

Comprehensive Annual Financial Report



Cambrian Commons, Rosemount - Built in 2016

For the Year Ended June 30, 2016

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

**Dakota County
Community Development
Agency**

**A component unit of
Dakota County, Minnesota**

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2016**

**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
----------	----

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

December 21, 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, 2016. 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, 2016. 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 2015 population of the County was 414,686, 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 \$106,940,000 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 that are funded by the U.S. Department of Housing and Urban Development (HUD). For the fiscal year ended June 30, 2016, federal funding increased by \$1,373,719 to \$24,040,350 or approximately 41 percent of all CDA revenue compared to \$22,666,631 and 39% of all CDA revenue for the previous fiscal year ended June 30, 2015.

The largest of these on-going federal programs is Housing Choice Vouchers which is reported in the Housing Assistance Fund. This program received \$18,320,573 during the fiscal year ended June 30 2016 which represented 76% of all federal funding received during the year compared to \$17,105,452 received during the fiscal year ended June 30, 2015. This increase of \$1,215,121 was primarily related to the January 1, 2016 transfer of the South St. Paul Housing & Redevelopment Agency's Voucher program to the CDA. This transfer increased the number of units the CDA is authorized to assist each month under this program by 302 units from 2,331 to 2,633.

Representing 41% of all CDA revenue, these federal programs have a material impact on the Agency's financial condition. Funding for these programs is significantly affected by Congressional legislation and 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) and the increased funding related to the transfer of the South St. Paul HRA's Housing Choice Voucher program, federal funding has been and will likely remain relatively flat.

Senior Housing. Since 1990, the CDA has constructed a total of twenty-eight 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 1,669 units of locally-financed senior housing in the County. At June 30, 2016, the Common Bond Fund accounted for almost 46 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.

With an occupancy rate of over 98% and waiting lists with average wait time of six to eighteen months, and an aging population within the County, there is, and should continue to be, strong 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 eighth building in the third phase of the CIP, the Cambrian Commons development in the City of Rosemount, the CDA has completed 534 units under phase three and increased the total number of units developed to 1,669. The CDA is in the process of constructing a ninth building named Argonne Hills under the third phase of the CIP. Argonne Hills will be a 62-unit senior building in the City of Lakeville and will be completed in 2017.

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. Since 2012, seven partnerships have been dissolved and all the assets, liabilities and net position had been transferred to the LLC. The CDA expects additional partnerships will be added to the LLC as joint ventures are dissolved.

Joint Ventures. At June 30, 2016, the CDA had developed 721 units of family housing at twenty-four townhome developments owned by twenty-three different partnerships with private investors utilizing the federal low-income housing tax credit program. The CDA is currently constructing 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, 2016, 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, 2015. This was the fourteenth consecutive year that the CDA has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The 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 'Tony Schertler', with a stylized, sweeping flourish at the end.

Tony Schertler
Executive Director



Government Finance Officers Association

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

Presented to

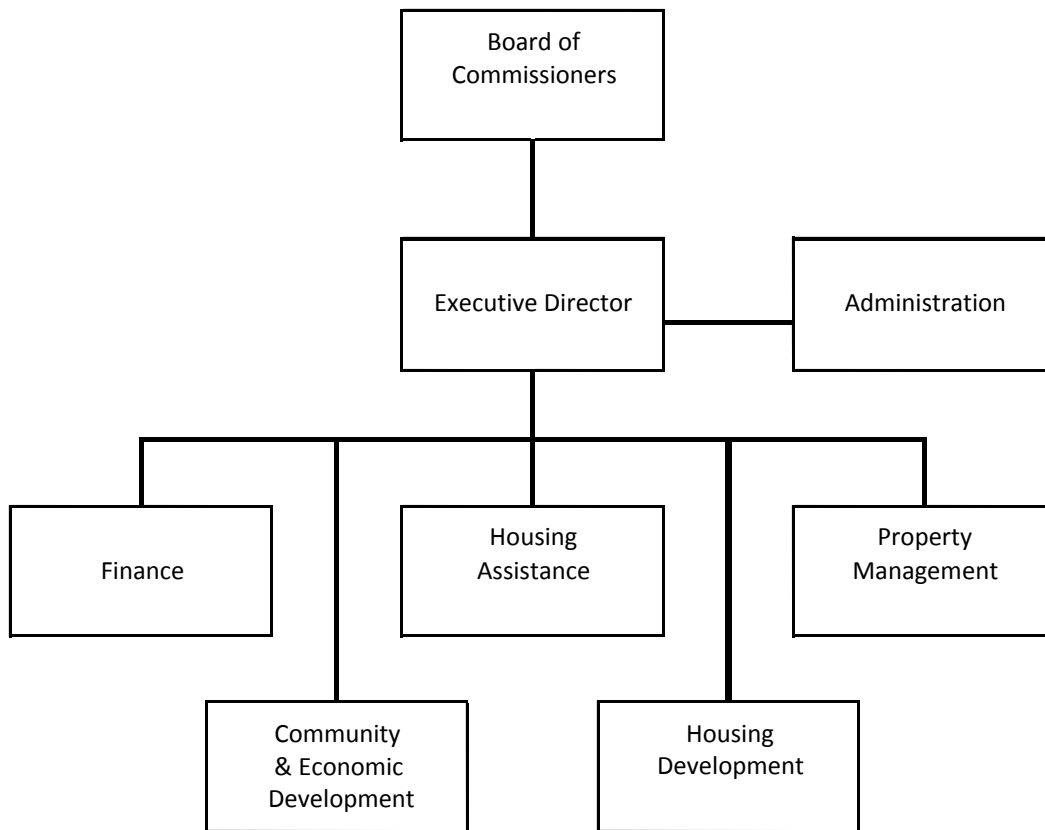
**Dakota County Community
Development Agency, Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Organizational Chart



List of Appointed Officials

Board of Commissioners June 30, 2016

<u>Name</u>	<u>District</u>	<u>Term Expires</u>
Mike Slavik	District 1	January 2018
Kathleen Gaylord	District 2	January 2019
Thomas A. Egan	District 3	January 2019
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

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, 2016, 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, 2016, 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 December 21, 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
December 21, 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, 2016. 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 \$261,434,330 (net position). This net position is comprised of the following components:
 - \$92,249,133 (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.
 - \$58,413,028 (restricted) is restricted as to use by grant agreements, contracts, and laws and regulations, and can only be used for specific purposes.
 - \$110,772,169 (unrestricted) may be used to meet the CDA's ongoing obligations to citizens and creditors.
- The CDA's total net position increased by \$8,460,094. 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 \$3,312,289 of notes receivable and \$2,566,554 of capital additions funded by current year governmental revenues, and \$2,610,000 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 \$77,645,114, an increase of \$2,968,667 from the prior year. Of this fund balance, \$2,549,284 was in nonspendable form, \$10,350,446 was restricted by grant agreements, contracts and laws and regulations, \$55,436,700 was assigned for specific purposes and the remaining \$9,308,684 was considered unassigned.
- At the end of the current fiscal year, the assigned and unassigned fund balance of the General Fund was \$65,301,410.
- The CDA's total outstanding long-term debt decreased by \$8,746,004 during the current fiscal year. \$5,850,000 of this decrease relates to the refunding of an older bond issue used to finance the construction of senior housing developments in the Common Bond Fund.

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 \$261,434,330 at the close of the most recent fiscal year which represents an increase in net position of \$8,460,094 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 (22 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 (43 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 160,128,252	\$ 154,250,966	\$ 60,114,997	\$73,048,892	\$ 220,243,249	\$ 227,299,858
Capital assets	10,768,397	10,366,166	168,343,943	160,305,971	179,112,340	170,672,137
Total assets	170,896,649	164,617,132	228,458,940	233,354,863	399,355,589	397,971,995
Deferred outflows of resources	-	-	245,430	354,184	245,430	354,184
Long-term liabilities outstanding	994,979	969,729	119,102,480	127,873,734	120,097,459	128,843,463
Other liabilities	1,170,671	1,494,438	7,532,861	5,904,676	8,703,532	7,399,114
Total liabilities	2,165,650	2,464,167	126,635,341	133,778,410	128,800,991	136,242,577
Deferred inflows of resources	9,365,698	9,109,366	-	-	9,365,698	9,109,366
Net position:						
Net investment in capital assets	10,768,397	10,366,166	81,480,736	79,014,426	92,249,133	89,380,592
Restricted	47,606,977	47,500,728	10,806,051	12,948,709	58,413,028	60,449,437
Unrestricted	100,989,927	95,176,705	9,782,242	7,967,502	110,772,169	103,144,207
Total net position	\$ 159,365,301	\$ 153,043,599	\$ 102,069,029	\$99,930,637	\$ 261,434,330	\$ 252,974,236

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 \$8,460,094 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 \$2,868,541. Of this, \$402,231 represents an increase related to governmental activities and \$2,466,310 represents an increase related to business-type activities. The increase in governmental activities is principally due to a \$1,500,000 purchase of land acquired with tax increment revenue less the disposition of property that had been acquired under the NSP program and the contribution of land acquired with tax increment revenues to the Keystone Crossing Family Housing Limited Partnership, a joint venture. The increase in business activities also includes \$1,066,554 of workforce housing and Public Housing capital assets funded with tax increment revenue and another \$918,215 of Public Housing capital assets funded from state and federal grant revenue.
- Restricted net position decreased by \$2,036,409. Of this amount, \$106,249 represents an increase related to governmental activities and \$2,142,658 represents a decrease related to business-type activities.
- Unrestricted net position increased by \$7,627,962. Of this amount, \$5,813,222 is related to an increase in governmental activities while \$1,814,740 is related to an increase in business-type activities.

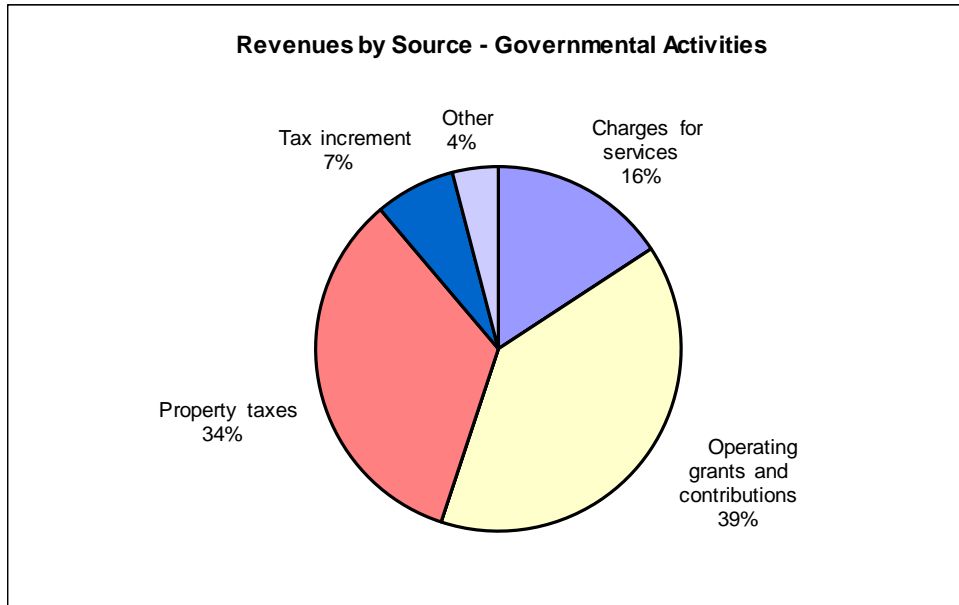
Governmental activities. Governmental activities increased the CDA's net position by \$6,321,702, thereby accounting for 75 percent of the total growth in the net position of the agency. Key elements of this increase are as follows:

- The change in net position includes a \$2,500,000 transfer of excess revenues from the Common Bond fund which represents 40% 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 \$1,034,282 relating to joint ventures.

