

Carver County, Minnesota Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2019
Prepared by the Carver County Finance Department



(Coney Island construction of picnic areas)



(New Veteran Services van)



27,000 pounds of plastic destined to be burned, but instead recycled during Ag Plastic event)

TABLE OF CONTENTS

<u>Introduction</u>	<u>Page</u>
Residents Encouraged to Review County Finances.....	1
Quick Facts on Carver County.....	1
Carver County Leadership (Board of Commissioners and elected officials).....	1
<u>Government Structure</u>	
Divisions, Directors, and Services Provided.....	2
County Organizational Flow Chart.....	3
<u>Financial Section</u>	
Budget Comparison.....	4
How Tax Dollars Are Used.....	4
Budget Impact on Average Value Home.....	5
Yearly Revenue and Expenditure Actuals.....	5
Statement of Net Position Highlights.....	6
Statement of Activities Highlights.....	7
<u>Carver County Year in Review</u>	
Community Updates.....	8
<u>Conclusion</u>	
About the Popular Annual Financial Report (PAFR).....	10
County Contact Information.....	10

Residents encouraged to review County finances

This publication is an attempt to explain County finances and show how tax dollars are put to use. Most of the financial information in this report is taken from the County's 2019 Comprehensive Annual Financial Report (CAFR), which provides more detailed and complete financial information. The annual CAFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) and is audited by independent auditors. It receives an unmodified or "clean" opinion. The CAFR includes information on the Carver County Community Development Agency (CDA), a discretely presented component unit. This document does not include information on the CDA or agency funds. The Government Finance Officers Association (GFOA) has awarded Certificates of Achievement for Excellence in Financial Reporting to County CAFRs each year since 1996. This report is referred to as a Popular Annual Financial Report (PAFR) by the GFOA since it is designed to give the populace a more general, less technical, summary of county government and its financial condition. In addition to information from the CAFR, it includes condensed information from other County publications. Because this report is a summary, it does not conform to GAAP and reporting requirements for government entities and should not be used

as a substitute for the CAFR. This is the tenth year Carver County has produced this type of report. The County received an Award for Outstanding Achievement in Popular Annual Financial Reporting for the last nine years and is submitting this report for GFOA review. We encourage taxpayers to use these reports as a starting point for understanding Carver County finances and operations. Included in this report is an overview of the organizational structure, demographics, financial statements, and highlights of projects in 2019. The PAFR is produced for use primarily as an online resource. This publication, the CAFR, and other financial reports can be viewed on the County website at www.co.carver.mn.us/departments/property-financial-services/financial-services. If you have questions, or would like a printed copy of this report or the CAFR sent to you, please call me at 952-361-1506 or e-mail dfrischmon@co.carver.mn.us.



David Frischmon
Property and Financial Services Division Director



Pictured above, top row left to right, are Carver County Commissioners Randy Maluchnik, Tom Workman, Jim Ishe, and the Carver County Sheriff Jason Kamerud. The bottom row, left to right, is Carver County Commissioners Gayle Degler, and Tim Lynch followed by the Carver County Attorney Mark Metz.

Carver County leaders committed to transparency in government

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

Quick Facts on Carver County

County Established	1855
Land Area (square miles)	357
2019 Population Estimate	105,089
County Population Rank (of 87)	11th
Percent of Population over 65, 2018 est	12.0%
Percent of Population under 18, 2019 est	26.8%
2040 Population Estimate	161,240
Housing Units, 2019 est	39,750
Persons Per Household, 2018 est	2.78
Median Age, 2019 est	38.4
Median Household Income, 2018 est	\$97,895
Median Housing Value, 2017 est	\$301,900
Per Capita Personal Income, 2018 est	\$71,350
Percent Living in Poverty, 2018 est	3.8%
Total Labor Force, 2019	59,305
Unemployment Rate, 2019	2.8%

Major Employers Estimated No. Employees

I.S.D. No. 112 (Eastern Carver County)	2,022
Ridgeview Medical Center	1,500
Emerson Process Management	1,200
United Mailing Inc	1,100
Strom Aviation Inc	1,001

References:

- census.gov (QuickFacts)
- bea.gov (BEARFACTS)
- deed.state.mn.us (Regional Labor Market Information)
- stats.metc.state.mn.us (Community Profiles)
- referenceusa.com (UsBusiness advanced search)

County divisions, departments support a full range of services

County Administrator



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

Employee Relations



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

Health and Human Services Division



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

Property and Financial Services Division



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

Public Services Division



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

Public Works Division

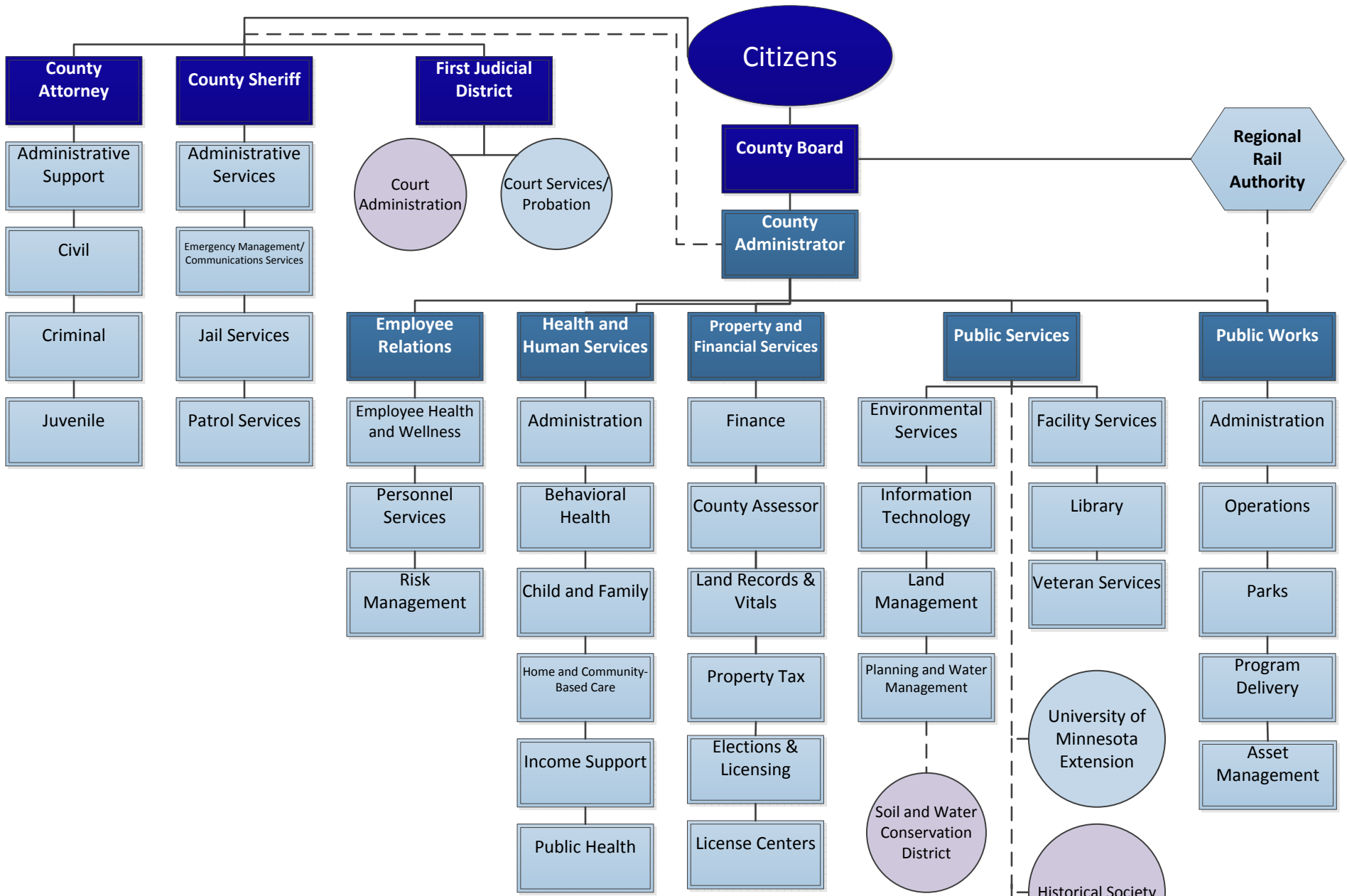


Lyndon Robjert is the director of the Public Works Division. This division administers all functions associated with the County highway and County parks systems. This division also maintains a functional working relationship with the Carver County Regional Rail Authority, a separate tax levy authority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

