

Carver County, Minnesota

Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2022

Prepared by the Carver County Finance Department



CARVER
COUNTY

“Where the future embraces the past in keeping Carver County a great place to live, work, and play for a lifetime.”

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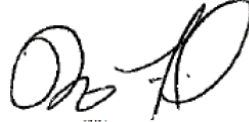


(Highway 24 Road improvements in the city of Watertown)

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 2022 Annual Comprehensive Financial Report (ACFR), which provides more detailed and complete financial information. The annual ACFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) and is audited by independent auditors. It received an unmodified or "clean" opinion. The ACFR 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 ACFR's 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 ACFR, 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 ACFR. This is the 13th year Carver County has produced this type of report. Last year's report is under review with the GFOA. For the reports submitted prior to that, the County received an Award for Outstanding Achievement in Popular Annual Financial Reporting for the last 10 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 2022. The PAFR is produced for use primarily as an online resource. This publication, the ACFR, and other financial reports can be viewed on the County website at <https://www.carvercountymn.gov/departments/property-finance/finance/popular-annual-financial-report>. If you have questions, or would like a printed copy of this report or the ACFR sent to you, please call me at 952-361-1506 or e-mail dfrischmon@co.carver.mn.us.



David Frischmon



Pictured above on the left, from left to right, are the Carver County Commissioners: Tom Workman-Chair, John P. Fahey, Matt Udermann, Tim Lynch, and Gayle Degler-Vice Chair. Pictured on the top right is Carver County Sheriff, Jason Kamerud. Pictured on the bottom right is 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
2022 Population Estimate	110,034
County Population Rank (of 87)	11th
Percent of Population over 65, 2021 est	13.3%
Percent of Population under 18, 2021 est	25.7%
2040 Population Estimate	161,440
Households, 2021 est	40,141
Persons Per Household, 2021 est	2.69
Median Age, 2021 est	38.6
Median Household Income, 2021 est	\$ 102,694
Median Housing Value, 2021 est	\$ 393,400
Per Capita Personal Income, 2021 est	\$ 80,562
Percent Living in Poverty, 2021 est	5.3%
Total Labor Force, 2021 projection	58,187
Unemployment Rate, 2022	2.2%
Major Employers Estimated No. Employees	
I.S.D. No. 112 (Eastern Carver County)	2,056
Ridgeview Medical Center	1,500
Emerson Process Management	1,201
Storm Aviation	1,001
IWCO Direct.	1,000
References:	
- census.gov (QuickFacts)	
- bea.gov (BEARFACTS)	
- mn.gov/deed (Regional Labor Market Information)	
- metrocouncil.org	
- Ehlers, Inc	

County divisions, departments support a full range of services

Health and Human Services



Heather Goodwin 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.

Public Services



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.

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.

Property and Financial Services



Dave Frischmon is the director of the Property and Finance 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.

