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 13

**BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 750	\$ 750	\$ -	\$ (750)
Charges for services	214,236	214,236	213,498	(738)
Investment earnings	2,000	2,000	1,838	(162)
Miscellaneous	-	-	733	733
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 216,986	\$ 216,986	\$ 216,069	\$ (917)
Expenditures				
Current				
General government				
Law library	216,986	216,986	166,084	50,902
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$ -	\$ -	\$ 49,985	\$ 49,985
Fund Balance - January 1	230,294	230,294	230,294	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - December 31	\$ 230,294	\$ 230,294	\$ 280,279	\$ 49,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement A-3

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017**

	<u>Self-Insurance</u>	<u>Other Post Employment Benefits Trust</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and pooled investments	\$ 5,603,590	\$ -	\$ 5,603,590
OPEB revocable trust investments	-	17,617,922	17,617,922
Taxes receivable			
Prior	6,295	-	6,295
Accrued interest receivable	<u>9,823</u>	<u>-</u>	<u>9,823</u>
Total Assets	<u>\$ 5,619,708</u>	<u>\$ 17,617,922</u>	<u>\$ 23,237,630</u>
<u>Liabilities</u>			
Current Liabilities:			
Claims payable	<u>\$ 517,428</u>	<u>\$ -</u>	<u>\$ 517,428</u>
<u>Deferred Inflows of Resources</u>			
Prepaid Taxes	<u>\$ 33,309</u>	<u>\$ -</u>	<u>\$ 33,309</u>
<u>Net Position</u>			
Net position unrestricted	<u>\$ 5,068,971</u>	<u>\$ 17,617,922</u>	<u>\$ 22,686,893</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement A-4

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Self-Insurance	Other Post Employment Benefits Trust	Total
Operating Revenues			
Charges for services	\$ 12,736,976	\$ 700,000	\$ 13,436,976
Miscellaneous	278,124	-	278,124
Total Operating Revenues	\$ 13,015,100	\$ 700,000	\$ 13,715,100
Operating Expenses			
Professional services	12,390,375	1,419	12,391,794
Operating Income (Loss)	\$ 624,725	\$ 698,581	\$ 1,323,306
Nonoperating Revenues (Expenses)			
Property taxes	\$ 697,223	\$ -	\$ 697,223
Investment earnings	47,826	2,134,400	2,182,226
Total Nonoperating revenues (expenses)	\$ 745,049	\$ 2,134,400	\$ 2,879,449
Change in Net Position	\$ 1,369,774	\$ 2,832,981	\$ 4,202,755
Net Position - January 1	3,699,197	14,784,941	18,484,138
Net Position - December 31	\$ 5,068,971	\$ 17,617,922	\$ 22,686,893

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement A-5

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
Increase (Decrease) in Cash and Cash Equivalents**

	Self-Insurance	Other Post Employment Benefits Trust	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 3,312,110	\$ -	\$ 3,312,110
Receipts from internal services provided	9,424,866	700,000	10,124,866
Receipts from insurance provider	278,124	-	278,124
Payments to suppliers	(12,548,865)	(1,419)	(12,550,284)
Net cash provided by (used in) operating activities	\$ 466,235	\$ 698,581	\$ 1,164,816
Cash Flows from Noncapital Financing Activities			
Property taxes	\$ 733,309	\$ -	\$ 733,309
Cash Flows from Investing Activities			
Purchase of OPEB revocable trust investment	\$ -	\$ (2,832,981)	\$ (2,832,981)
Investment earnings received	42,201	2,134,400	2,176,601
Net cash provided by (used in) investing activities	\$ 42,201	\$ (698,581)	\$ (656,380)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,241,745	\$ -	\$ 1,241,745
Cash and Cash Equivalents at January 1	4,361,845	-	4,361,845
Cash and Cash Equivalents at December 31	\$ 5,603,590	\$ -	\$ 5,603,590
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ 624,725	\$ 698,581	\$ 1,323,306
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Increase (decrease) in claims payable	(158,490)	-	(158,490)
Net Cash Provided by (Used in) Operating Activities	\$ 466,235	\$ 698,581	\$ 1,164,816

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement B-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
 <u>HIGHWAY 169 COALITION</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 111,659</u>	<u>\$ 38,759</u>	<u>\$ 15,464</u>	<u>\$ 134,954</u>
<u>Liabilities</u>				
Accounts payable	\$ 54	\$ -	\$ 54	\$ -
Due to other governments	<u>111,605</u>	<u>38,759</u>	<u>15,410</u>	<u>134,954</u>
Total Liabilities	<u>\$ 111,659</u>	<u>\$ 38,759</u>	<u>\$ 15,464</u>	<u>\$ 134,954</u>
 <u>TRI-CITY TACTICAL TEAM</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 43,072</u>	<u>\$ 64,291</u>	<u>\$ 77,314</u>	<u>\$ 30,049</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,095	\$ 12,476	\$ 3,095	\$ 12,476
Due to other governments	<u>39,977</u>	<u>52,218</u>	<u>74,622</u>	<u>17,573</u>
Total Liabilities	<u>\$ 43,072</u>	<u>\$ 64,694</u>	<u>\$ 77,717</u>	<u>\$ 30,049</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement B-1
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>SCOTT FAMILY NET</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 210,327	\$ 253,189	\$ 336,610	\$ 126,906
Accrued interest receivable	129	672	129	672
Due from other governments	46,634	93,931	46,634	93,931
Total Assets	\$ 257,090	\$ 347,792	\$ 383,373	\$ 221,509
<u>Liabilities</u>				
Due to other governments	\$ 257,090	\$ 347,792	\$ 383,373	\$ 221,509
<u>METRO CHILD CARE LICENSE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,134	\$ 2,780	\$ 3,125	\$ 789
<u>Liabilities</u>				
Due to other governments	\$ 1,134	\$ 2,780	\$ 3,125	\$ 789
<u>MINNESOTA PUBLIC BROADBAND ALLIANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 24,740	\$ 15,676	\$ 9,064
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 24,740	\$ 15,676	\$ 9,064

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Statement B-1
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>COLLECTIONS FOR OTHER AGENCIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,250,262	\$ 356,354,883	\$ 348,076,522	\$ 10,528,623
<u>Liabilities</u>				
Accounts payable	\$ 27,323	\$ 404,969	\$ 27,323	\$ 404,969
Due to other governments	2,222,939	412,350,178	404,449,463	10,123,654
Total Liabilities	\$ 2,250,262	\$ 412,755,147	\$ 404,476,786	\$ 10,528,623
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,616,454	\$ 356,738,642	\$ 348,524,711	\$ 10,830,385
Accrued interest receivable	129	672	129	672
Due from other governments	46,634	93,931	46,634	93,931
Total Assets	\$ 2,663,217	\$ 356,833,245	\$ 348,571,474	\$ 10,924,988
<u>Liabilities</u>				
Accounts payable	\$ 30,472	\$ 417,445	\$ 30,472	\$ 417,445
Due to other governments	2,632,745	412,816,467	404,941,669	10,507,543
Total Liabilities	\$ 2,663,217	\$ 413,233,912	\$ 404,972,141	\$ 10,924,988

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 14

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Total Primary Government
Appropriations and Shared Revenue	
State	
Highway users tax	\$ 8,577,480
County program aid	4,968,361
PERA rate reimbursement	110,620
Disparity reduction aid	10,263
Police aid	354,086
Aquatic invasive species prevention	70,930
Performance aid	19,941
E-911	235,681
Sales tax rebate	407,540
SCORE	413,652
Market value credit	156,264
	\$ 15,324,818
 Total Appropriations and Shared Revenue	
 Reimbursement for Services	
State	
Minnesota Department of Human Services	\$ <u>3,383,038</u>
 Payments	
Local	
City contribution	\$ 1,958,374
MELSA	169,689
Metropolitan Council	2,322,821
SMSC - Highways and streets	-
	\$ 4,450,884
 Total Payments	
 Grants	
State	
Minnesota Department of Corrections	\$ 1,299,831
Education	3,904
Employment and Economic Development	336,498
Health	629,494
Human Services	6,404,569
Natural Resources	143,935
Peace Officers Board	16,850
Environmental Assistance	164,488
Pollution Control	70,168