First Judicial Court

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





Legend:

- Elected Officials:** Dark blue rectangle
- Divisions:** Medium blue rectangle
- Departments:** Light blue rectangle
- Direct Report:** Solid line
- Indirect Report:** Dashed line
- Separate Agency/Non-County Employees:** Light purple circle
- Separate Agency with County Employee Positions:** Light blue circle
- Separate Tax Levy Authority/County Commissioners:** Light purple hexagon
- Separate Tax Levy Authority/Non-County Employees:** Light blue hexagon

Improving, but Continually Challenging Economic Times...

With the Improving, but continually challenging economic times being experienced both globally and locally in Carver County; the 2019 budget responds to those challenges by making smart financial decisions. That ultimately results in a continued stable level of service for citizens. Financial planning policies and practices for Carver County are designed to maintain the County's commitment to a balanced budget: Every dollar budgeted to be spent during the fiscal year must be paired with an offsetting dollar of funding.

The 2019 Budget approved by the Board of Commissioners in December of 2018 called for total expenditures of \$148,308,240 balanced by an equal amount of revenue. The **2019-2018 Budget Comparison** table compares the revenue and expenditure amounts for 2019 and 2018. The 2019 budget is an increase of approximately \$23 million from the 2018 Budget. The most significant change from last year took place in Street and Highway Construction for expenses that coincide with more intergovernmental revenue being received for road and bridge projects.

How tax dollars are used

In 2019, owners of an average-valued home (a home valued at \$336,900) paid \$1,200 a year, or approximately \$100 a month, in County taxes.

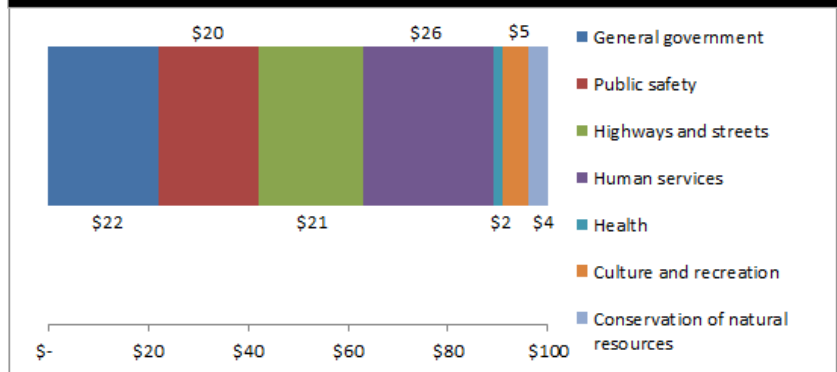
The **Allocation of Taxes Paid by Homeowner, Per Month, for an Average-Value Home** chart indicates the breakdown of how those taxes were allocated in 2019. The largest allocations are for Human Services, General Government, and Highway and Street functions.

Sampling of Your Tax Dollars at Work:

- Maintain 279 miles of roads, 60 bridge structures, 894 acres of public park areas
- Public Safety: patrol, jail, 9-1-1 center, courts & probation
- Human Services: Behavioral Health, Employment Services, Elderly/Disabled Transportation, Child Protection
- 6 city and 4 express libraries