First Judicial Court

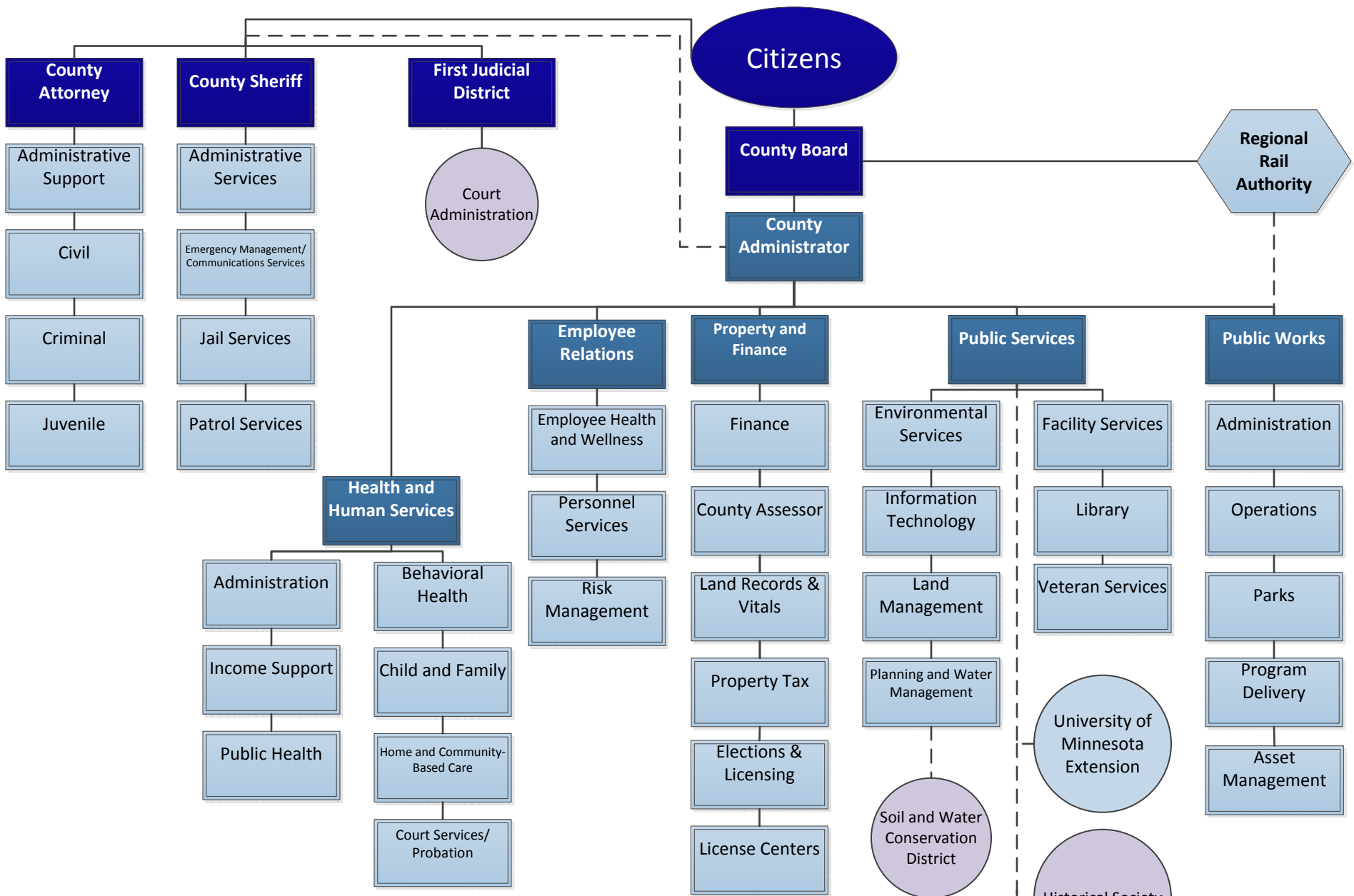


Judges Janet L. Barke Cain, Martin S. S. Fallon, Eric J. Braaten, and Michael D. Wentzell have been elected to serve as judges for the First Judicial Court. The District Court processes filings for civil, criminal, traffic, family, probate and juvenile matters. Court Administrator Mary Dalbec oversees 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.

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.



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 2022 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 2022 Budget approved by the Board of Commissioners in December of 2021 called for total expenditures of \$142,247,796 balanced by an equal amount of revenue. The **2022-2021 Budget Comparison** table compares the revenue and expenditure amounts for 2022 and 2021. The 2022 budget is a decrease of approximately \$36 million from the 2021 Budget. The most significant change from last year took place in Street and Highway Construction expenses for road and bridge projects.

How tax dollars are used:

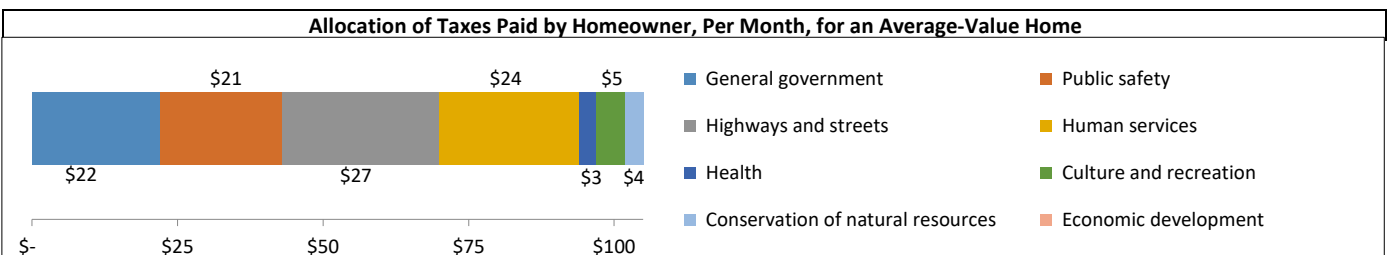
In 2022, owners of an average-valued home (a home valued at \$374,000) paid \$1,274 a year, or approximately \$106 a month, in County taxes.