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

***Schedule 14
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Total Primary Government
Grants	
State	
Minnesota Department of (continued)	
Public Safety	87,451
Transportation	1,217,949
Veterans Affairs	15,000
Water and Soil Resources	803,186
	803,186
Total State	\$ 11,193,323
Federal	
Department of	
Agriculture	\$ 600,657
Housing and Urban Development	132,323
Justice	118,785
Labor	299,503
Transportation	2,329,741
Environmental Protection Agency	107,888
Education	2,416
Health and Human Services	6,986,816
Homeland Security	340,535
	340,535
Total Federal	\$ 10,918,664
Total State and Federal Grants	\$ 22,111,987
Build America Bonds Interest Subsidy	\$ 181,513
Payments in lieu of taxes	82,391
	82,391
Total Intergovernmental Revenue	\$ 45,534,631

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 15

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	1000006830	\$ 7,491	\$ -
National School Lunch Program	10.555	1000006831	12,929	-
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	172MN101S2514	580,237	-
Total U.S. Department of Agriculture			\$ 600,657	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238	-	\$ 132,323	\$ -
U.S. Department of Justice				
Direct				
Drug Court Discretionary Grant Program	16.585	-	\$ 118,785	\$ -
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
Senior Community Service Employment Program	17.235	Not provided	\$ 29,806	\$ -
Passed Through Dakota-Scott Service Delivery Area #14				
Workforce Investment Act (WIA) Cluster				
WIA Adult Program	17.258	Not provided	84,461	-
WIA Youth Activities	17.259	Not provided	93,430	-
WIA Dislocated Worker Formula Grants	17.278	Not provided	91,806	-
Total U.S. Department of Labor			\$ 299,503	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	84165	\$ 2,015,050	\$ -
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Not provided	301,435	-
Passed Through City of Shakopee, Minnesota				
Highway Safety Cluster				
State and Community Highway Safety	20.600	18-04-04	3,383	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	18-03-05	7,605	-
National Priority Safety Programs	20.616	18-02-05	2,268	-
Total U.S. Department of Transportation			\$ 2,329,741	\$ -
U.S. Environmental Protection Agency				
Passed Through Minnesota Pollution Control Agency				
Nonpoint Source Implementation Grants	66.460	69592	\$ 107,888	\$ -
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education - Grants for Infants and Families	84.181	12-7000-000097	\$ 1,933	\$ -

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

*Schedule 15
(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	U90TP000529	119,324	-
Universal Newborn Hearing Screening	93.251	Not provided	4,675	-
Immunization Cooperative Agreements	93.268	5NH231P000707	2,925	-
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$637,541)	93.558	1601MNTANF	76,567	-
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	66,226	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1601MNFPS	215,246	-
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$637,541)	93.558	1601MNTANF	560,974	-
Child Support Enforcement	93.563	1704MNCSES	1,682,457	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1701MNRCSMA	449	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	G1701MNRCCDF	152,705	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	67,991	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	42,731	-
Foster Care Title IV-E	93.658	1701MNFOST	436,729	-
Social Services Block Grant	93.667	G-1701MNSOSR	410,726	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	8,574	-
Medicaid Cluster				
Medical Assistance Program	93.778	05-1705MN5ADM	3,243,962	-
Total U.S. Department of Health and Human Services			\$ 7,092,261	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G40CGFFY16	\$ 13,436	\$ -
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not provided	240,740	-
Emergency Management Performance Grants	97.042	SCOTTTCO-0072	66,371	-
Homeland Security Grant Program	97.067	SCOTTTCO-0010	19,988	-
Total U.S. Department of Homeland Security			\$ 340,535	\$ -
Total Federal Awards			\$ 11,023,626	\$ -
Totals by Cluster				
Totals expenditures for Child Nutrition Cluster			\$ 20,420	
Totals expenditures for SNAP Cluster			580,237	
Totals expenditures for WIA Cluster			269,697	
Totals expenditures for Highway Planning and Construction Cluster			2,015,050	
Totals expenditures for Transit Services Programs Cluster			301,435	
Totals expenditures for Highway Safety Cluster			5,651	
Totals expenditures for TANF Cluster			637,541	
Totals expenditures for CCDF Cluster			152,705	
Totals expenditures for Medicaid Cluster			3,243,962	

Scott County did not pass any federal awards to subrecipients in 2017.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Scott County. Scott County's financial statements include the operations of the Scott County Community Development Agency (CDA) component unit, which expended \$4,518,552 in federal awards during the year ended December 31, 2017, which are not included in the Schedule of Expenditures of Federal Awards. The CDA had a separate single audit. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Scott County under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Scott County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Scott 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Scott County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 10,918,664
Grants received more than 60 days after year-end unavailable in 2017	
Promoting Safe and Stable Families	40,770
Temporary Assistance for Needy Families (TANF)	132,498
Child Support Enforcement	64,500
Community-Based Child Abuse Prevention Grants	9,816
Stephanie Tubbs Jones Child Welfare Services Program	6,302
Chafee Foster Care Independence Program	5,411
Unavailable in 2016, recognized as revenue in 2017	
Chafee Foster Care Independence Program	(649)
Special Education – Grants for Infants and Families	(483)
Universal Newborn Hearing Screening	(400)
Temporary Assistance for Needy Families (TANF)	(115,084)
Promoting Safe and Stable Families	(35,825)
Stephanie Tubbs Jones Child Welfare Services Program	<u>(1,894)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u><u>\$ 11,023,626</u></u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(full accrual basis of accounting)**

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 194,827,347	\$ 219,679,890	\$ 243,792,338	\$ 269,165,069
Restricted	6,032,607	20,768,690	10,028,182	6,973,535
Unrestricted	41,265,063	19,409,745	35,315,122	42,819,333
Total primary government net assets	<u>\$ 242,125,017</u>	<u>\$ 259,858,325</u>	<u>\$ 289,135,642</u>	<u>\$ 318,957,937</u>

Note 1: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.

Data Source: Annual Financial Statements

Schedule 16

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 256,619,645	\$ 297,182,966	\$ 306,794,026	\$ 309,266,183	\$ 349,716,847	\$ 353,255,239
33,575,609	7,139,661	29,435,765	28,745,570	28,876,416	14,388,608
<u>50,694,730</u>	<u>54,568,412</u>	<u>41,020,006</u>	<u>25,863,442</u>	<u>9,028,239</u>	<u>32,193,747</u>
<u>\$ 340,889,984</u>	<u>\$ 358,891,039</u>	<u>\$ 377,249,797</u>	<u>\$ 363,875,195</u>	<u>\$ 387,621,502</u>	<u>\$ 399,837,594</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

(full accrual basis of accounting)