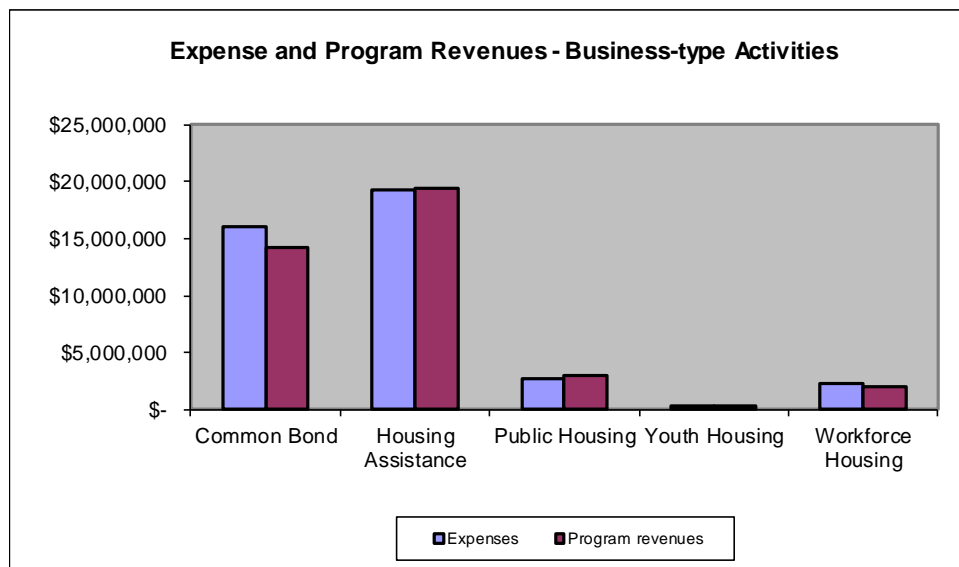
**Dakota County Community Development Agency's
Changes in Net Position
Years Ended June 30**

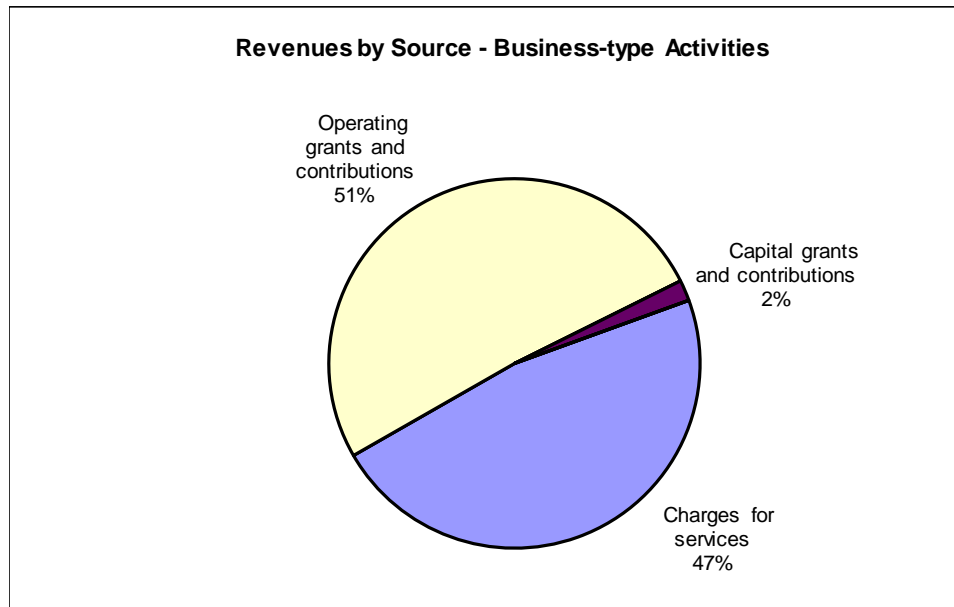
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,178,297	\$ 3,275,690	\$ 18,348,966	\$18,891,045	\$ 21,527,263	\$ 22,166,735
Operating grants and contributions	7,586,525	7,460,677	19,773,175	16,956,681	27,359,700	24,417,358
Capital grants and contributions	-	-	705,192	2,240,443	705,192	2,240,443
General revenues:						
Property taxes	6,807,677	6,612,923	-	-	6,807,677	6,612,923
Tax increment	1,434,707	1,510,242	-	-	1,434,707	1,510,242
Other	817,637	526,561	-	-	817,637	526,561
Total revenues	19,824,843	19,386,093	38,827,333	38,088,169	58,652,176	57,474,262
Expenses:						
Community development	9,491,189	9,932,215	-	-	9,491,189	9,932,215
Common Bond	-	-	16,075,634	15,352,003	16,075,634	15,352,003
Housing Assistance	-	-	19,290,349	18,269,703	19,290,349	18,269,703
Public Housing	-	-	2,682,093	2,667,339	2,682,093	2,667,339
Youth Housing	-	-	379,777	415,505	379,777	415,505
Workforce Housing	-	-	2,273,040	2,142,356	2,273,040	2,142,356
Total expenses	9,491,189	9,932,215	40,700,893	38,846,906	50,192,082	48,779,121
Increase (decrease) in net position before transfers	10,333,654	9,453,878	(1,873,560)	(758,737)	8,460,094	8,695,141
Transfers	(4,011,952)	(3,251,933)	4,011,952	3,251,933	-	-
Increase in net position	6,321,702	6,201,945	2,138,392	2,493,196	8,460,094	8,695,141
Net position - beginning	153,043,599	146,841,654	99,930,637	97,437,441	252,974,236	244,279,095
Net position - ending	\$ 159,365,301	\$ 153,043,599	\$ 102,069,029	\$99,930,637	\$ 261,434,330	\$ 252,974,236

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 \$2,138,392 or 25 percent of the total growth in the government's net position. Much of this increase related to strong operating results.





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, 2016, the Agency's governmental funds reported combined ending fund balances of \$77,645,114 an increase of \$2,968,667 in comparison with the prior year. Included in ending fund balances is \$2,549,284 of nonspendable fund balances comprised of prepaid items, noncurrent advances to other funds and certain long-term notes receivable. Another \$10,350,446 is restricted by grant agreements, contracts and laws and regulations. Of the remaining fund balances, \$55,436,700 is assigned for specific purposes and \$9,308,684 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, 2016, the General Fund had a fund balance of \$67,692,201 which represents over 87 percent of all governmental fund balances. Of this amount, \$2,390,791 relates to prepaid items and loans receivable and is nonspendable while \$55,421,923 is assigned for the senior and workforce housing and single family financing, and \$9,879,487 is unassigned.

During the fiscal year ended June 30, 2016, the fund balance of the General Fund increased by \$4,776,580. This increase is comprised of revenues in excess of expenditures of \$2,276,580 and \$2,500,000 of transfers which 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 \$1,786,541, all of which is considered restricted. The Senior Levy Fund had a small decrease in fund balance of \$39,361 during the fiscal year ended June 30, 2016.

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 \$3,317,765 which represents a decrease of \$102,211. 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 \$3,610,153 and total net position increased during the fiscal year by \$1,236,747. Of this increase, \$1,286,775 relates to an increase in net position from operations while the remainder relates to nonoperating revenues, expenses, including interest expense of \$3,848,384, while capital contributions and net transfers in total \$3,100,000.

The unrestricted net position of the Housing Assistance Fund was \$1,625,131 at the end of the fiscal year and total net position increased by \$85,894 during the fiscal year. Of this increase, \$211,839 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.

The unrestricted net position of the Public Housing Fund at the end of the year was \$2,052,469 and total net position increased during the year by \$279,759. Of this increase, \$439,185 relates to a decrease in net position from operations while the remainder relates primarily to nonoperating revenues including grants, expenses and net transfers.

The unrestricted net position of the Dakota County CDA Workforce Housing LLC (Workforce Housing) was \$2,650,000 at the end of the fiscal year and total net position increased by 618,529 due in large part, to a \$911,952 transfer from the Tax Increment Fund.

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, 2016. The final amended budget for the fiscal year anticipated a net increase in fund balance of \$2,636,606.

The actual net change in fund balance was an increase of \$4,776,580 for a positive variance of \$2,139,974. This variance is primarily attributable to the following factors:

- Expenditures were under budget by \$4,053,674. This was primarily attributable to loans which were budgeted at \$1,623,800 but only \$624,199 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, land acquisition & development was budgeted at \$2,849,880 but only \$685,319 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.
- Transfers in were under budget by \$2,000,000. Transfers in from the Common Bond Fund had been budgeted at \$4,500,000 but only \$2,500,000 were actually transferred as funds were held back to pay for capital expenditures.

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, 2016, amounts to \$179,112,340 (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 \$8,440,203 or approximately 4.9 percent.

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

- Costs totaling \$11,540,770 were incurred in the current year in the Common Bond Fund on senior housing developments.
- Costs totaling \$1,072,817 were incurred in the current year in the Public Housing Fund on various Public Housing improvements.
- Depreciation on capital assets totaled \$5,551,683 during the current year.

Capital Assets (net of depreciation) June 30

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 6,879,574	\$ 6,138,224	\$ 33,417,744	\$ 26,119,416	\$ 40,297,318	\$ 32,257,640
Buildings	3,387,398	3,630,959	132,251,446	132,251,446	135,638,844	135,882,405
Furniture and equipment	501,425	596,983	1,215,214	1,215,214	1,716,639	1,812,197
Construction in progress	-	-	1,459,539	719,895	1,459,539	719,895
Total	\$ 10,768,397	\$ 10,366,166	\$ 168,343,943	\$ 160,305,971	\$ 179,112,340	\$ 170,672,137

The amount of outstanding construction commitments at June 30, 2016 was \$8,992,268 primarily related to the construction of senior housing developments in the Common Bond Fund. 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 \$119,340,555. 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, 2016, 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:

- \$5,850,000 of bonds relating to the 2005 Housing Development Bond issue accounted for in the Common Bond Fund were retired on July 1, 2015 using proceeds from the 2015 Housing Development Bonds that were issued on May 27, 2016.
- Another \$2,610,000 of bond principal 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	
	2016	2015	2016	2015	2016	2015
Notes payable	600,000	600,000	8,274,039	8,276,643	8,874,039	8,876,643
Bonds payable	-	-	110,466,516	119,272,626	110,466,516	119,272,626
Total	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 118,740,555</u>	<u>\$ 127,549,269</u>	<u>\$ 119,340,555</u>	<u>\$ 128,149,269</u>