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 2022. 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

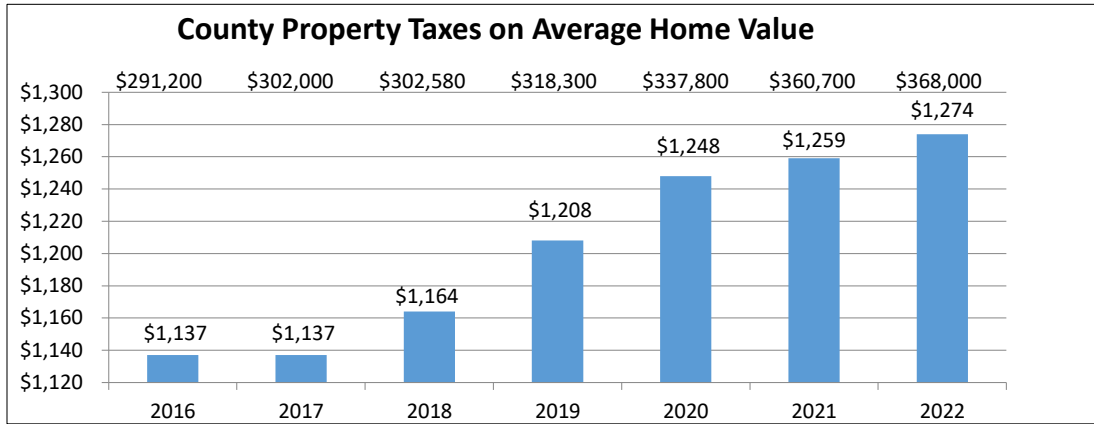
3 Year Budget Comparison (2022, 2021 & 2020)			
Revenue	2022 Budget	2021 Budget	2020 Budget
Tax Levy:			
County	\$ 62,524,355	\$ 60,424,355	\$ 59,022,355
Carver County Water Management Organization	895,758	869,328	850,302
Carver County Rail Authority	201,000	175,000	174,000
Special Assessments and Other Taxes & Penalties	12,306,235	16,005,430	6,094,442
Licenses and Permits	1,635,656	1,441,810	1,426,435
Intergovernmental	43,680,291	79,382,540	60,176,200
Charges for Services	15,614,692	15,057,505	15,341,255
Fines and Forfeits	223,286	218,286	218,286
Interest on Investments	1,568,792	1,537,447	1,585,447
Miscellaneous	3,597,731	3,454,247	3,151,745
Total Revenues	\$ 142,247,796	\$ 178,565,948	\$ 148,040,467
Expenses			
General Government	\$ 26,494,246	\$ 25,342,921	\$ 24,949,328
Public Safety	22,692,761	22,431,024	22,380,540
Highway and Streets (excluding construction)	9,029,261	8,583,034	8,497,730
Human Services	31,466,392	29,294,468	28,834,151
Health	2,623,899	2,292,365	2,559,175
Culture and Recreation	6,282,047	5,814,602	6,156,007
Conservation of Natural Resources	4,860,713	4,553,868	4,792,294
Street and Highway Construction	29,072,617	70,573,211	40,738,667
Capital Outlay (includes buildings)	2,455,275	2,282,254	2,002,076
Debt Service- Principal	4,256,365	4,256,365	3,794,284
Interest and Fiscal Charges	775,835	775,835	1,237,916
Transfers Out	2,238,385	2,366,001	2,098,299
Total Expenses	\$ 142,247,796	\$ 178,565,948	\$ 148,040,467
Capital Reserves Used	-	-	-



Budget reflects strategy to reduce tax impact on homeowners

The 2022 property tax levy of \$63,422,113 set by the County Board is an increase of \$2,126,430 (3.47%) from the 2021 levy. The levy increase captured the new construction tax base, as well as an inflationary increase.