	2008	2009	2010
Expenses			
Governmental activities:			
General government	\$ 25,618,023	\$ 25,031,861	\$ 25,569,214
Public safety	15,975,404	16,146,129	16,185,608
Highways and streets	14,662,982	18,125,207	16,084,909
Sanitation	-	-	-
Transit	2,185,830	2,924,354	3,473,775
Human services	20,132,717	20,762,767	20,005,842
Health	1,577,582	1,701,344	1,789,338
Culture and recreation	3,081,620	3,108,008	4,050,508
Conservation of natural resources	2,531,749	2,619,937	1,924,732
Economic development	1,076,789	1,507,141	1,398,746
Interest	4,126,940	3,865,760	4,026,691
Total primary government expenses	<u>\$ 90,969,636</u>	<u>\$ 95,792,508</u>	<u>\$ 94,509,363</u>
Program Revenues			
Governmental activities:			
Charges for Services			
General government	\$ 5,569,095	\$ 6,149,260	\$ 5,354,212
Public safety	1,939,835	2,035,402	1,680,664
Highways and streets	2,191,831	604,946	798,715
Sanitation	-	-	-
Transit	712,037	1,196,881	1,415,864
Human services	1,663,690	2,057,987	2,120,274
Health	66,757	121,446	154,390
Culture and recreation	410,015	295,048	218,196
Conservation of natural resources	46,755	168,430	75,722
Economic development	-	-	-
Operating grants and contributions	24,363,241	27,566,924	24,999,777
Capital grants and contributions	5,922,455	8,668,561	15,620,321
Total primary government program revenues	<u>\$ 42,885,711</u>	<u>\$ 48,864,885</u>	<u>\$ 52,438,135</u>
Net (Expense)/Revenue			
Governmental activities			
Total primary government program revenues	<u>\$ (48,083,925)</u>	<u>\$ (46,927,623)</u>	<u>\$ (42,071,228)</u>

Schedule 17

		Year Ended											
		2011	2012	2013	2014	2015	2016	2017					
\$	26,020,342	\$	25,675,079	\$	25,229,256	\$	30,143,892	\$	32,109,825	\$	30,298,725	\$	32,474,886
	16,294,233		16,937,581		17,268,253		17,743,767		18,948,832		25,910,680		26,497,355
	16,900,570		17,459,381		26,439,022		29,186,953		15,398,128		22,056,070		27,256,091
	-		-		-		607,561		367,426		1,603,079		1,371,142
	3,594,642		3,442,515		3,332,636		3,505,356		3,115,863		2,601,358		2,761,710
	20,060,750		19,891,285		19,510,732		20,503,295		23,017,902		23,712,167		23,866,045
	1,693,024		1,390,006		1,316,532		1,472,934		1,703,752		3,426,764		3,712,501
	3,920,374		3,915,280		4,050,068		5,251,659		6,939,073		5,222,454		4,663,308
	2,514,175		1,989,395		2,151,983		3,230,343		3,673,025		3,571,073		2,698,916
	1,333,970		987,356		981,813		841,163		957,393		1,315,879		1,171,284
	3,565,887		4,053,538		3,895,230		3,124,296		3,224,828		3,045,973		2,273,169
\$	<u>95,897,967</u>	\$	<u>95,741,416</u>	\$	<u>104,175,525</u>	\$	<u>115,611,219</u>	\$	<u>109,456,047</u>	\$	<u>122,764,222</u>	\$	<u>128,746,407</u>
\$	5,203,569	\$	6,958,585	\$	6,401,581	\$	6,890,000	\$	7,426,176	\$	7,578,766	\$	7,914,967
	1,674,703		1,857,644		1,779,580		1,859,285		1,728,686		2,062,163		2,220,190
	796,752		725,435		651,448		772,082		598,774		1,332,138		742,072
	-		-		-		-		513,959		50,888		67,598
	1,543,471		1,351,766		1,088,239		1,313,284		908,723		709,931		587,374
	2,230,123		2,056,806		2,370,983		2,429,197		2,889,415		2,136,492		2,137,530
	110,810		102,084		67,375		55,705		102,920		422,151		440,955
	207,091		196,645		196,028		682,658		1,134,804		481,355		401,251
	278,801		290,463		156,396		211,219		855,208		247,862		311,797
	-		4,130		20		-		865		-		-
	24,671,062		26,217,820		25,184,387		30,615,377		38,876,351		46,869,060		42,256,502
	22,226,552		13,388,169		17,758,672		21,439,843		6,495,839		6,049,778		2,015,050
\$	<u>58,942,934</u>	\$	<u>53,149,547</u>	\$	<u>55,654,709</u>	\$	<u>66,268,650</u>	\$	<u>61,531,720</u>	\$	<u>67,940,584</u>	\$	<u>59,095,286</u>
\$	<u>(36,955,033)</u>	\$	<u>(42,591,869)</u>	\$	<u>(48,520,816)</u>	\$	<u>(49,342,569)</u>	\$	<u>(47,924,327)</u>	\$	<u>(54,823,638)</u>	\$	<u>(69,651,121)</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(full accrual basis of accounting)

	2008	2009	2010
General Revenues and Other			
Changes in Net Position			
Governmental activities:			
Property taxes	\$ 52,976,641	\$ 55,370,987	\$ 54,786,848
Gravel taxes	90,707	85,247	100,073
Wheelage taxes	510,201	529,219	536,934
Transportation sales tax	-	-	-
Mortgage registry and deed taxes	164,154	412,677	524,190
Payments in lieu of tax	198,771	191,592	173,057
Unrestricted grants and contributions	4,733,208	7,130,870	9,656,150
Investment earnings	1,542,446	553,275	1,030,065
Miscellaneous	569,063	387,064	1,085,128
Gain on sale of capital assets	-	-	-
Special item	-	-	1,978,388
Total primary government	<u>\$ 60,785,191</u>	<u>\$ 64,660,931</u>	<u>\$ 69,870,833</u>
Change in Net Position			
Governmental activities			
Total primary government	<u>\$ 12,701,266</u>	<u>\$ 17,733,308</u>	<u>\$ 27,799,605</u>

Data Source: Annual Financial Statements

Schedule 17
(Continued)

		Year Ended											
		2011	2012	2013	2014	2015	2016	2017					
\$	54,926,442	\$	57,765,265	\$	57,332,363	\$	57,894,286	\$	58,874,657	\$	61,554,040	\$	64,348,387
	111,633		106,910		92,391		177,084		169,208		169,075		139,760
	550,580		596,998		656,970		1,159,298		1,234,422		1,237,205		1,251,421
	-		-		-		-		1,161,867		8,668,775		8,715,658
	772,834		623,017		657,881		691,590		216,441		342,695		481,118
	165,167		157,582		65,026		70,669		75,612		74,575		82,391
	8,645,828		4,445,791		8,120,359		6,589,766		5,850,006		5,670,325		5,722,964
	565,872		607,833		(403,119)		1,118,634		924,250		853,255		1,125,514
	783,972		-		-		-		-		-		-
	-		220,520		-		-		-		-		-
	255,000		-		-		-		-		-		-
\$	<u>66,777,328</u>	\$	<u>64,523,916</u>	\$	<u>66,521,871</u>	\$	<u>67,701,327</u>	\$	<u>68,506,463</u>	\$	<u>78,569,945</u>	\$	<u>81,867,213</u>
\$	<u>29,822,295</u>	\$	<u>21,932,047</u>	\$	<u>18,001,055</u>	\$	<u>18,358,758</u>	\$	<u>20,582,136</u>	\$	<u>23,746,307</u>	\$	<u>12,216,092</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	2008	2009	2010	2011
General Fund				
Reserved	\$ 3,604,653	\$ 3,449,526	\$ 4,172,275	\$ -
Unreserved	10,932,250	12,410,944	12,289,285	-
NonSpendable	-	-	-	767,306
Restricted	-	-	-	4,390,740
Committed	-	-	-	-
Assigned	-	-	-	1,777,610
Unassigned	-	-	-	24,249,502
Total General Fund	<u>\$ 14,536,903</u>	<u>\$ 15,860,470</u>	<u>\$ 16,461,560</u>	<u>\$ 31,185,158</u>
All Other Governmental Funds				
Reserved	\$ 19,512,708	\$ 30,964,714	\$ 13,509,774	\$ -
Unreserved, reported in:				
Special revenue funds	7,506,481	9,322,506	12,208,274	-
Capital projects funds	(4,160,836)	(7,978,103)	2,729,909	-
Debt service funds	2,051,809	1,632,935	279,782	-
Nonspendable	-	-	-	-
Restricted	-	-	-	1,215,876
Assigned	-	-	-	11,887,388
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 24,910,162</u>	<u>\$ 33,942,052</u>	<u>\$ 28,727,739</u>	<u>\$ 13,103,264</u>

Scott County implemented GASB 54 for the fiscal year ended December 31, 2011. Prior year amounts were not restated.