2019-2018 Budget Comparison		
Revenue	2018 Budget	2019 Budget
Tax Levy:		
County	\$ 53,602,000	\$ 56,213,355
Carver County Water Management Organization	768,656	812,479
Carver County Rail Authority	166,000	166,000
Special Assessments and Other Taxes & Penalties	6,521,519	6,548,519
Licenses and Permits	1,284,406	1,361,113
Intergovernmental	44,379,073	63,618,673
Charges for Services	13,742,799	14,735,867
Fines and Forfeits	211,286	216,286
Interest on Investments	1,544,661	1,544,522
Miscellaneous	3,060,328	3,091,426
Total Revenues	\$ 125,280,728	\$ 148,308,240
Expenditures		
General Government	\$ 22,210,570	\$ 24,271,614
Public Safety	21,658,770	21,628,397
Highway and Streets (excluding construction)	7,499,957	7,854,110
Human Services	26,556,882	27,269,177
Health	2,214,123	2,251,687
Culture and Recreation	5,712,940	5,894,400
Conservation of Natural Resources	4,259,916	4,673,076
Street and Highway Construction	24,006,956	45,651,599
Capital Outlay (includes buildings)	4,116,851	1,747,959
Debt Service- Principal	3,819,284	3,794,284
Interest and Fiscal Charges	1,237,916	1,237,916
Transfers Out	1,986,563	2,034,021
Total Expenditures	\$ 125,280,728	\$ 148,308,240
Capital Reserves Used	-	-

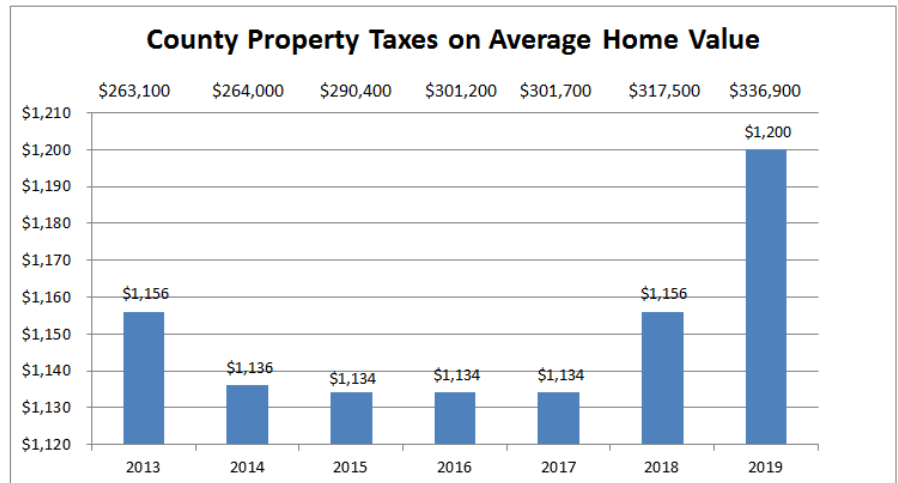
Allocation of Taxes Paid by Homeowner, Per Month, for an Average-Value Home



Budget reflects strategy to reduce tax impact on homeowners

The 2019 property tax levy of \$57,029,834 set by the County Board is an increase of \$3,427,834 (6.4%) from the 2018 levy. The levy increase captured the new construction tax base, as well as an inflationary increase.

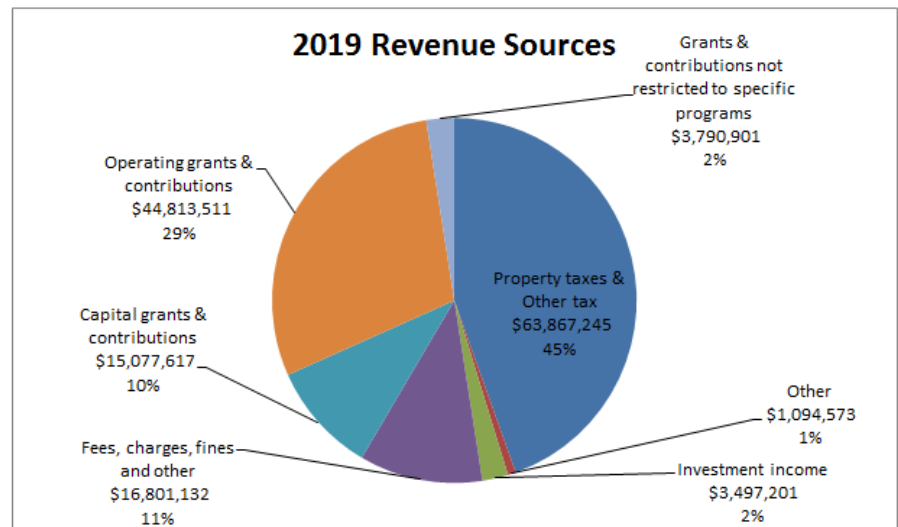
The 2019 Adopted Budget reinforced the Board's ongoing strategy to minimize the tax impact on the average-value home. The **County Property Taxes on Average Home Value** chart shows how the County's portion of the property tax bill on an average-value home has remained minimal since 2013. It also shows how the average-home value decreased from 2013-2014 and now has increased since 2015 to a value of \$336,900.