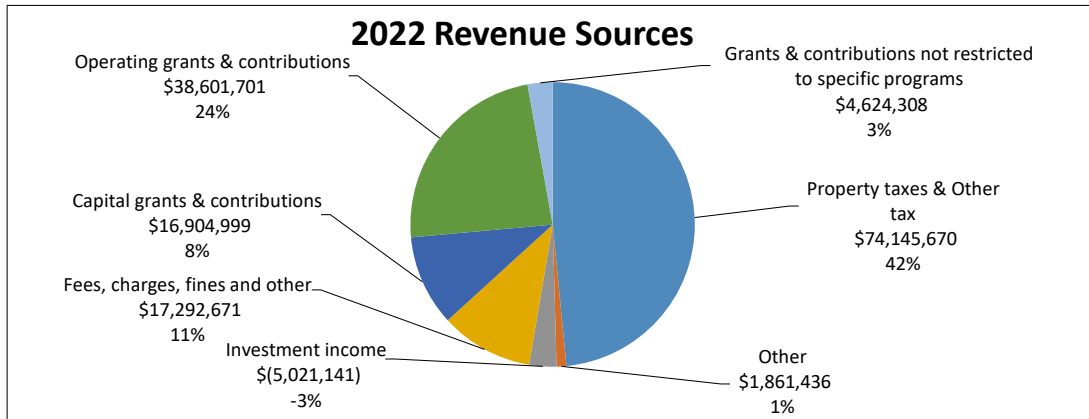
The 2022 Adopted Budget reinforced the Board's ongoing strategy to minimize the tax impact on the average-value home. The County Property Taxes on Average Home Value chart shows how the County's portion of the property tax bill on an average-value home has remained minimal since 2016. It also shows how the average-home value has increased since 2016 to a value of \$372,000.



2022 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.

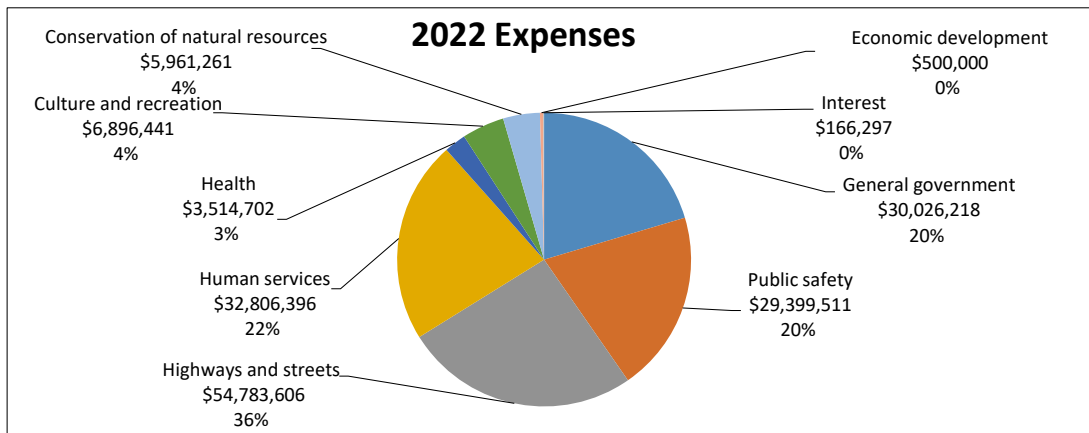
The preliminary levy for the following year is set by the County Board in September, and the levy is adopted in December. Once established, the property tax levy cannot be increased during the year. The County's annual budget includes the amount of property taxes levied for the year and

In 2022, a combination of property taxes and special assessments comprised 42% of all revenue sources, as shown in the 2022 Revenue Sources chart. Total revenues for 2022, 2021, and 2020 were \$153,467,655, \$175,105,350, and \$169,199,385 respectively.



2022 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, Economic Development, and Interest.

As the 2022 Expenses chart indicates, Highways and streets, Human services, and General government had the largest percentage of expenses in 2022, comprising 36%, 22%, and 20%, respectively, of the total. Total expenses for 2022, 2021, and 2020 were \$147,300,292, \$151,658,935, and \$132,981,235 respectively.



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

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 2022 Annual Comprehensive Financial Report (ACFR).

	2020	2021	2022
Assets	\$ 474,464,020	\$ 494,726,360	\$ 515,026,109
Deferred Outflows of Resources*	8,273,769	28,869,942	37,208,613
Liabilities	(82,477,870)	(69,254,863)	(125,682,361)
Deferred Inflows of Resources*	(10,604,736)	(41,239,841)	(7,283,400)
Net Position	<u>\$ 389,655,183</u>	<u>\$ 413,101,598</u>	<u>\$ 419,268,961</u>

The largest portion of the County's net position (77.5% or \$324,792,609 in 2022) 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 8.6% of Carver County's net position (\$36,124,309) 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 13.9% of the remaining balance of net position (\$58,352,043 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 program revenues. The County's Statement of Activities reflects all of the financial activity for the County during the fiscal year. It presents information to show how the County's net position changed during the year as a result of the financial activity (i.e. revenues and expenses). This is a summarized version of the more detailed Statement of Activity found in the County's 2022 ACFR.