In 2011 the Human Services Fund was combined with the General Fund for reporting purposes.

For the years prior to 2011 the Human Services Fund is in the All Other Governmental Funds area.

Data Source: Annual Financial Statements

Schedule 18

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
977,679	549,737	745,193	897,091	914,688	1,181,092
5,184,792	4,999,266	5,003,119	5,360,350	5,402,534	5,312,434
-	-	-	-	900,000	805,431
1,563,761	1,398,285	1,348,718	1,416,692	1,433,599	2,609,976
25,785,362	26,620,439	28,092,963	30,521,914	32,079,694	32,036,171
<u>\$ 33,511,594</u>	<u>\$ 33,567,727</u>	<u>\$ 35,189,993</u>	<u>\$ 38,196,047</u>	<u>\$ 40,730,515</u>	<u>\$ 41,945,104</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,737,633	-	-
27,775,511	1,517,844	21,539,875	20,836,282	20,266,509	1,542,047
16,597,214	16,953,811	18,858,868	21,862,631	28,722,100	32,900,454
(27,897)	-	-	(3,746)	(7,727)	(18,238)
<u>\$ 44,344,828</u>	<u>\$ 18,471,655</u>	<u>\$ 40,398,743</u>	<u>\$ 44,432,800</u>	<u>\$ 48,980,882</u>	<u>\$ 34,424,263</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	2008	2009	2010	2011
Revenues				
Taxes	\$ 53,306,544	\$ 56,308,616	\$ 56,097,116	\$ 56,689,599
Special assessments	-	-	-	112,083
Licenses and permits	1,275,456	998,947	956,867	1,006,168
Intergovernmental	36,919,185	43,702,233	50,016,195	55,019,543
Charges for services	10,293,805	11,057,512	10,117,300	9,890,944
Fines and forfeits	156,270	120,584	102,042	116,248
Gifts and contributions	731,855	714,909	64,559	74,738
Investment earnings	1,530,118	334,182	889,273	485,225
Other revenue	1,703,929	1,607,135	2,586,860	2,170,592
Total revenues	\$ 105,917,162	\$ 114,844,118	\$ 120,830,212	\$ 125,565,140
Expenditures				
Current				
General government	\$ 24,314,268	\$ 23,789,126	\$ 24,125,719	\$ 24,552,060
Public safety	14,276,923	14,449,775	15,014,465	14,512,018
Highways and streets	22,864,615	30,231,684	7,860,921	7,786,847
Sanitation				
Transit	2,152,706	2,897,641	3,419,790	3,563,000
Human services	20,211,681	20,593,583	19,929,032	20,098,380
Health	1,548,045	1,660,907	1,747,268	1,714,613
Culture and recreation	3,028,952	3,034,801	3,959,358	3,855,843
Conservation of natural resources	2,526,311	2,600,089	1,911,120	2,504,661
Economic development	1,072,681	1,498,310	1,382,638	1,336,037
Intergovernmental				
Highways and streets	-	-	-	-
Capital outlay	9,817,431	4,531,060	34,797,249	38,784,427
Debt service				
Principal	6,719,459	13,831,263	9,582,207	4,504,273
Interest	4,024,368	3,954,984	3,937,212	3,539,948
Bond issuance costs	283,128	103,947	-	-
Fiscal charges	21,924	18,422	7,849	4,965
Advance refunding escrow	244,593	-	-	-
Total expenditures	\$ 113,107,085	\$ 123,195,592	\$ 127,674,828	\$ 126,757,072
Excess of revenues over (under) expenditures	\$ (7,189,923)	\$ (8,351,474)	\$ (6,844,616)	\$ (1,191,932)

(Unaudited)

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2008	2009	2010	2011
Other Financing Sources (Uses)				
Transfers in	\$ 2,041,986	\$ 10,270,989	\$ 6,811,165	\$ 4,002,750
Transfers out	(2,041,986)	(10,270,989)	(6,811,165)	(4,002,750)
Bonds and notes issued	-	16,800,000	-	-
Refunding bonds issued	25,825,000	-	-	-
Payment of refunded bond	(25,825,000)	-	-	-
Premium on bonds issued	473,536	104,056	-	-
Septic loans issued	-	-	-	-
Clean water partnership loans issued	-	-	-	-
Proceeds from sale of capital assets	41,368	42,512	50,286	36,055
Loans issued	-	1,760,363	202,719	-
Total other financing sources (uses)	\$ 514,904	\$ 18,706,931	\$ 253,005	\$ 36,055
Special Item				
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -
Interest from loan to state	-	-	1,978,388	-
Sale of sewer rights	-	-	-	255,000
Total special items	\$ -	\$ -	\$ 1,978,388	\$ 255,000
Net change in fund balance	\$ (6,675,019)	\$ 10,355,457	\$ (4,613,223)	\$ (900,877)
 Debt service as a percentage of noncapital expenditures	 11.63%	 17.13%	 13.88%	 8.60%

Data Source: Annual Financial Statements

Schedule 19
(Continued)

Fiscal Year							
2012	2013	2014	2015	2016	2017		
\$ 4,549,090	\$ 3,220,795	\$ 2,730,620	\$ 1,439,327	\$ 4,400,915	\$ 2,441,627		
(4,549,090)	(3,220,795)	(2,730,620)	(1,439,327)	(3,067,890)	(2,441,627)		
-	-	3,355,000	-	-	-		
24,570,000	-	17,170,000	-	-	-		
-	(24,570,000)	-	-	-	-		
1,980,553	-	3,104,168	-	-	-		
-	-	234,555	258,910	202,714	439,470		
-	-	-	217,832	164,204	-		
-	97,820	126,246	129,400	154,068	123,774		
-	-	-	-	-	-		
<u>\$ 26,550,553</u>	<u>\$ (24,472,180)</u>	<u>\$ 23,989,969</u>	<u>\$ 606,142</u>	<u>\$ 1,854,011</u>	<u>\$ 563,244</u>		
\$ 280,520	\$ -	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-	-		
-	-	-	-	-	-		
<u>\$ 280,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
<u>\$ 33,568,000</u>	<u>\$ (25,817,040)</u>	<u>\$ 23,549,354</u>	<u>\$ 7,040,111</u>	<u>\$ 7,082,550</u>	<u>\$ (13,342,030)</u>		
8.73%	9.17%	6.58%	7.12%	8.27%	18.35%		

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 20

**ASSESSED AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY*
LAST TEN FISCAL 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		
2007/2008	161,119,868	15,342,209,000	1,444,433	73,916,800	162,564,301	15,416,125,800	1.05%	34.425
2008/2009	167,394,353	15,902,765,600	1,452,313	74,260,900	168,846,666	15,977,026,500	1.06%	34.401
2009/2010	161,166,414	14,936,986,800	1,496,714	77,314,200	162,663,128	15,014,301,000	1.08%	35.014
2010/2011	154,142,098	14,087,188,800	2,255,603	114,411,800	156,397,701	14,201,600,600	1.10%	37.397
2011/2012	145,540,747	13,868,070,800	2,339,334	118,543,500	147,880,081	13,986,614,300	1.06%	40.640
2012/2013	137,630,150	13,150,250,900	2,483,661	124,467,900	140,113,811	13,274,718,800	1.06%	42.628
2013/2014	141,617,386	13,473,213,200	2,668,191	133,695,100	144,285,577	13,606,908,300	1.06%	41.728
2014/2015	155,422,417	14,686,672,000	3,223,922	162,502,900	158,806,171	14,849,174,900	1.07%	38.478
2015/2016	164,715,027	15,522,359,500	3,609,310	181,853,000	168,324,337	15,704,212,500	1.07%	37.931
2016/2017	173,400,853	16,141,169,500	3,903,731	196,672,700	177,304,584	16,337,842,200	1.09%	37.652

* 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 prior to Fiscal Disparity and Tax Increment District Adjustments.

