

Comprehensive Annual Financial Report



Left: Parkside Townhomes, Burnsville - Built in 1992
Right: Chasewood Townhomes, Apple Valley - Built in 1999
Bottom: Hillcrest Pointe, Inver Grove Heights - Built in 2015

For the Year Ended June 30, 2015

**Dakota County
Community Development Agency
A component unit of
Dakota County, Minnesota**

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Community Development
Agency**

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Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2015**

**Prepared by:
Finance Department**

Table of Contents

	Page
Introductory Section	
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
List of Appointed Officials	9
Financial Section	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	29
Reconciliation of Total Governmental Funds Fund Balance to Net Position of Governmental Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36
Notes to the Financial Statements	39
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	66
Senior Levy Fund	67
HOPE Fund	68
Notes to Required Supplementary Information	69
Combining and Individual Nonmajor Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Tax Increment Fund	74

HIA Fund	75
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Statistical Section

Net Position by Component	79
Changes in Net Position	80
Fund Balances of Governmental Funds	83
Changes in Fund Balances of Governmental Funds	84
Assessed and Estimated Actual Value of Taxable Property	85
Direct and Overlapping Governments – Tax Capacity Rate	86
Principal Taxpayers	87
Property Tax Levies and Collections	88
Rental Revenues	89
Ratios of Outstanding Debt by Type	90
Pledged-Revenue Coverage – Housing Development Bonds	91
Demographic Statistics	92
Principal Employers	93
Full-Time Equivalent Employees	94
Capital Asset Statistics	95
Housing Units Managed	96
Housing Units Assisted	97
Average Rents in Dakota County	98
Vacancy Rates in Dakota County	99
Conduit Debt Outstanding	100

Introductory Section

January 29, 2016

To the Board of Commissioners of the Dakota County Community
Development Agency and other interested parties:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Dakota County Community Development Agency (CDA) for the fiscal year ended June 30, 2015. This report is intended to meet the CDA's state and federal reporting requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective of this framework is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

RSM US LLP, a licensed certified public accounting firm has issued an unmodified "clean" opinion on the CDA's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The CDA was established as the Dakota County Housing and Redevelopment Authority (HRA) in 1971 pursuant to special Minnesota legislation. The CDA is a special-purpose unit of local government with the express limited purpose of serving the citizens of Dakota County, Minnesota (the County) through the administration of affordable housing and community development programs. Located south of Minneapolis and St. Paul, Dakota County has an area of 587 square miles and includes 13 townships, and 21 full and fractional incorporated municipalities. The 2014 population of the County was 412,529, making it the third most populous county in the State. The County is also one of the seven counties comprising the Twin Cities metropolitan area.

The CDA operates under a seven member Board of Commissioners. Each CDA Commissioner represents a district within the County and is appointed by that district's elected County Commissioner. Once appointed, the Board of Commissioners exercises all oversight responsibilities including but not limited to matters of personnel, management, finance, and budget. The Board is also responsible for the hiring of the CDA's Executive Director, whose responsibility it is to carry out policies established by the Board, overseeing the day-to-day operations of the government, and hiring the heads of the various departments.

The CDA is considered to be a discretely presented component unit of Dakota County, Minnesota, as the Dakota County Board of Commissioners appoints the CDA's Board of Commissioners and the County has a potential financial obligation relating to its general obligation pledge on \$115,400,000 of outstanding housing development bonds issued by the CDA to finance the construction of senior housing developments. These bonds are also secured by the pooled rent receipts of the underlying developments and by other pledged revenue sources, including the CDA's property tax levy. The County has never incurred a financial obligation on these bond issues and the rents, and other revenue sources that secure these bonds are considered sufficient to make current and future debt service payments.

Various potential component units were evaluated to determine whether they should be reported in the CDA's financial report. A component unit was considered part of the CDA's reporting entity when it was concluded that the CDA was financially accountable for the entity or the nature and significance of the relationship between the CDA and the entity was such that exclusion would cause the CDA's financial statements to be misleading or incomplete. The CDA has one blended component unit, the Dakota County Workforce Housing LLC which was created in 2012 with the CDA being the sole member and governing body. The CDA is also the general partner and the managing agent in several limited partnerships which were not considered to be component units. These partnerships are considered to be joint ventures. Details regarding the CDA's share in these joint ventures can be found on page 49 in the accompanying notes to the financial statements. Separate financial statements for these joint ventures can be obtained by contacting the Finance Director of the Dakota County Community Development Agency, 1228 Town Centre Drive, Eagan, Minnesota 55123.

Budgetary Controls

The CDA Board of Commissioners adopts an annual operating budget at the fund level. The *Operating Budget Compliance Policy* establishes budgetary control points that require approval by the Board of Commissioners to exceed. The annual operating budget includes the General Fund and all special revenue funds other than those that account for Federal and State grants that have grant periods that do not coincide with the CDA's fiscal year or that run across multiple fiscal years. Those excluded funds include the CDBG, HOME, MHFA, Weatherization, NSP, Homeownership Counseling and ESG funds. For these excluded funds, the program budget and grant contract provide the necessary control over the expenditure of these funds.

Factors Affecting Financial Condition

Federal Funding. Federal funding is, and has been the CDA's single largest revenue source. Most of this funding is from a small number of on-going affordable housing and community development programs funded by the U.S. Department of Housing and Urban Development (HUD). For the fiscal year ended June 30, 2015, federal funding provided \$22,666,631 or approximately 39 percent of all CDA revenue. For the fiscal year ended June 30, 2014, federal funding provided \$21,353,769 and 35 percent of all CDA revenue.

The largest of the on-going federal programs is Housing Choice Vouchers which is reported in the Housing Assistance Fund. This program received \$17,015,452 of federal funding during the fiscal year ended June 30, 2015 which represented 75% of all federal funding received. The CDA is currently authorized by its Annual Contributions Contract (ACC) with HUD to lease up to 2,331 units per month in this program. Ten years ago, the CDA received \$16,156,449 of funding and was authorized by the ACC to only lease up to 2,202 units per month. Compared to ten years ago, federal funding is basically flat on a per unit inflation-adjusted basis.

These federal programs have a material impact on the Agency's financial condition. Funding for these programs is significantly affected by Congressional legislation and the federal budget deficits. Other than the additional stimulus funding primarily received in 2009-2012 relating to the American Recovery and Investment Act of 2009 (ARRA), federal funding has been relatively flat in recent years in dollar terms. As a percentage of total revenue, federal funding has been declining and will likely continue to do particularly since the CDA continues to expand its non-federal revenue base through locally-financed programs like Senior Housing.

Senior Housing. Since 1990, the CDA has constructed a total of twenty-seven senior apartment buildings including two mixed-use buildings (residential and commercial combined) in eleven different cities throughout Dakota County. These housing developments which are reported in the CDA's Common Bond Fund provide 1,609 units of locally-financed senior housing in the County. At June 30, 2015, the Common Bond Fund accounted for almost 48 percent of total CDA assets, and 27 percent of total CDA net position. This growth has allowed the CDA to expand affordable housing opportunities for seniors in Dakota County while at the same time allowing the CDA to become less dependent on the federal government for funding.

The continued construction and operation of locally-financed senior housing developments should provide continuing growth opportunities for the Agency and will have an increasingly larger impact on our financial condition in the future. With an occupancy rate of over 98% and over 1,902 applicants for senior housing on our waiting lists, with an average wait time of six to eighteen months, and an aging population within the County, there is, and should continue to be, considerable demand for senior housing within the County.

Long-term Financial Planning / Major Initiatives

Senior Housing. In 1989, the Board of Commissioners embarked on a plan to develop affordable senior housing throughout Dakota County. This plan, called the Senior Housing Capital Improvement Plan (CIP) detailed the locations of future senior buildings, the order of construction, and the means for financing these developments. The CDA fully implemented the first two phases of this plan with the construction of 1,135 units in 20 buildings throughout the County. In 2008, the CDA began implementation of the third phase of the CIP which called for the development of 10 additional buildings. With the completion of the seventh building in the third phase of the CIP, the Hillcrest Pointe development in the City of Inver Grove Heights, the CDA has completed 474 units under phase three and increased the total number of units developed to 1,609.

In April 2015, the Board of Commissioners approved a contract for the construction of the eighth building under the third phase of the CIP, a 60 unit senior building in the City of Rosemount. This building is expected to be completed in the late spring of 2016. The CDA is also doing preliminary planning for another senior housing project that will be located in the City of Lakeville.

Dakota County Workforce Housing LLC. In 2012, the Board of Commissioners established the Dakota County Workforce Housing LLC (LLC) for the purpose of owning and operating multiple townhome projects that had been developed through various limited partnerships previously reported as joint ventures. The LLC is reported in the Workforce Housing Fund. Through June 30, 2014, five partnerships had been dissolved and all the assets, liabilities and net position had been transferred to the LLC. During the fiscal year ended June 30, 2015, two additional partnerships were added consisting of the Burnsville Family Housing Limited Partnership, and the Chasewood Family Housing Limited Partnership. The CDA expects additional partnerships will be added to the LLC as joint ventures are dissolved.

Joint Ventures. At June 30, 2015, the CDA had developed 721 units of family housing at twenty-three townhome developments owned by twenty-two different partnerships with private investors utilizing the federal low-income housing tax credit program. The twenty-fourth project, a 50-unit townhome development in the City of Eagan, Minnesota was completed in July, 2015. The CDA is currently working on a twenty-fifth project which will be a 36 unit townhome development in the City of Lakeville, Minnesota.

For the private investors to obtain the benefits of the low income housing tax credits, the townhome projects must maintain compliance with low income occupancy requirements for a minimum of 15 years. After this time, the projects are generally eligible to be sold. The Agency has the right of first refusal to purchase these properties for the amount of the outstanding indebtedness and all Federal, state and local taxes attributable to the sale. Through June 30, 2015, seven of these joint ventures have been dissolved and the assets, liabilities and net position transferred to the Dakota County Workforce Housing LLC.

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 the CDA for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the thirteenth consecutive year that the CDA has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the CDA's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth F. Bauer", with a long horizontal flourish extending to the right.

Kenneth F. Bauer, CPA, CPFO
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

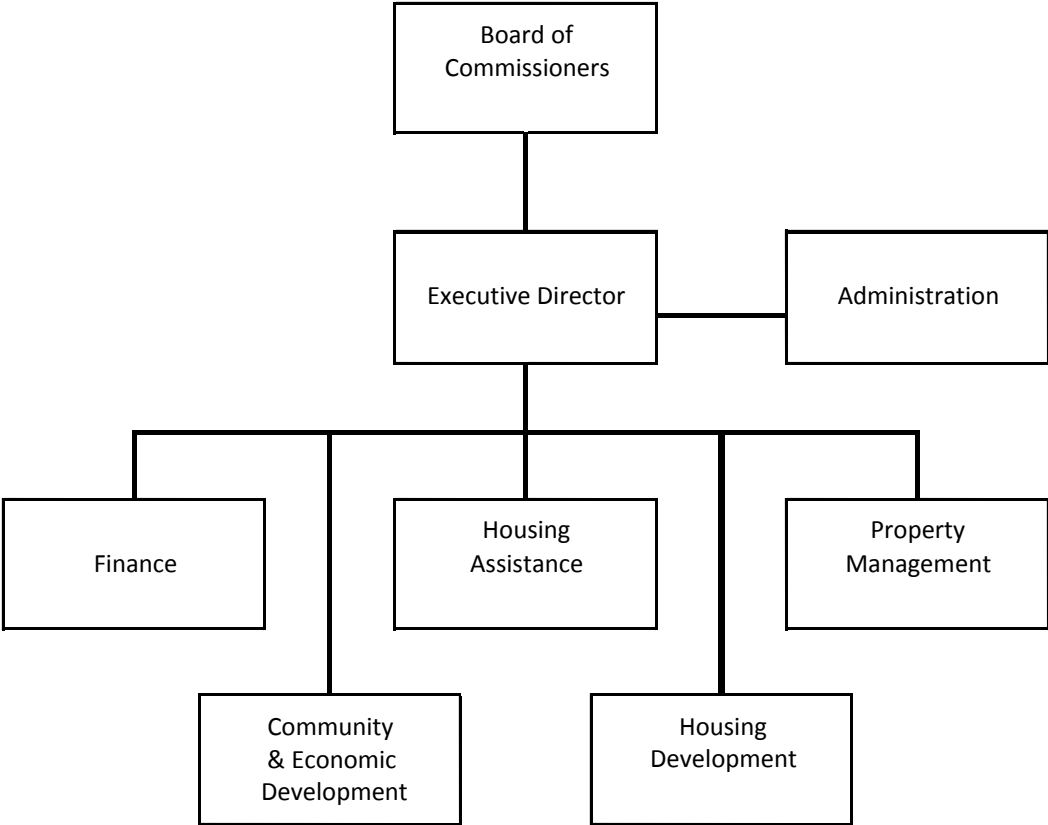
**Dakota County
Community Development Agency
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Organizational Chart



List of Appointed Officials

Board of Commissioners June 30, 2015

<u>Name</u>	<u>District</u>	<u>Term Expires</u>
Mike Slavik	District 1	January 2018
Kathleen Gaylord	District 2	January 2016
Thomas A. Egan	District 3	January 2016
Nancy Schouweiler	District 4	January 2017
Liz Workman	District 5	January 2017
Mary Liz Holberg	District 6	January 2017
Chris Gerlach	District 7	January 2018

Financial Section



RSM US LLP

Independent Auditor's Report

To the Board of Commissioners
Dakota County Community Development Agency
Eagan, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dakota County Community Development Agency (the Agency), a component unit of Dakota County, Minnesota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency'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 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 entity'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 entity'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dakota County Community Development Agency, a component unit of Dakota County, Minnesota, as of June 30, 2015, and the respective changes in financial position and, where applicable, the 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 budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining and individual nonmajor fund financial statements as listed in the table of contents, and other information, such as the introductory and statistical sections, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, 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 January 29, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 the Agency's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
January 29, 2016

Management's Discussion and Analysis

As management of the Dakota County Community Development Agency, (CDA) a component unit of Dakota County, Minnesota, we offer readers of the CDA's financial statements this narrative overview and analysis of the financial activities of the government for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 3-6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the CDA exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$252,974,236 (net position). This net position is comprised of the following components:
 - \$89,380,592 (net investment in capital assets) represents the CDA's investments in land, structures, and equipment, less any capital related debt and is not available for future spending.
 - \$60,449,437 (restricted) is restricted as to use by grant agreements, contracts, and laws and regulations, and can only be used for specific purposes.
 - \$103,144,207 (unrestricted) may be used to meet the CDA's ongoing obligations to citizens and creditors.
- The CDA's total net position increased by \$8,695,141. This increase is due to strong operating results including, the receipt of one-time revenues along with the long-standing practice of using current revenues generated by governmental activities such as grants, taxes and tax increment to invest in long-term assets or reduce long-term debt rather than making fiscal period expenses. Included in the increase in net position is a \$1,627,494 contribution related to the merger of limited partnerships that were treated as joint ventures in prior fiscal years, and \$2,860,000 of business activities long-term debt that was retired using current year tax revenues that were transferred from governmental activities.
- As of the close of the current fiscal year, the Agency's governmental funds reported a combined ending fund balance of \$74,676,447, an increase of \$5,846,020 from the prior year. Of this fund balance, \$9,136,820 was in nonspendable form, \$12,302,838 was restricted by grant agreements, contracts and laws and regulations, \$16,646,697 was assigned for specific purposes and the remaining \$36,590,092 was considered unassigned.
- At the end of the current fiscal year, the assigned and unassigned fund balance of the General Fund was \$53,784,304.
- The CDA's total outstanding long-term debt increased by \$46,368,763 during the current fiscal year. \$45,770,000 of this increase relates to the issuance of Housing Development Bonds in the Common Bond Fund which will be used to finance the construction of new senior buildings and to provide funds for an advance crossover refunding of two older bond issues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CDA's basic financial statements. The CDA's basic financial statements are comprised of 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 intended to furnish additional detail to support the basic financial statements themselves.

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

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

The statement of activities presents information showing how the CDA'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 the 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., earned but unused flex leave).

Both of the government-wide financial statements distinguish functions of the CDA that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). As a limited-purpose governmental unit, the CDA's only governmental activity is Community Development. The business-type activities of the Agency include Common Bond (Senior Housing) operations, Housing Assistance, and Public Housing, Youth Housing and Workforce Housing operations.

The government-wide financial statements can be found on pages 27-28 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. The CDA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the CDA can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 in 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.

The CDA maintains twelve 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, CDBG Fund, Senior Levy Fund, HOPE Fund, and HOME Fund, all of which are considered to be major funds.

Data within the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund financial statement section of this report.

The basic governmental fund financial statements can be found on pages 29-32 of this report.

Proprietary funds. The CDA maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The

CDA uses enterprise funds to account for its Common Bond (Senior Housing) operations, Housing Assistance programs, and Public Housing, Youth Housing and Workforce Housing operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the CDA's various functions. The CDA uses an internal service fund to account for the operation of its administrative building and management information systems. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Common Bond (Senior Housing) operations, Housing Assistance programs, Public Housing and Workforce Housing operations, all of which are considered to be major funds of the CDA, and Youth Housing operations which is considered a nonmajor fund and an internal service fund. The basic proprietary fund financial statements can be found on pages 33-37 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 39-64 of this report.

Other information. The CDA adopts an annual budget for all governmental funds except the CDBG, HOME, MHFA, Weatherization, NSP, Homeownership Counseling, and ESG special revenue funds which adopt grant or project-length budgets. As required by generally accepted accounting principles, this report presents budgetary comparison schedules for all major governmental funds that adopt an annual budget. This required supplementary information and the notes thereon can be found on pages 65-69 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons. These combining and other individual fund statements can be found on pages 71-75 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the CDA, assets and deferred outflows exceeded liabilities and deferred inflows by \$252,974,236 at the close of the most recent fiscal year which represents an increase in net position of \$8,695,141 from the prior year. This increase indicates that the CDA's financial position improved during the current fiscal year.

The largest component of CDA net position (35 percent) reflects its significant investment in capital assets (e.g., land, land improvements, buildings, furniture and equipment, and construction in progress) less any related debt used to acquire those assets. The CDA primarily utilizes these capital assets to provide affordable housing opportunities to eligible citizens; consequently, these assets are not considered available to fund future spending. Although the CDA's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional category of the CDA's net position (24 percent) represents resources that are subject to external restrictions on how they may be utilized. In the case of the CDA, these restrictions are primarily related to grant programs funded by the U.S. Department of Housing and Urban Development (HUD), the HOPE program which was established by Dakota County, Minnesota and is being administered by the Dakota County Community Development Agency, state laws and regulations which restrict the use of tax levy and tax increment revenues and bond indentures. The remaining category of CDA net position (41 percent) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

**Dakota County Community Development Agency's
Net Position
June 30**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 154,250,966	\$ 146,221,530	\$ 73,048,892	\$ 33,773,033	\$ 227,299,858	\$ 179,994,563
Capital assets	10,366,166	11,252,624	160,305,971	149,629,478	170,672,137	160,882,102
Total assets	164,617,132	157,474,154	233,354,863	183,402,511	397,971,995	340,876,665
Deferred outflows of resources	-	-	354,184	481,080	354,184	481,080
Long-term liabilities outstanding	969,729	1,087,130	127,873,734	81,504,971	128,843,463	82,592,101
Other liabilities	1,494,438	1,250,096	5,904,676	4,941,179	7,399,114	6,191,275
Total liabilities	2,464,167	2,337,226	133,778,410	86,446,150	136,242,577	88,783,376
Deferred inflows of resources	9,109,366	8,295,274	-	-	9,109,366	8,295,274
Net position:						
Net investment in capital assets	10,366,166	11,252,624	79,014,426	73,736,293	89,380,592	84,988,917
Restricted	47,500,728	45,920,463	12,948,709	16,331,293	60,449,437	62,251,756
Unrestricted	95,176,705	89,668,567	7,967,502	7,369,855	103,144,207	97,038,422
Total net position	\$ 153,043,599	\$ 146,841,654	\$ 99,930,637	\$ 97,437,441	\$ 252,974,236	\$ 244,279,095

At the end of the current fiscal year, the CDA was able to report positive balances in all three categories of net position. This was true for both the government as a whole, as well as for its governmental activities and business-type activities. The same situation also held true for the prior fiscal year.