Additional information regarding the Agency's long-term debt can be found in Note 3 on pages 56-61 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 \$24,031,187 in federal funding for the fiscal year ended June 30, 2016. 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 35,946,680	\$ 8,169,263	\$ 44,115,943
Investments	39,778,937	4,500,000	44,278,937
Accounts receivable	1,464,622	99,852	1,564,474
Interest receivable	1,643,503	4,298	1,647,801
Taxes receivable	4,173,738	-	4,173,738
Special assessments receivable	714,628	-	714,628
Internal balances	3,121,500	(3,121,500)	-
Due from other governments	5,096,454	1,476,121	6,572,575
Prepaid items	45,090	584,848	629,938
Investment in joint ventures	8,837,705	-	8,837,705
Notes receivable	59,305,395	-	59,305,395
Restricted assets:			
Restricted cash, cash equivalents, and investments	-	48,402,115	48,402,115
Capital assets not being depreciated:			
Land	6,863,280	24,470,533	31,333,813
Construction in progress	-	1,459,539	1,459,539
Capital assets (net of accumulated depreciation):			
Land improvements	16,294	1,676,003	1,692,297
Buildings	3,387,398	139,498,500	142,885,898
Furniture and equipment	501,425	1,239,368	1,740,793
Total assets	<u>170,896,649</u>	<u>228,458,940</u>	<u>399,355,589</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings	-	245,430	245,430
Total deferred outflows of resources	<u>-</u>	<u>245,430</u>	<u>245,430</u>
LIABILITIES			
Accounts payable	\$ 570,289	\$ 3,719,248	\$ 4,289,537
Accrued interest payable	-	3,118,183	3,118,183
Due to other governments	4,117	429,204	433,321
Unearned revenue	596,265	266,226	862,491
Noncurrent liabilities:			
Due within one year	202,511	3,184,206	3,386,717
Due in more than one year	792,468	115,918,274	116,710,742
Total liabilities	<u>2,165,650</u>	<u>126,635,341</u>	<u>128,800,991</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	8,694,447	-	8,694,447
Unavailable revenue - special assessments	671,251	-	671,251
Total deferred inflows of resources	<u>9,365,698</u>	<u>-</u>	<u>9,365,698</u>
NET POSITION			
Net investment in capital assets	10,768,397	81,480,736	92,249,133
Restricted for:			
Capital projects	-	10,806,051	10,806,051
Federal grants	18,138,058	-	18,138,058
HOPE program	21,246,867	-	21,246,867
Senior Levy	1,786,541	-	1,786,541
Tax increment	6,435,511	-	6,435,511
Unrestricted	100,989,927	9,782,242	110,772,169
Total net position	<u>\$ 159,365,301</u>	<u>\$ 102,069,029</u>	<u>\$ 261,434,330</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, 2016

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	\$ 9,491,189	\$ 3,178,297	\$ 7,586,525	\$ -	\$ 1,273,633	\$ -	\$ 1,273,633
Business-type activities:							
Common bond	16,075,634	12,061,330	2,151,051	-	-	(1,863,253)	(1,863,253)
Housing assistance	19,290,349	2,125,829	17,250,414	-	-	85,894	85,894
Public Housing	2,682,093	2,052,456	204,204	705,192	-	279,759	279,759
Youth Housing	379,777	146,273	150,967	-	-	(82,537)	(82,537)
Workforce Housing	2,273,040	1,963,078	16,539	-	-	(293,423)	(293,423)
Total business activities	<u>40,700,893</u>	<u>18,348,966</u>	<u>19,773,175</u>	<u>705,192</u>	<u>-</u>	<u>(1,873,560)</u>	<u>(1,873,560)</u>
Total primary government	<u>\$ 50,192,082</u>	<u>\$ 21,527,263</u>	<u>\$ 27,359,700</u>	<u>\$ 705,192</u>	<u>1,273,633</u>	<u>(1,873,560)</u>	<u>(599,927)</u>
General revenues:							
Property taxes					6,807,677	-	6,807,677
Tax increment revenue					1,434,707	-	1,434,707
Unrestricted investment earnings					817,637	-	817,637
Transfers					(4,011,952)	4,011,952	-
Total general revenues and transfers					<u>5,048,069</u>	<u>4,011,952</u>	<u>9,060,021</u>
Changes in net position					<u>6,321,702</u>	<u>2,138,392</u>	<u>8,460,094</u>
Net position - beginning					<u>153,043,599</u>	<u>99,930,637</u>	<u>252,974,236</u>
Net position - ending					<u>\$ 159,365,301</u>	<u>\$ 102,069,029</u>	<u>\$ 261,434,330</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, 2016

	Special Revenue Funds					Other	Total
	General	CDBG	Senior Levy	HOPE	HOME	Governmental Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 31,007,746	\$ 202,942	\$ 839,855	\$ 1,185,272	\$ 308,362	\$ 2,397,501	\$ 35,941,678
Investments	33,778,937	-	1,000,000	2,000,000	-	3,000,000	39,778,937
Accounts receivable	1,347,479	27,672	748	-	-	41,770	1,417,669
Interest receivable	468,915	-	-	768,144	278,823	127,621	1,643,503
Taxes receivable	-	-	2,789,558	629,375	-	754,805	4,173,738
Special assessments receivable	-	-	-	-	-	714,628	714,628
Due from other funds	832,383	-	-	-	28,238	545,698	1,406,319
Due from other governments	211,771	30,225	3,046,333	687,796	176,930	943,399	5,096,454
Prepaid items	39,743	-	-	-	-	1,837	41,580
Advances to other funds	2,503,658	-	-	670,656	524,966	-	3,699,280
Notes receivable	25,291,120	11,671,188	-	16,646,958	4,403,156	1,292,973	59,305,395
Total assets	<u>\$ 95,481,752</u>	<u>\$ 11,932,027</u>	<u>\$ 7,676,494</u>	<u>\$ 22,588,201</u>	<u>\$ 5,720,475</u>	<u>\$ 9,820,232</u>	<u>\$ 153,219,181</u>
LIABILITIES							
Accounts payable	\$ 237,507	\$ 13,882	\$ 1,822	\$ 24,121	\$ 174,067	\$ 87,501	\$ 538,900
Due to other funds	1,211,668	17,989	52,239	42	-	100,548	1,382,486
Due to other governments	2,392	-	-	-	-	1,725	4,117
Advances from other funds	-	-	-	-	-	703,422	703,422
Unearned revenue	457,204	228,968	-	-	339,463	445,199	1,470,834
Total liabilities	<u>1,908,771</u>	<u>260,839</u>	<u>54,061</u>	<u>24,163</u>	<u>513,530</u>	<u>1,338,395</u>	<u>4,099,759</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	5,835,892	1,317,171	-	1,541,384	8,694,447
Unavailable revenue - special assessments	-	-	-	-	-	671,251	671,251
Unavailable revenue - notes	25,880,780	11,671,188	-	17,929,102	5,206,945	1,420,595	62,108,610
Total deferred inflows of resources	<u>25,880,780</u>	<u>11,671,188</u>	<u>5,835,892</u>	<u>19,246,273</u>	<u>5,206,945</u>	<u>3,633,230</u>	<u>71,474,308</u>
FUND BALANCES							
Nonspendable	2,390,791	-	-	156,656	-	1,837	2,549,284
Restricted	-	-	1,786,541	3,161,109	-	5,402,796	10,350,446
Assigned	55,421,923	-	-	-	-	14,777	55,436,700
Unassigned	9,879,487	-	-	-	-	(570,803)	9,308,684
Total fund balances	<u>67,692,201</u>	<u>-</u>	<u>1,786,541</u>	<u>3,317,765</u>	<u>-</u>	<u>4,848,607</u>	<u>77,645,114</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 95,481,752</u>	<u>\$ 11,932,027</u>	<u>\$ 7,676,494</u>	<u>\$ 22,588,201</u>	<u>\$ 5,720,475</u>	<u>\$ 9,820,232</u>	<u>\$ 153,219,181</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, 2016

Total Governmental Fund Balances	\$ 77,645,114
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.	10,569,251
Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	8,837,705
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.	62,998,179
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.	(917,237)
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.	232,289
Net position of governmental activities	<u><u>\$ 159,365,301</u></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, 2016

	Special Revenue Funds					Other Governmental Funds	Total Governmental Funds
	General	CDBG	Senior Levy	HOPE	HOME		
REVENUES							
Taxes	\$ -	\$ -	\$ 5,730,736	\$ 1,076,941	\$ -	1,434,707	\$ 8,242,384
Special assessments	-	-	-	-	-	107,004	107,004
Intergovernmental	68,090	1,813,403	10,765	2,025	2,207,507	904,734	5,006,524
Charges for services	3,130,819	-	-	-	-	47,478	3,178,297
Investment earnings	794,842	-	3,476	6,905	-	12,414	817,637
Other	2,336,503	601,767	-	126,043	357,122	217,651	3,639,086
Total revenues	6,330,254	2,415,170	5,744,977	1,211,914	2,564,629	2,723,988	20,990,932
EXPENDITURES							
Current:							
Administrative	1,707,550	412,099	59,800	102,688	123,809	296,824	2,702,770
Utilities	3,903	-	-	-	-	2,153	6,056
Ordinary maintenance and operation	25,704	-	-	-	-	31,164	56,868
Housing assistance payments	-	-	124,538	-	-	-	124,538
Loans	624,199	1,113,669	-	1,211,437	-	220,709	3,170,014
Land acquisition & development	685,319	-	-	-	-	1,716,438	2,401,757
General	871,731	82,068	-	-	100,000	1,158,222	2,212,021
Capital outlay	135,268	-	-	-	-	52,867	188,135
Intergovernmental	-	807,334	-	-	2,340,820	-	3,148,154
Total expenditures	4,053,674	2,415,170	184,338	1,314,125	2,564,629	3,478,377	14,010,313
Excess (deficiency) of revenues over (under) expenditures	2,276,580	-	5,560,639	(102,211)	-	(754,389)	6,980,619
OTHER FINANCING SOURCES (USES)							
Transfers in	2,500,000	-	-	-	-	-	2,500,000
Transfers out	-	-	(5,600,000)	-	-	(911,952)	(6,511,952)
Total other financing sources (uses)	2,500,000	-	(5,600,000)	-	-	(911,952)	(4,011,952)
Net change in fund balances	4,776,580	-	(39,361)	(102,211)	-	(1,666,341)	2,968,667
Fund balances - beginning	62,915,621	-	1,825,902	3,419,976	-	6,514,948	74,676,447
Fund balances - ending	\$ 67,692,201	\$ -	\$ 1,786,541	\$ 3,317,765	\$ -	\$ 4,848,607	\$ 77,645,114

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, 2016

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

Net change in fund balances - total governmental funds	\$ 2,968,667
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.	1,338,876
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, transfers to investment in joint ventures) is to decrease net position.	(192,916)
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.	(167)
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.	3,312,289
The effect of miscellaneous transactions involving loans receivable (i.e. loan repayments, interest accruals and payments, and principal write-offs) is to decrease net position.	(1,071,621)
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.	(17,107)
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.	(16,319)
Changes in net position of governmental activities	<u>\$ 6,321,702</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, 2016

	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	\$ 1,664,774	\$ 1,468,306	\$ 2,296,034	\$ 2,644,654	\$ 95,495	\$ 8,169,263	\$ 5,002
Investments	4,000,000	-	500,000	-	-	4,500,000	-
Restricted cash and cash equivalents	20,364,440	112,310	613,923	1,385,673	-	22,476,346	-
Restricted investments	25,925,769	-	-	-	-	25,925,769	-
Accounts receivable	13,666	2,372	57,146	10,763	15,905	99,852	-
Interest receivable	2,293	-	2,005	-	-	4,298	-
Due from other funds	535,923	-	-	-	-	535,923	101,809
Due from other governments	471,935	436,972	31,398	31,851	503,965	1,476,121	-
Prepaid items	382,542	-	88,313	103,824	10,169	584,848	3,510
Total current assets	53,361,342	2,019,960	3,588,819	4,176,765	625,534	63,772,420	110,321
Noncurrent assets:							
Capital assets:							
Land and land improvements	21,543,223	-	4,210,844	3,781,438	645,399	30,180,904	-
Buildings	147,820,442	-	28,883,342	20,974,762	3,444,011	201,122,557	-
Furniture and equipment	5,704,092	149,565	249,863	362,065	206,401	6,671,986	1,164,886
Construction in progress	1,292,293	-	167,246	-	-	1,459,539	-
Less accumulated depreciation	(44,224,257)	(142,022)	(15,676,066)	(10,330,713)	(717,985)	(71,091,043)	(965,740)
Total capital assets (net of accumulated depreciation)	132,135,793	7,543	17,835,229	14,787,552	3,577,826	168,343,943	199,146
Total noncurrent assets	132,135,793	7,543	17,835,229	14,787,552	3,577,826	168,343,943	199,146
Total assets	185,497,135	2,027,503	21,424,048	18,964,317	4,203,360	232,116,363	309,467
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refundings	245,430	-	-	-	-	245,430	-
Total deferred outflows of resources	\$ 245,430	\$ -	\$ -	\$ -	\$ -	\$ 245,430	\$ -