2019 Actual Revenue Sources: The Certified Property Tax Levy is the primary funding source for the County budget, and the source of revenue over which the County has the most control.

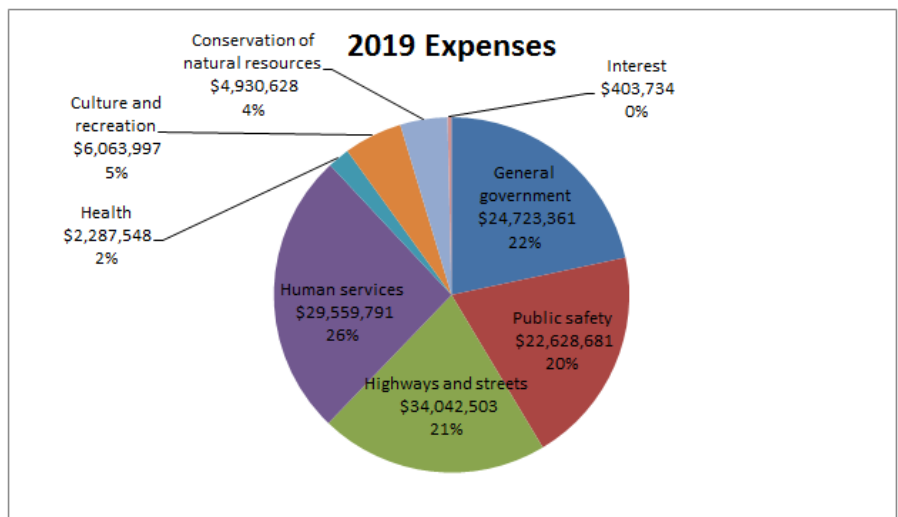
The preliminary levy for the following year is set by the County Board in September, and the levy is adopted in December. Once established, the property tax levy cannot be increased during the year. The County's annual budget includes the amount of property taxes levied for the year and estimated penalty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

In 2019, a combination of property taxes and special assessments comprised 45% of all revenue sources, as shown in the **2019 Revenue Sources** chart. Total revenues for 2019, 2018, and 2017 were \$153,386,591, \$142,540,460, and \$118,305,048 respectively.



2019 Actual Expenses: The County classifies expenses by function for General Government, Public Safety, Highways and Streets, Human Services, Health, Culture and Recreation, Conservation of Natural Resources, and Interest.

As the **2019 Expenses** chart indicates, Human Services, General Government, and Highways and Streets had the largest percentage of expenses in 2019, comprising 26%, 22%, and 21%, respectively, of the total. Total expenses for 2019, 2018, and 2017 were \$114,319,463, \$122,351,940, and \$108,364,308 respectively.



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

Statement of Net Position

The County's Statement of Net Position offers a summary of what the County owns (assets) and owes (liabilities) to provide a snapshot of the financial health of the County in any given year. As in past years, the assets of Carver County have exceeded its liabilities at the close of the most recent fiscal year. The following is a summary of the County's Statement of Net Position. It can be found in much more detail in the 2019 Comprehensive Annual Financial Report (CAFR).