As noted previously, the CDA's total net position increased by \$8,695,141 during the current fiscal year. This increase is comprised of the following changes within the three categories of CDA net position:

- Net investment in capital assets increased by \$4,391,675. Of this, \$886,458 represents a decrease related to governmental activities and \$5,278,133 represents an increase related to business-type activities. The decrease in governmental activities is principally due to a \$981,049 transfer of land acquired with tax levy revenue to be used for a senior housing development being constructed in the City of Rosemount. The increase in business activities also includes \$1,704,644 relating to the merger of two workforce housing joint ventures during the year, \$1,175,089 of senior, workforce housing and Public Housing capital assets funded with tax levy and tax increment revenue and another \$556,861 of Public Housing capital assets funded from grant revenue.
- Restricted net position decreased by \$1,802,319. Of this amount, \$1,580,265 represents an increase related to governmental activities and \$3,527,243 represents a decrease related to business-type activities.
- Unrestricted net position increased by \$6,105,785. Of this amount, \$5,508,138 is related to an increase in governmental activities while \$742,306 is related to an increase in business-type activities.

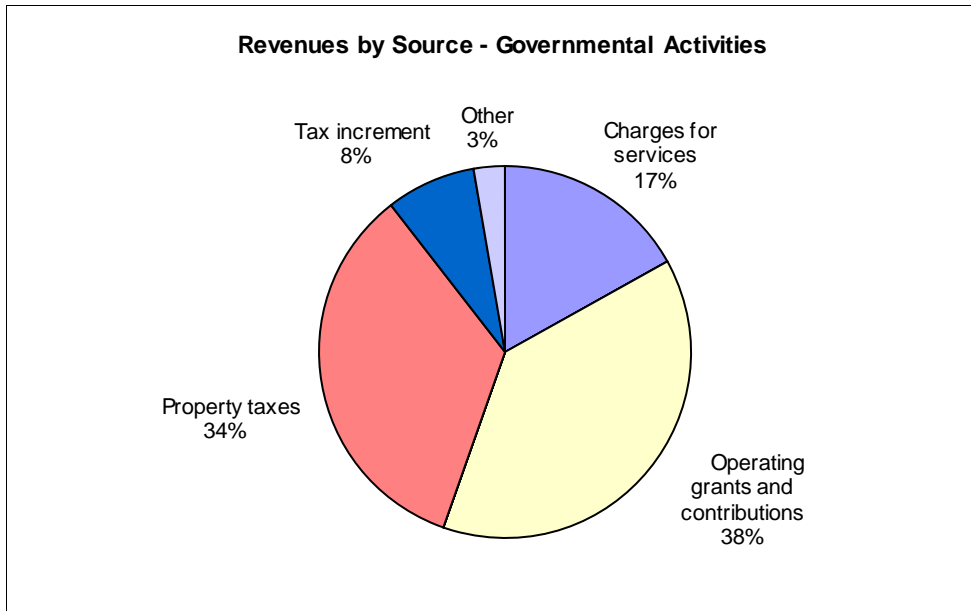
Governmental activities. Governmental activities increased the CDA's net position by \$6,201,945, thereby accounting for 71 percent of the total growth in the net position of the agency. Key elements of this increase are as follows:

- The change in net position includes a \$4,811,530 transfer of excess revenues from the Common Bond fund which represents 78% of the increase in net position of governmental activities.
- The remaining change in governmental activities net position is primarily related to strong operating results and one-time revenues including developer fees of \$1,157,103 relating to joint ventures.

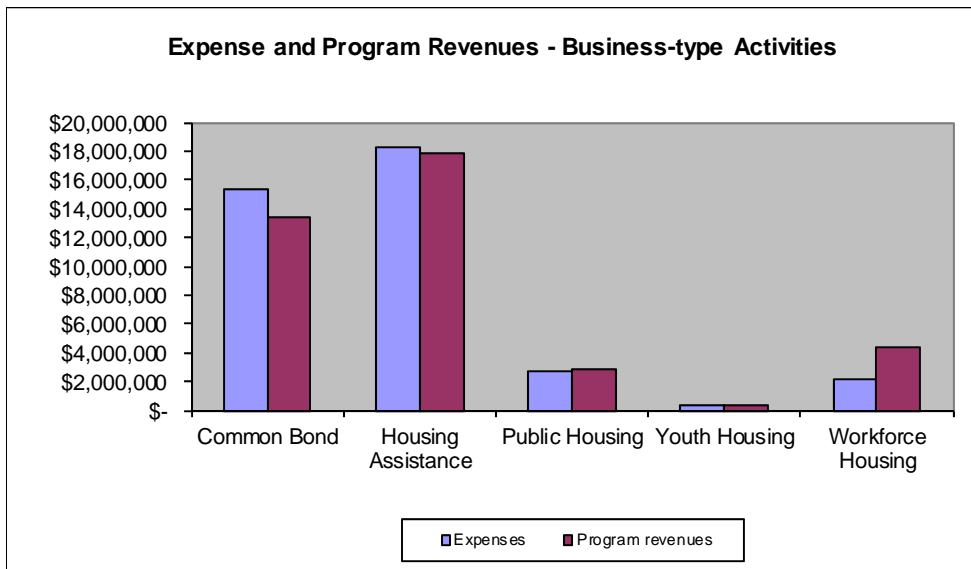
**Dakota County Community Development Agency's
Changes in Net Position
Years Ended June 30**

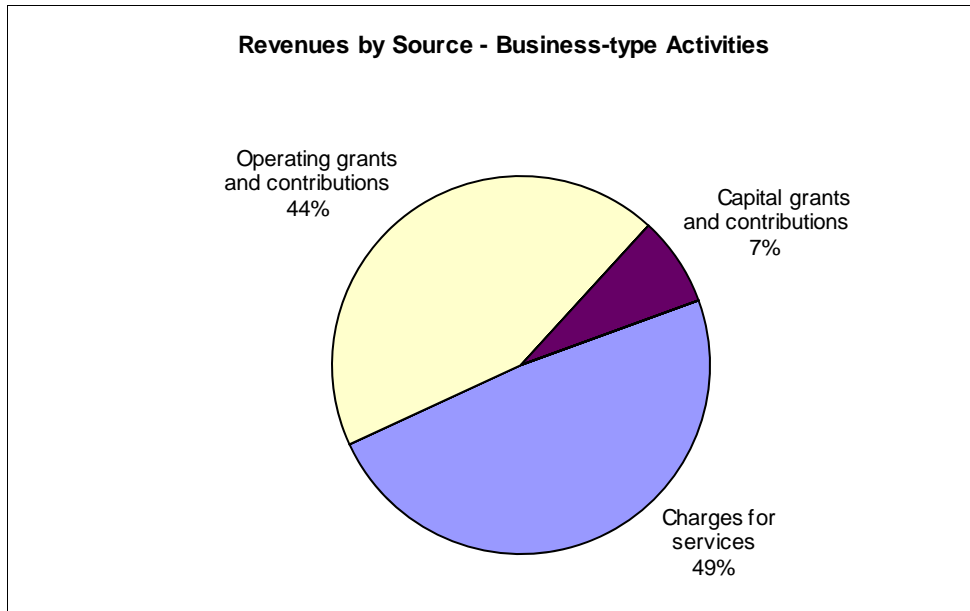
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 3,275,690	\$ 3,650,583	\$18,891,045	\$17,768,039	\$ 22,166,735	\$ 21,418,622
Operating grants and contributions	7,460,677	9,723,136	16,956,681	17,052,674	24,417,358	26,775,810
Capital grants and contributions	-	-	2,240,443	3,726,429	2,240,443	3,726,429
General revenues:						
Property taxes	6,612,923	6,513,347	-	-	6,612,923	6,513,347
Tax increment	1,510,242	1,280,041	-	-	1,510,242	1,280,041
Other	526,561	606,434	-	-	526,561	606,434
Total revenues	<u>19,386,093</u>	<u>21,773,541</u>	<u>38,088,169</u>	<u>38,547,142</u>	<u>57,474,262</u>	<u>60,320,683</u>
Expenses:						
Community development	9,932,215	9,542,673	-	-	9,932,215	9,542,673
Common Bond	-	-	15,352,003	14,277,550	15,352,003	14,277,550
Housing Assistance	-	-	18,269,703	17,518,058	18,269,703	17,518,058
Public Housing	-	-	2,667,339	2,438,995	2,667,339	2,438,995
Youth Housing	-	-	415,505	395,515	415,505	395,515
Workforce Housing	-	-	2,142,356	1,636,260	2,142,356	1,636,260
Total expenses	<u>9,932,215</u>	<u>9,542,673</u>	<u>38,846,906</u>	<u>36,266,378</u>	<u>48,779,121</u>	<u>45,809,051</u>
Increase (decrease) in net position before transfers	9,453,878	12,230,868	(758,737)	2,280,764	8,695,141	14,511,632
Transfers	(3,251,933)	(3,000,160)	3,251,933	3,000,160	-	-
Increase in net position	6,201,945	9,230,708	2,493,196	5,280,924	8,695,141	14,511,632
Net position - beginning	146,841,654	137,610,946	97,437,441	92,156,517	244,279,095	229,767,463
Net position - ending	<u>\$153,043,599</u>	<u>\$146,841,654</u>	<u>\$99,930,637</u>	<u>\$97,437,441</u>	<u>\$252,974,236</u>	<u>\$244,279,095</u>

For the most part, it is difficult to correlate the revenues and expenses reported in governmental activities on a year to year basis, as charges for services and operating grants and contributions can be irregular or non-recurring revenue sources. The CDA also pools revenues over a number of years in order to acquire capital assets or to provide financing for business-type activities rather than to fund operating expenses within the governmental activities. Accordingly, revenues that are received in one fiscal year are often carried forward and then utilized in subsequent fiscal years depending on the development activities being undertaken or planned in the business-type activities.



Business-type activities. The increase in the net position of business-type activities accounted for \$2,493,196 or 29 percent of the total growth in the government's net position. Capital grants and contributions accounted for \$2,240,443 with \$1,627,494 being related to the merger of two joint ventures in the Workforce Housing LLC enterprise fund.





Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the CDA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CDA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the CDA itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the CDA's Board of Commissioners.

Governmental fund balance is reported in five separate categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include prepaid items and long-term receivables. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted by grantors. Committed fund balance includes amounts that may be set aside by the CDA's Board of Commissioners for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside for a specific purpose. Unassigned fund balance includes all remaining amounts.

As of June 30, 2015, the Agency's governmental funds reported combined ending fund balances of \$74,676,447 an increase of \$5,846,020 in comparison with the prior year. Included in ending fund balances is \$9,136,820 of nonspendable fund balances comprised of prepaid items, noncurrent advances to other funds and long-term notes receivable. Another \$12,302,838 is restricted by grant agreements, contracts and laws and regulations. Of the remaining fund balances, \$16,646,697 is assigned for specific purposes and \$36,590,092 is unassigned.

The CDA's General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. As of June 30, 2015, the General Fund had a fund balance of \$62,915,621 which represents over 84 percent of all governmental fund balances. Of this amount, \$9,131,317 relates to prepaid items and loans receivable and is nonspendable while \$16,597,295 is assigned for the construction and single family financing, and \$37,187,009 is unassigned.

During the fiscal year ended June 30, 2015, the fund balance of the General Fund increased by \$6,368,043. This increase is comprised of revenues in excess of expenditures of \$1,593,545 and \$4,774,498 of net transfers in of which \$4,811,530 relates to the transfer of surplus cash flows from the senior housing developments accounted for in the Common Bond fund.

The CDBG Fund accounts for the receipt and expenditure of restricted grant proceeds under the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant program. This is an expenditure driven grant; therefore revenues are only recognized when qualifying grant expenditures are made. As current financial resources are not accumulated, this fund does not maintain a fund balance.

The Senior Levy Fund accounts for the receipt and expenditure of the CDA's special tax levy. The fund had a fund balance at year-end of \$1,825,902, all of which is considered restricted. The Senior Levy Fund had a small decrease in fund balance of \$45,870 during the fiscal year ended June 30, 2015.

The HOPE Fund accounts for the receipt and expenditure of funds in the Housing Opportunities Enhancement Program (HOPE). The HOPE Fund had an ending fund balance of \$3,419,976 which represents an increase of \$239,455. This fund balance is restricted to finance additional HOPE program expenditures.

The HOME Fund accounts for the receipt and expenditure of restricted grant proceeds under the HUD HOME program. This is an expenditure driven grant; therefore revenues are only recognized when qualifying grant expenditures are made. As current financial resources are not accumulated, this fund does not maintain a fund balance.

Proprietary funds. The Agency's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Common Bond Fund at the end of the year amounted to \$3,807,164 and total net position increased during the fiscal year by \$295,326. Of this increase, \$1,263,700 relates to an increase in net position from operations while the remainder relates to nonoperating revenues, expenses, including interest expense of \$3,695,046, while capital contributions and net transfers in total \$2,574,212.

The unrestricted net position of the Housing Assistance Fund was \$1,400,566 at the end of the fiscal year and total net position decreased by \$276,713 during the fiscal year. Of this decrease, \$89,429 relates to an increase in net position from operations and the remainder relates primarily to housing assistance payments exceeding related grant funding for the year and transfers between funds.

The unrestricted net position of the Public Housing Fund at the end of the year was \$1,903,552 and total net position increased during the year by \$224,638. Of this increase, \$684,284 relates to a decrease in net position from operations while the remainder relates primarily to nonoperating revenues including grants of \$908,922, expenses and net transfers.

The unrestricted net position of the Dakota County CDA Workforce Housing LLC (Workforce Housing) was \$1,039,548 at the end of the fiscal year and total net position increased by 2,364,503 due in large part, to the merger of two joint ventures as further described in the notes to the financial statements.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Agency's business-type activities.

General Fund Budgetary Highlights

There were no significant difference between the original budget and the final amended budget for the year ended June 30, 2015. The final amended budget for the fiscal year anticipated a net increase in fund balance of

\$1,903,450. The actual net change in fund balance was an increase of \$6,368,043 for a positive variance of \$4,464,593. This variance is primarily attributable to the following factors:

- Expenditures were under budget by \$3,902,496. This was primarily attributable to loans which were budgeted at \$1,355,933 but only \$671,312 was expended during the fiscal year. This variance is primarily attributable to the timing of loan expenditures that were rebudgeted to the subsequent fiscal year. In addition, General Fund was budgeted at \$4,336,159 but only \$1,669,815 was expended during the fiscal year. Most of this variance relates to the timing of Redevelopment Incentive Grant (RIG) expenditures that were rebudgeted to the subsequent fiscal year.

Capital Debt and Debt Administration

Capital assets. The Agency’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$170,672,137 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, furniture and equipment, and construction projects in progress. The total increase in the Agency’s investment in capital assets for the current fiscal year was \$9,790,035 or approximately 6.1 percent.

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

- Two joint ventures were merged into the Dakota County CDA Workforce Housing LLC, a blended component unit during the year with \$3,234,293 being transferred in the current year.
- Costs totaling \$11,301,287 were incurred in the current year in the Common Bond Fund on senior housing developments.
- Depreciation on capital assets totaled \$5,325,674 during the current year.

Capital Assets (net of depreciation) June 30

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land and land improvements	\$ 6,138,224	\$ 7,160,812	\$ 26,119,416	\$ 23,268,145	\$ 32,257,640	\$ 30,428,957
Buildings	3,630,959	3,744,378	132,251,446	123,783,237	135,882,405	127,527,615
Furniture and equipment	596,983	347,434	1,215,214	1,205,529	1,812,197	1,552,963
Construction in progress	-	-	719,895	1,372,567	719,895	1,372,567
Total	\$ 10,366,166	\$ 11,252,624	\$ 160,305,971	\$ 149,629,478	\$ 170,672,137	\$ 160,882,102

The amount of outstanding construction commitments at June 30, 2015 was \$8,689,083 primarily related to the construction of a senior housing development in the City of Rosemount. Additional information on the Agency’s capital assets can be found in Note 3 on pages 51-52 of this report.

Long-term debt. At the end of the fiscal year, the CDA had debt outstanding of \$128,149,269. All the bonds payable are comprised of debt obligations that are backed by the full faith and credit of Dakota County, Minnesota. At June 30, 2015, the County had a Aaa bond rating from Moody’s Investor Services and AA+ from Standard & Poor’s. These bonds are also secured by the pooled gross rent receipts and other operating revenues of the underlying senior housing developments and by pledged tax levy and tax increment revenues.

Major debt events during the fiscal year include the following:

- The 2015 Housing Development Bonds were issued on May 27, 2015 totaling \$45,770,000 with the proceeds intended to finance new senior housing developments and the advance crossover refunding of two older bond issues in the Common Bond Fund.
- Bond principal of \$2,860,000 was retired during the fiscal year in the Common Bond Fund.

**Outstanding Debt (notes and bonds payable)
June 30**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	600,000	600,000	8,276,643	7,288,509	8,876,643	7,888,509
Bonds payable	-	-	119,272,626	72,490,000	119,272,626	72,490,000
Total	\$ 600,000	\$ 600,000	\$127,549,269	\$79,778,509	\$128,149,269	\$80,378,509

Additional information regarding the Agency’s long-term debt can be found in Note 3 on pages 56-59 of this report.

Economic Factors and Next Year’s Budgets

Federal appropriation levels will continue to have a major impact on the Authority’s economic position. The Agency received \$22,666,631 in federal funding for the fiscal year ended June 30, 2015. Funding for the CDA’s federal programs is significantly affected by Congressional legislation and the federal budget deficits. If cuts to federal funding are enacted, it may be necessary to further reduce costs and/or services.

Requests for Information

This financial report is designed to provide a general overview of the CDA’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 information should be addressed to the Finance Director of the Dakota County Community Development Agency, 1228 Town Centre Drive, Eagan, Minnesota 55123.