	2020	2021	2022
Net Position, beginning of year	\$ 353,437,033	\$ 389,655,183	\$ 413,101,598
Revenues	169,199,385	175,105,350	153,467,655
Expenses	(132,981,235)	(151,658,935)	(147,300,292)
Net Position, end of year	<u>389,655,183</u>	<u>413,101,598</u>	<u>419,268,961</u>
Change in Net Position	<u>\$ 36,218,150</u>	<u>\$ 23,446,415</u>	<u>\$ 6,167,363</u>

County revenues decreased in 2022 mainly from an decrease in capital grants and contributions for highways and streets. The County's total net position increased by \$6,167,363 from the end of Fiscal Year 2021 to the end of Fiscal Year 2022. This increase was primarily the result of an increase in taxes. The continued increase in overall net position year after year is a good indicator that the County is continuing to improve financially.

	2020	2021	2022
General Obligation Bonds	\$ 11,353,207	\$ 8,809,578	\$ 9,307,644
General Obligation Notes Payable	10,606,000	9,592,000	8,568,000
Loans	818,516	729,100	754,692
Total Debt	<u>\$ 22,777,723</u>	<u>\$ 19,130,678</u>	<u>\$ 18,630,336</u>

As this summary of outstanding debt illustrates, the County's total debt decreased by \$500,342 during the 2022 fiscal year, which is about a 2.6% change from the prior year. The General Obligation (GO) Bond category increase relates to the issuance of \$2.5 million of new bonds in 2022 offset by regularly scheduled bond payments while the General Obligation Notes Payable decrease relates to regularly scheduled note payments. The 2022 ACFR offers more detailed information on

*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

	2020	2021	2022
Property taxes & other tax	\$71,129,005	\$73,934,090	\$78,980,504
Operating grants & contributions	46,687,336	64,845,628	38,601,701
Fees, charges, fines, and other	16,799,569	17,133,878	17,292,671
Capital grants & contributions	26,322,183	14,217,750	16,904,999
Grants & contributions not restricted			
to a specific program	4,115,442	4,253,225	4,624,308
Payment in lieu of taxes	232,346	211,580	223,177
Investment income	2,681,607	(595,953)	(5,021,141)
Other	1,231,897	1,105,152	1,861,436
Total	\$ 169,199,385	\$ 175,105,350	\$ 153,467,655

County revenues and expenses decreased by \$21,637,695 and \$4,358,643, respectively, during the year. The overall decrease to revenue can mostly be attributed to decreases in operating grants and contributions. The increase in property taxes from the capture of new construction tax base and an inflationary increase helped offset a small part of the decrease in revenue. Expenses within the County decreased mainly due to increased costs in Public Safety salary related expenses taking place during 2022.

Comparative Expense Functions (Includes Indirect Expense Allocation)

	2020	2021	2022
General government	\$28,370,554	\$27,406,339	\$30,026,218
Public Safety	21,071,415	20,206,721	29,399,511
Highways and streets	37,729,977	54,783,606	38,029,466
Human services	30,138,451	30,326,963	32,806,396
Health	2,475,112	3,099,783	3,514,702
Culture and recreation	5,931,586	5,913,355	6,896,441
Conservation of natural resources	5,494,052	4,968,491	5,961,261
Economic development	1,456,916	4,736,749	500,000
Interest	313,172	216,928	166,297
Total	\$ 132,981,235	\$ 151,658,935	\$ 147,300,292



(Bridge replacement on CSAH 32 over South Fork Crow River)

Community Updates

Financial Health

The financial health of the County received high rankings in 2022. 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

Road and Bridge Projects

The County completed construction on a 5 mile stretch of Highway 212 in Dahlgren Township in November 2022 expanding the amount of lanes from 2 to 4.

Also completed in 2022 were some major repairs/ improvements to the Hwy 32 Bridge over the South Fork Crow River including a new concrete beam to support the structure, the addition of a guardrail, replacement of a centerline culvert, ditch drainage improvements and channel stabilization.

The County is also working on various other construction projects in various stages.