2019		2018	
Assets	\$443,884,357	Assets	\$405,932,321
Deferred Outflows of Resources*	10,686,552	Deferred Outflows of Resources*	17,694,186
Liabilities	(81,545,237)	Liabilities	(85,134,167)
Deferred Inflows of Resources*	<u>(19,588,639)</u>	Deferred Inflows of Resources*	<u>(24,122,435)</u>
Net Position	<u>\$353,437,033</u>	Net Position	<u>\$314,369,905</u>

The largest portion of the County's net position (78% or \$275,433,255 in 2019) reflects the County's net investment in capital assets (i.e. infrastructure, land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Approximately 10% of Carver County's net position (\$36,574,081) represents resources that are subject to external restrictions on how they may be used. These restrictions are imposed by grantors, contributors, laws, and governmental regulations and restrictions. Approximately 12% of the remaining balance of net position (\$41,429,697 unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors. The increase in net position from the prior year is mainly attributed to the increase in capital assets and increased operating grants and contributions. The County's Statement of Activities reflects all of the financial activity for the County during the fiscal year. It presents information to show how the County's net position changed during the year as a result of the financial activity (i.e. revenues and expenditures). This is a summarized version of the more detailed Statement of Activity found in the County's 2019 CAFR.

2019		2018	
Net Position, beginning of year	\$314,369,905	Net Position, beginning of the year	\$294,181,385
Revenues	153,386,591	Revenues	142,540,460
Expenditures	<u>(114,319,463)</u>	Expenditures	<u>(122,351,940)</u>
Net Position, end of year	<u>353,437,033</u>	Net Position, end of year	<u>314,369,905</u>
Change in Net Position	<u>\$39,067,128</u>	Change in Net Position	<u>\$20,188,520</u>

County revenues increased in 2019 mainly from an increase in operating grants and contributions for highways and streets. The County's total net position increased by \$39,067,128 from the end of Fiscal Year 2018 to the end of Fiscal Year 2019. This increase was primarily the result of an increase in capital assets from street projects such as County State Aid Highway (CSAH) 10 as well as an increase in Highway and Streets grant funds receivable from the Minnesota Department of Transportation (MNDOT).

Outstanding Net Total Debt

2019		2018	
General Obligation Bonds	\$14,268,196	General Obligation Bonds	\$17,107,260
General Obligation Notes Payable	11,610,000	General Obligation Notes Payable	12,604,000
Loans	<u>703,049</u>	Loans	<u>754,790</u>
Total	<u>\$26,581,245</u>	Total	<u>\$30,466,050</u>

As this summary of outstanding debt illustrates, the County's total debt decreased by \$3,884,805 during the 2019 fiscal year, which is about a 13% change from the prior year. The General Obligation (GO) Bond category decrease relates to regularly scheduled bond payments. There was also a payoff on the MPFA notes payable, along with other debt retirements. The 2019 CAFR offers more detailed information on outstanding debt.

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

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

Comparative Revenue Sources

2019		2018	
Property taxes & other tax	\$68,107,905	Property taxes & other tax	\$63,668,346
Operating grants & contributions	44,813,511	Operating grants & contributions	32,180,741
Fees, charges, fines, and other	16,801,132	Fees, charges, fines, and other	16,497,985
Capital grants & contributions	15,077,617	Capital grants & contributions	22,636,317
Grants & contributions not restricted to a specific program	3,790,901	Grants & contributions not restricted to a specific program	3,857,528
Payment in lieu of taxes	203,751	Payment in lieu of taxes	198,899
Investment income	3,497,201	Investment income	1,470,575
Other	1,094,573	Other	2,030,069
Total	<u>\$153,386,591</u>	Total	<u>\$142,540,460</u>

County revenues increased by \$10,846,131 and expenditures decreased by \$8,032,477 during the year, respectively. The overall increase to revenue can mostly be attributed to increases in operating grants and contributions, most significantly related to highway user's tax. Investment income also increased by \$2 million, largely due to favorable interest rates and year end mark to market adjustments. Expenses within the County decreased mainly due to less highway and street projects taking place during 2019.

Comparative Expense Functions (Includes Indirect Expense Allocation)

2019		2018	
General government	\$17,502,195	General government	\$18,858,145
Public Safety	24,937,652	Public safety	23,844,205
Highways and streets	24,500,556	Highways and streets	34,833,267
Human services	32,376,629	Human services	29,839,951
Health	2,530,731	Health	2,589,613
Culture and recreation	6,798,798	Culture and recreation	6,744,462
Conservation of natural resources	5,269,168	Conservation of natural resources	5,179,837
Interest	403,734	Interest	462,460
Total	<u>\$ 114,319,463</u>	Total	<u>\$122,351,940</u>



Community Updates

Financial Health

The financial health of the County received high rankings in 2019. The County's "AAA" bond rating was affirmed by Standard & Poor's (S&P) Global Ratings – good news for taxpayers in terms of getting the best interest rates for County construction projects and overall costs of borrowing.