Basic Financial Statements

Dakota County Community Development Agency
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 34,945,181	\$ 8,372,386	\$ 43,317,567
Investments	34,273,727	1,996,000	36,269,727
Accounts receivable	406,672	361,087	767,759
Interest receivable	1,538,625	3,837	1,542,462
Taxes receivable	4,040,078	-	4,040,078
Special assessments receivable	756,895	-	756,895
Internal balances	3,572,264	(3,572,264)	-
Due from other governments	4,679,386	824,991	5,504,377
Prepaid items	62,839	515,177	578,016
Investment in joint ventures	8,124,280	-	8,124,280
Notes receivable	61,851,019	-	61,851,019
Restricted assets:			
Restricted cash, cash equivalents, and investments	-	64,547,678	64,547,678
Capital assets not being depreciated:			
Land	6,100,178	24,333,022	30,433,200
Construction in progress	-	719,895	719,895
Capital assets (net of accumulated depreciation):			
Land improvements	38,046	1,786,394	1,824,440
Buildings	3,630,959	132,251,446	135,882,405
Furniture and equipment	596,983	1,215,214	1,812,197
Total assets	<u>164,617,132</u>	<u>233,354,863</u>	<u>397,971,995</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings	-	354,184	354,184
Total deferred outflows of resources	<u>-</u>	<u>354,184</u>	<u>354,184</u>
LIABILITIES			
Accounts payable	\$ 984,520	\$ 2,920,404	\$ 3,904,924
Accrued interest payable	-	2,379,535	2,379,535
Due to other governments	10,205	394,454	404,659
Unearned revenue	499,713	210,283	709,996
Noncurrent liabilities:			
Due within one year	182,015	8,647,697	8,829,712
Due in more than one year	787,714	119,226,037	120,013,751
Total liabilities	<u>2,464,167</u>	<u>133,778,410</u>	<u>136,242,577</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	8,397,762	-	8,397,762
Unavailable revenue - special assessments	711,604	-	711,604
Total deferred inflows of resources	<u>9,109,366</u>	<u>-</u>	<u>9,109,366</u>
NET POSITION			
Net investment in capital assets	10,366,166	79,014,426	89,380,592
Restricted for:			
Capital projects	-	12,806,950	12,806,950
Federal grants	17,410,637	141,759	17,552,396
HOPE program	20,167,837	-	20,167,837
Senior Levy	1,825,901	-	1,825,901
Tax increment	8,096,353	-	8,096,353
Unrestricted	95,176,705	7,967,502	103,144,207
Total net position	<u>\$ 153,043,599</u>	<u>\$ 99,930,637</u>	<u>\$ 252,974,236</u>

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

Dakota County Community Development Agency
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
Community Development	\$ 9,932,215	\$ 3,275,690	\$ 7,460,677	\$ -	\$ 804,152	\$ -	\$ 804,152
Business-type activities:							
Common bond	15,352,003	12,880,405	562,712	-	-	(1,908,886)	(1,908,886)
Housing assistance	18,269,703	1,982,623	15,880,278	-	-	(406,802)	(406,802)
Public Housing	2,667,339	1,916,623	304,406	612,948	-	166,638	166,638
Youth Housing	415,505	144,292	156,655	-	-	(114,558)	(114,558)
Workforce Housing	2,142,356	1,967,102	52,630	1,627,495	-	1,504,871	1,504,871
Total business activities	38,846,906	18,891,045	16,956,681	2,240,443	-	(758,737)	(758,737)
Total primary government	<u>\$ 48,779,121</u>	<u>\$ 22,166,735</u>	<u>\$ 24,417,358</u>	<u>\$ 2,240,443</u>	<u>804,152</u>	<u>(758,737)</u>	<u>45,415</u>
General revenues:							
Property taxes					6,612,923	-	6,612,923
Tax increment revenue					1,510,242	-	1,510,242
Unrestricted investment earnings					526,561	-	526,561
Transfers					(3,251,933)	3,251,933	-
Total general revenues and transfers					<u>5,397,793</u>	<u>3,251,933</u>	<u>8,649,726</u>
Changes in net position					6,201,945	2,493,196	8,695,141
Net position - beginning					146,841,654	97,437,441	244,279,095
Net position - ending					<u>\$ 153,043,599</u>	<u>\$ 99,930,637</u>	<u>\$ 252,974,236</u>

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

Dakota County Community Development Agency
Balance Sheet - Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>					<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>CDBG</u>	<u>Senior Levy</u>	<u>HOPE</u>	<u>HOME</u>		
ASSETS							
Cash and cash equivalents	\$ 26,939,061	\$ 73,918	\$ 1,330,278	\$ 1,333,881	\$ 117,863	\$ 5,150,180	\$ 34,945,181
Investments	29,785,727	-	500,000	1,993,000	-	1,995,000	34,273,727
Accounts receivable	209,023	25,000	-	-	-	129,134	363,157
Interest receivable	515,007	-	-	677,789	234,812	111,017	1,538,625
Taxes receivable	-	-	2,798,569	527,003	-	714,506	4,040,078
Special assessments receivable	-	-	-	-	-	756,895	756,895
Due from other funds	555,292	-	-	-	-	459,721	1,015,013
Due from other governments	28,165	18,566	3,052,430	573,814	59,451	946,960	4,679,386
Prepaid items	54,056	-	-	-	-	5,503	59,559
Advances to other funds	2,789,926	-	-	687,904	524,966	-	4,002,796
Notes receivable	29,179,187	11,350,619	-	15,563,398	4,434,821	1,322,994	61,851,019
Total assets	<u>\$ 90,055,444</u>	<u>\$ 11,468,103</u>	<u>\$ 7,681,277</u>	<u>\$ 21,356,789</u>	<u>\$ 5,371,913</u>	<u>\$ 11,591,910</u>	<u>\$ 147,525,436</u>
LIABILITIES							
Accounts payable	\$ 578,275	\$ 8,503	\$ 1,018	\$ 62,734	\$ 54,357	\$ 215,234	\$ 920,121
Due to other funds	573,708	1,465	3,358	25,402	665	139,098	743,696
Due to other governments	1,160	-	-	-	-	1,585	2,745
Advances from other funds	-	-	-	-	-	815,837	815,837
Unearned revenue	444,548	107,516	-	-	122,292	314,796	989,152
Total liabilities	<u>1,597,691</u>	<u>117,484</u>	<u>4,376</u>	<u>88,136</u>	<u>177,314</u>	<u>1,486,550</u>	<u>3,471,551</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	5,850,999	1,100,817	-	1,445,946	8,397,762
Unavailable revenue - special assessments	-	-	-	-	-	711,604	711,604
Unavailable revenue - loans	25,542,132	11,350,619	-	16,747,860	5,194,599	1,432,862	60,268,072
Total deferred inflows of resources	<u>25,542,132</u>	<u>11,350,619</u>	<u>5,850,999</u>	<u>17,848,677</u>	<u>5,194,599</u>	<u>3,590,412</u>	<u>69,377,438</u>
FUND BALANCES							
Nonspendable	9,131,317	-	-	-	-	5,503	9,136,820
Restricted	-	-	1,825,902	3,419,976	-	7,056,960	12,302,838
Assigned	16,597,295	-	-	-	-	49,402	16,646,697
Unassigned	37,187,009	-	-	-	-	(596,917)	36,590,092
Total fund balances	<u>62,915,621</u>	<u>-</u>	<u>1,825,902</u>	<u>3,419,976</u>	<u>-</u>	<u>6,514,948</u>	<u>74,676,447</u>
Total liabilities, deferred inflows, and fund balances:	<u>\$ 90,055,444</u>	<u>\$ 11,468,103</u>	<u>\$ 7,681,277</u>	<u>\$ 21,356,789</u>	<u>\$ 5,371,913</u>	<u>\$ 11,591,910</u>	<u>\$ 147,525,436</u>

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

Dakota County Community Development Agency
Reconciliation of Total Governmental Funds Fund Balance to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances	\$ 74,676,447
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 funds.	10,366,166
Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	8,124,280
Long-term liabilities, including notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(900,130)
An internal service fund is used by management to charge costs relating to the administrative office building and management information systems to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	19,325
Certain revenues relating to notes receivable are recognized in governmental activities when earned. These revenues are recognized when measurable and available within the governmental funds.	60,757,511
Net position of governmental activities	<u>\$ 153,043,599</u>

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

Dakota County Community Development Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

	<u>Special Revenue Funds</u>					<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>CDBG</u>	<u>Senior Levy</u>	<u>HOPE</u>	<u>HOME</u>		
REVENUES							
Taxes	\$ -	\$ -	\$ 5,722,895	\$ 890,028	\$ -	1,510,242	\$ 8,123,165
Special assessments	-	-	-	-	-	127,148	127,148
Intergovernmental	275,883	1,670,894	7,223	1,125	2,092,580	1,087,980	5,135,685
Charges for services	3,196,972	-	-	-	-	48,329	3,245,301
Investment earnings	523,566	-	1,043	5,130	-	9,507	539,246
Other	2,006,661	613,790	-	165,558	521,470	266,549	3,574,028
Total revenues	<u>6,003,082</u>	<u>2,284,684</u>	<u>5,731,161</u>	<u>1,061,841</u>	<u>2,614,050</u>	<u>3,049,755</u>	<u>20,744,573</u>
EXPENDITURES							
Current:							
Administrative	1,655,937	349,445	44,282	85,899	110,789	414,941	2,661,293
Utilities	6,737	-	-	-	-	2,069	8,806
Ordinary maintenance and operation	44,218	-	-	-	-	13,191	57,409
Loans	671,312	1,215,455	-	736,487	-	218,144	2,841,398
Land acquisition & development	91,767	-	10,000	-	-	666,943	768,710
General	1,669,815	175,358	-	-	742,854	1,297,813	3,885,840
Capital outlay	269,751	-	-	-	-	703,383	973,134
Intergovernmental	-	544,426	-	-	1,760,407	-	2,304,833
Total expenditures	<u>4,409,537</u>	<u>2,284,684</u>	<u>54,282</u>	<u>822,386</u>	<u>2,614,050</u>	<u>3,316,484</u>	<u>13,501,423</u>
Excess (deficiency) of revenues over (under) expenditures	1,593,545	-	5,676,879	239,455	-	(266,729)	7,243,150
OTHER FINANCING SOURCES (USES)							
Transfers in	4,866,562	-	7,340	-	-	-	4,873,902
Transfers out	(92,064)	-	(5,730,089)	-	-	(448,879)	(6,271,032)
Total other financing sources (uses)	<u>4,774,498</u>	<u>-</u>	<u>(5,722,749)</u>	<u>-</u>	<u>-</u>	<u>(448,879)</u>	<u>(1,397,130)</u>
Net change in fund balances	6,368,043	-	(45,870)	239,455	-	(715,608)	5,846,020
Fund balances - beginning	56,547,578	-	1,871,772	3,180,521	-	7,230,556	68,830,427
Fund balances - ending	<u>\$ 62,915,621</u>	<u>\$ -</u>	<u>\$ 1,825,902</u>	<u>\$ 3,419,976</u>	<u>\$ -</u>	<u>\$ 6,514,948</u>	<u>\$ 74,676,447</u>

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

Dakota County Community Development Agency
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$ 5,846,020
Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period.	148,309
The Agency has equity interests in several joint ventures. The allocated gain or (loss) from these investments is not a current financial resource and therefore is not reported in the governmental funds.	(141)
The effect of miscellaneous transactions involving capital assets is to decrease net position (capital assets contributed to business-type activities and capital contributions to joint ventures).	(1,768,359)
Certain revenue related to loans receivable was recognized in the fund statements but was earned and accrued in a prior period for the statement of activities.	(1,341,430)
Certain loans made from current financial resources are reported as expenditures in the governmental funds. However, in the statement of activities, these loans are not reported as expenses. This is the amount of loan expenditures in the current period.	3,189,191
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.	115,938
An internal service fund is used by management to charge costs relating to the administrative building and management information systems to individual funds. The net revenue (expense) of the internal service fund is reported within governmental activities.	12,417
Changes in net position of governmental activities	<u>\$ 6,201,945</u>

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

Dakota County Community Development Agency
Statement of Net Position - Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Common Bond	Housing Assistance	Public Housing	Workforce Housing	Nonmajor Youth Housing	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,362,573	\$ 1,397,884	\$ 1,217,156	\$ 2,334,733	\$ 60,040	\$ 8,372,386	\$ -
Investments	1,000,000	-	996,000	-	-	1,996,000	-
Restricted cash and cash equivalents	13,431,390	220,021	-	1,313,499	-	14,964,910	-
Restricted investments	4,508,055	-	-	-	-	4,508,055	-
Accounts receivable	280,397	510	39,095	12,086	28,999	361,087	-
Interest receivable	2,404	-	1,433	-	-	3,837	-
Due from other funds	-	620	-	-	-	620	113,987
Due from other governments	9,663	232,867	86,964	6,666	488,831	824,991	-
Prepaid items	340,774	-	79,432	87,185	7,786	515,177	3,280
Total current assets	<u>22,935,256</u>	<u>1,851,902</u>	<u>2,420,080</u>	<u>3,754,169</u>	<u>585,656</u>	<u>31,547,063</u>	<u>117,267</u>
Noncurrent assets:							
Restricted cash and cash equivalents	23,705,872	-	613,923	217,177	-	24,536,972	-
Restricted investments	20,537,741	-	-	-	-	20,537,741	-
Capital assets:							
Land and land improvements	21,377,639	-	4,133,559	3,781,438	645,399	29,938,035	-
Buildings	137,464,188	-	28,197,080	20,229,201	3,439,140	189,329,609	-
Furniture and equipment	5,423,686	143,315	249,863	362,065	206,400	6,385,329	1,131,133
Construction in progress	575,823	-	144,072	-	-	719,895	-
Less accumulated depreciation	<u>(40,402,041)</u>	<u>(138,860)</u>	<u>(15,020,187)</u>	<u>(9,903,048)</u>	<u>(602,761)</u>	<u>(66,066,897)</u>	<u>(901,850)</u>
Total capital assets (net of accumulated depreciation)	<u>124,439,295</u>	<u>4,455</u>	<u>17,704,387</u>	<u>14,469,656</u>	<u>3,688,178</u>	<u>160,305,971</u>	<u>229,283</u>
Total noncurrent assets	<u>168,682,908</u>	<u>4,455</u>	<u>18,318,310</u>	<u>14,686,833</u>	<u>3,688,178</u>	<u>205,380,684</u>	<u>229,283</u>
Total assets	<u>191,618,164</u>	<u>1,856,357</u>	<u>20,738,390</u>	<u>18,441,002</u>	<u>4,273,834</u>	<u>236,927,747</u>	<u>346,550</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	354,184	-	-	-	-	354,184	-
Total deferred outflows of resources	<u>\$ 354,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,184</u>	<u>\$ -</u>

(continued)

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

Dakota County Community Development Agency
Statement of Net Position - Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Common Bond	Housing Assistance	Public Housing	Workforce Housing	Nonmajor Youth Housing	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 2,193,872	\$ 128,573	\$ 347,967	225,066	\$ 24,926	\$ 2,920,404	\$ 71,859
Compensated absences	104,578	46,349	21,671	14,172	927	187,697	15,037
Due to other funds	177,364	102,552	31,589	73,399	1,020	385,924	-
Due to other governments	265,663	-	82,453	43,712	2,626	394,454	-
Unearned revenue	168,068	-	18,592	20,991	2,632	210,283	-
Accrued interest payable	1,635,703	-	-	743,832	-	2,379,535	-
Bonds payable - current portion	8,460,000	-	-	-	-	8,460,000	-
Total current liabilities	13,005,248	277,474	502,272	1,121,172	32,131	14,938,297	86,896
Noncurrent liabilities:							
Compensated absences	87,879	32,103	14,256	-	2,530	136,768	11,046
Advances from other funds	-	-	-	2,677,760	509,200	3,186,960	-
Notes payable	-	-	-	4,055,614	4,221,029	8,276,643	-
Bonds payable (net of unamortized premiums)	110,812,626	-	-	-	-	110,812,626	-
Total noncurrent liabilities	110,900,505	32,103	14,256	6,733,374	4,732,759	122,412,997	11,046
Total liabilities	123,905,753	309,577	516,528	7,854,546	4,764,890	137,351,294	97,942
NET POSITION							
Net investment in capital assets	53,597,080	4,455	17,704,387	8,016,232	(307,728)	79,014,426	229,283
Restricted for capital projects	10,662,351	-	613,923	1,530,676	-	12,806,950	-
Restricted for Federal grants	-	141,759	-	-	-	141,759	-
Unrestricted	3,807,164	1,400,566	1,903,552	1,039,548	(183,328)	7,967,502	19,325
Total net position	\$ 68,066,595	\$ 1,546,780	\$ 20,221,862	\$ 10,586,456	\$ (491,056)	\$ 99,930,637	\$ 248,608

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

Dakota County Community Development Agency
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Common Bond	Housing Assistance	Public Housing	Workforce Housing	Nonmajor Youth Housing	Total	
Operating revenues:							
Charges for services:							
Tenant revenue	\$ 12,880,405	\$ -	\$ 1,916,623	\$ 1,967,102	\$ 144,292	\$ 16,908,422	\$ -
Administrative fees	-	1,982,623	-	-	-	1,982,623	-
Other	40,252	70,640	12,487	52,256	491	176,126	698,585
Total revenues	<u>12,920,657</u>	<u>2,053,263</u>	<u>1,929,110</u>	<u>2,019,358</u>	<u>144,783</u>	<u>19,067,171</u>	<u>698,585</u>
Operating expenses:							
Administrative	1,789,819	1,961,921	417,986	315,360	140,245	4,625,331	475,650
Utilities	1,192,722	-	178,952	122,108	35,395	1,529,177	69,489
Ordinary maintenance and operation	3,017,623	-	919,039	591,832	55,722	4,584,216	103,511
General expenses	1,073,510	-	249,533	333,714	17,643	1,674,400	2,517
Nonroutine maintenance	938,449	-	83,081	113,441	46,516	1,181,487	-
Depreciation	3,644,834	1,913	764,803	515,380	115,184	5,042,114	65,283
Total operating expenses	<u>11,656,957</u>	<u>1,963,834</u>	<u>2,613,394</u>	<u>1,991,835</u>	<u>410,705</u>	<u>18,636,725</u>	<u>716,450</u>
Operating income (loss)	<u>1,263,700</u>	<u>89,429</u>	<u>(684,284)</u>	<u>27,523</u>	<u>(265,922)</u>	<u>430,446</u>	<u>(17,865)</u>
Nonoperating revenues (expenses):							
Intergovernmental	459,089	15,737,497	221,903	-	147,468	16,565,957	-
Investment earnings	(3,139)	594	3,353	374	3,981	5,163	-
Other income	66,510	71,547	66,663	-	4,715	209,435	-
Interest expense	(3,695,046)	-	-	(150,521)	(4,800)	(3,850,367)	-
Gain (loss) on disposal of capital assets	-	-	(53,945)	-	-	(53,945)	-
Housing assistance payments	-	(16,305,869)	-	-	-	(16,305,869)	-
Total nonoperating revenues (expenses)	<u>(3,172,586)</u>	<u>(496,231)</u>	<u>237,974</u>	<u>(150,147)</u>	<u>151,364</u>	<u>(3,429,626)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(1,908,886)</u>	<u>(406,802)</u>	<u>(446,310)</u>	<u>(122,624)</u>	<u>(114,558)</u>	<u>(2,999,180)</u>	<u>(17,865)</u>
Capital contributions	1,029,235	-	670,948	2,487,127	-	4,187,310	-
Transfers in	6,025,000	130,089	-	-	-	6,155,089	92,064
Transfers out	(4,850,023)	-	-	-	-	(4,850,023)	-
Changes in net position	<u>295,326</u>	<u>(276,713)</u>	<u>224,638</u>	<u>2,364,503</u>	<u>(114,558)</u>	<u>2,493,196</u>	<u>74,199</u>
Total net position - beginning	<u>67,771,269</u>	<u>1,823,493</u>	<u>19,997,224</u>	<u>8,221,953</u>	<u>(376,498)</u>	<u>97,437,441</u>	<u>174,409</u>
Total net position - ending	<u>\$ 68,066,595</u>	<u>\$ 1,546,780</u>	<u>\$ 20,221,862</u>	<u>\$ 10,586,456</u>	<u>\$ (491,056)</u>	<u>\$ 99,930,637</u>	<u>\$ 248,608</u>

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

Dakota County Community Development Agency
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Common Bond	Housing Assistance	Public Housing	Workforce Housing	Nonmajor Youth Housing	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from tenants	\$ 12,899,661	\$ -	\$ 1,885,008	\$ 1,980,861	\$ 122,896	\$ 16,888,426	\$ -
Receipts from administrative fees	-	1,991,390	-	-	-	1,991,390	-
Other operating receipts	66,510	70,640	12,487	52,256	491	202,384	698,585
Payments to employees	(1,850,642)	(986,172)	(445,056)	(254,410)	(28,004)	(3,564,284)	(153,641)
Other payments for operations	(5,426,052)	(886,284)	(1,327,438)	(1,221,509)	(263,855)	(9,125,138)	(509,944)
Net cash provided (used) by operating activities	5,689,477	189,574	125,001	557,198	(168,472)	6,392,778	35,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental	-	15,658,582	221,902	-	147,468	16,027,952	-
Housing assistance payments	-	(16,304,908)	-	-	-	(16,304,908)	-
Contribution to reserves	-	450,064	-	-	-	450,064	-
Transfers in	-	130,089	-	-	-	130,089	92,064
Transfers out	(4,850,023)	-	-	-	-	(4,850,023)	-
Net cash provided (used) by noncapital financing activities	(4,850,023)	(66,173)	221,902	-	147,468	(4,546,826)	92,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Insurance proceeds	66,510	-	66,663	-	4,715	137,888	-
Proceeds from capital debt	48,342,442	-	-	-	-	48,342,442	-
Acquisition and construction of capital assets	(11,198,844)	-	(983,610)	(226,562)	-	(12,409,016)	(127,064)
Receipt of capital grants	-	-	595,576	-	-	595,576	-
Capital contributions	1,029,235	-	58,000	126,040	-	1,213,275	-
Transfers in	5,600,000	-	-	-	-	5,600,000	-
Intergovernmental	884,089	-	-	-	-	884,089	-
Principal paid on capital debt	(2,860,000)	-	-	(206,624)	-	(3,066,624)	-
Interest paid on capital debt	(3,748,822)	-	-	(118,163)	-	(3,866,985)	-
Net cash provided (used) by capital and related financing activities	38,114,610	-	(263,371)	(425,309)	4,715	37,430,645	(127,064)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(39,603,919)	-	-		(44,064)	(39,647,983)	-
Sale of investments	2,000,000	-	367,674	55,097	-	2,422,771	-
Cash received in merger	-	-	-	655,835	-	655,835	-
Interest received	13,400	594	1,920	374	3,981	20,269	-
Decrease in fair value of investments	(16,236)	-	-	-	-	(16,236)	-
Net cash provided (used) by investing activities	<u>(37,606,755)</u>	<u>594</u>	<u>369,594</u>	<u>711,306</u>	<u>(40,083)</u>	<u>(36,565,344)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,347,310	123,994	453,126	843,195	(56,372)	2,711,253	-
Cash and cash equivalents, beginning of year	2,015,263	1,273,890	764,030	1,491,538	116,412	5,661,133	-
Cash and cash equivalents, end of year	<u>\$ 3,362,573</u>	<u>\$ 1,397,884</u>	<u>\$ 1,217,156</u>	<u>\$ 2,334,733</u>	<u>\$ 60,040</u>	<u>\$ 8,372,386</u>	<u>\$ -</u>