(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, 2016

	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	\$ 2,950,417	\$ 149,460	\$ 373,572	228,653	\$ 17,146	\$ 3,719,248	\$ 31,389
Compensated absences	109,375	69,423	22,040	10,819	2,549	214,206	15,470
Due to other funds	-	117,131	402,645	130,866	10,923	661,565	-
Due to other governments	278,876	14,714	89,482	43,817	2,315	429,204	-
Unearned revenue	218,684	-	20,377	19,519	7,646	266,226	15,000
Accrued interest payable	2,334,150	-	-	784,033	-	3,118,183	-
Bonds payable - current portion	2,970,000	-	-	-	-	2,970,000	-
Total current liabilities	8,861,502	350,728	908,116	1,217,707	40,579	11,378,632	61,859
Noncurrent liabilities:							
Compensated absences	81,206	44,101	14,311	6,757	1,345	147,720	15,319
Advances from other funds	-	-	-	2,481,858	514,000	2,995,858	-
Notes payable	-	-	-	4,053,010	4,221,029	8,274,039	-
Bonds payable (net of unamortized premiums)	107,496,515	-	-	-	-	107,496,515	-
Total noncurrent liabilities	107,577,721	44,101	14,311	6,541,625	4,736,374	118,914,132	15,319
Total liabilities	116,439,223	394,829	922,427	7,759,332	4,776,953	130,292,764	77,178
NET POSITION							
Net investment in capital assets	55,501,061	7,543	17,835,229	8,554,985	(418,082)	81,480,736	199,146
Restricted for capital projects	10,192,128	-	613,923	-	-	10,806,051	-
Restricted for Federal grants	-	-	-	-	-	-	-
Unrestricted	3,610,153	1,625,131	2,052,469	2,650,000	(155,511)	9,782,242	33,143
Total net position	\$ 69,303,342	\$ 1,632,674	\$ 20,501,621	\$ 11,204,985	\$ (573,593)	\$ 102,069,029	\$ 232,289

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, 2016

	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	\$ 12,061,330	\$ -	\$ 2,052,456	\$ 1,963,078	\$ 146,273	\$ 16,223,137	\$ -
Administrative fees	-	2,125,829	-	-	-	2,125,829	-
Other	1,447,428	73,543	18,295	15,577	838	1,555,681	720,755
Total revenues	13,508,758	2,199,372	2,070,751	1,978,655	147,111	19,904,647	720,755
Operating expenses:							
Administrative	1,950,923	1,980,473	445,802	322,546	144,996	4,844,740	473,902
Utilities	1,103,768	-	182,849	129,170	34,014	1,449,801	63,644
Ordinary maintenance and operation	3,256,948	-	784,790	604,740	65,940	4,712,418	130,489
General expenses	1,121,683	3,897	275,008	275,222	14,298	1,690,108	3,511
Nonroutine maintenance	949,467	-	51,671	148,134	505	1,149,777	1,639
Depreciation	3,839,194	3,163	769,816	523,393	115,224	5,250,790	63,891
Total operating expenses	12,221,983	1,987,533	2,509,936	2,003,205	374,977	19,097,634	737,076
Operating income (loss)	1,286,775	211,839	(439,185)	(24,550)	(227,866)	807,013	(16,321)
Nonoperating revenues (expenses):							
Intergovernmental	461,566	17,097,831	723,788	-	145,466	18,428,651	-
Investment earnings	242,057	1,483	6,474	962	4,663	255,639	2
Other income	-	77,557	6,237	-	-	83,794	-
Interest expense	(3,848,384)	-	-	(136,983)	(4,800)	(3,990,167)	-
Gain (loss) on disposal of capital assets	(5,267)	-	(172,157)	(132,852)	-	(310,276)	-
Housing assistance payments	-	(17,302,816)	-	-	-	(17,302,816)	-
Total nonoperating revenues (expenses)	(3,150,028)	(125,945)	564,342	(268,873)	145,329	(2,835,175)	2
Income (loss) before contributions and transfers	(1,863,253)	85,894	125,157	(293,423)	(82,537)	(2,028,162)	(16,319)
Capital contributions	-	-	154,602	-	-	154,602	-
Transfers in	5,600,000	-	-	911,952	-	6,511,952	-
Transfers out	(2,500,000)	-	-	-	-	(2,500,000)	-
Changes in net position	1,236,747	85,894	279,759	618,529	(82,537)	2,138,392	(16,319)
Total net position - beginning	68,066,595	1,546,780	20,221,862	10,586,456	(491,056)	99,930,637	248,608
Total net position - ending	\$ 69,303,342	\$ 1,632,674	\$ 20,501,621	\$ 11,204,985	\$ (573,593)	\$ 102,069,029	\$ 232,289

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, 2016

	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	\$ 13,575,947	\$ -	\$ 2,065,378	\$ 1,962,929	\$ 164,380	\$ 17,768,634	\$ -
Receipts from administrative fees	-	2,231,345	-	-	-	2,231,345	-
Other operating receipts	-	73,543	18,295	15,577	838	108,253	735,755
Payments to employees	(2,102,929)	(1,055,260)	(424,336)	(276,814)	(39,383)	(3,898,722)	(155,124)
Other payments for operations	(6,267,483)	(864,004)	(920,550)	(1,155,074)	(220,504)	(9,427,615)	(541,878)
Net cash provided (used) by operating activities	5,205,535	385,624	738,787	546,618	(94,669)	6,781,895	38,753
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental	-	16,776,058	173,198	-	145,466	17,094,722	-
Housing assistance payments	-	(17,291,491)	-	-	-	(17,291,491)	-
Contribution to reserves	-	204,998	-	-	-	204,998	-
Transfers in	-	-	-	911,952	-	911,952	-
Transfers out	(2,500,000)	-	-	-	-	(2,500,000)	-
Net cash provided (used) by noncapital financing activities	(2,500,000)	(310,435)	173,198	911,952	145,466	(1,579,819)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Insurance proceeds	-	-	6,237	-	-	6,237	-
Acquisition and construction of capital assets	(11,752,623)	(6,250)	(1,046,438)	(999,326)	(4,871)	(13,809,508)	(33,753)
Receipt of capital grants	-	-	550,590	-	-	550,590	-
Capital contributions	-	-	154,602	-	-	154,602	-
Transfers in	5,600,000	-	-	-	-	5,600,000	-
Intergovernmental	461,566	-	-	-	-	461,566	-
Principal paid on capital debt	(8,697,357)	-	-	(198,506)	-	(8,895,863)	-
Interest paid on capital debt	(3,149,937)	-	-	(96,782)	-	(3,246,719)	-
Net cash provided (used) by capital and related financing activities	(17,538,351)	(6,250)	(335,009)	(1,294,614)	(4,871)	(19,179,095)	(33,753)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments	(3,000,000)	-	-	-	(20,005)	(3,020,005)	-
Sale of investments	15,892,849	-	496,000	145,003	4,871	16,538,723	-
Interest received	242,168	1,483	5,902	962	4,663	255,178	2
Net cash provided (used) by investing activities	13,135,017	1,483	501,902	145,965	(10,471)	13,773,896	2
Net increase (decrease) in cash and cash equivalents	(1,697,799)	70,422	1,078,878	309,921	35,455	(203,123)	5,002
Cash and cash equivalents, beginning of year	3,362,573	1,397,884	1,217,156	2,334,733	60,040	8,372,386	-
Cash and cash equivalents, end of year	\$ 1,664,774	\$ 1,468,306	\$ 2,296,034	\$ 2,644,654	\$ 95,495	\$ 8,169,263	\$ 5,002

Shown in the financial statements as:

Cash and cash equivalents	\$ 1,664,774	\$ 1,468,306	\$ 2,296,034	\$ 2,644,654	\$ 95,495	\$ 8,169,263	\$ 5,002
Cash reported in restricted cash and cash equivalents	-	-	-	-	-	-	-
Total	<u>\$ 1,664,774</u>	<u>\$ 1,468,306</u>	<u>\$ 2,296,034</u>	<u>\$ 2,644,654</u>	<u>\$ 95,495</u>	<u>\$ 8,169,263</u>	<u>\$ 5,002</u>

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

Operating income (loss)	\$ 1,286,775	\$ 211,839	\$ (439,185)	\$ (24,550)	\$ (227,866)	807,013	\$ (16,321)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,839,194	3,162	769,817	523,393	115,224	5,250,790	63,890
Change in accounts receivable	16,573	105,516	11,137	1,323	13,094	147,643	-
Change in due from other funds	(713,287)	15,200	371,056	57,467	9,903	(259,661)	12,178
Change in prepaid expenses	(41,768)	-	(8,881)	(16,639)	(2,383)	(69,671)	(230)
Change in accounts payable	756,095	121	25,605	3,587	(7,780)	777,628	(40,470)
Change in compensated absences	(1,876)	35,072	424	3,404	437	37,461	4,706
Change in due to other governments	13,213	14,714	7,029	105	(311)	34,750	-
Change in unearned revenue	50,616	-	1,785	(1,472)	5,013	55,942	15,000
Total adjustments	<u>3,918,760</u>	<u>173,785</u>	<u>1,177,972</u>	<u>571,168</u>	<u>133,197</u>	<u>5,974,882</u>	<u>55,074</u>
Net cash provided (used) by operating activities	<u>\$ 5,205,535</u>	<u>\$ 385,624</u>	<u>\$ 738,787</u>	<u>\$ 546,618</u>	<u>\$ (94,669)</u>	<u>\$ 6,781,895</u>	<u>\$ 38,753</u>

Noncash capital and related financing activities:

Accounts receivable related to capital grants	\$ -	\$ -	\$ 31,398	\$ -	\$ -	\$ 31,398	\$ -
---	------	------	-----------	------	------	-----------	------

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

Notes to the Financial Statements

June 30, 2016

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.D. Joint Ventures). Through June 30, 2016, seven limited partnerships had been dissolved and the assets, liabilities and net position transferred to the LLC. 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 blended component units. Separate statements for each fund category – governmental and proprietary – 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 except for the HOME, Public Housing and Workforce Housing funds which have been designated as major funds for public interest purposes.

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 1,669 units of bond-financed senior housing within the County.

Housing Assistance Fund – This enterprise fund accounts for the administration of 2,633 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 (VASH) 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 and 2015 Housing Development Bonds were used to finance the construction of senior housing developments in the Cities of Rosemount and Lakeville, Minnesota. Accordingly, the interest capitalized in the amount of \$790,062 was calculated by netting actual interest expense of \$801,820 with the actual investment earnings of the unspent proceeds of \$11,758.

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 special assessments. 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 does 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 “capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The detail of this \$10,569,251 are as follows:

Land	\$ 6,863,280
Land improvements	149,812
Less: Accumulated depreciation-land improvements	(133,518)
Buildings	4,877,593
Less: Accumulated depreciation-buildings	(1,490,195)
Furniture and equipment	1,298,496
Less: Accumulated depreciation-furniture and equipment	(996,217)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 10,569,251</u>

Another 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 \$917,237 are as follows:

Compensated absences	\$ 394,979
Less related to joint ventures	(46,953)
Less related to internal service funds	<u>(30,789)</u>
	317,237
Notes payable	<u>600,000</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 917,237</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 \$1,338,876 difference are as follows:

Capital outlays	\$ 1,575,878
Less depreciation expense	<u>(237,002)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,338,876</u>

Note 3. Detailed Notes on all Funds

A. Deposits with Financial Institutions

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. The CDA's total deposits and cash on hand were \$7,635,713 and \$250 respectively as of June 30, 2016.