Data Source: Taxation Department

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**TAX CAPACITY RATES PAYABLE
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Governments	2008	2009	2010	2011
County	32.646	32.684	33.237	35.541
Scott County WMO	1.224	1.209	1.259	1.305
Scott Vermillion WMO	0.555	0.508	0.518	0.551
Total direct rate	34.425	34.401	35.014	37.397
Cities				
Belle Plaine	55.137	54.023	61.338	67.320
Elko New Market	37.161	36.967	39.580	43.912
Jordan	51.039	52.736	60.840	60.660
New Prague	51.402	52.677	58.692	64.080
Prior Lake	28.064	27.947	29.442	30.710
Savage	48.356	46.013	47.335	48.278
Shakopee	31.925	32.630	33.710	34.731
Townships				
Belle Plaine	7.409	9.891	10.161	9.577
Belle Plaine Fire	3.634	2.921	2.673	2.525
Jordan Fire	3.298	3.338	2.837	2.417
New Prague Fire	3.158	3.219	2.873	2.674
Blakeley	15.621	14.709	13.492	13.077
Cedar Lake	7.041	5.903	6.298	6.351
New Prague Fire	2.744	8.760	2.925	3.306
New Market Fire	1.924	8.602	2.859	2.988
Credit River	10.279	10.876	10.977	16.586
Helena	7.552	7.061	7.723	8.541
Jordan Fire	5.716	5.258	4.174	4.668
New Prague Fire	2.999	2.818	3.147	3.649
Jackson	11.729	15.130	10.546	10.209
Louisville	3.978	4.548	4.635	4.724
New Market	6.192	8.036	9.787	12.213

Schedule 21

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
38.802	40.674	39.720	36.638	36.175	35.896
1.336	1.411	1.388	1.316	1.302	1.292
0.502	0.544	0.620	0.525	0.454	0.464
<u>40.640</u>	<u>42.629</u>	<u>41.728</u>	<u>38.479</u>	<u>37.931</u>	<u>37.652</u>
83.936	92.904	92.246	89.461	89.328	84.684
45.259	54.336	53.547	46.652	48.577	47.817
71.938	71.604	76.247	63.968	68.426	71.240
70.083	74.535	70.348	64.644	62.255	62.246
29.740	31.887	30.736	31.988	31.953	32.685
51.123	55.508	55.278	51.743	49.905	47.841
36.655	41.996	41.437	37.862	37.902	38.522
11.709	12.774	13.641	11.672	11.512	11.041
2.682	2.743	2.504	2.417	2.364	2.556
3.471	3.028	5.105	2.357	2.281	2.229
4.135	3.574	3.444	2.634	2.579	2.763
17.695	16.590	16.851	16.777	17.571	16.888
6.661	6.666	6.828	6.188	6.271	6.272
3.574	3.711	3.690	3.324	3.059	3.037
3.033	3.069	3.600	3.310	2.110	2.149
12.847	13.648	14.212	13.520	13.712	14.017
8.337	9.097	10.443	9.637	9.428	10.603
3.880	3.776	1.535	1.468	1.472	2.760
3.896	3.880	3.587	3.271	3.174	3.027
13.212	12.207	12.719	11.162	10.843	12.129
4.810	4.896	4.507	4.641	4.959	5.004
15.979	14.232	15.482	15.039	14.424	27.583

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**TAX CAPACITY RATES PAYABLE
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Governments	2008	2009	2010	2011
Sand Creek	14.509	15.406	15.699	17.362
St. Lawrence	17.200	17.405	17.048	18.539
Belle Plaine Fire	5.822	4.242	4.118	4.252
Jordan Fire	4.362	4.959	4.473	5.017
Spring Lake Twp	10.881	10.292	11.613	16.250
Schools				
Burnsville	19.374	19.842	20.668	21.855
Lakeville	26.250	27.062	27.714	32.138
Bloomington	17.256	17.424	19.306	21.896
LeSueur/Henderson	33.227	30.635	27.099	21.773
Belle Plaine	32.911	35.376	38.125	38.310
Jordan	21.236	24.043	24.370	21.509
Prior Lake	31.372	30.801	32.701	34.042
Shakopee	26.103	27.274	29.351	31.182
New Prague	28.407	28.449	31.305	30.137
Henderson	25.934	24.231	20.839	
Special Districts				
Shakopee EDA	0.045	0.044	-	-
Jordan EDA	1.099	1.041	1.181	1.154
County HRA-CDA	1.642	1.552	1.612	1.701
Met Council	0.820	0.803	0.795	0.828
Mosquito Control	0.480	0.470	0.454	0.482
Met Transit	1.237	1.203	1.381	1.440
Lower MN Watershed	0.418	0.888	0.490	0.240
Prior Lake/Spring Lake Water	1.951	1.784	2.004	2.069
Cedar Lake Improvement	0.341	0.314	0.330	0.389
Region 9 Develop Authority	0.192	0.197	0.207	0.198
Cedar Lake Sewer & Water	1.847	1.784	1.988	3.895
Prior Lake EDA	-	-	-	-

N/A - Not Available

Data Source: Taxation Department

Schedule 21
(Continued)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
18.660	18.864	18.717	18.059	17.476	17.761
19.342	18.326	19.264	17.980	16.661	15.812
4.466	4.147	4.211	4.262	4.008	3.751
5.892	6.170	6.638	6.253	5.731	5.492
16.579	18.199	17.871	15.659	14.926	15.251
21.878	26.168	25.661	24.554	31.065	27.529
32.059	33.535	33.048	31.459	35.293	32.914
22.464	26.758	28.183	25.739	24.239	20.637
22.818	22.038	23.206	21.807	21.112	19.169
40.597	41.653	39.070	37.412	35.557	35.478
29.672	24.912	26.184	33.609	38.369	33.805
34.388	35.520	36.129	32.639	32.223	30.664
35.512	39.715	36.963	35.578	53.478	49.282
32.475	34.444	33.724	31.031	38.450	37.153
-	-	-	-	-	-
1.375	1.367	1.443	1.389	1.456	1.428
1.729	1.724	1.685	1.571	1.642	1.639
0.959	1.017	1.034	0.959	0.921	0.850
0.538	0.557	0.533	0.488	0.472	0.449
1.647	1.744	1.624	1.524	1.485	1.407
0.455	0.659	0.693	0.627	0.610	0.634
2.084	2.101	2.058	2.435	3.157	3.401
0.408	3.556	3.485	3.232	3.025	2.768
0.207	0.209	0.176	0.151	0.151	0.166
4.113	4.046	4.098	4.708	4.154	4.032
-	-	0.551	0.551	-	-

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 22

**TEN LARGEST TAXPAYERS IN THE COUNTY
CURRENT YEAR AND NINE YEARS AGO**

2017			2008		
NAME	TAX CAPACITY VALUE	% OF TOTAL COUNTY TAX CAPACITY	NAME	TAX CAPACITY VALUE	% OF TOTAL COUNTY TAX CAPACITY
Northern States Power	\$ 2,174,129	1.23%	Northern States Power	\$ 956,349	0.59%
Centerpoint Energy Resource	801,622	0.45%	Ryan Companies US Inc	552,918	0.34%
Great River Energy	619,880	0.35%	Centerpoint Energy Resource	540,129	0.33%
MN Pipeline Co	616,292	0.35%	Shakopee Crossings	436,954	0.27%
RELP Shakopee LLC	579,250	0.33%	Shakopee Mdewakanton Sioux	415,717	0.26%
Rahr Malting Company	544,538	0.31%	Rahr Malting Company	408,488	0.25%
Union Pacific RR Company	526,614	0.30%	Seagate Technology LLC	399,250	0.25%
Shakopee Mdewakanton Sioux Comm	514,539	0.29%	Certaineed Products Corp	397,522	0.24%
J&J Minneapolis LLC	470,100	0.27%	Minnesota Valley Electric	391,040	0.24%
Liberty Property LP	469,750	0.26%	Inland Shak Valley Marketplace	388,392	0.24%
Total	<u>\$ 7,316,714</u>	<u>4.14%</u>	Total	<u>\$ 4,886,759</u>	<u>3.01%</u>