Shown in the financial statements as:

Cash and cash equivalents	\$ 3,362,573	\$ 1,397,884	\$ 1,217,156	\$ 2,334,733	\$ 60,040	\$ 8,372,386	\$ -
Cash reported in restricted cash and cash equivalents	-	-	-	-	-	-	-
Total	<u>\$ 3,362,573</u>	<u>\$ 1,397,884</u>	<u>\$ 1,217,156</u>	<u>\$ 2,334,733</u>	<u>\$ 60,040</u>	<u>\$ 8,372,386</u>	<u>\$ -</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 1,263,700	\$ 89,429	\$ (684,284)	\$ 27,523	\$ (265,922)	430,446	\$ (17,865)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,644,834	1,913	764,803	515,380	115,183	5,042,113	65,283
Change in accounts receivable	2,805	8,766	(30,620)	6,632	(23,978)	(36,395)	-
Change in due from other funds	121,317	74,422	(7,191)	15,949	748	205,245	(54,509)
Change in prepaid expenses	(11,340)	-	(10,432)	(54,320)	(177)	(76,269)	(994)
Change in accounts payable	593,838	20,277	82,155	32,460	2,607	731,337	42,986
Change in compensated absences	17,668	(5,234)	6,366	6,505	(222)	25,083	99
Change in due to other governments	13,946	-	5,199	(58)	707	19,794	-
Change in unearned revenue	42,709	-	(995)	7,127	2,582	51,423	-
Total adjustments	<u>4,425,777</u>	<u>100,144</u>	<u>809,285</u>	<u>529,675</u>	<u>97,450</u>	<u>5,962,331</u>	<u>52,865</u>
Net cash provided (used) by operating activities	<u>\$ 5,689,477</u>	<u>\$ 189,573</u>	<u>\$ 125,001</u>	<u>\$ 557,198</u>	<u>\$ (168,472)</u>	<u>\$ 6,392,777</u>	<u>\$ 35,000</u>

Noncash capital and related financing activities:

Accounts receivable related to capital grants	\$ -	\$ -	\$ 57,777	\$ -	\$ -	\$ 57,777	\$ -
Net Assets transferred to Dakota County Workforce Housing, LLC	\$ -	\$ -	\$ -	\$ 1,705,251	\$ -	\$ 1,705,251	\$ -

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

Notes to the Financial Statements

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support

B. Reporting Entity

The Dakota County Community Development Agency (CDA) is a local governmental unit created in 1971 by a special act of the Minnesota State Legislature, Minnesota Statute 383D.41. Originally named the Dakota County Housing and Redevelopment Authority (HRA), the government had all the powers and duties of a housing and redevelopment authority. In 1999, Statute 383D.41 was revised to allow the HRA to assume certain economic development authority powers granted by Dakota County (County). After December 31, 1999, the HRA became known as the CDA. The mission of the CDA is to improve the lives of Dakota County residents through affordable housing and community development. The powers of the CDA are vested in its seven-member Board of Commissioners which exercises all oversight responsibilities including, but not limited to, matters of personnel, management, finance, and budget. The County Board of Commissioners appoints all seven members of the CDA Board of Commissioners. Additionally, the County has provided a general obligation pledge on CDA housing development bond issues. The CDA is included as a discretely presented component unit of the County since the significance of the relationship between the CDA and the County is such that exclusion would cause the County's financial statements to be incomplete.

Blended Component Unit. The CDA established a legally separate entity, the Dakota County CDA Workforce Housing LLC (LLC) in 2012 with the CDA being the sole member and governing body for the purpose of owning and operating multiple workforce housing townhome projects that had been developed by the CDA through various limited partnerships and previously reported as joint ventures (see Note 3.C. Joint Ventures) Through June 30, 2014, five limited partnerships had been dissolved and the assets, liabilities and net position transferred to the LLC. During the fiscal year ended June 30, 2015, two additional limited partnerships were transferred to the LLC including the Burnsville Family Housing Limited Partnership and the Chasewood Family Housing Limited Partnership. These transfers were treated as mergers in accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and are reflected in the financial statements as though these entities had been combined at the beginning of the reporting period. The LLC does not separately issue financial statements and is reported as an enterprise fund in the CDA's financial statements.

Joint Ventures. The CDA is the general partner and managing agent in several limited partnerships that were formed to construct and operate workforce housing townhome developments throughout Dakota County and financed, in part, with low-income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in joint ventures on the statement of net position. Any income or loss from the operation of these limited partnerships is also recorded as a direct adjustment to the investment in joint ventures based on the Agency's ownership percentage, which ranges from .01% to 1%. Separate financial statements for each of these limited partnerships can be obtained by contacting the Finance Director of the Dakota County Community Development Agency, 1228 Town Centre Drive, Eagan, Minnesota 55123.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are property management fees where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government'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 fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The government reports the following major governmental funds:

General Fund - The General Fund accounts for all financial resources of the government except those required to be accounted for in another fund.

CDBG Fund – This special revenue fund accounts for the receipt and disbursement of funds related to the U.S. Department of Housing and Urban Development (HUD) funded Community Development Block Grant program.

Senior Levy Fund – This special revenue fund accounts for the receipt and disbursement of the Agency's tax levy.

HOPE Fund – This special revenue fund accounts for resources accumulated and payments made in the Housing Opportunities Enhancement program (HOPE).

HOME Fund – This special revenue fund is used to account for the HOME Consortium which administers the HOME Investment Partnerships Program funded by HUD. The Consortium includes Anoka County, Dakota County, Ramsey County, Washington County, the City of Coon Rapids and the City of Woodbury.

The government reports the following major enterprise funds:

Common Bond Fund – This enterprise fund accounts for the resources accumulated and payments made for the acquisition, construction, improvement, and operation of 1,609 units of bond-financed senior housing within the County.

Housing Assistance Fund – This enterprise fund accounts for the administration of 2,331 units of HUD-funded rental assistance including the Housing Choice Voucher program (HCV), the Family Unification Program (FUP) and the Veterans Affairs Supportive Housing program along with several smaller federal and state funded programs.

Public Housing Fund – This enterprise fund accounts for the operation of 323 units of rental housing within Dakota County through the HUD funded Low-Rent Housing Program. These units are owned and operated by the Agency but are subject to HUD’s program rules and regulations. HUD provides subsidies for the operation, maintenance, and improvement of these units.

Workforce Housing – This enterprise fund accounts for the Dakota County CDA Workforce Housing LLC, a blended component unit, which owns and operates 215 units of workforce housing rental property. These units were previously reported in the following joint ventures: Apple Valley Family Housing Limited Partnership (39 units), Eagan Family Housing Limited Partnership (42 units), Hastings Family Housing Limited Partnership (31 units), Inver Grove Heights Family Housing Limited Partnership (24 units), Lakeville Family Housing Limited Partnership (30 units), Burnsville Family Housing Limited Partnership (22 units) and the Chasewood Family Housing Limited Partnership (27 units).

Additionally, the government reports the following fund types:

Internal Service Fund – The internal service fund is used to account for the operations of the Agency’s administrative office building, document imaging and computer network, which is provided to all departments, on a cost-reimbursement basis.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized 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.

The 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. Revenues are considered to be available when they are collectible within the current period or soon

enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Charges for services, the current portion of special assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance

1. 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 that are not specifically restricted as to use.

The CDA's investment policy requires compliance with State statutes which allow investment in obligations guaranteed by the U.S. Treasury or its agencies, mutual funds, general obligations of state and local governments, bankers' acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, and the Minnesota Municipal Money Market Fund (4M Fund) which is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. Oversight of the 4M Fund is provided by the Board of Directors of the League of Minnesota Cities and investments are restricted to those authorized by Minnesota State Statutes.

All investments except the Minnesota Municipal Money Market Fund (4M Fund) are reported at fair value based on quoted market prices. The Minnesota Municipal Money Market Fund (4M Fund) is reported at the CDA's share of the net assets of the pool which is reported based upon the amortized cost method.

2. Prepaid items

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. In the governmental fund financial statements, these prepaid items are recorded on the consumption basis.

3. Restricted assets

Certain proceeds of the Agency's enterprise fund bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond and loan covenants. Restricted cash and investments also include escrow amounts held for participants in the Family Self-Sufficiency program.

For the purpose of the statement of cash flows, the business type activities – enterprise funds treat restricted cash equivalents the same as investments.

4. Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life of two or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. This year, 2013 Housing Development Bonds were used to finance the construction of a senior housing development in the City of Inver Grove Heights, Minnesota. Accordingly, the interest capitalized in the amount of \$215,526 was calculated by netting actual interest expense of \$216,519 with the actual investment earnings of the unspent proceeds of \$1,259.

Land and construction in progress are not depreciated. The other capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 Years
Buildings and improvements	10-40 Years
Furniture and equipment	3-10 Years

5. Deferred Outflows/inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 (expenses/expenditures) until then. The government has only one type of item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the proprietary fund statement of net position and the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report 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 so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, loan repayments and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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 or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the CDA's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners has by resolution authorized the Executive Director to assign fund balance. The Board of Commissioners may also assign fund balance as it does when approving the use of fund balance to cover a gap between estimated revenue and expenditures in the subsequent year's operating budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

The property tax levy is certified in December of each year to finance the budgeted expenditures of the subsequent fiscal year beginning on July 1st. The levy becomes a lien on January 1 on property values assessed as of the prior year. The tax levy is divided into two billings: the first half is due May 15th and the second half is due on October 15th. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material. Taxes which remain unpaid by property owners at December 31 are considered delinquent. The County bills the property taxes and remits these funds to the Agency in July and December of each year. Because taxes are levied for subsequent periods, such amounts are reported as a deferred inflow of resources in both the government-wide and the fund financial statements at June 30th.

3. Compensated Absences

The CDA's policy is to permit employees to accumulate earned but unused flex leave benefits. Under the CDA's personnel policy, employees are granted flex leave in varying amounts based on length of service. Unused flex leave and compensatory time are paid to employees upon termination. Flex leave accruals vary from 20 to 38 days per year. All compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the CDA's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. Allocation of Indirect Expenses

Direct expenses reported in the statement of activities include certain charges for indirect expenses that are allocated to all funds and programs.

Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet is followed by the reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that “Long-term liabilities, including notes payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$900,130 difference are as follows:

Compensated absences	\$ 369,729
Less related to joint ventures	(43,516)
Less related to internal service funds	<u>(26,083)</u>
	300,130
Notes payable	<u>600,000</u>
	<u><u>\$ 900,130</u></u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances is followed by the reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period.”

The details of this \$148,309 difference are as follows:

Capital outlays	\$ 431,869
Less depreciation expense	<u>(283,560)</u>
	<u><u>\$ 148,309</u></u>

Note 3. Detailed Notes on all Funds

A. Deposits and Investments

A reconciliation of the CDA’s total deposits, cash on hand, and investments to the basic financial statements are as follows:

Government-wide statement of net position	
Governmental activities	
Cash and cash equivalents	\$ 34,945,181
Investments	34,273,727
Business-type activities	
Cash and cash equivalents	8,372,386
Investments	1,996,000
Restricted cash and cash equivalents	39,501,882
Restricted investments	<u>25,045,796</u>
	<u><u>\$ 144,134,972</u></u>

Deposits	\$ 10,946,384
Petty cash	250
Investments	<u>133,188,338</u>
	<u>\$ 144,134,972</u>

As of June 30, 2015, the Agency had the following investments:

Investment Type	Reported Amount/ Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	More than 5
U.S. Government :				
U.S. Treasury Notes	\$ 669,021	\$ 356,449	\$ 312,572	\$ -
U.S. Government Agencies:				
Federal Home Loan Bank	31,378,775	-	31,378,775	-
Federal Home Loan Mortgage Corp.	5,106,986	-	5,001,750	105,236
Federal National Mortgage Assoc.	6,856,324	-	5,965,920	890,404
Government National Mortgage Assoc.	348,721	-	-	348,721
Money market funds	48,216,705	48,216,705	-	-
Local government investment pool	40,611,806	40,611,806	-	-
	<u>\$ 133,188,338</u>	<u>\$ 89,184,960</u>	<u>\$ 42,659,017</u>	<u>\$ 1,344,361</u>

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the CDA's deposits may not be returned to it. The CDA follows Minnesota state statutes which require that all deposits including certificates of deposit with financial institutions be collateralized in an amount equal to 110 percent of the deposits in excess of FDIC insurance. At year end, all CDA's deposits were adequately protected by pledged collateral and federal-depository insurance.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its investment policy, the CDA manages its exposure to declines in fair values by limiting non-bond reserve investment maturities to five years or less. The mortgage backed securities held by the CDA have maturities exceeding five years and were obtained through the Board-approved defeasance of several single family bond issues and are expected to be held until maturity.

Credit Risk. Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The CDA's investment policy places no restrictions on credit risk other than requiring compliance with state Law. State Law does not limit investments in securities of U.S. Government Agencies including mortgage backed securities by credit quality. The local government investment pool and money market mutual funds are unrated. However, investments held by the local government investment pool do conform to state restrictions and the investments in money market mutual funds comply with state requirements for being rated in one of the highest two categories by a NRSRO. The money market funds includes commercial paper investments which comply with state requirements to be rated in the highest quality category by two nationally recognized rating agencies and having maturities of 270 days or less.

Concentration of Credit Risk. The CDA places no limit on the amount that may be invested in any one issuer. At June 30, 2015, the CDA had more than five percent of its total investments with the Federal Home Loan Bank, Federal National Mortgage Association, money market funds and the local government investment pool.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, all investments are held by counterparties, are insured or registered, and are not exposed to custodial risk.

B. Notes Receivable

The Agency has issued various notes to individuals, businesses, not-for-profits, governmental units and joint ventures. These notes are generally secured by liens on real and personal property and allowances for uncollectible loans are generally not recorded as such amounts are not expected to be material. Notes receivable at June 30, 2015 consist of the following:

Loan Description	Loan Balance	By Fund:					Other Govt'l Funds
		General	CDBG	HOPE	HOME		
Homebuyer loans	\$ 3,617,761	\$ 1,515,861	\$ 29,265	\$ 1,255,447	\$ 469,855	\$ 347,333	
Homeowner rehab loans:							
Deferred	13,250,229	532,636	11,321,354	921,529	474,710	-	
Joint venture loans:							
Bridge	5,717,284	5,717,284	-	-	-	-	
First mortgage	5,217,049	5,217,049	-	-	-	-	
Other	13,121,898	5,816,487	-	4,200,000	2,747,256	358,155	
Revolving	570,051	570,051	-	-	-	-	
	<u>24,626,282</u>	<u>17,320,871</u>	<u>-</u>	<u>4,200,000</u>	<u>2,747,256</u>	<u>358,155</u>	
Multifamily loans:							
Deferred	10,525,423	192,430	-	9,186,422	743,000	403,571	
Installment	9,469,789	9,469,789	-	-	-	-	
	<u>19,995,212</u>	<u>9,662,219</u>	<u>-</u>	<u>9,186,422</u>	<u>743,000</u>	<u>403,571</u>	
Supportive housing	361,535	147,600	-	-	-	213,935	
	<u>\$ 61,851,019</u>	<u>\$ 29,179,187</u>	<u>\$ 11,350,619</u>	<u>\$ 15,563,398</u>	<u>\$ 4,434,821</u>	<u>\$ 1,322,994</u>	

Homebuyer Loans. Homebuyer loans assist qualified homebuyers in purchasing residential properties. The loan proceeds may be used for required down payment, closing costs or to buy down the first mortgage principal. Loans are repaid, without interest, when the home is sold, refinanced, or reach the end of the 30 year first mortgage term.

Homeowner Rehabilitation Loans. Homeowner rehabilitation loans are made to assist qualified homeowners in making eligible repairs to their homes. Deferred loans are no interest loans with principal payable upon the sale or transfer of the property.

Joint Ventures. The Agency has provided various forms of financing to several limited partnership projects that are considered joint ventures. These loans have varying terms which are summarized as follows:

- \$5,717,284 in bridge loans at 6.75% interest with principal and interest due when the second Limited Partner capital contribution is received.
- \$5,217,049 in first mortgage loans at interest rates ranging from 6 to 7 percent interest with principal and interest payable monthly.
- \$13,121,898 in loans at interest rates ranging from 0 to 8 percent interest with interest paid annually or interest and principal deferred until maturity.
- \$570,051 of unsecured revolving loans to finance the development and construction of new family townhome projects. The interest rates on these loans range from 0 to 7 percent with payment of principal and interest generally deferred until the joint venture is able to secure permanent financing for the project.

The maturities on joint venture loans range between 20 to 30 years except for bridge and revolving loans with no penalty for prepayment. Loans are secured by liens on the underlying property and all loans other than first mortgage loans are subordinated to other loans that exist on these partnership projects.

Multifamily Loans. Multifamily loans provide financing for the acquisition, development and rehabilitation of affordable multifamily housing. Deferred loans are 0 to 4.91 percent interest loans with principal and interest payable upon the sale, transfer, refinancing or change in use of the property or the maturity date of the loan whichever comes first. Loan maturities range from 15 to 50 years depending on the source of funds. Installment loans consist of one 6.50 percent interest loan with principal and interest payable monthly and a final maturity of 2026 with the outstanding principal due in full upon the sale, transfer or refinancing of the property.

Supportive Housing. The Agency has provided two loans to support the construction of supportive housing units in Apple Valley, Minnesota. These mortgage loans are secured by the underlying real estate and have the following terms:

- \$213,935 at 6.5 percent with semi-annual payments of interest and principal through February, 2022
- \$147,600 at 1 percent interest with the payment of principal and interest deferred for 30 years from date of occupancy or 50 years if recertified for continued use

C. Joint Ventures

As explained in Note 1.B., the CDA is the general partner and managing agent in several family housing limited partnerships (FHLP) that were formed to construct and operate family housing townhome complexes within Dakota County and financed using low-income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in joint ventures on the statement of net position. Any income or loss from the operation of these limited partnerships is also recorded as a direct adjustment to the investment in joint ventures based on the Agency's ownership percentage, which ranges from .01% to 1%.

Separate financial statements for each of these limited partnerships can be obtained by contacting the Finance Director of the Dakota County Community Development Agency, 1228 Town Centre Drive, Eagan, Minnesota 55123.