B. Investments

As of June 30, 2016, the Agency had the following investments:

Investment Type	Reported	Investment Maturities (in Years)		
	Amount/ Fair Value	Less Than 1	1-5	More than 5
U.S. Government Agencies:				
Federal Home Loan Bank	\$ 21,928,489	\$ 19,925,769	\$ 2,002,720	\$ -
Federal Home Loan Mortgage Corp.	6,067,634	-	6,009,620	58,014
Federal National Mortgage Assoc.	8,660,439	-	8,010,720	649,719
Government National Mortgage Assoc.	299,705	-	-	299,705
Money market funds	35,619,266	35,619,266	-	-
Local government investment pool	56,585,498	56,585,498	-	-
	\$ 129,161,031	\$ 112,130,533	\$ 16,023,060	\$ 1,007,438

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 include 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, 2016, the CDA had more than five percent of its total investments with the Federal Home Loan Bank, the 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, 2016, all investments are held by counterparties, are insured or registered, and are not exposed to custodial risk.

Fair value reporting. The Agency's investments that are not recorded at amortized cost or using the equity method are recorded at fair value as of June 30, 2016. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the market place.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at measurement date.
- Level 2: Investments with inputs, other than quoted prices included within Level 1, that are observable for an asset (liability), either directly or indirectly.
- Level 3: Investments classified as Level 3 have unobservable inputs for an asset (liability) and may require a degree of professional judgment.

At June 30, 2016, of the U.S. Government Agencies totaling \$36,956,267, \$4,016,120 were classified as Level 1 and \$32,940,17 were classified as level 2. Money market funds and a local government investment pool of \$35,619,266 and \$56,585,498 were not subject to leveling.

C. 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, 2016 consist of the following:

Loan Description	Loan Balance	By Fund:					Other Govt'l Funds
		General	CDBG	HOPE	HOME		
Homebuyer loans	\$ 3,942,615	\$ 1,771,473	\$ 27,100	\$ 1,363,920	\$ 438,189		\$ 341,933
Homeowner rehab loans - deferred	13,825,700	513,040	11,644,088	1,193,862	474,710		-
Joint venture loans:							
Bridge	1,750,000	1,750,000	-	-	-		-
First mortgage	5,675,971	5,675,971	-	-	-		-
Other	13,631,899	5,816,487	-	4,710,000	2,747,257		358,155
Revolving	69,890	69,890	-	-	-		-
	21,127,760	13,312,348	-	4,710,000	2,747,257		358,155
Multifamily loans:							
Deferred	10,715,392	189,645	-	9,379,176	743,000		403,571
Installment	9,357,014	9,357,014	-	-	-		-
	20,072,406	9,546,659	-	9,379,176	743,000		403,571
Supportive housing	336,914	147,600	-	-	-		189,314
	<u>\$ 59,305,395</u>	<u>\$ 25,291,120</u>	<u>\$ 11,671,188</u>	<u>\$ 16,646,958</u>	<u>\$ 4,403,156</u>		<u>\$ 1,292,973</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:

- \$1,750,000 in bridge loans at 6.75% interest with principal and interest due when the second Limited Partner capital contribution is received.
- \$5,675,971 in first mortgage loans at interest rates ranging from 6 to 7 percent interest with principal and interest payable monthly.
- \$13,631,899 in loans at interest rates ranging from 0 to 8 percent interest with interest paid annually or interest and principal deferred until maturity.
- \$69,890 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:

- \$189,314 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

D. 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
Lakeville FHLP 2	2001	29	266,107	27,488	-	(5)	293,590
Mendota Heights FHLP	2001	24	404,136	-	-	(6)	404,130
Hastings Marketplace FHLP	2002	28	429,449	-	-	(7)	429,442
Burnsville HOC FHLP	2003	34	221,214	-	-	(10)	221,204
Eagan Cedar FHLP	2004	34	489,116	-	-	(2)	489,114
Lakeville Downtown FHLP	2005	40	470,892	-	-	(13)	470,879
Lafayette FHLP	2006	30	934,804	-	-	(9)	934,795
Hastings West Village FHLP	2007	21	346,194	-	-	(10)	346,184
Rosemount FHLP	2008	32	753,613	-	-	(12)	753,601
Twin Ponds FHLP	2009	25	563,157	-	-	(8)	563,149
Meadowlark FHLP	2010	40	320,641	-	-	(11)	320,630
Apple Valley East FHLP	2011	45	1,384,460	-	-	(10)	1,384,450
Twin Ponds II FHLP	2012	26	355,811	-	-	(10)	355,801
Eagan Northwood FHLP	2013	47	376,702	-	-	(8)	376,694
Inver Hills/Riverview Rdg FHLP	2014	51	744,379	-	-	(22)	744,357
Lakeshore WHLP	2015	50	63,605	-	-	(23)	63,582
Keystone Commons WHLP	*	36	-	686,103	-	-	686,103
		592	\$ 8,124,280	\$ 713,591	\$ -	\$ (166)	\$ 8,837,705

* development under construction at June 30, 2016.

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:

Eagan Northwood FHLP	\$ 150,352
Inver Hills and Riverview Ridge FHLP	163,505
Lakeshore WHLP	960,088
Keystone Crossing WHLP	772,584
	<u>\$ 2,046,529</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 \$36,916,157 is also provided to joint ventures.

E. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,100,178	\$ 1,500,000	\$ 736,898	\$ 6,863,280
Total capital assets, not being depreciated	6,100,178	1,500,000	736,898	6,863,280
Capital assets, being depreciated:				
Land improvements	162,417	-	12,605	149,812
Buildings	5,003,478	33,093	158,978	4,877,593
Furniture and equipment	2,410,978	76,538	24,134	2,463,382
Total capital assets, being depreciated	7,576,873	109,631	195,717	7,490,787
Less accumulated depreciation for:				
Land improvements	(124,371)	(9,987)	(840)	(133,518)
Buildings	(1,372,519)	(121,780)	(4,104)	(1,490,195)
Furniture and equipment	(1,813,995)	(169,126)	(21,164)	(1,961,957)
Total accumulated depreciation	(3,310,885)	(300,893)	(26,108)	(3,585,670)
Total capital assets, being depreciated, net	4,265,988	(191,262)	169,609	3,905,117
Governmental activities capital assets, net	<u>\$ 10,366,166</u>	<u>\$ 1,308,738</u>	<u>\$ 906,507</u>	<u>\$ 10,768,397</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 24,333,022	\$ 137,511	\$ -	\$ 24,470,533
Construction in progress	719,895	11,254,805	10,515,161	1,459,539
Total capital assets, not being depreciated	25,052,917	11,392,316	10,515,161	25,930,072
Capital assets, being depreciated:				
Land improvements	5,605,013	105,358	-	5,710,371
Buildings	189,329,609	12,329,868	536,920	201,122,557
Furniture and equipment	6,385,329	286,657	-	6,671,986
Total capital assets, being depreciated	201,319,951	12,721,883	536,920	213,504,914
Less accumulated depreciation for:				
Land improvements	(3,818,619)	(215,749)	-	(4,034,368)
Buildings	(57,078,163)	(4,772,538)	(226,644)	(61,624,057)
Furniture and equipment	(5,170,115)	(262,503)	-	(5,432,618)
Total accumulated depreciation	(66,066,897)	(5,250,790)	(226,644)	(71,091,043)
Total capital assets, being depreciated, net	135,253,054	7,471,093	310,276	142,413,871
Business-type activities capital assets, net	<u>\$ 160,305,971</u>	<u>\$ 18,863,409</u>	<u>\$ 10,825,437</u>	<u>\$ 168,343,943</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Community development	\$ 300,893
Total depreciation expense - governmental activities	<u>\$ 300,893</u>
Business-type activities:	
Common bond	\$ 3,839,194
Housing assistance	3,163
Public Housing	769,816
Youth Housing	115,224
Workforce Housing	523,393
Total depreciation expense - business-type activities	<u>\$ 5,250,790</u>

Construction Commitments

The Agency has active construction projects as of June 30, 2016. The projects include two senior housing developments. At year end the Agency's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Project:		
Senior housing development	\$ 318,192	\$ 8,992,268

The cost and accumulated depreciation of capital assets relating to operating leases and reported as business-type activities is \$949,624 and \$307,393 respectively for a carrying value of \$642,231.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	CDBG	\$ 17,989
	Senior Levy	52,239
	HOPE	42
	Nonmajor governmental	100,548
	Housing Assistance	117,131
	Public Housing	402,645
	Workforce Housing LLC	130,866
	Youth Housing	10,923
HOME	General Fund	28,238
Nonmajor governmental	General Fund	545,698
Common Bond	General Fund	535,923
Internal Service Fund	General Fund	101,809
		<u>\$ 2,044,051</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>
\$531,158 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.	\$546,766
\$156,656 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.	156,656
\$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.	176,928
\$108,394 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.	108,394
\$57,254 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.	57,254
\$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
\$113,756 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.	113,756
\$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.	202,890

\$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.	89,988
\$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.	118,014
\$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.	118,014
\$107,574 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.	107,574
\$38,797 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.	38,797
\$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.	197,459
\$236,314 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.	236,314
\$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.	210,160

\$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. 514,000

\$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 \$3,699,280

Interfund transfers:

	Transfer In:		
	General	Common Bond	Workforce Housing
<u>Transfer out:</u>			
Senior Levy	\$ -	\$ 5,600,000	\$ -
Common Bond	2,500,000	-	-
Other Governmental Funds	-	-	911,952
	<u>\$ 2,500,000</u>	<u>\$ 5,600,000</u>	<u>\$ 911,952</u>

In the year ended June 30, 2016, the Agency made the following transfers:

- The Senior Levy Fund transferred \$5,600,000 of tax levy revenue that is pledged to the Common Bond Fund for debt service payments on Housing Development bonds used to finance the construction of senior housing developments.
- The Common Bond Fund transferred \$2,500,00 to the General Fund, representing excess cash flow from prior year operation of senior housing developments.
- The Tax Increment Fund transferred \$911,952 to the Workforce Housing Fund to finance capital expenditures for workforce housing townhome developments.

G. Long-term Debt

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 369,729	\$ 266,405	\$ (241,155)	\$ 394,979	\$ 202,511
Notes payable	600,000	-	-	600,000	-
	<u>\$ 969,729</u>	<u>\$ 266,405</u>	<u>\$ (241,155)</u>	<u>\$ 994,979</u>	<u>\$ 202,511</u>
Business-type activities:					
Compensated absences	\$ 324,465	\$ 245,816	\$ (208,356)	\$ 361,925	\$ 214,205
Notes payable	8,276,643	-	(2,604)	8,274,039	-
Bonds payable	115,400,000	-	(8,460,000)	106,940,000	2,970,000
Plus deferred amounts:					
For issuance premiums	3,872,626	-	(346,110)	3,526,516	-
Total bonds payable	<u>119,272,626</u>	<u>-</u>	<u>(8,806,110)</u>	<u>110,466,516</u>	<u>2,970,000</u>
	<u>\$127,873,734</u>	<u>\$ 245,816</u>	<u>\$ (9,017,070)</u>	<u>\$ 119,102,480</u>	<u>\$ 3,184,205</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, \$30,789 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:

\$3,523,380 Youth Housing enterprise fund, Publicly Owned Housing Program (POHP) 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 POHP loan. The loan will be forgiven on the twenty-first (21 st) 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.	\$3,523,380
\$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.	697,649
\$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.	315,000
\$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.	456,000
\$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.	125,000
\$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.	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
\$15,939 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.	15,939
\$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

\$8,274,039

The annual principal and interest maturities for notes payable in business-type activities for fiscal years subsequent to June 30, 2016 are as follows:

	Principal	Interest	Total
2017 - 2021	\$ 15,939	\$ 121	\$ 16,060
thereafter	8,258,100	783,912	9,042,012
	<u>\$ 8,274,039</u>	<u>\$ 784,033</u>	<u>\$ 9,058,072</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. Housing development bonds are issued as serial bonds. Bonds currently outstanding are as follows:

Description of Bond	Issue Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
2007 Housing Development Bonds	09/01/07	01/01/35	4.25 - 5.13%	21,335,000	\$ 19,275,000
2010 Housing Development Bonds	07/21/10	01/01/40	2.00 - 6.00%	46,160,000	35,025,000
2013 Housing Development Bonds	12/18/13	01/01/27	2.00 - 2.85%	7,630,000	7,530,000
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	23,365,000
Subtotal					106,940,000
Less current maturities					(2,970,000)
Total					<u>\$ 103,970,000</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 were 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 will be used to refund \$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 refunded 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 \$20,312,053.