Road and Bridge Projects

The County continues to work with various partners on the Highway 212 expansion to four lanes throughout the County. The County continues to advocate for State funding and hosted a Senate Bonding Tour event at Bongards Creamery. The Highway 212/44 Interchange Project was led by the City of Chaska and included the reconstruction and expansion of Highway 44 between the intersection of Highway 61 and Highway 11. The project added on- and off-ramps to connect Highway 212 and Highway 44. The project also added a pedestrian bridge. The Flying Cloud Drive Reconstruction Project from the Highway 101 roundabout to Charlson Road reopened in November. The project added a new pedestrian trail to connect trail facilities between Highway 101 and Charlson Road.

Lake Waconia Regional Park Development

Work on the Lake Waconia Regional Park project started in late summer. Work included site grading, construction of water and sewer utilities, roads, parking lots, and a watercraft access, in conjunction with the Minnesota Department of Natural Resources. Great progress has been made on Coney Island. Crews have worked to clear areas, grade trails and construct picnic areas. Additional work on site cleanup and trail construction continued during the spring of 2020. In August 2019 the County Board voted to eliminate park entrance fees which took effect on December 1st.

Goldfish Infestation

While doing routine monitoring this spring, Carver County Water Management staff discovered thousands of goldfish in an inlet to Big Woods Lake in Chaska. The story appeared on nearly every TV station in the metro area, as well as local newspapers. This gave our Water Management Organization staff a chance to educate the public about how to deal with unwanted pets like fish so they don't harm the environment.



Innovation

Since 2012, Carver County has made an organizational commitment to Innovation. We are focused on using the LEAN Kaizen process to achieve continuous improvements in processes, and we employ other methods to eliminate waste, achieve efficiencies, save money, and improve performance across the entire County. We held several events this year, and we will continue to hold Innovation events through 2020. Our Innovation Leadership Team advises the Innovation Program, which has the strong support of the Board and staff leadership.

Veterans Transitional Housing

Carver County CDA purchased, and is renovating, four housing units in downtown Chaska to serve as Veterans Transitional Housing. This project supports veterans who are experiencing homelessness. This is part of an effort to end homelessness for veterans all over Minnesota. For Carver County to be able to offer this resource for our veterans is outstanding. The project received a donation from the Lions Club of Chaska in the amount of \$18,900, with other grants and funding being secured by the County's CDA staff.

Carver County CVAP

The Carver County Veterans Assistance Program was launched this year. This leverages the philanthropy of multiple community organizations and already existing veterans support services to help veterans and their families who have emergency needs. This isn't a handout, but instead helps those with immediate needs and then ensures they have long term support through the benefits they've already earned. Everyone involved is excited to combine the already ongoing efforts and realize synergy through this coordinated program.

Passport Services at Government Center

We were pleased by the end of the year to return passport services to Chaska by offering them at the Government Center without adding any additional staff. This gives the County two locations, Chaska and Chanhassen, where any United States resident can secure a passport. Our staff also implemented an online appointment system for drivers license, passport and motor vehicle services, shortening wait times at those locations.



Attorney's Office Updates

In 2019 the Carver County Attorney's office sued opioid manufacturers and distributors for allegedly using fraudulent marketing tactics to flood communities, including Carver County, with addictive and dangerous opioid drugs in the name of outrageous profits. The lawsuit is part of a larger group of plaintiffs from across the State and country who have sued big pharma. The goal is to hold big pharma accountable for their deception and the harm they have caused. From 2015 to 2018 Carver County had 20 drug related deaths. The County was also awarded a \$500,000 federal grant to start a drug treatment court in the County beginning in 2020.