Additional information on each of these limited partnerships is provided as follows:

	Year		Beginning			Allocation of	Ending
	Built	Units	Balance	Additions	Reductions	Gain/(Loss)	Balance
Burnsville FHLP	1992	22	\$ 304,886	\$ -	\$ 304,886	\$ -	\$ -
Chasewood FHLP	1999	27	428,706	-	428,706	-	-
Lakeville FHLP 2	2001	29	266,110	-	-	(3)	266,107
Mendota Heights FHLP	2001	24	404,139	-	-	(3)	404,136
Hastings Marketplace FHLP	2002	28	429,459	-	-	(10)	429,449
Burnsville HOC FHLP	2003	34	221,223	-	-	(9)	221,214
Eagan Cedar FHLP	2004	34	489,121	-	-	(5)	489,116
Lakeville Downtown FHLP	2005	40	470,899	-	-	(7)	470,892
Lafayette FHLP	2006	30	934,811	-	-	(7)	934,804
Hastings West Village FHLP	2007	21	346,202	-	-	(8)	346,194
Rosemount FHLP	2008	32	753,624	-	-	(11)	753,613
Twin Ponds FHLP	2009	25	563,166	-	-	(9)	563,157
Meadowlark FHLP	2010	40	320,650	-	-	(9)	320,641
Apple Valley East FHLP	2011	45	1,384,469	-	-	(9)	1,384,460
Twin Ponds II FHLP	2012	26	355,819	-	-	(8)	355,811
Eagan Northwood FHLP	2013	47	376,709	-	-	(7)	376,702
Inver Hills/Riverview Rdg FHLP	2014	51	744,415	-	-	(36)	744,379
Lakeshore WHLP	*		63,605	-	-	-	63,605
		555	\$ 8,858,013	\$ -	\$ 733,592	\$ (141)	\$ 8,124,280

* 50 unit development under construction at June 30, 2015.

During the year, the Burnsville Family Housing Limited Partnership and the Chasewood Family Housing Limited Partnership were dissolved and the assets, liabilities and net position transferred to the Dakota County Workforce Housing LLC.

As General Partner, the CDA has an obligation to provide funds for any development and operating deficits that may occur up to the following amounts in these joint ventures:

Twin Ponds Phase II FHLP	\$ 550,000
Eagan Northwood FHLP	150,352
Inver Hills/Riverview Rdg FHLP	163,505
Lakeshore WHLP	959,484
	<u>\$ 1,823,341</u>

Generally, these operating deficit obligations lapse three years after the lease up of the property. A guaranty of housing tax credits of up to \$39,096,759 is also provided to joint ventures.

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,111,939	\$ 23,006	\$ 1,034,767	\$ 6,100,178
Total capital assets, not being depreciated	7,111,939	23,006	1,034,767	6,100,178
Capital assets, being depreciated:				
Land improvements	162,417	-	-	162,417
Buildings	4,991,430	12,048	-	5,003,478
Furniture and equipment	2,426,704	396,815	412,541	2,410,978
Total capital assets, being depreciated	7,580,551	408,863	412,541	7,576,873
Less accumulated depreciation for:				
Land improvements	(113,544)	(10,827)	-	(124,371)
Buildings	(1,247,052)	(125,467)	-	(1,372,519)
Furniture and equipment	(2,079,270)	(147,266)	(412,541)	(1,813,995)
Total accumulated depreciation	(3,439,866)	(283,560)	(412,541)	(3,310,885)
Total capital assets, being depreciated, net	4,140,685	125,303	-	4,265,988
Governmental activities capital assets, net	\$ 11,252,624	\$ 148,309	\$ 1,034,767	\$ 10,366,166

Depreciation expense of \$283,560 was charged to the Community Development function in governmental activities.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 21,765,427	\$ 2,567,595	\$ -	\$ 24,333,022
Construction in progress	1,380,628	9,472,459	10,133,192	719,895
Total capital assets, not being depreciated	23,146,055	12,040,054	10,133,192	25,052,917
Capital assets, being depreciated:				
Land improvements	4,998,752	682,840	76,579	5,605,013
Buildings	174,820,213	14,607,850	98,454	189,329,609
Furniture and equipment	6,065,563	334,374	14,608	6,385,329
Total capital assets, being depreciated	185,884,528	15,625,064	189,641	201,319,951
Less accumulated depreciation for:				
Land improvements	(3,504,095)	(391,103)	(76,579)	(3,818,619)
Buildings	(51,036,976)	(6,085,696)	(44,509)	(57,078,163)
Furniture and equipment	(4,860,034)	(324,689)	(14,608)	(5,170,115)
Total accumulated depreciation	(59,401,105)	(6,801,488)	(135,696)	(66,066,897)
Total capital assets, being depreciated, net	126,483,423	8,823,576	53,945	135,253,054
Business-type activities capital assets, net	\$ 149,629,478	\$ 20,863,630	\$ 10,187,137	\$ 160,305,971

Depreciation expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	
Common bond	\$ 3,644,834
Housing assistance	1,913
Public Housing	764,803
Youth Housing	115,184
Workforce Housing	<u>515,380</u>
Total depreciation expense - business-type activities	<u><u>\$ 5,042,114</u></u>

Construction Commitments

The Agency has active construction projects as of June 30, 2015. The projects include two senior housing developments. At year end the Agency's commitments with contractors are as follows:

Project:	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Senior housing development	\$ 318,341	\$ 8,671,292

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$952,134 and \$220,670 respectively for a carrying value of \$731,464.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	CDBG	\$ 1,465
	Senior Levy	2,738
	HOPE	25,402
	HOME	665
	Nonmajor governmental	139,098
	Common Bond	177,364
	Housing Assistance	102,552
	Public Housing	31,589
	Workforce Housing LLC	73,399
	Youth Housing	2,626
	Nonmajor governmental	General Fund
Housing Assistance	Senior Levy	620
Internal Service Fund	General Fund	<u>113,987</u>
		<u><u>\$ 1,131,226</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. These balances are expected to be repaid in the subsequent year.

Advances from/to other funds:	<u>Amount</u>
\$620,080 advance from the General Fund to the HIA Loan Fund special revenue fund, for the purpose of financing special assessments. The note was authorized and issued in 2014, with interest accruing at 5% and special assessment payments due semi-annually. Final payoff due December 2030.	\$637,132
\$178,704 advance from the HOPE Fund to the HIA Loan Fund special revenue fund, for the purpose of financing special assessments. The note was authorized and issued in 2014, with no interest and special assessment payments due semi-annually. Final payoff due December 2030.	178,704
\$77,000 advance from the General Fund to the Eagan Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was issued in 1995 and increased by \$70,000 in 1996 with 1% interest and no annual payments, to be repaid December 2025. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	175,459
\$162,116 advance from the General Fund to the Eagan Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$5,252 due through May 2018. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	162,116
\$87,067 advance from the General Fund to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$2,898 due through April 2018. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	87,067
\$180,000 advance from the General Fund to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1995, with interest accruing at 1% due in annual installments of \$1,800 through January 2024. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	181,350
\$170,137 advance from the General Fund to the Apple Valley Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This First Mortgage note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$5,512 due through May 2018. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	170,137
\$170,000 advance from the General Fund to the Hastings Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This Federal Home Loan Bank note was authorized and issued in 1997, with interest accruing at 1% through February 2027. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	201,190

<p>\$75,400 advance from the General Fund to the Hastings Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This Local Housing Incentives Account Loan was authorized and issued in 1997, with interest accruing at 1% through February 2027. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	89,234
<p>\$100,000 advance from the General Fund to the Lakeville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This Local Housing Incentives Account note was authorized and issued in 1998, with interest accruing at 1% through June 2028. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	117,014
<p>\$100,000 advance from the General Fund to the Lakeville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This Federal Home Loan Bank note was authorized and issued in 1998, with interest accruing at 1% through June 2028. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	117,014
<p>\$145,785 advance from the General Fund to the Lakeville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This First Mortgage note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$3,907 due through January 2019. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	145,785
<p>\$58,998 advance from the General Fund to the Burnsville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This First Mortgage note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$1,964 due through March 2018. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	58,998
<p>\$43,278 advance from the General Fund to Burnsville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1991, with interest compounding annually at 8% through September 2021. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	182,832
<p>\$256,239 advance from the General Fund to the Chasewood Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This First Mortgage note was authorized and issued in 2004, with interest accruing at 6.75% and monthly payments of \$3,051 due through December 2024. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	256,239
<p>\$180,000 advance from the General Fund to the Chasewood Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. This Local Housing Incentives Account note was authorized and issued in 1999, with interest accruing at 1% through May 2029. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.</p>	208,360

\$480,000 advance from the HOPE special revenue fund to the Youth Housing enterprise fund for the purpose of financing a portion of the construction. The note was authorized and issued in 2009, with interest accruing at 1% and no annual payments, to be repaid June 2039.	509,200
\$150,000 advance from the HOME special revenue fund to the Apple Valley Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1993, with interest accruing at 6.5%, due in annual installments of \$9,750 through June 2023. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	150,813
\$177,800 advance from the HOME special revenue fund to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1995, with interest accruing at 1%, due in annual installments of \$1,778 through January 2025. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	179,133
\$70,000 advance from the HOME special revenue fund to the Eagan Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1995, with interest accruing at 1%, due in annual installments of \$700, to be repaid December 2025. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	70,408
\$123,990 advance from the HOME special revenue fund to the Lakeville Family Housing Limited Partnership, a joint venture, for the purpose of financing a portion of the construction. The note was authorized and issued in 1998, with interest accruing at 6.02%, due in annual installments of \$7,464 through June 2028. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC, a blended component unit.	124,612
Total Advances to/from other funds	\$4,002,797

Interfund transfers:

	Transfer In:				
	General	Senior Levy	Common Bond	Housing Assistance	Internal Service Funds
<u>Transfer out:</u>					
General	\$ -	\$ -	\$ -	\$ -	\$ 92,064
Senior Levy	-	-	5,600,000	130,089	-
Common Bond	4,842,683	7,340	-	-	-
Other Governmental Funds	23,879	-	425,000	-	-
	\$ 4,866,562	\$ 7,340	\$ 6,025,000	\$ 130,089	\$ 92,064

The Workforce Housing Fund received \$733,592 representing the beginning investment in joint venture balance in Governmental Activities relating to two joint ventures that were merged during the fiscal year.

In the year ended June 30, 2015, the Agency made the following transfers:

- The General Fund transferred \$92,064 to the Internal Service Funds for computer network improvements.
- The Senior Levy Fund transferred \$5,600,000 of tax levy revenue that is pledged to the Common Bond for debt service payments on Housing Development bonds and \$130,089 to the Housing Assistance Fund to subsidize rental assistance programs.
- The Common Bond Fund transferred \$4,811,530 to the General Fund, representing excess cash flow from operations and \$31,153 to reimburse for prior year senior development costs.
- The Tax Increment Fund transferred \$23,879 to the General Fund for an interest payment and \$425,000 to the Common Bond Fund to finance the construction of a new senior building.

F. Long-term Debt

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 487,130	\$ 265,111	\$ (382,512)	\$ 369,729	\$ 182,015
Notes payable	600,000	-	-	600,000	-
	<u>\$ 1,087,130</u>	<u>\$ 265,111</u>	<u>\$ (382,512)</u>	<u>\$ 969,729</u>	<u>\$ 182,015</u>
Business-type activities:					
Compensated absences	\$ 299,382	\$ 229,291	\$ (204,208)	\$ 324,465	\$ 184,377
Notes payable	7,288,509	988,134	-	8,276,643	-
Bonds payable	72,490,000	45,770,000	(2,860,000)	115,400,000	3,610,000
Plus deferred amounts:					
For issuance premiums	1,427,080	2,689,657	(244,111)	3,872,626	-
Total bonds payable	<u>73,917,080</u>	<u>48,459,657</u>	<u>(3,104,111)</u>	<u>119,272,626</u>	<u>3,610,000</u>
	<u>\$ 81,504,971</u>	<u>\$ 49,677,082</u>	<u>\$ (3,308,319)</u>	<u>\$ 127,873,734</u>	<u>\$ 3,794,377</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. At year end, \$26,083 of internal service funds compensated absences are included in the above amounts. In governmental funds, compensated absences are generally liquidated by the General Fund.

Notes Payable

The composition of notes payable is as follows:

Governmental Activities:	<u>Amount</u>
\$600,000 General Fund, Housing Resources Performance Pilot Loan payable to the Minnesota Housing Finance Agency. This non-interest bearing note is dated December 21, 2006 and it provided financing for a \$600,000 note receivable dated September 14, 2007 to the Rosemount Family Housing Limited Partnership, a joint venture. This note receivable requires 1% simple interest on the unpaid balance with accrued interest and principal due in one lump sum on September 1, 2043.	\$600,000
 Total notes payable	 <u>\$600,000</u>

Business-type Activities:

	<u>Amount</u>
<p>\$3,523,380 Youth Housing enterprise fund, Publicly Owned Housing Program (PHOP) note payable to the Minnesota Housing Finance Agency (MHFA). MHFA provided funds in the form of an interest free, deferred loan for a term of twenty years. There is no amortization requirement on the PHOP loan. The loan will be forgiven on the twenty-first (21st) anniversary from the effective date of June, 2009. The purpose of the loan was to provide financing for the construction of a 25-unit housing development.</p>	\$3,523,380
<p>\$697,649 Youth Housing enterprise fund, Ending Long-term Homelessness Initiative Fund (ELHIF) note payable to the MHFA. The loan is for a term of thirty years with zero percent (0%) interest per year. The principal is due and payable in one lump sum on June 1, 2039. The purpose of the loan was to provide financing for the construction of a 25-unit housing development.</p>	697,649
<p>\$315,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of December 14, 2025. The loan was initially made to the Eagan Family Housing Limited Partnership, a joint venture, to provide financing for a portion of construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	315,000
<p>\$456,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on December 14, 2025. The loan was initially made to the Eagan Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	456,000
<p>\$125,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of January 4, 2025. The loan was initially made to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	125,000
<p>\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on January 4, 2025. The loan was initially made to the Inver Grove Heights Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2012, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	360,000

<p>\$170,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of June 18, 2023. The loan was initially made to the Apple Valley Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	170,000
<p>\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on June 18, 2023. The loan was initially made to the Apple Valley Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	360,000
<p>\$396,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on February 25, 2027. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	396,000
<p>\$175,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is simple interest of one percent (1%) on the unpaid principal amount until the maturity date of October 1, 2029. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	175,000
<p>\$210,480 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on February 25, 2027. The loan was initially made to the Hastings Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	210,480
<p>\$220,000 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on June 26, 2028. The loan was initially made to the Lakeville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.</p>	220,000

\$280,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of June 26, 2028. The loan was initially made to the Lakeville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2013, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

280,000

\$18,543 Dakota County Workforce Housing LLC, a blended component unit, note payable to Family Housing Fund. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. Annual payment of \$2,790 with balance of principal and interest due and payable on September 25, 2021. The loan was initially made to the Burnsville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

18,543

\$360,000 Dakota County Workforce Housing LLC, a blended component unit, Low Income Large Family note payable to MHFA. The loan is for a term of 30 years with interest of one percent (1%) per year accruing on the unpaid amount. The principal and all accrued interest shall be due and payable in one lump sum on September 22, 2022. The loan was initially made to the Burnsville Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

360,000

\$290,000 Dakota County Workforce Housing LLC, a blended component unit, note payable to the Family Housing Fund. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of May 27, 2029. The loan was initially made to the Chasewood Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

290,000

\$319,591 Dakota County Workforce Housing LLC, a blended component unit, Affordable Rental Investment Fund note payable to MHFA. The loan is for a term of 30 years with simple interest of one percent (1%) on the unpaid principal amount until the maturity date of May 27, 2029. The loan was initially made to the Chasewood Family Housing Limited Partnership, a joint venture, to provide financing for a portion of the construction. Upon dissolution in 2014, the liabilities of the joint venture were transferred to the Dakota County Workforce Housing LLC.

319,591

Total notes payable

\$8,276,643

The annual principal and interest maturities for notes payable in business-type activities for fiscal years subsequent to June 30, 2015 are as follows:

	Principal	Interest	Total
2016 - 2020	\$ -	\$ -	\$ -
thereafter	8,276,643	743,832	9,020,475
	<u>\$ 8,276,643</u>	<u>\$ 743,832</u>	<u>\$ 9,020,475</u>

Housing Development Bonds

The Agency issues housing development bonds to finance the acquisition and construction of senior housing developments. These bonds are limited obligations of the government but are secured by the pledge of the full faith and credit and power of Dakota County, Minnesota to levy direct general ad valorem taxes. These bonds are secured by and payable from the pooled gross rent receipts and other operating revenues related to the operation of housing developments financed by these bonds and an annual pledge of \$5,600,000 from the Agency's tax levy, and pledged tax increment revenues. Housing development bonds are issued as serial bonds. Bonds currently outstanding are as follows:

Description of Note	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
2005 Housing Development Bonds	04/01/05	01/01/23	3.50 - 5.00%	\$ 15,040,000	\$ 5,850,000
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	19,550,000
2010 Housing Development Bonds	07/21/10	01/01/40	2.00 - 6.00%	46,160,000	36,600,000
2013 Housing Development Bonds	12/18/13	01/01/27	2.00 - 2.85%	7,630,000	7,630,000
2015A Housing Development Bonds	05/27/15	01/01/42	3.00 - 5.00%	21,745,000	21,745,000
2015B Housing Development Bonds **	05/27/15	01/01/35	3.00 - 5.00%	24,025,000	<u>24,025,000</u>
Subtotal					115,400,000
Less current maturities					<u>(8,460,000)</u>
Total					<u>\$ 106,940,000</u>

** Refunding Bonds

Advance Crossover Refunding – On May 27, 2015, the CDA issued \$24,025,000 in Governmental Housing Development Refunding Bonds (Dakota County, Minnesota General Obligation) Series 2015B with an average interest rate of 3.9155%. The proceeds of these bonds along with available CDA funds will be used to refund \$5,850,000 of outstanding Series 2005 Housing Development Bonds with an average interest rate of 4.7835% on July 1, 2015 and \$19,275,000 of outstanding Series 2007 Housing Development Bonds with an average interest rate of 5.0286% on July 1, 2016. On May 27, 2015, \$5,850,000 was deposited into a refunding account held with the trustee to provide for repayment of the outstanding principal of the Series 2005 bonds on July 1, 2015 and \$20,578,430 was used to purchase U.S. Government securities. These securities were deposited into an irrevocable trust with an escrow agent to provide for interest on the refunding bonds before the crossover date and called principal on the refunded bonds on July 1, 2017.

The CDA is refunding the Series 2005 Housing Development bonds to reduce its total debt service over the last eight years of the bond by \$740,909 and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$647,838. The CDA is advance refunding the Series 2007 Housing Development bonds to reduce its total debt service over the last twenty years of the bond by \$2,826,304

and to obtain an economic gain (difference between the present value of the debt service payments on the old and the new debt) of \$2,231,453. The CDA is responsible for the debt service of the refunded bonds until the crossover date and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with the escrow agent total \$20,558,281.