Data Source: Taxation Department

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 23

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Year Tax Collection</u>	<u>Current Year Detail</u>		<u>Delinquent Collections Abatements</u>	<u>Total Current Year Collections</u>	<u>% of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Total Delinquent Taxes as a % of Current Levy</u>
			<u>Percent (%) of Levy</u>	<u>Delinquent</u>					
2008	50,883,882	49,621,630	97.52%	1,262,252	1,257,701	50,879,331	99.99%	4,551	0.01%
2009	53,645,571	51,818,203	96.59%	1,827,368	1,823,610	53,641,813	99.99%	3,758	0.01%
2010	53,548,852	52,458,392	97.96%	1,090,460	1,085,232	53,543,624	99.99%	5,228	0.01%
2011	54,346,114	53,555,028	98.54%	791,086	783,365	54,338,393	99.99%	7,721	0.01%
2012	57,318,899	56,557,633	98.67%	761,266	746,994	57,304,627	99.98%	14,272	0.02%
2013	56,958,445	56,216,333	98.70%	742,112	730,458	56,946,791	99.98%	11,654	0.02%
2014	57,564,877	57,073,643	99.15%	491,234	472,229	57,545,872	99.97%	19,005	0.03%
2015	58,592,621	58,233,375	99.39%	359,246	325,451	58,558,826	99.94%	33,795	0.06%
2016	60,656,428	60,337,404	99.47%	319,024	252,051	60,589,455	99.89%	66,973	0.11%
2017	63,496,466	63,011,943	99.24%	484,523	191,660	63,203,603	99.54%	292,863	0.46%

Data Source: Taxation Department

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 24

**RATIOS OF OUTSTANDING DEBT TO PERSONAL INCOME AND DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Loans Payable	Less Debt Service Fund	Net Total Debt	Personal Income	Total Debt Per Capita		Percentage of Personal Income	
						Total	Net	Total	Net
2008	88,785,016	830,095	2,051,809	87,563,302	5,656,764,000	695.03	679.12	1.58%	1.55%
2009	91,760,694	2,524,195	1,632,935	92,651,954	5,423,533,000	714.61	702.23	1.74%	1.71%
2010	82,062,316	2,679,707	279,782	84,462,241	5,663,651,000	652.22	650.07	1.50%	1.49%
2011	77,538,602	2,630,434	331,923	79,837,113	6,111,664,000	604.79	602.29	1.31%	1.31%
2012	99,444,078	2,579,005	26,860,703	75,162,380	6,377,052,000	754.88	556.13	1.60%	1.18%
2013	69,149,689	2,525,326	634,029	71,040,986	6,467,655,000	522.29	517.67	1.11%	1.10%
2014	88,079,708	2,703,853	20,713,794	70,069,767	6,813,376,000	649.98	501.67	1.33%	1.03%
2015	83,843,021	3,104,569	20,072,776	66,874,814	7,459,766,000	613.78	472.08	1.17%	0.90%
2016	79,451,334	1,416,155	19,470,431	61,397,058	7,661,736,000	562.83	427.32	1.06%	0.80%
2017	56,463,592	1,472,910	680,524	57,255,978	N/A	397.30	392.63	N/A	N/A

N/A = Not Available

Data Source: Taxation Department

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 25

**RATIO OF TOTAL AND NET BONDED DEBT TO ASSESSED VALUATION/TAX CAPACITY
AND TOTAL AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year Assessed	Population	Assessed Valuation/Tax Capacity	Long-Term Debt		Net LT Debt	Debt Per Capita		LT Debt to Assessed Valuation/Tax Capacity	
			General Obligation Bonds	Less Amount Available for Debt Service		Total	Net	Total (%)	Net (%)
2008	128,937	162,564,301	88,785,016	2,051,809	86,733,207	688.59	672.68	54.62%	53.35%
2009	131,939	168,846,666	91,760,694	1,632,935	90,127,759	695.48	683.10	54.35%	53.38%
2010	129,928	162,663,128	82,062,316	279,782	81,782,534	631.60	629.45	50.45%	50.28%
2011	132,556	156,397,701	77,538,602	331,923	77,206,679	584.95	582.45	49.58%	49.37%
2012	135,152	147,880,081	99,444,078	26,860,703	72,583,375	735.79	537.05	67.25%	49.08%
2013	137,232	140,113,811	69,149,689	634,029	68,515,660	503.89	499.27	49.35%	48.90%
2014	139,672	144,285,577	88,079,708	20,713,794	67,365,914	630.62	482.32	61.05%	46.69%
2015	141,660	158,646,339	83,843,021	20,072,776	63,770,245	591.86	450.16	52.85%	40.20%
2016	143,680	168,324,337	79,451,334	19,470,431	59,980,903	552.97	417.46	47.20%	35.63%
2017	145,827	177,304,584	56,463,592	680,524	55,783,068	387.20	382.53	31.85%	31.46%

Data Source: Annual Financial Statements

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 26

**CURRENT UNDERLYING AND OVERLAPPING (INDIRECT) DEBT OF SCOTT COUNTY
January 2, 2018**

Taxing Unit (a)	Debt (b)	Debt Applicable to Valuation in County	
		Percent (%)	Amount
Underlying			
Scott County	\$ 57,936,502	100.00%	\$ 57,936,502
Overlapping (c)			
Cities			
Belle Plaine	\$ 13,329,765	100.00%	\$ 13,329,765
Elko New Market	15,307,193	100.00%	15,307,193
Jordan	11,942,000	100.00%	11,942,000
New Prague	43,284,998	57.96%	25,087,985
Prior Lake	29,565,000	100.00%	29,565,000
Savage	41,916,200	100.00%	41,916,200
Shakopee	34,345,000	100.00%	34,345,000
School Districts			
191 (Burnsville-Eagan-Savage)	202,205,000	26.14%	52,856,387
194 (Lakeville)	121,250,000	19.25%	23,340,625
271 (Bloomington)	78,225,000	0.09%	70,403
2397 (LeSueur/Henderson)	10,445,000	1.20%	125,340
716 (Belle Plaine)	28,055,000	74.35%	20,858,893
717 (Jordan)	58,265,000	100.00%	58,265,000
719 (Prior Lake)	114,285,000	100.00%	114,285,000
720 (Shakopee)	199,410,000	100.00%	199,410,000
721 (New Prague)	93,365,000	62.92%	58,745,258
Townships			
Credit River	2,160,000	100.00%	2,160,000
Sand Creek	370,000	100.00%	370,000
Spring Lake	2,090,000	100.00%	2,090,000
Special Taxing Districts			
Metropolitan Council (includes Met Transit)	1,484,038,432	4.59%	68,117,364
Scott County CDA	51,185,000	100.00%	51,185,000
Cedar Lake Sewer & Water	1,426,866	100.00%	1,426,866
Prior Lake Spring Lake Watershed	665,000	100.00%	665,000
Subtotal, overlapping debt			\$ 825,464,279
Total underlying and overlapping debt			\$ 883,400,781

(a) Only those taxing units with debt outstanding are shown here.

(b) Excludes general obligation debt supported by revenues and general obligation tax and aid anticipation certificates of indebtedness, but includes debt supported by tax increments.
Debt shown is as of January 2, 2018.