Sheriff's Office Updates

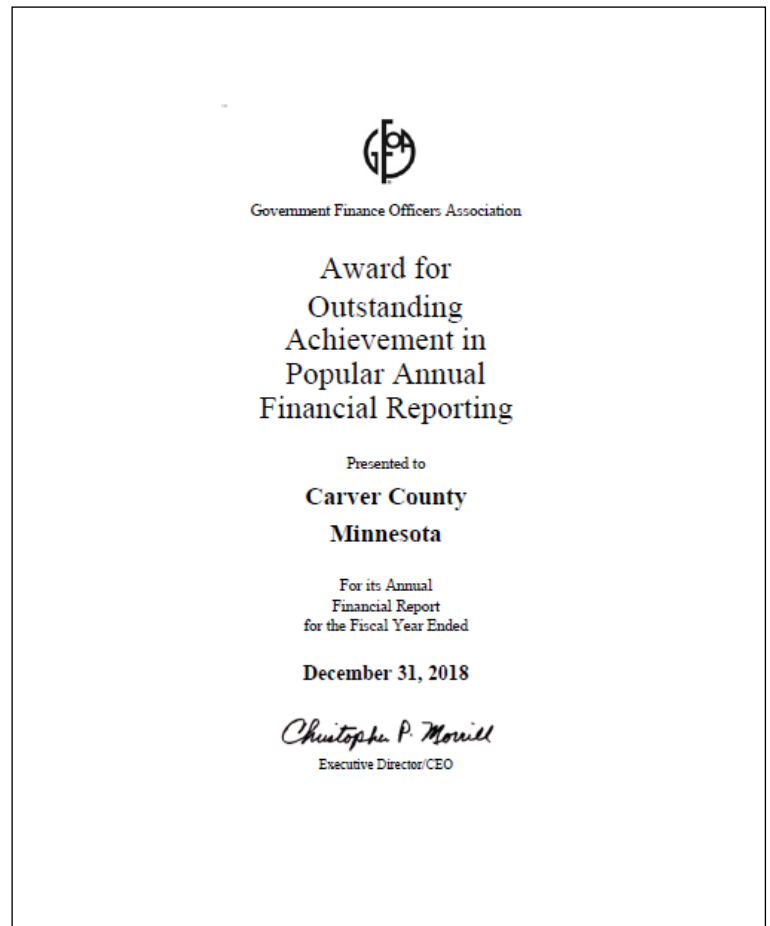
The Sheriff's office added a co-responder crisis therapist in 2019 that reports to HHS but works out of the Sheriff's office. There were also crisis call takers brought in to the 911 center. We all know that mental health issues are being dealt with in the field much more by our Sheriff's deputies, and they're now more equipped with resources to support them in that endeavor.

Mental Health and Wellness Facility

In 2020 the County plans to open a new mental health and wellness facility. The addition of the facility to support those going through a mental health crisis is exciting. The facility will be able to provide those in need the help they require in the proper setting to increase safety and stability for that individual, their family, and their community. This service was previously not offered in the County and completes a gap in our continuum of care. Clients seek care voluntarily in this transitional facility, offering them a far better alternative to the emergency room which was previously their only option. The construction on the facility will increase the number of beds from five to 12.

Health & Human Services

Carver County ranked first as the "Happiest County in the United States" for the second consecutive year. The rankings are based on the 2019 World Happiness Report. This marks the fifth consecutive year Carver County ranked in the top five. The website cited the County's high physical activity rate, its high marriage rate and its low divorce rate. The County posted a low unemployment rate as well. The County was also recognized by the US News as the eighth healthiest county in the Country. Carver County was the lone Minnesota county recognized in the top 10.



GFOA Award given for Popular Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Carver County for its Popular Annual Financial Report for the fiscal year ended December 31, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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



Popular Annual Financial Report

About this report

This type of community report is referred to as a Popular Annual Financial Report (PAFR) since it is designed to give the populace a general, less technical summary of county government and its financial condition. This report was produced in July 2020 for the fiscal year ended Dec. 31, 2019.

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

Taxpayers are encouraged to view the online edition of this report by visiting the Financial Services Department on the Carver County website *www.co.carver.mn.us*. Carver County is an equal opportunity employer. Our staff welcomes your questions and comments. Please call the Finance Department at 952-361-1506 if you would like more information or have questions.

Carver County Financial Documents On The Web

<https://www.co.carver.mn.us/departments/property-finance/finance>