	Principal	Interest	Total
2016	8,460,000	4,172,023	12,632,023
2017	2,970,000	4,668,299	7,638,299
2018	22,360,000	4,088,811	26,448,811
2019	3,360,000	3,503,918	6,863,918
2020	3,460,000	3,377,418	6,837,418
2021-2025	18,345,000	14,662,310	33,007,310
2026-2030	18,545,000	10,774,219	29,319,219
2031-2035	19,640,000	6,737,167	26,377,167
2036-2040	13,160,000	2,793,881	15,953,881
2041-2042	5,100,000	308,000	5,408,000
	<u>\$ 115,400,000</u>	<u>\$ 55,086,046</u>	<u>\$ 170,486,046</u>

G. Fund Balances

The detail of fund balances reported in the governmental funds is as follows:

Fund Balances	General	Senior Levy	HOPE	Other Govt'l Funds	Total
Nonspendable:					
Prepays	\$ 54,056	\$ -	\$ -	\$ 5,503	\$ 59,559
Advances to other funds	2,789,926	-	-	-	2,789,926
Joint venture financing	<u>6,287,335</u>	-	-	-	<u>6,287,335</u>
	9,131,317	-	-	5,503	9,136,820
Restricted:					
Senior housing	-	1,825,902	-	-	1,825,902
HOPE program	-	-	3,419,976	-	3,419,976
Tax increment financing	-	-	-	7,010,824	7,010,824
NSP program	-	-	-	<u>46,136</u>	<u>46,136</u>
	-	1,825,902	3,419,976	7,056,960	12,302,838
Assigned to:					
Housing construction:					
- Bridge loans	6,055,218	-	-	-	6,055,218
- Loan guarantees	1,823,341	-	-	-	1,823,341
- Letters of credit	1,609,143	-	-	-	1,609,143
Single Family financing	7,109,593	-	-	-	7,109,593
Housing rehabilitation	-	-	-	23,421	23,421
Weatherization	-	-	-	<u>25,981</u>	<u>25,981</u>
	<u>16,597,295</u>	-	-	49,402	16,646,697
Unassigned	<u>37,187,009</u>	-	-	<u>(596,917)</u>	<u>36,590,092</u>
	<u>\$ 62,915,621</u>	<u>\$ 1,825,902</u>	<u>\$ 3,419,976</u>	<u>\$ 6,514,948</u>	<u>\$ 74,676,447</u>

H. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

	Common	Housing	Public	Workforce	Total
	Bond	Assistance	Housing	Housing LLC	
Debt proceeds held by trustees	\$ 52,269,667	\$ -	\$ -	\$ -	\$ 52,269,667
Reserves required by debt agreements	9,913,391	-	-	1,386,017	11,299,408
Proceeds from capital projects	-	-	613,923	-	613,923
Security deposit reserve	-	-	-	144,659	144,659
HAP reserve	-	141,759	-	-	141,759
FSS escrow	-	78,262	-	-	78,262
	<u>\$ 62,183,058</u>	<u>\$ 220,021</u>	<u>\$ 613,923</u>	<u>\$ 1,530,676</u>	<u>\$ 64,547,678</u>

I. Dakota County CDA Workforce Housing LLC Merger

Dakota County CDA Workforce Housing LLC began operations in 2012. Through June 30, 2014, five former joint ventures had been merged into the LLC. On July 23, 2014, the Burnsville Family Housing Limited Partnership was merged into the LLC. On May 4, 2015, the Chasewood Family Housing Limited Partnership was also merged into the LLC. The beginning balances of the assets, liabilities and net position of these joint ventures, as of the beginning of the period, were determined based on the basis of the carrying values reported in the separate audited financial statements as of June 30, 2014. These beginning balances and the adjustments made to these beginning balances are as follows:

	Beginning	Burnsville	Chasewood	Total	Adjustments		Total
	Balance	FHLP	FHLP		Debit	Credit	
ASSETS							
Current assets	\$ 2,739,514	\$ 286,022	\$ 783,369	\$ 3,808,905	\$ -	\$ -	\$ 3,808,905
Capital assets	11,497,384	845,572	2,203,263	14,546,219	189,708	4,250	14,731,677
Other assets	-	113,392	10,251	123,643	-	123,643	-
Total assets	14,236,898	1,244,986	2,996,883	18,478,767	189,708	127,893	18,540,582
LIABILITIES							
Current liabilities	814,524	100,717	122,568	1,037,809	-	-	1,037,809
Noncurrent liabilities	5,200,421	748,296	1,091,017	7,039,734	120,000	-	6,919,734
Total liabilities	6,014,945	849,013	1,213,585	8,077,543	120,000	-	7,957,543
NET POSITION							
Net investment in capital assets	6,404,086	579,006	884,457	7,867,549	-	120,000	7,987,549
Restricted for capital projects	1,195,006	176,984	246,471	1,618,461	-	-	1,618,461
Unrestricted	622,861	(360,017)	652,370	915,214	123,667	185,482	977,029
Total net position	<u>\$ 8,221,953</u>	<u>\$ 395,973</u>	<u>\$ 1,783,298</u>	<u>\$ 10,401,224</u>	<u>\$ 123,667</u>	<u>\$ 305,482</u>	<u>\$ 10,583,039</u>

Note 4. Other Information

A. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; general liability; workers' compensation and unemployment claims for which the government carries commercial insurance. The Agency has not reduced insurance coverage in the past year and settled claims have not exceeded commercial insurance coverage in any of the three preceding years.

B. 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, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

C. Conduit Debt

The Agency has issued certain limited-obligation revenue bonds, including: 1) mortgage revenue bonds issued to provide funding for first time homebuyer loans; 2) multifamily housing revenue bonds issued to provide funds to finance specific multifamily rental housing projects; 3) industrial development revenue bonds issued to assist manufacturing companies in financing new facilities, structural improvements and expansions, and new equipment; 4) essential function bonds to finance facilities used by the general public; and 5) 501(c)3 bonds issued to finance specific rental housing projects developed by nonprofit organizations. This debt is secured by the property financed and is payable solely from payments received on the underlying loans. The Agency is not obligated in any manner for repayment of this debt and accordingly, it is not reported as liabilities in the accompanying financial statements. The aggregate amount of all outstanding conduit debt obligations at June 30, 2015 was \$270,746,335.

D. Employee Retirement Plan

The Agency provides a defined contribution plan to all full-time, non-limited term and exempt employees through participation in the Housing Agency Retirement Trust Plan, a nonprofit trust serving housing and redevelopment agencies that is governed by a board of trustees and utilizing a private sector third party administrator. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time, non-exempt and limited term employees participate in social security.

Employees are required to contribute 10.9% of their annual base salary, and the Agency contributes 12.7%. Plan participants become vested at 20 percent per year after the first year of participation. Plan provisions and contribution requirements are established and may be amended by the Agency's Board of Commissioners. Employer and employee contributions to the plan during the year were \$546,198 and \$457,524, respectively.

E. Accounting Standards not yet Adopted

The Governmental Accounting Standards Board has issued the following Statements for which Agency management has not yet implemented or determined their effect on the Agency's financial statements:

GASB Statement No. 72, *Fair Value Measurement and Application*, will be effective for the CDA beginning with its year ending June 30, 2016 financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective for the CDA beginning with its year ending June 30, 2017 financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the CDA beginning with its year ending June 30, 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the CDA beginning with its year ending June 30, 2018 financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective for the CDA beginning with its year ending June 30, 2016 financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the CDA beginning with its year ending June 30, 2017 financial statements.

Required Supplementary Information

**Dakota County Community Development Agency
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 300,000	\$ 500,000	275,883	\$ (224,117)
Charges for services	3,177,407	3,177,407	3,196,972	19,565
Investment earnings (losses)	350,200	350,200	523,566	173,366
Other	1,765,376	1,765,376	2,006,661	241,285
Total revenues	<u>5,592,983</u>	<u>5,792,983</u>	<u>6,003,082</u>	<u>210,099</u>
EXPENDITURES				
Current:				
Administrative	2,049,691	2,054,691	1,655,937	398,754
Ordinary maintenance and operation	56,999	56,999	50,955	6,044
Loans	1,155,933	1,355,933	671,312	684,621
Land acquisition & development	300,975	236,251	91,767	144,484
General	4,344,559	4,336,159	1,669,815	2,666,344
Capital outlay	<u>282,000</u>	<u>272,000</u>	<u>269,751</u>	<u>2,249</u>
Total expenditures	<u>8,190,157</u>	<u>8,312,033</u>	<u>4,409,537</u>	<u>3,902,496</u>
Excess (deficiency) of revenues over expenditures	(2,597,174)	(2,519,050)	1,593,545	4,112,595
OTHER FINANCING SOURCES (USES)				
Transfers in	4,527,500	4,527,500	4,866,562	339,062
Transfers out	<u>(105,000)</u>	<u>(105,000)</u>	<u>(92,064)</u>	<u>12,936</u>
Total other financing sources (uses)	<u>4,422,500</u>	<u>4,422,500</u>	<u>4,774,498</u>	<u>351,998</u>
Net change in fund balances	1,825,326	1,903,450	6,368,043	4,464,593
Fund balances - beginning	<u>56,547,578</u>	<u>56,547,578</u>	<u>56,547,578</u>	<u>-</u>
Fund balances - ending	<u>\$ 58,372,904</u>	<u>\$ 58,451,028</u>	<u>\$ 62,915,621</u>	<u>\$ 4,464,593</u>

See notes to required supplementary information.

Dakota County Community Development Agency
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Senior Levy Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,643,476	\$ 6,643,476	\$ 5,722,895	\$ (920,581)
Intergovernmental	-	-	7,223	7,223
Investment earnings (losses)	1,200	1,200	1,043	(157)
Total revenues	6,644,676	6,644,676	5,731,161	(913,515)
EXPENDITURES				
Current:				
Administrative	74,286	74,286	44,282	30,004
Land acquisition & development	1,000,000	1,000,000	10,000	990,000
Total expenditures	1,074,286	1,074,286	54,282	1,020,004
Excess of revenues over expenditures	5,570,390	5,570,390	5,676,879	106,489
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,340	7,340
Transfers out	(5,748,406)	(5,748,406)	(5,730,089)	18,317
Total other financing sources (uses)	(5,748,406)	(5,748,406)	(5,722,749)	25,657
Net change in fund balances	(178,016)	(178,016)	(45,870)	132,146
Fund balances - beginning	1,871,772	1,871,772	1,871,772	-
Fund balances - ending	\$ 1,693,756	\$ 1,693,756	\$ 1,825,902	\$ 132,146

See notes to required supplementary information.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - HOPE Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 895,901	\$ 895,901	\$ 890,028	\$ (5,873)
Intergovernmental	-	-	1,125	1,125
Investment earnings (losses)	2,000	2,000	5,130	3,130
Other	84,000	84,000	165,558	81,558
Total revenues	981,901	981,901	1,061,841	79,940
EXPENDITURES				
Current:				
Administrative	90,709	90,709	85,899	4,810
Loans	1,235,271	1,475,603	736,487	739,116
Total expenditures	1,325,980	1,566,312	822,386	743,926
Excess (deficiency) of revenues over expenditures	(344,079)	(584,411)	239,455	823,866
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(344,079)	(584,411)	239,455	823,866
Fund balances - beginning	3,180,521	3,180,521	3,180,521	-
Fund balances - ending	\$ 2,836,442	\$ 2,596,110	\$ 3,419,976	\$ 823,866

See notes to required supplementary information.

Notes to Required Supplementary Information

June 30, 2015

Budgetary Basis of Accounting

A budget comparison schedule is presented for the General Fund and for each special revenue fund that has a legally adopted annual budget. Generally accepted accounting principles serve as the basis of budgeting for these funds.

Combining and Individual Fund Financial Statements

Year Ended June 30, 2015

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tax Increment Fund – This fund is used to account for the receipt and disbursement of tax increment revenues from several tax increment financing districts within the County.

MHFA Fund – This fund is used to account for the administration of state funded programs providing rehabilitation assistance to homeowners.

Weatherization Fund – This fund is used to account for the administration of federal, state, and locally-financed weatherization programs.

NSP Fund – This fund is used to account for the administration of the Neighborhood Stabilization Program funded by the U.S. Department of Housing and Urban Development.

Homeownership Counseling Fund – This fund is used to account for the administration of federal, state, and locally-financed foreclosure counseling programs.

ESG Fund – This fund is used to account for the administration of an Emergency Solutions Grant (ESG) funded by the U.S. Department of Housing and Urban Development.

HIA Fund – This fund is used to account for the administration of Housing Improvement Area (HIA) loans to homeowner associations.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Combining Balance Sheet - Nonmajor Governmental Fund
Year Ended June 30, 2015

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Tax Increment	MHFA	Weather- ization	NSP	Homeownership Counseling	ESG	HIA	
ASSETS								
Cash and cash equivalents	\$ 5,150,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,150,180
Investments	1,995,000	-	-	-	-	-	-	1,995,000
Accounts receivable	-	-	129,134	-	-	-	-	129,134
Interest receivable	111,017	-	-	-	-	-	-	111,017
Taxes receivable	714,506	-	-	-	-	-	-	714,506
Special assessments receivable	-	-	-	-	-	-	756,895	756,895
Due from other funds	-	83,897	-	247,104	-	-	128,720	459,721
Due from other governments	731,440	-	65,255	49,826	21,871	22,570	55,998	946,960
Prepaid items	-	-	-	1,873	3,630	-	-	5,503
Notes receivable	975,661	-	-	347,333	-	-	-	1,322,994
Total assets	<u>\$ 9,677,804</u>	<u>\$ 83,897</u>	<u>\$ 194,389</u>	<u>\$ 646,136</u>	<u>\$ 25,501</u>	<u>\$ 22,570</u>	<u>\$ 941,613</u>	<u>\$ 11,591,910</u>
LIABILITIES								
Accounts payable	\$ 134,793	\$ 506	\$ 38,321	\$ 8,941	\$ 2,644	\$ 22,570	\$ 7,459	\$ 215,234
Due to other funds	712	-	130,087	-	8,299	-	-	139,098
Due to other governments	-	-	-	1,585	-	-	-	1,585
Advances from other funds	-	-	-	-	-	-	815,837	815,837
Unearned revenue	-	59,970	-	240,268	14,558	-	-	314,796
Total liabilities	<u>135,505</u>	<u>60,476</u>	<u>168,408</u>	<u>250,794</u>	<u>25,501</u>	<u>22,570</u>	<u>823,296</u>	<u>1,486,550</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	1,445,946	-	-	-	-	-	-	1,445,946
Unavailable revenue - special assessments	-	-	-	-	-	-	711,604	711,604
Unavailable revenue-loans	1,085,529	-	-	347,333	-	-	-	1,432,862
Total deferred inflows of resources	<u>2,531,475</u>	<u>-</u>	<u>-</u>	<u>347,333</u>	<u>-</u>	<u>-</u>	<u>711,604</u>	<u>3,590,412</u>
FUND BALANCES								
Nonspendable	-	-	-	1,873	3,630	-	-	5,503
Restricted	7,010,824	-	-	46,136	-	-	-	7,056,960
Assigned	-	23,421	25,981	-	-	-	-	49,402
Unassigned	-	-	-	-	(3,630)	-	(593,287)	(596,917)
Total fund balances	<u>7,010,824</u>	<u>23,421</u>	<u>25,981</u>	<u>48,009</u>	<u>-</u>	<u>-</u>	<u>(593,287)</u>	<u>6,514,948</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,677,804</u>	<u>\$ 83,897</u>	<u>\$ 194,389</u>	<u>\$ 646,136</u>	<u>\$ 25,501</u>	<u>\$ 22,570</u>	<u>\$ 941,613</u>	<u>\$ 11,591,910</u>

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2015

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Tax Increment	MHFA	Weather- ization	NSP	Homeownership Counseling	ESG	HIA	
REVENUES								
Taxes	\$ 1,510,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,510,242
Special assessments:								
Principal	-	-	-	-	-	-	81,775	81,775
Interest	-	-	-	-	-	-	45,373	45,373
Intergovernmental	-	143,610	591,174	21,727	138,090	193,379	-	1,087,980
Charges for services	-	-	-	35,757	12,572	-	-	48,329
Investment earnings	9,507	-	-	-	-	-	-	9,507
Other	38,526	-	205,209	22,814	-	-	-	266,549
Total revenues	<u>1,558,275</u>	<u>143,610</u>	<u>796,383</u>	<u>80,298</u>	<u>150,662</u>	<u>193,379</u>	<u>127,148</u>	<u>3,049,755</u>
EXPENDITURES								
Current:								
Administrative	87,811	19,780	143,015	16,721	143,743	3,871	-	414,941
Utilities	-	-	-	2,069	-	-	-	2,069
Ordinary maintenance and operation	-	-	-	13,191	-	-	-	13,191
Loans	89,585	128,559	-	-	-	-	-	218,144
Land acquisition & development	660,141	-	-	6,802	-	-	-	666,943
General	408,995	-	649,448	25,891	6,919	189,508	17,052	1,297,813
Capital outlay	-	-	-	-	-	-	703,383	703,383
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	<u>1,246,532</u>	<u>148,339</u>	<u>792,463</u>	<u>64,674</u>	<u>150,662</u>	<u>193,379</u>	<u>720,435</u>	<u>3,316,484</u>
Excess (deficiency) of revenues over expenditures	311,743	(4,729)	3,920	15,624	-	-	(593,287)	(266,729)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(448,879)	-	-	-	-	-	-	(448,879)
Total other financing sources (uses)	<u>(448,879)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(448,879)</u>
Net change in fund balances	(137,136)	(4,729)	3,920	15,624	-	-	(593,287)	(715,608)
Fund balances - beginning	7,147,960	28,150	22,061	32,385	-	-	-	7,230,556
Fund balances - ending	<u>\$ 7,010,824</u>	<u>\$ 23,421</u>	<u>\$ 25,981</u>	<u>\$ 48,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (593,287)</u>	<u>\$ 6,514,948</u>

Dakota County Community Development Agency
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Tax Increment Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,609,000	\$ 1,609,000	\$ 1,510,242	\$ (98,758)
Investment earnings (losses)	13,357	13,357	9,507	(3,850)
Other	38,526	38,526	38,526	-
Total revenues	1,660,883	1,660,883	1,558,275	(102,608)
EXPENDITURES				
Current:				
Administrative	252,435	252,435	87,811	164,624
Loans	100,526	100,526	89,585	10,941
Land acquisition & development	3,200,543	3,270,543	660,141	2,610,402
General	481,400	481,400	408,995	72,405
Total expenditures	4,034,904	4,104,904	1,246,532	2,858,372
Excess (deficiency) of revenues over expenditures	(2,374,021)	(2,444,021)	311,743	2,755,764
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(452,500)	(452,500)	(448,879)	3,621
Total other financing sources (uses)	(452,500)	(452,500)	(448,879)	3,621
Net change in fund balances	(2,826,521)	(2,896,521)	(137,136)	2,759,385
Fund balances - beginning	7,147,960	7,147,960	7,147,960	-
Fund balances - ending	\$ 4,321,439	\$ 4,251,439	\$ 7,010,824	\$ 2,759,385

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - HIA Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Special assessments	\$ -	\$ 127,150	\$ 127,148	\$ (2)
Intergovernmental	-	-	-	-
Investment earnings (losses)	-	-	-	-
Other	-	-	-	-
Total revenues	-	127,150	127,148	(2)
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Loans	-	-	-	-
General	-	-	17,052	(17,052)
Capital outlay	1,267,451	1,267,451	703,383	564,068
Total expenditures	1,267,451	1,267,451	720,435	547,016
Excess (deficiency) of revenues over expenditures	(1,267,451)	(1,140,301)	(593,287)	547,014
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,267,451)	(1,140,301)	(593,287)	547,014
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (1,267,451)	\$ (1,140,301)	\$ (593,287)	\$ 547,014

Statistical Section

This part of the Dakota County Community Development Agency’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	79
These schedules contain trend information to help the reader understand how the Agency’s financial performance and well-being have changed over time.	
Revenue Capacity	85
These schedules contain information to help the reader assess the Agency’s most significant local revenue sources, property tax and rental revenues.	
Debt Capacity	90
These schedules present information to help the reader assess the affordability of the Agency’s current levels of outstanding debt and the Agency’s ability to issue additional debt in the future.	
Demographic and Economic Information	92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency’s financial activities take place and to help make comparisons over time.	
Operating Information	94
These schedules contain information about the Agency’s operations and resources to help the reader understand how the Agency’s financial information relates to the services the Agency provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 7,717,921	\$ 8,286,510	\$ 10,463,076	\$ 11,227,325	\$ 12,936,201	\$ 11,911,588	\$ 11,050,900	\$ 11,033,829	\$ 11,252,624	\$ 10,366,166
Restricted	21,945,311	26,749,776	27,434,223	28,525,526	36,831,519	42,441,626	44,561,233	46,769,319	45,920,463	47,500,728
Unrestricted	43,509,946	47,860,076	52,528,395	58,813,075	61,561,248	68,582,408	74,266,544	79,807,798	89,668,567	95,176,705
Total governmental activities net position	\$ 73,173,178	\$ 82,896,362	\$ 90,425,694	\$ 98,565,926	\$ 111,328,968	\$ 122,935,622	\$ 129,878,677	\$ 137,610,946	\$ 146,841,654	\$ 153,043,599
Business-type activities										
Net investment in capital assets	\$ 48,791,023	\$ 50,144,080	\$ 52,196,981	\$ 56,194,988	\$ 57,900,299	\$ 66,400,614	\$ 71,101,416	\$ 70,579,098	\$ 73,736,293	\$ 79,014,426
Restricted	7,489,268	8,214,694	13,492,971	12,646,593	12,239,887	10,123,936	10,369,247	14,519,606	16,331,293	12,948,709
Unrestricted	2,338,508	2,892,820	2,607,831	3,807,536	5,659,028	7,304,504	8,973,028	7,057,813	7,369,855	7,967,502
Total business-type activities net position	\$ 58,618,799	\$ 61,251,594	\$ 68,297,783	\$ 72,649,117	\$ 75,799,214	\$ 83,829,054	\$ 90,443,691	\$ 92,156,517	\$ 97,437,441	\$ 99,930,637
Total										
Net investment in capital assets	\$ 56,508,944	\$ 58,430,590	\$ 62,660,057	\$ 67,422,313	\$ 70,836,500	\$ 78,312,202	\$ 82,152,316	\$ 81,612,927	\$ 84,988,917	\$ 89,380,592
Restricted	29,434,579	34,964,470	40,927,194	41,172,119	49,071,406	52,565,562	54,930,480	61,288,925	62,251,756	60,449,437
Unrestricted	45,848,454	50,752,896	55,136,226	62,620,611	67,220,276	75,886,912	83,239,572	86,865,611	97,038,422	103,144,207
Total net position	\$ 131,791,977	\$ 144,147,956	\$ 158,723,477	\$ 171,215,043	\$ 187,128,182	\$ 206,764,676	\$ 220,322,368	\$ 229,767,463	\$ 244,279,095	\$ 252,974,236