Elections Department Excellence

During 2022 the County's Elections Department staff successfully administered the state primary election. Carver county had the second highest voter turnover in the state with 73.8% only 0.7% behind the Cook County which was the highest at 74.5%.

The Elections Department also successfully administered the County's 10 year statutory redistricting.

On top of elections and redistricting, the County set a record level of passport applications processed with 8,362.

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 2022. Our Innovation Leadership Team advises the Innovation Program, which has the strong support of the Board and staff leadership.

Library Operations

After a long hiatus due to the COVID-19 pandemic, the Carver County Libraries were able to fully return to in-person programs and correspondingly reached 1,000,000 items checked out during the year, which is an amount that hadn't been reached since before the pandemic.



(Sara Snap TPT Learn event at Waconia Library)

Environmental Services Thrives

With the end of the COVID-19 pandemic the Environmental Services team was able to serve over 33,000 patrons, a level not seen since before the pandemic.

Along with it's normal operations the County also hosted special waste collection events and throughout the year collected over 4,400 appliances as well as 166 tons of tires and 341 tons of hazardous household waste.



(Residents lined up for special waste collection event in Hollywood Township)

Community Updates (continued)

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, 2021. The December 31, 2022 report has been submitted for review. 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.

Housing

In 2022 the County partnered with the Carver County Community Development Agency to increase the number of affordable housing units in the County by constructing a new facility. Construction is expected to take place in 2023.

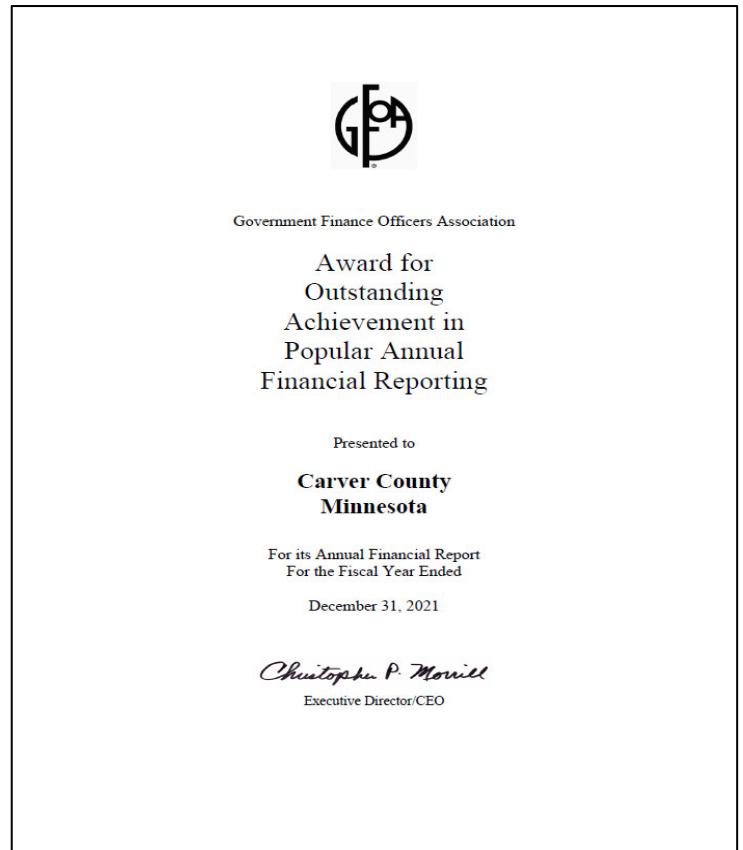
Parks Projects

The County broke ground on the new Lake Waconia Regional Park Waterfront Service Center that will include event space, concession, restrooms as well as a beach path and new launch.

Veteran Service

For first time since the COVID-19 pandemic, the County's Veteran Services department experienced a year over year increase in overall client contacts averaging 300 calls per month to their office.

The Veteran Services department also worked with a 3rd party service to launch their "Vet Connect Program" which is a program that works to help bridge the generational gaps between veterans and civilians. While only in its first year, the program has received extremely positive feedback.



(Award letter for fiscal year ended December 31, 2021 Carver County Popular Annual Financial Report)



(Groundbreaking ceremony- Lake Waconia Regional Park Waterfront Service Center)

About the Popular Annual Financial Report (PAFR)

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 June 2023 for the fiscal year ended December 31, 2022.

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.



(Patrons doing crafts at Watertown Library for Grandparents week)

Carver County Financial Documents On The Web
<https://www.co.carver.mn.us/departments/property-finance/finance>