The annual principal and interest maturities for the Housing Development Bonds by fiscal year are as follows:

	Principal	Interest	Total
2017	2,970,000	4,668,299	7,638,299
2018	3,085,000	4,566,951	7,651,951
2019	4,160,000	4,460,199	8,620,199
2020	4,310,000	4,298,699	8,608,699
2021	4,365,000	4,120,701	8,485,701
2022-2026	23,815,000	17,636,090	41,451,090
2027-2031	24,585,000	12,354,080	36,939,080
2032-2036	24,625,000	6,591,174	31,216,174
2037-2041	12,425,000	2,172,375	14,597,375
2042	2,600,000	104,000	2,704,000
	<u>\$ 106,940,000</u>	<u>\$ 60,972,568</u>	<u>\$ 167,912,568</u>

Pledged Revenue – the CDA has pledged as security for the \$103,970,000 of outstanding Housing Development bonds, a portion of its annual tax levy (special benefit tax) that is levied pursuant to Minnesota Statutes, Section 469.033, Subd. 6. These bonds were used to finance the acquisition and construction of senior housing developments. The CDA is currently committed, to the extent it is within its power to do so, to levy and collect \$5,600,000 for the payment and debt service on these bonds. The total principal and interest remaining on this debt is \$167,912,568 with annual requirements ranging from \$8,620,199 in 2019 to \$2,704,000 in the final year. The tax levy has averaged \$7,253,872 per year for the last ten years and the amount of tax proceeds paid towards Housing Development bond debt service has averaged \$5,232,182. For the current year, \$5,600,000 of tax levy was paid on the debt service for the bonds.

H. Restricted Assets

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

	Common Bond	Housing Assistance	Public Housing	Workforce Housing LLC	Total
Debt proceeds held by trustees	\$ 37,284,340	\$ -	\$ -	\$ -	\$ 37,284,340
Reserves required by debt agreements	9,005,869	-	-	1,240,055	10,245,924
Proceeds from capital projects	-	-	613,923	-	613,923
Security deposit reserve	-	-	-	145,618	145,618
HAP reserve	-	14,318	-	-	14,318
FSS escrow	-	97,992	-	-	97,992
	<u>\$ 46,290,209</u>	<u>\$ 112,310</u>	<u>\$ 613,923</u>	<u>\$ 1,385,673</u>	<u>\$ 48,402,115</u>

I. 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	\$ 39,743	\$ -	\$ -	\$ 1,837	\$ 41,580
Advances to other funds	531,158	-	156,656	-	687,814
Joint venture financing	1,819,890	-	-	-	1,819,890
	<u>2,390,791</u>	<u>-</u>	<u>156,656</u>	<u>1,837</u>	<u>2,549,284</u>
Restricted:					
Senior housing	-	1,786,541	-	-	1,786,541
HOPE program	-	-	3,161,109	-	3,161,109
Tax increment financing	-	-	-	5,356,849	5,356,849
NSP program	-	-	-	45,947	45,947
	<u>-</u>	<u>1,786,541</u>	<u>3,161,109</u>	<u>5,402,796</u>	<u>10,350,446</u>
Assigned to:					
Senior Housing	42,404,366	-	-	-	42,404,366
Workforce Housing:					
- Bridge loans	3,220,262	-	-	-	3,220,262
- Loan guarantees	2,046,529	-	-	-	2,046,529
- Letters of credit	531,520	-	-	-	531,520
- Incentive Management Fees	2,219,246	-	-	-	2,219,246
Single Family financing	5,000,000	-	-	-	5,000,000
Housing rehabilitation	-	-	-	12,324	12,324
Weatherization	-	-	-	2,453	2,453
	<u>55,421,923</u>	<u>-</u>	<u>-</u>	<u>14,777</u>	<u>55,436,700</u>
Unassigned	<u>9,879,487</u>	<u>-</u>	<u>-</u>	<u>(570,803)</u>	<u>9,308,684</u>
	<u>\$ 67,692,201</u>	<u>\$ 1,786,541</u>	<u>\$ 3,317,765</u>	<u>\$ 4,848,607</u>	<u>\$ 77,645,114</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, 2016 was \$276,184,308.

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 11.8% 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 \$576,678 and \$516,134, 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. 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. 77, Tax Abatement Disclosures, will be effective for the CDA beginning with its year ending June 30, 2017 financial statements.

GASB Statement No. 79, Certain Investment Pools and Pool Participants, will be effective for the CDA beginning with its fiscal year ending June 30, 2017 financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, will be effective for the CDA beginning with its fiscal year ending June 30, 2018 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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental	\$ 247,325	\$ 247,325	68,090	\$ (179,235)
Charges for services	3,479,909	3,479,909	3,130,819	(349,090)
Investment earnings (losses)	500,315	500,315	794,842	294,527
Other	1,950,490	1,950,490	2,336,503	386,013
Total revenues	6,178,039	6,178,039	6,330,254	152,215
EXPENDITURES				
Current:				
Administrative	2,198,358	2,183,358	1,707,550	475,808
Ordinary maintenance and operation	66,391	66,391	29,607	36,784
Loans	1,623,800	1,623,800	624,199	999,601
Land acquisition & development	2,849,880	2,849,880	685,319	2,164,561
General	1,181,548	1,097,080	871,731	225,349
Capital outlay	228,924	220,924	135,268	85,656
Total expenditures	8,148,901	8,041,433	4,053,674	3,987,759
Excess (deficiency) of revenues over expenditures	(1,970,862)	(1,863,394)	2,276,580	4,139,974
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500,000	4,500,000	2,500,000	(2,000,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	4,500,000	4,500,000	2,500,000	(2,000,000)
Net change in fund balances	2,529,138	2,636,606	4,776,580	2,139,974
Fund balances - beginning	62,915,621	62,915,621	62,915,621	-
Fund balances - ending	\$ 65,444,759	\$ 65,552,227	\$ 67,692,201	\$ 2,139,974

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 5,748,156	\$ 5,748,156	\$ 5,730,736	\$ (17,420)
Intergovernmental	-	-	10,765	10,765
Investment earnings (losses)	1,300	1,300	3,476	2,176
Total revenues	5,749,456	5,749,456	5,744,977	(4,479)
EXPENDITURES				
Current:				
Administrative	75,966	89,827	59,800	30,027
Land acquisition & development	50,000	50,000	-	50,000
Housing assistance payments	-	134,473	124,538	9,935
Capital outlay	-	-	-	-
Total expenditures	125,966	274,300	184,338	89,962
Excess of revenues over expenditures	5,623,490	5,475,156	5,560,639	85,483
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,748,156)	(5,600,000)	(5,600,000)	-
Total other financing sources (uses)	(5,748,156)	(5,600,000)	(5,600,000)	-
Net change in fund balances	(124,666)	(124,844)	(39,361)	85,483
Fund balances - beginning	1,825,902	1,825,902	1,825,902	-
Fund balances - ending	\$ 1,701,236	\$ 1,701,058	\$ 1,786,541	\$ 85,483

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, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 1,081,558	\$ 1,081,558	\$ 1,076,941	\$ (4,617)
Intergovernmental	-	-	2,025	2,025
Investment earnings (losses)	2,000	2,000	6,905	4,905
Other	75,000	75,000	126,043	51,043
Total revenues	1,158,558	1,158,558	1,211,914	53,356
EXPENDITURES				
Current:				
Administrative	116,757	116,757	102,688	14,069
Loans	1,196,897	1,218,936	1,211,437	7,499
Total expenditures	1,313,654	1,335,693	1,314,125	21,568
Excess (deficiency) of revenues over expenditures	(155,096)	(177,135)	(102,211)	74,924
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(155,096)	(177,135)	(102,211)	74,924
Fund balances - beginning	3,419,976	3,419,976	3,419,976	-
Fund balances - ending	\$ 3,264,880	\$ 3,242,841	\$ 3,317,765	\$ 74,924

See notes to required supplementary information.

Notes to Required Supplementary Information

June 30, 2016

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 Nonmajor Fund Financial Statements

Year Ended June 30, 2016

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
June 30, 2016

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Tax Increment	MHFA	Weather- ization	NSP	Homeownership Counseling	ESG	HIA	
ASSETS								
Cash and cash equivalents	\$ 2,397,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,397,501
Investments	3,000,000	-	-	-	-	-	-	3,000,000
Accounts receivable	-	-	41,338	432	-	-	-	41,770
Interest receivable	127,621	-	-	-	-	-	-	127,621
Taxes receivable	754,805	-	-	-	-	-	-	754,805
Special assessments receivable	-	-	-	-	-	-	714,628	714,628
Due from other funds	-	132,689	-	356,790	-	-	56,219	545,698
Due from other governments	786,579	-	65,435	-	28,266	22,636	40,483	943,399
Prepaid items	-	-	-	1,837	-	-	-	1,837
Notes receivable	951,040	-	-	341,933	-	-	-	1,292,973
Total assets	<u>\$ 8,017,546</u>	<u>\$ 132,689</u>	<u>\$ 106,773</u>	<u>\$ 700,992</u>	<u>\$ 28,266</u>	<u>\$ 22,636</u>	<u>\$ 811,330</u>	<u>\$ 9,820,232</u>
LIABILITIES								
Accounts payable	\$ 761	\$ 365	\$ 45,157	\$ 7,775	\$ 3,347	\$ 22,636	\$ 7,460	\$ 87,501
Due to other funds	39,890	-	59,163	-	1,495	-	-	100,548
Due to other governments	-	-	-	1,725	-	-	-	1,725
Advances from other funds	-	-	-	-	-	-	703,422	703,422
Unearned revenue	-	120,000	-	301,775	23,424	-	-	445,199
Total liabilities	<u>40,651</u>	<u>120,365</u>	<u>104,320</u>	<u>311,275</u>	<u>28,266</u>	<u>22,636</u>	<u>710,882</u>	<u>1,338,395</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	1,541,384	-	-	-	-	-	-	1,541,384
Unavailable revenue - special assessments	-	-	-	-	-	-	671,251	671,251
Unavailable revenue-loans	1,078,662	-	-	341,933	-	-	-	1,420,595
Total deferred inflows of resources	<u>2,620,046</u>	<u>-</u>	<u>-</u>	<u>341,933</u>	<u>-</u>	<u>-</u>	<u>671,251</u>	<u>3,633,230</u>
FUND BALANCES								
Nonspendable	-	-	-	1,837	-	-	-	1,837
Restricted	5,356,849	-	-	45,947	-	-	-	5,402,796
Assigned	-	12,324	2,453	-	-	-	-	14,777
Unassigned	-	-	-	-	-	-	(570,803)	(570,803)
Total fund balances	<u>5,356,849</u>	<u>12,324</u>	<u>2,453</u>	<u>47,784</u>	<u>-</u>	<u>-</u>	<u>(570,803)</u>	<u>4,848,607</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,017,546</u>	<u>\$ 132,689</u>	<u>\$ 106,773</u>	<u>\$ 700,992</u>	<u>\$ 28,266</u>	<u>\$ 22,636</u>	<u>\$ 811,330</u>	<u>\$ 9,820,232</u>