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Community Development	\$ 5,279,779	\$ 6,274,059	\$ 6,783,062	\$ 9,363,670	\$ 12,121,562	\$ 11,175,493	\$ 6,566,454	\$ 9,516,743	\$ 9,542,673	\$ 9,932,215
Business-type activities:										
Common bond senior housing	8,478,073	8,795,473	9,370,801	9,924,711	11,039,269	11,864,386	11,745,899	14,452,013	14,277,550	15,352,003
Housing assistance	16,374,408	16,274,784	15,919,743	16,392,970	16,551,529	17,322,605	17,723,693	18,053,155	17,518,058	18,269,703
Public Housing	2,625,614	2,665,444	2,544,714	2,418,547	2,484,973	2,329,157	2,378,758	2,683,243	2,438,995	2,667,339
Youth Housing	-	-	-	-	78,808	408,991	372,262	365,515	395,515	415,505
Workforce Housing	-	-	-	-	-	-	-	620,054	1,636,260	2,142,356
Total business-type activities expenses	27,478,095	27,735,701	27,835,258	28,736,228	30,154,579	31,925,139	32,220,612	36,173,980	36,266,378	38,846,906
Total expenses	\$ 32,757,874	\$ 34,009,760	\$ 34,618,320	\$ 38,099,898	\$ 42,276,141	\$ 43,100,632	\$ 38,787,066	\$ 45,690,723	\$ 45,809,051	\$ 48,779,121

(continued)

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services	\$ 1,848,324	\$ 1,493,072	\$ 2,340,062	\$ 2,479,389	\$ 3,079,153	\$ 2,734,469	\$ 2,772,828	\$ 3,001,346	\$ 3,650,583	\$ 3,275,690
Operating grants and contributions	6,548,036	5,676,725	5,537,895	7,537,660	13,597,345	17,448,107	6,724,632	7,995,026	9,723,136	7,460,677
Total governmental activities program revenues	8,396,360	7,169,797	7,877,957	10,017,049	16,676,498	20,182,576	9,497,460	10,996,372	13,373,719	10,736,367
Business-type activities:										
Charges for services										
Common bond senior housing	7,274,544	7,605,319	8,237,431	8,770,662	9,354,689	10,012,012	10,604,586	11,927,404	12,584,225	12,880,405
Housing assistance	2,471,339	1,850,261	1,655,353	1,578,930	1,933,021	1,898,165	1,445,373	1,774,924	1,734,307	1,982,623
Public Housing	1,369,484	1,459,774	1,566,885	1,576,447	1,669,781	1,678,748	1,660,824	1,770,147	1,847,462	1,916,623
Youth Housing	-	-	-	-	27,967	132,644	135,209	132,362	131,458	144,292
Workforce Housing	-	-	-	-	-	-	-	598,550	1,470,587	1,967,102
Operating grants and contributions										
Common bond senior housing	776,712	863,668	1,156,273	495,263	240,485	804,438	2,704,985	570,709	714,597	562,712
Housing assistance	14,850,844	14,730,454	14,739,868	14,156,390	14,837,214	15,650,439	16,169,154	15,659,388	15,131,148	15,880,278
Public Housing	195,656	354,650	498,225	701,640	676,205	392,905	640,675	120,772	371,952	304,406
Youth Housing	-	-	-	15,271	4,300	153,774	152,480	153,005	206,123	156,655
Workforce Housing	-	-	-	-	-	-	-	4,152	165,432	52,630
Capital grants and contributions										
Common bond senior housing	-	-	-	-	-	-	-	57,953	-	-
Public Housing	561,401	807,317	369,319	708,897	1,041,631	1,142,458	877,276	494,206	658,182	612,948
Workforce Housing	-	-	-	-	-	-	-	2,019,274	3,531,669	1,627,495
Total business-type activities program revenues	27,499,980	27,671,443	28,223,354	28,003,500	29,785,293	31,865,583	34,390,562	35,282,846	38,547,142	38,088,169
Total program revenues	\$ 35,896,340	\$ 34,841,240	\$ 36,101,311	\$ 38,020,549	\$ 46,461,791	\$ 52,048,159	\$ 43,888,022	\$ 46,279,218	\$ 51,920,861	\$ 48,824,536
Net (expense)/revenue										
Governmental activities	\$ 3,116,581	\$ 895,738	\$ 1,094,895	\$ 653,379	\$ 4,554,936	\$ 9,007,083	\$ 2,931,006	\$ 1,479,629	\$ 3,831,046	\$ 804,152
Business-type activities	21,885	(64,258)	388,096	(732,728)	(369,286)	(59,556)	2,169,950	(891,134)	2,280,764	(758,737)
Total net (expense)/revenue	\$ 3,138,466	\$ 831,480	\$ 1,482,991	(79,349)	\$ 4,185,650	\$ 8,947,527	\$ 5,100,956	\$ 588,495	\$ 6,111,810	\$ 45,415

(continued)

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Property taxes	\$ 6,097,282	\$ 6,742,029	\$ 7,512,146	\$ 7,848,758	\$ 7,829,702	\$ 7,566,507	\$ 7,261,674	\$ 7,092,062	\$ 6,513,347	\$ 6,612,923
Tax increment revenue	2,792,582	3,034,382	3,288,340	3,384,616	3,303,413	3,207,383	1,635,537	1,659,474	1,280,041	1,510,242
Unrestricted investment earnings	1,262,710	2,186,086	1,952,466	1,004,807	493,547	343,651	316,807	105,064	606,434	526,561
Gain (loss) on sale/impairment of capital assets	4,050	-	-	-	-	-	-	-	-	-
Transfers	(3,448,901)	(3,135,051)	(6,318,515)	(4,751,328)	(3,418,556)	(8,517,970)	(5,201,969)	(2,603,960)	(3,000,160)	(3,251,933)
Total governmental activities	6,707,723	8,827,446	6,434,437	7,486,853	8,208,106	2,599,571	4,012,049	6,252,640	5,399,662	5,397,793
Business-type activities:										
Transfers	3,448,901	3,135,051	6,318,515	4,751,328	3,418,556	8,517,970	5,201,969	2,603,960	3,000,160	3,251,933
Total business-type activities	3,448,901	3,135,051	6,318,515	4,751,328	3,418,556	8,517,970	5,201,969	2,603,960	3,000,160	3,251,933
Total general revenues and other changes in net position	\$ 10,156,624	\$ 11,962,497	\$ 12,752,952	\$ 12,238,181	\$ 11,626,662	\$ 11,117,541	\$ 9,214,018	\$ 8,856,600	\$ 8,399,822	\$ 8,649,726
Change in Net Position										
Governmental activities	\$ 9,824,304	\$ 9,723,184	\$ 7,529,332	\$ 8,140,232	\$ 12,763,042	\$ 11,606,654	\$ 6,943,055	\$ 7,732,269	\$ 9,230,708	\$ 6,201,945
Business-type activities	3,470,786	3,070,793	6,706,611	4,018,600	3,049,270	8,458,414	7,371,919	1,712,826	5,280,924	2,493,196
Total change in net position	\$ 13,295,090	\$ 12,793,977	\$ 14,235,943	\$ 12,158,832	\$ 15,812,312	\$ 20,065,068	\$ 14,314,974	\$ 9,445,095	\$ 14,511,632	\$ 8,695,141

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

Fund Balances of Governmental Funds

Last Four Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General fund					
Nonspendable	\$ 4,503,628	\$ 3,537,062	\$ 8,548,514	\$ 6,999,812	\$ 9,131,317
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	6,355,235	10,989,361	11,106,428	17,844,458	16,597,295
Unassigned	27,212,253	28,090,372	27,630,219	31,703,308	37,187,009
Total general fund	<u>\$ 38,071,116</u>	<u>\$ 42,616,795</u>	<u>\$ 47,285,161</u>	<u>\$ 56,547,578</u>	<u>\$ 62,915,621</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 5,503
Restricted	12,357,440	12,852,667	14,260,655	12,232,638	12,302,838
Committed	-	-	-	-	-
Assigned	34,361	50,674	46,445	50,211	49,402
Unassigned	-	-	-	-	(596,917)
Total all other governmental funds	<u>\$ 12,391,801</u>	<u>\$ 12,903,341</u>	<u>\$ 14,307,100</u>	<u>\$ 12,282,849</u>	<u>\$ 11,760,826</u>

Note: This schedule usually covers the last ten fiscal years; however, since this is the information available as of the implementation of GASB 54, governments are not required to report prior years.

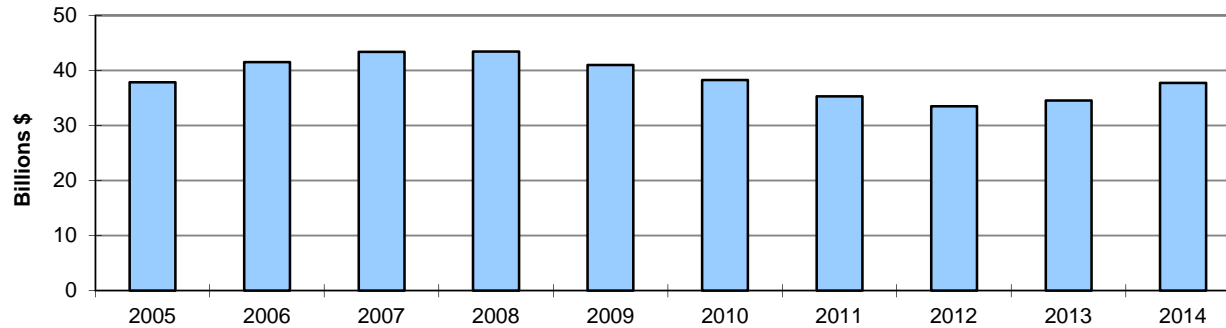
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 8,889,864	\$ 9,776,411	\$ 10,800,486	\$ 11,233,375	\$ 11,133,115	\$ 10,773,890	\$ 8,897,211	\$ 8,751,536	\$ 7,793,388	\$ 8,123,165
Special assessments	-	-	-	-	-	-	-	-	-	127,148
Intergovernmental	3,903,043	3,928,187	4,559,965	6,448,341	11,241,476	9,150,245	4,882,191	4,550,536	5,584,781	5,135,685
Charges for services	1,848,324	1,493,072	2,337,568	2,479,390	3,079,153	2,734,469	2,772,828	3,001,346	3,650,583	3,245,301
Investment earnings	1,510,521	2,186,086	1,955,986	1,004,807	493,547	343,651	316,807	105,064	612,695	539,246
Other	3,629,031	2,431,440	1,601,669	2,154,794	2,983,944	8,825,453	3,283,548	4,556,087	6,114,273	3,574,028
Total revenues	19,780,783	19,815,196	21,255,674	23,320,707	28,931,235	31,827,708	20,152,585	20,964,569	23,755,720	20,744,573
Expenditures										
Administrative	2,034,367	2,146,035	2,286,666	2,543,705	3,131,396	3,127,225	2,499,645	2,326,023	2,600,763	2,661,293
Utilities	-	-	-	-	-	1,556	2,099	3,837	7,454	8,806
Ordinary maintenance and operation	12,100	13,275	12,377	16,827	18,704	19,424	22,473	39,862	65,608	57,409
Loans	3,432,138	3,751,161	4,918,560	2,807,436	16,823,154	3,209,193	3,295,464	2,765,592	3,273,639	2,841,398
Land acquisition and development	2,795,605	1,457,103	4,181,656	3,049,655	4,694,315	1,555,562	1,949,305	2,366,961	4,018,332	768,710
General	906,866	2,629,298	1,585,929	5,765,500	7,417,479	8,497,320	3,295,776	4,061,064	3,780,124	3,885,840
Capital outlay	85,346	73,940	15,387	1,073	103,805	43,415	2,073	47,762	21,742	973,134
Intergovernmental	740,566	961,567	391,198	558,372	578,218	432,882	576,576	1,547,444	1,189,524	2,304,833
Total expenditures	10,006,988	11,032,379	13,391,773	14,742,568	32,767,071	16,886,577	11,643,411	13,158,545	14,957,186	13,501,423
Excess of revenues over (under) expenditures	9,773,795	8,782,817	7,863,901	8,578,139	(3,835,836)	14,941,131	8,509,174	7,806,024	8,798,534	7,243,150
Other financing sources (uses)										
Transfers in	1,925,759	2,069,823	2,134,612	2,627,471	2,671,129	2,550,000	2,803,814	4,248,211	4,506,960	4,873,902
Transfers out	(5,374,660)	(5,204,874)	(8,451,818)	(6,368,706)	(4,864,193)	(9,561,909)	(6,255,769)	(5,982,110)	(6,067,328)	(6,271,032)
Total other financing sources (uses)	(3,448,901)	(3,135,051)	(6,317,206)	(3,741,235)	(2,193,064)	(7,011,909)	(3,451,955)	(1,733,899)	(1,560,368)	(1,397,130)
Net change in fund balances	\$ 6,324,894	\$ 5,647,766	\$ 1,546,695	\$ 4,836,904	(6,028,900)	\$ 7,929,222	\$ 5,057,219	\$ 6,072,125	\$ 7,238,166	\$ 5,846,020

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Year Assessed	Real Property		Personal Property		Total		Total Direct Tax Rate**	% of Total Assessed to Total Estimated Market Value
	Assessed * Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
2005	427,133,158	37,531,168,000	5,875,141	302,403,100	\$ 433,008,299	\$ 37,833,571,100	0.01637	1.1%
2006	471,234,957	41,167,642,300	6,196,860	319,020,400	477,431,817	41,486,662,700	0.01615	1.2%
2007	495,383,991	43,049,023,300	6,286,380	324,904,600	501,670,371	43,373,927,900	0.01635	1.2%
2008	499,594,005	43,061,778,400	6,868,328	355,081,700	506,462,333	43,416,860,100	0.01622	1.2%
2009	475,008,140	40,648,278,700	6,916,149	358,042,600	481,924,289	41,006,321,300	0.01594	1.2%
2010	442,537,353	37,854,672,500	7,877,537	405,057,500	450,414,890	38,259,730,000	0.01692	1.2%
2011	411,472,047	34,893,431,896	8,111,805	417,754,800	419,583,852	35,311,186,696	0.01718	1.2%
2012	391,453,804	33,032,629,112	8,488,045	436,668,024	399,941,849	33,469,297,136	0.01724	1.2%
2013	402,125,071	34,109,574,007	8,665,752	445,586,670	410,790,823	34,555,160,677	0.01664	1.2%
2014	434,588,066	37,249,751,955	9,073,792	465,663,370	443,661,858	37,715,415,325	0.01650	1.2%

Estimated Market Value-Real and Personal Property



* 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 is prior to Fiscal Disparity and Tax Increment District Adjustments.

** This is the Direct Tax Capacity Rate for the Dakota County Community Development Agency

Data Source: Dakota County Minnesota 2014 CAFR

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Principal Taxpayers
December 31, 2014 and December 31, 2005

<u>Name</u>	<u>Type of Business</u>	<u>2014 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 7,063,259	1.6%
Flint Hills Resources Pine Bend LLC	Refinery	3,360,312	0.8%
Burnsville Center Spe LP	Burnsville Center	2,079,250	0.5%
Dakota Electric Assn.	Electric Utility	1,621,092	0.4%
West Publishing Co.	Book Publishing	1,463,533	0.3%
Northern Natural Gas Co.	Natural Gas Utility	1,354,432	0.3%
Health Landlord (MN) LLC	Commercial	1,198,446	0.3%
Minnegasco Inc.	Natural Gas Utility	1,153,554	0.3%
Eagan Promenade Inc	Health Care	780,284	0.2%
Wal-Mart Real Estate Business Trust	Retail	716,226	0.2%
		<u>\$ 20,790,388</u>	<u>4.9%</u>

<u>Name</u>	<u>Type of Business</u>	<u>2005 Tax Capacity Value</u>	<u>% of Total County Tax Capacity</u>
Northern States Power Co.	Electric Utility	\$ 5,326,922	1.2%
Burnsville Minnesota LLC	Burnsville Center	1,889,250	0.4%
Dakota Electric Assn.	Electric Utility	1,734,814	0.4%
West Publishing Co.	Book Publishing	1,567,542	0.4%
Great Northern Oil Co.	Refinery	1,266,910	0.3%
Haight, Stephen E. & Roberta	Property Management	606,250	0.1%
Koch Refining Co.	Refinery	775,542	0.2%
BCBSM Inc.	Health Care	823,718	0.2%
Minnegasco Inc.	Natural Gas Utility	886,067	0.2%
IRET Properties	Investment Real Estate	677,271	0.2%
		<u>\$ 15,554,286</u>	<u>3.6%</u>

Data Source: Dakota County Minnesota 2014 CAFR

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Collections		Delinquent Collections	Total Collections	% of Current Levy	Outstanding Delinquent Taxes	Total Delinquent Taxes as a % of Current Levy
		Amount	% of Levy					
2006	\$ 6,077,193	\$ 6,046,925	99.50%	\$ 65,248	\$ 6,112,173	100.00%	\$ 39,715	0.65%
2007	6,750,446	6,677,242	98.92%	84,466	6,761,708	100.00%	58,462	0.87%
2008	7,520,695	7,421,140	98.68%	113,382	7,534,522	100.00%	79,612	1.06%
2009	7,870,218	7,746,965	98.43%	133,047	7,880,012	100.00%	109,233	1.39%
2010	7,863,693	7,741,102	98.44%	130,251	7,871,353	100.00%	117,347	1.49%
2011	7,863,693	7,754,810	98.62%	71,666	7,826,476	99.53%	180,108	2.29%
2012	7,586,169	7,488,677	98.71%	65,867	7,554,544	99.58%	118,485	1.56%
2013	7,078,050	7,006,697	98.99%	44,533	7,051,230	99.62%	98,334	1.39%
2014	6,532,570	6,459,462	98.88%	49,638	6,509,100	99.64%	79,235	1.21%
2015	6,643,476	6,583,225	99.09%	-	6,583,225	99.09%	60,219	0.91%

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Rental Revenues
Last Ten Fiscal Years

Fiscal Year	Common Bond Fund			Public Housing Fund			Workforce Housing LLC			Youth Housing Fund		
	Total Tenant Revenue	Average Units per Mo	Average Revenue per Unit Month	Total Tenant Revenue	Average Units per Mo	Average Revenue per Unit Month	Total Tenant Revenue	Average Units per Mo	Average Revenue per Unit Month	Total Tenant Revenue	Average Units per Mo	Average Revenue per Unit Month
2006	\$ 7,274,544	1,063	\$ 570	\$ 1,369,484	324	\$ 352	\$ -	-	\$ -	\$ -	-	\$ -
2007	7,605,319	1,079	587	1,459,774	324	375	-	-	-	-	-	-
2008	8,237,431	1,130	607	1,566,885	324	403	-	-	-	-	-	-
2009	8,770,662	1,176	622	1,576,447	322	408	-	-	-	-	-	-
2010	9,354,689	1,248	625	1,669,781	322	432	-	-	-	27,967	23	411
2011	10,012,012	1,327	629	1,678,748	323	433	-	-	-	132,644	25	442
2012	10,604,586	1,387	637	1,660,824	323	428	-	-	-	135,209	25	451
2013	11,927,404	1,523	653	1,770,147	323	457	598,550	66	756	132,362	25	441
2014	12,584,225	1,543	680	1,847,462	323	477	1,470,587	166	738	131,458	25	438
2015	12,880,405	1,560	688	1,916,623	323	494	1,967,102	215	762	144,292	25	481