(c) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed value (see schedule 20)	\$ 15,416,125,800	\$ 15,977,026,500	\$ 15,014,301,000	\$ 14,201,600,600
Legal debt margin				
Debt limit (3% of assessed value)	462,483,774	479,310,795	450,429,030	426,048,018
Debt applicable to limit:				
General Obligation bonds	88,785,016	91,760,694	81,260,000	76,805,000
Facility Lease bonds	-	-	-	-
Less: amount available for debt service	<u>(2,051,809)</u>	<u>(1,632,935)</u>	<u>(279,782)</u>	<u>(331,923)</u>
Total debt applicable to limit	<u>86,733,207</u>	<u>90,127,759</u>	<u>80,980,218</u>	<u>76,473,077</u>
Legal debt margin	<u>\$ 375,750,567</u>	<u>\$ 389,183,036</u>	<u>\$ 369,448,812</u>	<u>\$ 349,574,941</u>
Total debt applicable to the limit as a percentage of debt limit	18.75%	18.80%	17.98%	17.95%

Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 475.51 to 475.74, 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 three percent of the estimated market value. Prior to 2008, the debt limit was two percent of the estimated market value.

Source: Assessed values are provided by Scott County Taxation Department.

Schedule 27

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 13,986,614,300	\$ 13,274,718,800	\$ 13,606,908,300	\$ 14,849,174,900	\$ 15,704,212,500	\$ 16,337,842,200
419,598,429	398,241,564	408,207,249	445,475,247	471,126,375	490,135,266
96,795,000	66,660,000	82,585,000	78,735,000	74,730,000	52,465,000
-	-	-	-	-	-
(26,860,703)	(634,029)	(20,713,794)	(20,151,982)	(19,470,431)	(680,524)
69,934,297	66,025,971	61,871,206	58,583,018	55,259,569	51,784,476
<u>\$ 349,664,132</u>	<u>\$ 332,215,593</u>	<u>\$ 346,336,043</u>	<u>\$ 386,892,229</u>	<u>\$ 415,866,806</u>	<u>\$ 438,350,790</u>
16.67%	16.58%	15.16%	13.15%	11.73%	10.57%

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 28

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(2) Personal Income	(2) Per Capita Income	(1) Median Age	(3) School Enrollment K-12	(4) Annual Average Unemployment Percentage Rate (%)
2008	128,937	5,656,764,000	42,072	33	20,604	5.0%
2009	131,939	5,423,533,000	40,967	34	21,202	7.3%
2010	129,928	5,663,651,000	42,891	35	21,751	6.9%
2011	132,556	6,111,664,000	45,967	35	21,992	5.8%
2012	135,047	6,377,052,000	47,080	35	22,849	5.0%
2013	137,603	6,467,655,000	47,174	36	23,488	4.4%
2014	139,672	6,813,376,000	48,781	36	23,860	3.6%
2015	141,660	7,459,766,000	52,660	36	24,486	3.1%
2016	143,680	7,661,736,000	53,325	36	24,833	3.3%
2017	145,827	N/A	N/A	N/A	25,616	2.8%

Data Sources:

- (1) United States Census Bureau and United States 2010 Census
- (2) <http://bea.gov/bea/regional>
- (3) State Department of Education
- (4) State Department of Employment and Economic Development

N/A - Not Available

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 29

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO**

2017			2009		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Shakopee Mdewakanton Sioux	4,200	8.11%	Shakopee Mdewakanton Sioux	4,177	9.57%
Amazon	2,500	4.83%	Valleyfair	1,675	3.84%
Seagate Technology LLC	1,800	3.47%	Seagate Technology LLC	1,200	2.75%
Valleyfair	1,600	3.09%	I.S.D. No. 719 (Prior Lake - Savage)	1,000	2.29%
I.S.D. No. 719 (Prior Lake - Savage)	1,275	2.46%	I.S.D. No. 720 (Shakopee)	980	2.25%
I.S.D. No. 720 (Shakopee)	1,131	2.18%	St. Francis Regional Medical Center	800	1.83%
Canterbury Park	1,000	1.93%	Scott County	750	1.72%
St. Francis Regional Medical Center	825	1.59%	Canterbury Park	743	1.70%
Imagine Print Solutions	823	1.59%	Women's Correctional Facility	611	1.40%
Scott County	750	1.45%	I.S.D. No. 721 (New Prague)	600	1.38%
Total	<u>15,904</u>	<u>30.70%</u>	Total	<u>12,536</u>	<u>28.73%</u>

Data Source: 2017 and 2009 information from Springsted Inc.

Note: Springsted Inc. does not have this information prior to 2009.

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 30

**FULL-TIME EQUIVALENTS SCOTT COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Full-time Equivalent Employees as of December 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	222	220	213	213	207	208	210	224	224	233
Public Safety	140	141	142	139	140	138	138	143	144	146
Highways and Streets	68	68	62	60	60	62	65	66	65	58
Transit	25	25	26	26	25	26	35	12	8	8
Human Services	188	188	195	193	193	197	206	221	226	233
Health	16	16	18	12	14	14	14	15	16	16
Culture and Recreation	33	34	30	29	29	29	29	29	29	29
Conservation of Natural Resources	5	5	4	4	4	4	5	5	5	5
Economic Development	6	6	8	8	6	5	5	5	5	5
Total	703	703	698	684	678	683	707	720	722	733

Data Source: Employee Relations Department

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	2010	2011
Function/Program		
<u>General Government</u>		
Employee Relations		
Collective bargaining agreements	9	9
Finance		
Cash receipts processed	65,903	70,248
Physical payroll checks issued	3,163	2,826
ACH payroll payments	19,542	19,491
Claims paid	24,779	26,629
Properties physically appraised	11,056	11,155
New dwelling permits	430	386
Community Corrections		
Recidivism rates (percentage of felony offenders supervised by Scott County Community Corrections who subsequently received another felony conviction)		
Adults while under supervision	14%	14%
Juvenile while under supervision	18%	40%
Adult offender employment (percentage of adult offenders who obtained and maintained employment while under supervision)	53%	54%
Juvenile education (percentage of juvenile offenders who maintained education while under supervision)	87%	95%
Land Records		
Deeds recorded	3,870	7,074
Real estate documents processed	33,800	29,785
Birth certificates issued	1,419	3,190
Death certificates issued	477	711
Marriage licenses applied for	606	625
Customer Service		
Passports applied for	2,863	2,970
Motor vehicle registrations issued	26,131	26,673
<u>Public Safety</u>		
Sheriff		
Total calls for service received	172,000	182,114
Scott County calls	13,376	12,249
All law enforcement agencies	65,075	53,172
Medical calls	730	668
Drug cases	228	261
Fatal crashes	2	4
Personal injury crashes	94	73
Property damage crashes	546	580
Citations issued	2,850	2,247
Total arrests	3,945	3,938
Drug arrests	115	127
Inmates booked:	4,249	4,173

Schedule 31

Fiscal Year						
2012	2013	2014	2015	2016	2017	
9	9	9	9	10	10	
78,382	81,057	67,593	67,699	65,308	113,166	
2,309	1,718	1,631	1,545	1,050	784	
19,693	20,182	21,275	22,310	21,801	22,055	
27,146	27,118	26,496	26,623	26,647	28,219	
11,163	11,287	11,080	14,277	11,312	14,104	
513	621	504	411	518	563	
16%	25%	17%	26%	26%	33%	
30%	18%	0%	25%	7%	15%	
46%	49%	52%	59%	64%	44%	
80%	86%	79%	78%	85%	83%	
5,392	5,102	4,656	5,502	5,679	5,568	
36,901	33,842	25,158	30,048	30,736	27,500	
3,109	3,255	3,469	3,719	3,760	3,795	
607	1,022	972	1,078	1,156	3,916	
671	663	783	771	751	601	
3,088	3,494	3,704	4,323	4,636	4,998	
28,587	30,890	31,545	32,728	35,101	27,329	
166,016	178,416	230,881	204,296	212,545	153,583	
10,936	9,925	9,844	9,975	20,568	23,862	
55,167	64,006	63,783	67,985	99,888	149,471	
643	701	652	770	756	648	
136	182	189	187	214	179	
2	4	3	5	1	3	
105	87	72	77	81	91	
546	598	579	604	548	504	
1,944	2,854	2,404	1,522	1,292	1,867	
2,305	1,592	1,596	1,594	1,432	1,221	
108	129	130	58	91	179	
4,081	4,023	4,381	4,828	5,074	5,800	