Dakota County Community Development Agency

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

Year Ended June 30, 2016

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Tax Increment	MHFA	Weather- ization	NSP	Homeownership Counseling	ESG	HIA	
REVENUES								
Taxes	\$ 1,434,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,434,707
Special assessments:								
Principal	-	-	-	-	-	-	76,162	76,162
Interest	-	-	-	-	-	-	30,842	30,842
Intergovernmental	-	138,848	613,801	10,363	77,190	64,532	-	904,734
Charges for services	-	-	-	38,224	9,254	-	-	47,478
Investment earnings	12,414	-	-	-	-	-	-	12,414
Other	38,526	-	145,190	33,935	-	-	-	217,651
Total revenues	1,485,647	138,848	758,991	82,522	86,444	64,532	107,004	2,723,988
EXPENDITURES								
Current:								
Administrative	32,887	25,416	140,385	16,270	77,978	2,866	1,022	296,824
Utilities	-	-	-	2,153	-	-	-	2,153
Ordinary maintenance and operation	-	-	-	31,164	-	-	-	31,164
Loans	86,580	124,529	-	9,600	-	-	-	220,709
Land acquisition & development	1,692,878	-	-	23,560	-	-	-	1,716,438
General	415,325	-	642,134	-	8,466	61,666	30,631	1,158,222
Capital outlay	-	-	-	-	-	-	52,867	52,867
Total expenditures	2,227,670	149,945	782,519	82,747	86,444	64,532	84,520	3,478,377
Excess (deficiency) of revenues over expenditures	(742,023)	(11,097)	(23,528)	(225)	-	-	22,484	(754,389)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(911,952)	-	-	-	-	-	-	(911,952)
Total other financing sources (uses)	(911,952)	-	-	-	-	-	-	(911,952)
Net change in fund balances	(1,653,975)	(11,097)	(23,528)	(225)	-	-	22,484	(1,666,341)
Fund balances - beginning	7,010,824	23,421	25,981	48,009	-	-	(593,287)	6,514,948
Fund balances - ending	\$ 5,356,849	\$ 12,324	\$ 2,453	\$ 47,784	\$ -	\$ -	\$ (570,803)	\$ 4,848,607

Dakota County Community Development Agency
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Tax Increment Fund
Year Ended June 30, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 1,434,904	\$ 1,434,904	\$ 1,434,707	\$ (197)
Investment earnings (losses)	11,804	11,804	12,414	610
Other	38,526	38,526	38,526	-
Total revenues	1,485,234	1,485,234	1,485,647	413
EXPENDITURES				
Current:				
Administrative	211,202	211,202	32,887	178,315
Loans	100,526	100,526	86,580	13,946
Land acquisition & development	3,029,990	2,997,469	1,692,878	1,304,591
General	480,825	480,825	415,325	65,500
Total expenditures	3,822,543	3,790,022	2,227,670	1,562,352
Excess (deficiency) of revenues over expenditures	(2,337,309)	(2,304,788)	(742,023)	1,562,765
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(913,000)	(953,000)	(911,952)	41,048
Total other financing sources (uses)	(913,000)	(953,000)	(911,952)	41,048
Net change in fund balances	(3,250,309)	(3,257,788)	(1,653,975)	1,603,813
Fund balances - beginning	7,010,824	7,010,824	7,010,824	-
Fund balances - ending	\$ 3,760,515	\$ 3,753,036	\$ 5,356,849	\$ 1,603,813

Dakota County Community Development Agency
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - HIA Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ -	\$ -	\$ 107,004	\$ 107,004
Total revenues	-	-	107,004	107,004
EXPENDITURES				
Current:				
Administrative	-	-	1,022	(1,022)
General	-	284,220	30,631	253,589
Capital outlay	-	-	52,867	(52,867)
Total expenditures	-	284,220	84,520	199,700
Excess (deficiency) of revenues over expenditures	-	(284,220)	22,484	306,704
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(284,220)	22,484	306,704
Fund balances - beginning	(593,287)	(593,287)	(593,287)	-
Fund balances - ending	<u>\$ (593,287)</u>	<u>\$ (877,507)</u>	<u>\$ (570,803)</u>	<u>\$ 306,704</u>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 10,768,397
Restricted	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	47,606,977
Unrestricted	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	100,989,927
Total governmental activities net position	<u>\$ 82,896,362</u>	<u>\$ 90,425,694</u>	<u>\$ 98,565,926</u>	<u>\$ 111,328,968</u>	<u>\$ 122,935,622</u>	<u>\$ 129,878,677</u>	<u>\$ 137,610,946</u>	<u>\$ 146,841,654</u>	<u>\$ 153,043,599</u>	<u>\$ 159,365,301</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 81,480,736
Restricted	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	10,806,051
Unrestricted	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	9,782,242
Total business-type activities net position	<u>\$ 61,251,594</u>	<u>\$ 68,297,783</u>	<u>\$ 72,649,117</u>	<u>\$ 75,799,214</u>	<u>\$ 83,829,054</u>	<u>\$ 90,443,691</u>	<u>\$ 92,156,517</u>	<u>\$ 97,437,441</u>	<u>\$ 99,930,637</u>	<u>\$ 102,069,029</u>
Total										
Net investment in capital assets	\$ 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	\$ 92,249,133
Restricted	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	58,413,028
Unrestricted	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	110,772,169
Total net position	<u>\$ 144,147,956</u>	<u>\$ 158,723,477</u>	<u>\$ 171,215,043</u>	<u>\$ 187,128,182</u>	<u>\$ 206,764,676</u>	<u>\$ 220,322,368</u>	<u>\$ 229,767,463</u>	<u>\$ 244,279,095</u>	<u>\$ 252,974,236</u>	<u>\$ 261,434,330</u>

Dakota County Community Development Agency
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Community Development	\$ 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	\$ 9,491,189
Business-type activities:										
Common bond senior housing	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	16,075,634
Housing assistance	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	19,290,349
Public Housing	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	2,682,093
Youth Housing	-	-	-	78,808	408,991	372,262	365,515	395,515	415,505	379,777
Workforce Housing	-	-	-	-	-	-	620,054	1,636,260	2,142,356	2,273,040
Total business-type activities expenses	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	40,700,893
Total expenses	\$ 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	\$ 50,192,082

(continued)

Dakota County Community Development Agency
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services	\$ 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	\$ 3,178,297
Operating grants and contributions	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	7,586,525
Total governmental activities program revenues	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	10,764,822
Business-type activities:										
Charges for services										
Common bond senior housing	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	12,061,330
Housing assistance	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	2,125,829
Public Housing	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	2,052,456
Youth Housing	-	-	-	27,967	132,644	135,209	132,362	131,458	144,292	146,273
Workforce Housing	-	-	-	-	-	-	598,550	1,470,587	1,967,102	1,963,078
Operating grants and contributions										
Common bond senior housing	863,668	1,156,273	495,263	240,485	804,438	2,704,985	570,709	714,597	562,712	2,151,051
Housing assistance	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	17,250,414
Public Housing	354,650	498,225	701,640	676,205	392,905	640,675	120,772	371,952	304,406	204,204
Youth Housing	-	-	15,271	4,300	153,774	152,480	153,005	206,123	156,655	150,967
Workforce Housing	-	-	-	-	-	-	4,152	165,432	52,630	16,539
Capital grants and contributions										
Common bond senior housing	-	-	-	-	-	-	57,953	-	-	-
Public Housing	807,317	369,319	708,897	1,041,631	1,142,458	877,276	494,206	658,182	612,948	705,192
Workforce Housing	-	-	-	-	-	-	2,019,274	3,531,669	1,627,495	-
Total business-type activities program revenues	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	38,827,333
Total program revenues	\$ 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	\$ 49,592,155
Net (expense)/revenue										
Governmental activities	\$ 895,738	\$ 1,094,895	\$ 653,379	\$ 4,554,936	\$ 9,007,083	\$ 2,931,006	\$ 1,479,629	\$ 3,831,046	\$ 804,152	\$ 1,273,633
Business-type activities	(64,258)	388,096	(732,728)	(369,286)	(59,556)	2,169,950	(891,134)	2,280,764	(758,737)	(1,873,560)
Total net (expense)/revenue	\$ 831,480	\$ 1,482,991	(79,349)	\$ 4,185,650	\$ 8,947,527	\$ 5,100,956	\$ 588,495	\$ 6,111,810	\$ 45,415	(599,927)

(continued)

Dakota County Community Development Agency
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 6,807,677
Tax increment revenue	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	1,434,707
Unrestricted investment earnings	2,186,086	1,952,466	1,004,807	493,547	343,651	316,807	105,064	606,434	526,561	817,637
Gain (loss) on sale/impairment of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(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)	(4,011,952)
Total governmental activities	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	5,048,069
Business-type activities:										
Transfers	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	4,011,952
Total business-type activities	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	4,011,952
Total general revenues and other changes in net position	\$ 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	\$ 9,060,021
Change in Net Position										
Governmental activities	\$ 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	\$ 6,321,702
Business-type activities	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	2,138,392
Total change in net position	\$ 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	\$ 8,460,094

Dakota County Community Development Agency
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016
General fund						
Nonspendable	\$ 4,503,628	\$ 3,537,062	\$ 8,548,514	\$ 6,999,812	\$ 9,131,317	\$ 2,390,791
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	6,355,235	10,989,361	11,106,428	17,844,458	16,597,295	55,421,923
Unassigned	27,212,253	28,090,372	27,630,219	31,703,308	37,187,009	9,879,487
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>	<u>\$ 67,692,201</u>
 All other governmental funds						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 5,503	\$ 158,493
Restricted	12,357,440	12,852,667	14,260,655	12,232,638	12,302,838	10,350,446
Committed	-	-	-	-	-	-
Assigned	34,361	50,674	46,445	50,211	49,402	14,777
Unassigned	-	-	-	-	(596,917)	(570,803)
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>	<u>\$ 9,952,913</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.

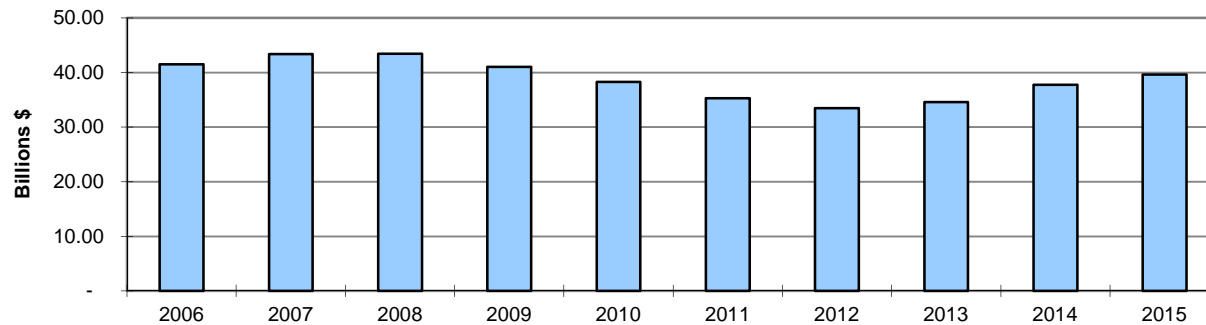
Dakota County Community Development Agency
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 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	\$ 8,242,384
Special assessments	-	-	-	-	-	-	-	-	127,148	107,004
Intergovernmental	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	5,118,825
Charges for services	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	3,178,297
Investment earnings	2,186,086	1,955,986	1,004,807	493,547	343,651	316,807	105,064	612,695	539,246	817,637
Other	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	3,639,086
Total revenues	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	21,103,233
Expenditures										
Administrative	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	2,706,220
Utilities	-	-	-	-	1,556	2,099	3,837	7,454	8,806	6,056
Ordinary maintenance and operation	13,275	12,377	16,827	18,704	19,424	22,473	39,862	65,608	57,409	56,868
Housing assistance payments	-	-	-	-	-	-	-	-	-	124,538
Loans	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	3,170,014
Land acquisition and development	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	2,401,757
General	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	2,321,187
Capital outlay	73,940	15,387	1,073	103,805	43,415	2,073	47,762	21,742	973,134	188,135
Intergovernmental	961,567	391,198	558,372	578,218	432,882	576,576	1,547,444	1,189,524	2,304,833	3,147,839
Total expenditures	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	14,122,614
Excess of revenues over (under) expenditures	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	6,980,619
Other financing sources (uses)										
Transfers in	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	2,500,000
Transfers out	(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)	(6,511,952)
Total other financing sources (uses)	(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)	(4,011,952)
Net change in fund balances	\$ 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	\$ 2,968,667