Note: Rent is determined based on resident income. The Common Bond Fund provides senior housing, the Public Housing Fund provides housing to seniors, families, and individuals with disabilities, the Youth Housing Fund provides supportive housing for young adults and the Workforce Housing LLC provides housing to families. The Youth Housing Fund began operations in April 2010. The Workforce Housing LLC began operations in July 2012.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities			Total Debt	Debt Ratio
	Housing Development Bonds	Capital Fund Loan	Deferred Loans		
2006	\$ 43,152,532	\$ 1,704,751	\$ 395,000	\$ 45,252,283	56%
2007	39,961,752	1,593,468	395,000	41,950,220	53%
2008	58,158,401	1,441,172	500,000	60,099,573	70%
2009	55,863,652	1,282,797	1,981,189	59,127,638	56%
2010	53,111,570	1,118,101	4,748,253	58,977,924	57%
2011	73,828,138	946,833	5,040,935	79,815,906	62%
2012	71,175,485	646,840	4,701,029	76,523,354	57%
2013	68,429,552	410,020	5,477,029	74,316,601	54%
2014	73,436,001	441,716	7,288,509	81,166,226	49%
2015	118,918,442	144,072	8,276,643	127,339,157	69%

Note: The debt of the business-type activities is specifically related to construction and renovation projects. The personal income of the county residents would not be a meaningful ratio relating to this debt. The ratio shown is to the assets of the funds to which the debt applies.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Pledged-Revenue Coverage
Housing Development Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Direct Operating Expenses	Transfers and Contributions	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2006	\$ 7,484,189	\$ 4,753,864	\$ 3,900,000	\$ 6,630,325	\$ 1,730,000	\$ 1,870,166	\$ 3,600,166	1.84
2007	7,792,103	4,934,707	4,800,000	7,657,396	3,120,000	2,009,918	5,129,918	1.49
2008	8,429,523	5,212,115	4,800,000	8,017,408	3,275,000	1,880,324	5,155,324	1.56
2009	8,984,220	5,730,659	4,567,000	7,820,561	2,225,000	3,082,856	5,307,856	1.47
2010	9,565,236	6,370,154	4,554,818	7,749,900	2,685,000	2,696,954	5,381,954	1.44
2011	10,337,016	6,477,953	5,650,000	9,509,063	2,515,000	2,923,866	5,438,866	1.75
2012	11,225,113	6,434,435	5,600,000	10,390,678	2,695,000	3,419,994	6,114,994	1.70
2013	12,013,569	7,775,645	5,600,000	9,837,924	2,775,000	3,338,394	6,113,394	1.61
2014	12,826,215	7,500,191	5,600,000	10,926,024	2,715,000	3,359,739	6,074,739	1.80
2015	12,987,167	8,722,803	5,600,000	9,864,364	2,860,000	3,364,794	6,224,794	1.58

Note: Details about the housing development bonds can be found in the notes to the financial statements (Note 3 F). Revenues pledged for debt service include all rents and other operating revenues of the housing developments financed by the bonds plus additional amounts pledged from the Agency's tax levy and tax increment revenues which are included in the transfers and contributions column.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Demographic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment K thru 12 (3)</u>	<u>Annual Average Unemployment Rate (4)</u>
2005	381,027	15,915,188,000	41,706	35.2	74,033	3.7%
2006	385,076	16,627,273,000	43,095	35.7	74,382	3.6%
2007	389,418	17,541,174,000	45,045	35.9	73,342	4.1%
2008	393,528	18,242,899,000	46,357	36.1	73,324	4.9%
2009	390,478	17,594,416,000	44,374	36.2	73,033	7.3%
2010	397,650	17,970,760,000	45,192	36.7	73,792	7.0%
2011	400,480	18,612,486,000	46,475	37.2	73,193	6.1%
2012	405,088	20,192,381,000	49,847	37.5	73,222	5.2%
2013	408,509	20,706,256,000	50,687	37.4	72,263	4.5%
2014	412,529	N/A	N/A	N/A	74,448	3.7%

Data Source: Dakota County Minnesota 2014 CAFR

(1) US Dept Of Commerce, Bureau of Economic Analysis

(2) US Census Bureau

(3) State Department of Education

(4) State Department of Employment and Economic Development

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Principal Employers
Dakota County, Minnesota

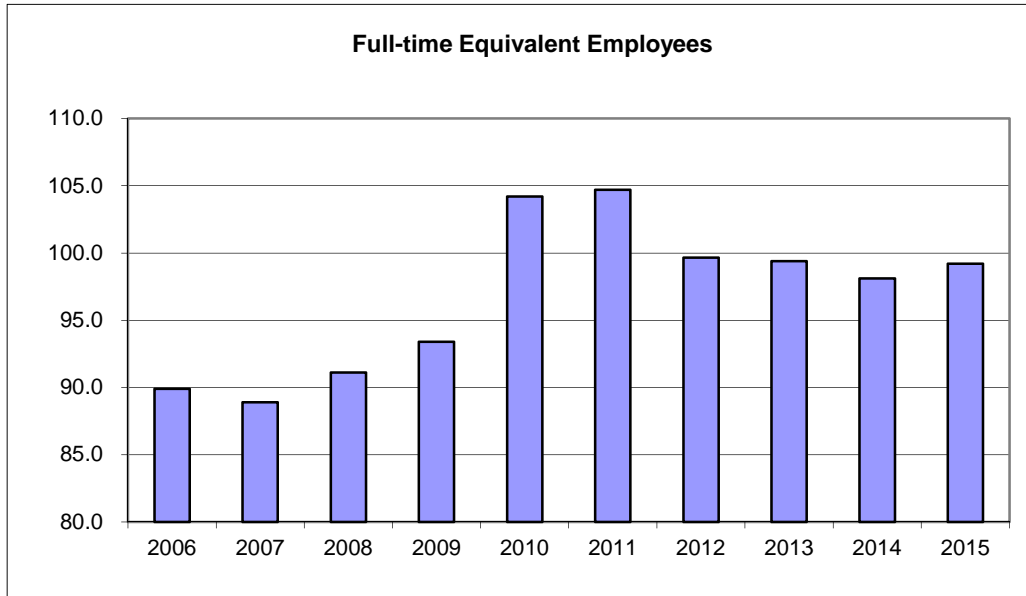
<u>Employer</u>	<u>2014 Employees</u>	<u>Percentage of Total County Employment</u>
Thomson West	7,000	3.02%
Independent School District 196	4,000	1.73%
Blue Cross-Blue Shield	3,120	1.35%
Burnsville Center	3,000	1.29%
Prime Therapeutics	2,700	1.17%
Dakota County	1,776	0.77%
Independent School District 191	1,500	0.65%
Sun Country Airlines	1,500	0.65%
Fairview Ridges Hospital	1,500	0.65%
UTC Aerospace	1,500	0.65%
Total County Employment	231,677	11.93%

<u>Employer</u>	<u>2005 Employees</u>	<u>Percentage of Total County Employment</u>
West Group	5,700	2.50%
Independent School District 196	4,000	1.75%
Burnsville Center	3,100	1.36%
Northwest Airlines	2,400	1.05%
Blue Cross-Blue Shield	2,200	0.97%
Dakota County	1,722	0.76%
Fairview Ridges Hospital	1,700	0.75%
Independent School District 191	1,500	0.66%
Lockhead Martin	1,450	0.64%
US Postal Service	1,300	0.57%
Total County Employment	227,941	11.01%

Data Source: Dakota County Minnesota 2014 CAFR, Minnesota Department of Employment and Economic Development

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Full-Time Equivalent Employees
Last Ten Years

Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	7.0	7.0	8.5	9.7	10.8	10.7	10.0	10.0	9.5	8.0
Community & Economic Development	7.0	7.0	8.0	8.7	13.9	12.2	9.3	9.4	9.6	10.2
Finance	9.0	9.0	9.0	7.0	7.8	8.0	8.0	9.0	9.0	8.8
Housing Assistance	15.0	16.9	14.7	16.4	17.1	17.1	16.4	14.8	14.7	14.5
Housing Development	7.0	6.9	7.0	7.0	8.4	7.5	6.3	4.5	4.8	5.2
Property Management	44.9	42.1	43.9	44.6	46.2	49.2	49.7	51.7	50.5	52.5
Total	89.9	88.9	91.1	93.4	104.2	104.7	99.7	99.4	98.1	99.2



Data Source: Dakota County CDA Budgets

Note: Full-time equivalents are calculated by dividing the total labor hours by 2,080.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Capital Asset Statistics
Last Ten Fiscal Years

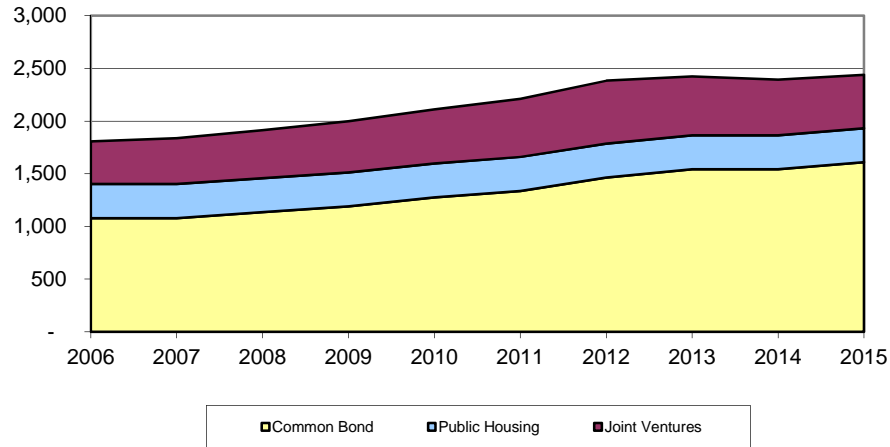
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Common Bond										
Senior Buildings	19	19	20	21	22	23	25	26	26	27
Units Available	1,079	1,079	1,135	1,190	1,277	1,337	1,463	1,543	1,543	1,609
Public Housing										
Senior Building	1	1	1	1	1	1	1	1	1	1
Scattered site units	244	244	244	242	242	243	243	243	243	243
Units Available	324	324	324	322	322	323	323	323	323	323
Youth Housing										
Lincoln Place	-	-	-	-	1	1	1	1	1	1
Units Available	-	-	-	-	25	25	25	25	25	25
Workforce Housing LLC										
Family Townhomes	-	-	-	-	-	-	-	2	5	7
Units Available	-	-	-	-	-	-	-	66	166	215
Governmental										
NSP Fund	-	-	-	-	-	1	1	2	2	2
Units Available	-	-	-	-	-	4	4	5	5	5
Office Building	1	1	1	1	1	1	1	1	1	1
Employees (FTE's)	90	89	91	93	104	105	100	99	98	99

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Housing Units Managed
Last Ten Fiscal Years

By Fund	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Common Bond	1,079	1,079	1,135	1,190	1,277	1,337	1,463	1,543	1,543	1,609
Public Housing	324	324	324	322	322	323	323	323	323	323
Youth Housing	-	-	-	-	25	25	25	25	25	25
Joint Ventures	404	434	455	487	512	552	597	557	528	506
Workforce Housing LLC	-	-	-	-	-	-	-	66	166	215
NSP	-	-	-	-	-	4	4	5	5	5
Total Units Managed	1,807	1,837	1,914	1,999	2,136	2,241	2,412	2,519	2,590	2,683

By Location	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apple Valley	227	227	227	227	227	291	336	336	336	336
Burnsville	243	243	243	243	243	243	243	323	323	323
Eagan	296	296	296	349	374	374	374	374	421	448
Farmington	6	6	6	6	31	31	98	124	124	124
Hastings	182	182	203	203	203	203	203	203	203	203
Inver Grove Heights	146	176	176	176	176	176	176	176	200	266
Lakeville	237	237	237	237	324	365	364	364	364	364
Mendota Heights	150	150	150	150	150	150	150	150	150	150
Rosemount	75	75	75	107	107	107	107	107	107	107
South St. Paul	54	54	110	110	110	110	170	170	170	170
West St. Paul	191	191	191	191	191	191	191	192	192	192
Total Units Managed	1,807	1,837	1,914	1,999	2,136	2,241	2,412	2,519	2,590	2,683

Housing Units Managed

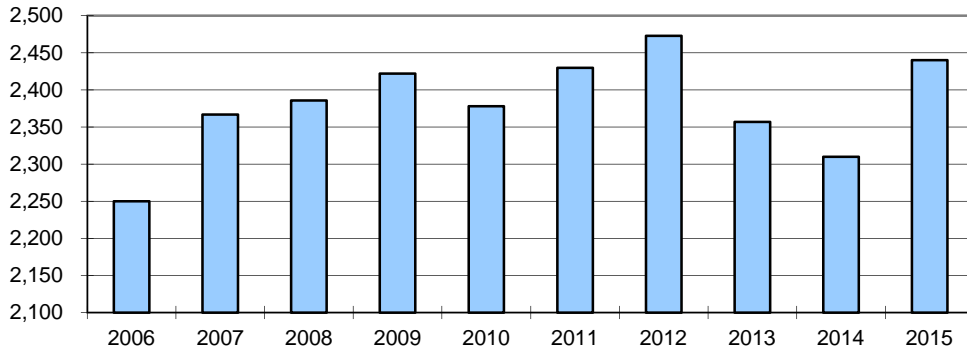


Note: The number of units shown is the number of units available at the end of the fiscal year.

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Housing Units Assisted
Last Ten Fiscal Years

Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vouchers	2,185	2,292	2,306	2,326	2,283	2,361	2,395	2,293	2,238	2,363
RAFS	-	-	-	-	-	-	-	-	-	-
Bridges	38	44	49	60	58	35	41	35	44	54
Shelter Plus Care/SNAP	16	17	20	22	22	23	26	26	28	23
Max 200/SHOP	11	14	11	14	15	11	11	3	-	-
Average Units Assisted										
Per Month	2,250	2,367	2,386	2,422	2,378	2,430	2,473	2,357	2,310	2,440
Net Port Activity Included										
in Vouchers										
Port-Ins	128	175	238	261	301	308	331	387	384	370
Port-Outs	(125)	(81)	(93)	(146)	(167)	(152)	(156)	(197)	(202)	(237)
	3	94	145	115	134	156	175	190	182	133

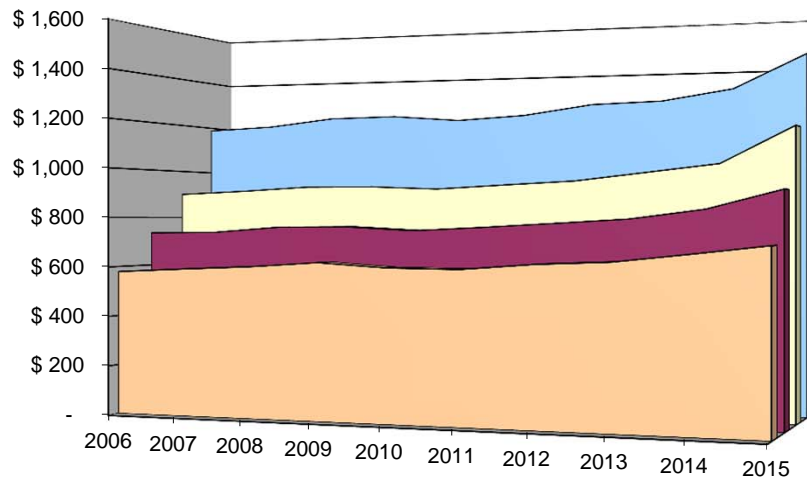
Average Units Assisted Per Month



DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Average Rents in Dakota County
Last Ten Years

Unit Size	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Efficiency	\$ 579	\$ 592	\$ 604	\$ 623	\$ 605	\$ 602	\$ 624	\$ 635	\$ 666	\$ 699
One Bedroom	735	738	760	762	747	761	777	794	831	905
Two Bedroom	900	912	928	928	917	932	946	978	1,010	1,154
Three Bedroom	1,188	1,200	1,231	1,235	1,213	1,229	1,268	1,276	1,319	1,452

Average Rents by Unit Size

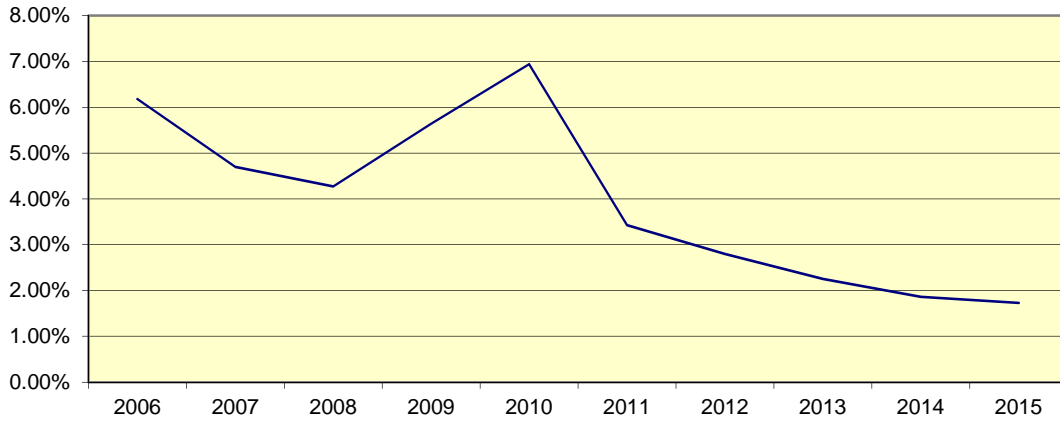


Data Source: Dakota County CDA Rental Market Surveys 2006 through 2015

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Vacancy Rates in Dakota County
Last Ten Years

Unit Size	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Efficiency	6.15%	3.73%	3.35%	5.95%	6.60%	5.23%	1.35%	1.86%	0.94%	1.52%
One Bedroom	4.91%	4.31%	3.97%	5.86%	7.52%	3.64%	2.74%	2.13%	1.48%	2.84%
Two Bedroom	7.17%	5.14%	4.60%	5.57%	6.88%	3.31%	2.72%	2.50%	2.00%	1.83%
Three Bedroom	5.83%	4.06%	3.91%	4.84%	4.62%	2.67%	4.24%	1.36%	3.13%	3.15%
Overall vacancy rate	6.18%	4.70%	4.27%	5.64%	6.94%	3.43%	2.80%	2.25%	1.86%	1.73%

Overall Vacancy Rate



Data Source: Dakota County CDA Rental Market Surveys 2006 through 2015

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
Conduit Debt Outstanding
Last Ten Calendar Years

Year	Multi-Family		Total	Single Family	Other	Total
	Apartment Complexes	Assisted Living				
2005	147,428,121	32,026,829	\$ 179,454,950	149,079,306	16,535,000	\$ 345,069,256
2006	144,589,920	32,083,851	176,673,771	156,128,808	23,020,000	355,822,579
2007	137,390,849	40,360,000	177,750,849	173,406,133	25,755,000	376,911,982
2008	136,452,072	73,436,000	209,888,072	164,865,515	21,735,000	396,488,587
2009	136,191,885	71,680,272	207,872,157	140,229,056	21,195,000	369,296,213
2010	135,414,972	72,893,980	208,308,952	115,249,880	17,450,000	341,008,832
2011	135,109,588	82,441,932	217,551,520	122,061,997	16,810,000	356,423,517
2012	82,760,987	81,725,317	164,486,304	84,064,164	16,440,000	264,990,468
2013	68,064,309	83,868,798	151,933,107	63,701,214	15,850,985	231,485,306
2014	23,082,817	90,283,997	113,366,814	53,083,150	14,948,400	181,398,364

Conduit Debt Outstanding