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	2010	2011
Function/Program		
Males booked	3,275	3,050
Females booked	974	988
Adults booked	4,143	4,038
Juveniles booked	106	135
Average daily inmate population - adult	103	110
<u>Highways and Streets</u>		
Resurfacing (miles)	9.8	N/A
Vehicle/equipment units serviced	253	N/A
<u>Transit</u>		
Revenue miles	829,774	942,150
Revenue hours	45,666	54,463
Passengers	216,215	223,065
Passenger per revenue mile	0.26	0.24
Passenger per revenue hour	4.73	4.10
Cost per passenger	15.23	15.70
<u>Human Services</u>		
Income Maintenance		
Percent of SNAP expedited applications processed within one business day	54.1%	66.6%
Percent of cash assistance and SNAP applications processed timely	78.8%	84.9%
Social Services		
Percent of children who are subjects of a repeat report within 12 months of an accepted maltreatment report	N/A	N/A
Percent of children in out-of-home placement to achieve permanency in less than a year	96.9%	90.9%
Percent of days children in foster care or pre-adoptive homes were placed with relatives	N/A	N/A
Number of children in out of home placement (unduplicated)	138	147
Number of hours developmental disabilities social workers spent providing case management services to clients	12,562	12,307
Number of hours daycare licensing staff spent educating, licensing and monitoring daycare providers	6,321	6,567
Number of clients served in the mental health center (unduplicated)	1,934	2,577
Percentage improvement in Child and Adolescent Service Intensity Instrument (CASII) Score case open compared to case close	N/A	N/A
Average number of active child support cases per month	3,166	3,206
Total child support disbursed	\$ 11,869,074	\$ 12,123,793
Percent of current child support collected (FFY for given year)	N/A	76%
Percent of open child support cases with paternity established (FFY)	N/A	107%
Percent of open child support cases with an order established (FFY)	N/A	87%

Schedule 31
(Continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	
	3,079	3,046	3,271	3,490	3,664	4,062
	1,002	977	1,110	1,224	1,325	1,674
	3,956	3,937	4,269	4,714	4,989	5,662
	125	86	1,112	114	85	138
	114	122	138	132	132	147
	8.9	15.9	N/A	N/A	5.8	23.6
	206	N/A	N/A	N/A	202	197
	866,141	906,393	889,828	718,359	753,588	820,450
	51,271	51,353	52,303	46,125	28,789	30,178
	209,756	193,832	190,023	192,957	161,088	159,292
	0.24	0.21	0.21	0.27	0.21	0.19
	4.09	3.77	3.63	4.18	5.60	5.29
	16.58	17.30	18.03	15.06	14.08	14.87
	63.5%	70.9%	64.6%	66.7%	63.6%	65.2%
	82.4%	84.6%	85.7%	86.6%	95.7%	95.9%
	N/A	14.1%	14.0%	15.0%	17.5%	17.2%
	76.7%	74.1%	88.0%	96.0%	100.0%	48.1%
	N/A	42.7%	51.5%	68.3%	64.4%	57.6%
	145	97	88	105	137	167
	11,160	11,084	11,039	12,212	12,575	13,762
	6,155	5,930	5,802	5,457	5,007	4,402
	2,637	2,697	2,701	2,796	4,026	4,223
	42.3%	65.4%	80.6%	65.9%	66.7%	74.5%
	3,240	3,267	3,175	3,064	2,993	3,000
\$	12,498,115	\$ 12,745,363	\$ 13,025,548	\$ 13,160,378	\$ 12,627,050	\$ 12,525,126
	78%	77%	78%	79%	80%	80%
	109%	110%	107%	108%	105%	109%
	87%	88%	90%	91%	91%	91%

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	2010	2011
Function/Program		
<u>Public Health</u>		
Number of tuberculosis (TB) cases	5	6
Number of tuberculosis cases completing curative therapy with 12 months (12 month delay for data availability)	5	5
Percent of children immunized by kindergarten entrance (reported by school year ending on year shown)	2009-2010	2010-2011
Dtap	96.0%	94.7%
Polio	96.1%	94.8%
MMR	95.9%	94.7%
Hep B	97.6%	95.8%
Varicella	94.8%	93.8%
Child and Teen Checkup participation ratio (FFY of given year)	N/A	66%
<u>Culture & Recreation</u>		
Parks		
Visits		
Total	577,000	644,500
Summer	256,700	283,000
Winter	55,200	62,200
Spring/fall	265,100	299,300
Library		
Registered card holders	92,616	100,563
Visits	572,663	561,568
Circulation	980,147	928,621
Number of materials	256,124	238,489
Public service hours	17,154	14,528
Attendance of library hosted programs	28,455	29,638
Recorded book downloads	2,740	N/A
Digital downloads (includes recorded books, digital magazines, ebooks)	2,740	4,822
<u>Economic Development</u>		
Employment and Training		
Work participation rate	N/A	53.7%
Minnesota Family Investment Program three-year Self-Support Index (Timing April of prior year through March of current)	73.8%	73.5%

Data Source: Scott County Finance Division and other County departments.

Note: Information prior to 2010 is not available.

N/A: Not available

Schedule 31
(Continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	
7	2	3	3	1	4	
7	2	3	N/A	1	4	
2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	
95.7%	95.8%	96.0%	95.5%	95.3%	93.9%	
95.9%	95.9%	96.3%	95.9%	95.6%	93.0%	
95.4%	95.8%	94.3%	95.4%	94.9%	93.5%	
96.2%	96.8%	96.3%	96.4%	96.2%	94.8%	
93.6%	95.3%	93.8%	95.1%	94.1%	92.7%	
65%	68%	70%	68%	72%	72%	
597,400	651,800	664,900	600,800	604,100	N/A	
262,900	289,000	294,300	267,500	270,900	N/A	
57,400	61,800	62,900	56,600	58,200	N/A	
277,100	301,000	307,700	276,700	275,000	N/A	
107,731	108,820	115,543	100,973	100,275	101,781	
528,421	505,995	509,971	500,507	494,852	495,347	
892,242	842,430	864,421	868,115	890,710	919,654	
236,478	236,594	268,977	265,359	263,232	226,689	
16,146	16,424	16,587	16,654	16,617	16,619	
27,086	26,840	28,830	33,291	36,180	33,797	
3,131	5,925	9,102	16,923	22,381	29,008	
28,208	52,221	72,089	82,249	95,910	103,704	
65.1%	66.1%	67.8%	51.3%	58.6%	57.3%	
74.1%	80.7%	79.1%	82.9%	79.3%	75.4%	

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 32

**CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	Fiscal Year							
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program								
General Government								
Government Center	1	1	1	1	1	1	1	1
Public Safety								
Justice Center	1	1	1	1	1	1	1	1
Patrol Units	34	34	34	33	33	24	24	24
Emergency Management Vehicles	1	1	1	2	2	0	0	0
Highways & Streets								
Mileage								
County State Aid Highway (CSAH)	250	250	250	250	250	250	250	250
County Road	107	107	107	107	107	107	107	107
Scott County Bridges (total)	64	64	66	73	73	73	73	76
Traffic Signals	59	59	69	69	69	69	69	69
Culverts	872	N/A	901	901	901	901	901	1,617
Transit								
Number of buses	36	36	24	24	24	24	24	23
Culture & Recreation								
Libraries	8	8	8	8	8	8	8	8
Parks Acreage	1,756	1,756	1,756	1,756	1,756	1,756	1,756	1,784
Regional Parks and Trails	4	4	4	4	4	4	4	4
Playground Structures	2	2	2	2	2	2	1	1
Fairgrounds	1	1	1	1	1	1	1	1

Data Source: Scott County Finance Division and other County departments.

Note: Information prior to 2010 is not available.

N/A: Not available