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		
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%
2015	454,661,066	39,093,256,221	9,845,321	504,162,445	464,506,387	39,597,418,666	0.01559	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 2015 CAFR

Dakota County Community Development Agency
Direct and Overlapping Governments
Tax Capacity Rates
Last Ten Calendar Years

Governments	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
COUNTY										
Dakota County	0.26318	0.25127	0.25184	0.25821	0.27269	0.29149	0.31426	0.33421	0.33745	0.29633
CITIES										
Apple Valley	0.35690	0.34891	0.35537	0.37086	0.39867	0.42388	0.44110	0.49210	0.47891	0.45274
Burnsville	0.35414	0.34564	0.35005	0.36121	0.38566	0.42598	0.43213	0.47021	0.46670	0.44790
Coates	0.17908	0.16971	0.15252	0.13587	0.16605	0.14343	0.18984	0.22842	0.19507	0.20081
Eagan	0.26704	0.25232	0.25892	0.26886	0.30408	0.33675	0.34553	0.38272	0.38250	0.36525
Farmington	0.42770	0.41883	0.43821	0.44186	0.49274	0.55733	0.63093	0.66821	0.65876	0.61455
Hampton	0.20224	0.24064	0.22742	0.24038	0.32859	0.34774	0.48625	0.47055	0.44221	0.46932
Hastings	0.50010	0.49235	0.49475	0.49732	0.52677	0.55195	0.66083	0.68547	0.66246	0.62581
Inver Grove Heights	0.35546	0.36514	0.37403	0.37878	0.41757	0.43169	0.44883	0.46312	0.46128	0.48131
Lakeville	0.31610	0.31583	0.34195	0.33973	0.36624	0.38250	0.39051	0.41234	0.40696	0.38948
Lilydale	0.36721	0.41386	0.41239	0.44291	0.47297	0.31115	0.35128	0.35556	0.34570	0.32619
Mendota	0.38234	0.42969	0.37178	0.35265	0.38429	0.45860	0.46652	0.47239	0.46518	0.46806
Mendota Heights	0.28027	0.27633	0.24142	0.26165	0.28061	0.29758	0.32057	0.34479	0.34737	0.34964
Miesville	0.24494	0.21512	0.23654	0.23116	0.24904	0.27223	0.33151	0.34670	0.32952	0.32255
New Trier	0.28778	0.24418	0.32119	0.36932	0.44344	0.47895	0.54663	0.56659	0.61658	0.55227
Northfield	0.34227	0.35691	0.36648	0.38536	0.40370	0.43889	0.50947	0.61901	0.59785	0.56750
Randolph	0.11127	0.11643	0.12512	0.15832	0.17773	0.25048	0.30476	0.32743	0.36865	0.26076
Rosemount	0.43755	0.42521	0.42440	0.42323	0.43358	0.44661	0.46994	0.48862	0.47676	0.45152
South St. Paul	0.34999	0.34143	0.36142	0.38532	0.41428	0.48374	0.56466	0.63280	0.60901	0.60405
Sunfish Lake	0.18617	0.18090	0.17847	0.18967	0.18625	0.20671	0.23677	0.27800	0.26775	0.23869
Vermillion	0.40697	0.32507	0.32429	0.37706	0.38845	0.40864	0.48251	0.51193	0.47656	0.47954
West St. Paul	0.42671	0.42082	0.43706	0.44608	0.50873	0.56078	0.62205	0.69447	0.71249	0.70642
TOWNSHIPS										
Castle Rock	0.12776	0.11738	0.11215	0.11484	0.12109	0.13187	0.14779	0.15622	0.14310	0.12364
Douglas	0.18861	0.20097	0.18389	0.18500	0.17439	0.15358	0.20791	0.22376	0.18733	0.18509
Empire	0.24473	0.28244	0.25452	0.26113	0.27764	0.27953	0.30845	0.31746	0.31164	0.29823
Eureka	0.16951	0.18163	0.17001	0.16854	0.17262	0.16951	0.18544	0.16861	0.15362	0.14688
Greenvale	0.13739	0.13014	0.13433	0.14124	0.11828	0.12597	0.12507	0.1922	0.17982	0.18013
Hampton	0.09222	0.10796	0.13156	0.13187	0.12496	0.17815	0.18002	0.17613	0.15415	0.14439
Marshan	0.17730	0.18121	0.17902	0.17435	0.13143	0.13837	0.16292	0.14877	0.13995	0.12860
Nininger	0.10185	0.08972	0.11577	0.12550	0.13430	0.14261	0.15208	0.15121	0.16384	0.16495
Randolph	0.06682	0.05783	0.04988	0.05437	0.05304	0.05576	0.06626	0.07444	0.08004	0.08665
Ravenna	0.14355	0.14268	0.10474	0.13014	0.13610	0.13756	0.15104	0.17773	0.20128	0.17452
Sciota	0.14939	0.19194	0.17116	0.16661	0.15830	0.17164	0.17412	0.17239	0.15021	0.13745
Vermillion	0.12468	0.11052	0.17820	0.17147	0.16629	0.17605	0.18664	0.19555	0.17466	0.17214
Waterford	0.08685	0.08155	0.07109	0.09209	0.09456	0.11311	0.13769	0.13640	0.13493	0.11909
SCHOOL DISTRICTS										
6	0.25900	0.23765	0.27640	0.26907	0.26807	0.30681	0.32306	0.35478	0.44522	0.35881
191	0.18315	0.18185	0.19374	0.19842	0.20668	0.21854	0.21881	0.26168	0.25661	0.24554
192	0.43708	0.44190	0.45831	0.49238	0.53452	0.52157	0.55308	0.57226	0.56326	0.53474
194	0.25670	0.25252	0.26272	0.27062	0.27714	0.32138	0.32061	0.33535	0.33048	0.31459
195	0.22632	0.22492	0.19031	0.20022	0.18547	0.20126	0.20823	0.19114	0.18001	0.16685
196	0.27554	0.23607	0.21136	0.21109	0.25391	0.26959	0.28440	0.27956	0.27606	0.23271
197	0.21428	0.19838	0.18914	0.18051	0.18850	0.19692	0.21857	0.24429	0.23863	0.24063
199	0.17796	0.16607	0.19764	0.19303	0.21795	0.24679	0.28363	0.27556	0.33418	0.34864
200	0.18683	0.18157	0.16676	0.16735	0.20206	0.22140	0.25435	0.23932	0.23052	0.20965
252	0.16555	0.13827	0.20580	0.17642	0.18868	0.20850	0.22379	0.24555	0.23940	0.24900
659	0.32272	0.31463	0.29579	0.28549	0.30528	0.34380	0.34166	0.38435	0.36410	0.34064
SPECIAL DISTRICTS										
Watershed M	0.00296	0.00290	0.00448	0.00911	0.00531	0.00266	0.00440	0.00642	0.00748	0.00679
Watershed V	0.00640	0.00608	0.00603	0.00588	0.00566	0.00555	0.00541	0.00543	0.00545	0.00466
Transit District	0.01476	0.01253	0.01247	0.01223	0.01166	0.01215	0.01375	0.01458	0.01377	0.01292
Transit District Lakeville	--	--	--	0.00608	--	--	--	--	--	--
Mosquito Control	0.00483	0.00483	0.00490	0.00474	0.00481	0.00493	0.00553	0.00573	0.00548	0.00518
Metro Council	0.00834	0.00847	0.00817	0.00792	0.00826	0.00829	0.00968	0.01223	0.01015	0.00827
Dakota County CDA	0.01615	0.01635	0.01622	0.01594	0.01692	0.01718	0.01724	0.01664	0.01650	0.01559
Burnsville EDA	0.00397	0.00615	0.00565	0.00566	0.00607	0.00722	0.00806	0.00906	0.00889	0.00860
Hastings HRA	0.01216	0.01183	0.01169	0.01141	0.01510	0.01487	0.01640	0.01428	0.01613	0.01379
Northfield EDA	0.01616	0.01646	0.01560	0.01539	0.01651	0.01761	0.01728	0.01801	0.01716	0.01697
Northfield HRA	0.01226	0.01307	0.01268	0.01251	0.01431	0.01528	0.01844	0.01838	0.01751	0.01732
South St. Paul HRA	0.01294	0.01268	0.01267	0.01686	0.01463	0.01518	0.01618	0.01351	0.01450	0.01468
Light Transit Rail	0.00208	0.00198	0.00217	0.00245	0.00256	0.00389	0.00401	0.00432	0.00403	0.00371

The Tax Capacity Rate is determined by dividing a taxing district's property tax levy amount by the taxing district's total tax capacity
Data Source: Dakota County Minnesota 2015 CAFR

Dakota County Community Development Agency
Principal Taxpayers
December 31, 2015 and December 31, 2006

Name	Type of Business	2015 Tax Capacity Value	% of Total County Tax Capacity
Northern States Power Co.	Electric Utility	\$ 7,712,529	1.7%
Flint Hills Resources Pine Bend LLC	Refinery	3,466,876	0.8%
Burnsville Center Spe LP	Burnsville Center	2,149,250	0.5%
Dakota Electric Assn.	Electric Utility	1,610,590	0.4%
West Publishing Co.	Book Publishing	1,464,158	0.3%
Northern Natural Gas Co.	Natural Gas Utility	1,397,192	0.3%
Health Landlord (MN) LLC	Commercial	1,203,628	0.3%
Minnegasco Inc.	Natural Gas Utility	1,198,396	0.3%
Eagan Promenade Inc	Health Care	802,242	0.2%
Menard, Inc.	Commercial	728,960	0.2%
		\$ 21,733,821	5.0%

Name	Type of Business	2006 Tax Capacity Value	% of Total County Tax Capacity
Xcel Energy	Electric Utility	\$ 5,524,991	1.2%
Flint	Refinery	2,349,890	0.5%
Burnsville Minnesota LLC	Burnsville Mall	1,944,552	0.4%
Dakota Electric Assn.	Electric Utility	1,829,640	0.4%
West Publishing Co.	Book Publishing	1,625,279	0.3%
BCBSM Inc.	Health Care	922,975	0.2%
Minnegasco Inc.	Natural Gas Utility	895,278	0.2%
AMB Property LP	Burnsville Center	784,952	0.2%
DDRA Eagan Promenade	Eagan Center	772,510	0.2%
IRET Properties	Investment Real Estate	712,443	0.1%
		\$ 17,362,510	3.7%

Data Source: Dakota County Minnesota 2015 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	Outstanding	Total Delinquent			
			Amount	% of Levy				Levy	Delinquent Taxes	Taxes as a % of Current Levy			
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%		68,452		7,823,262	99.49%		180,108	2.29%
2012		7,586,169		7,488,677	98.71%		62,948		7,551,625	99.54%		118,485	1.56%
2013		7,078,050		7,006,697	98.99%		28,433		7,035,130	99.39%		98,334	1.39%
2014		6,532,570		6,459,462	98.88%		44,332		6,503,794	99.56%		79,235	1.21%
2015		6,643,476		6,583,225	99.09%		39,664		6,622,889	99.69%		60,219	0.91%
2016		6,829,714		6,774,274	99.19%		-		6,774,274	99.19%		58,584	0.86%

**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
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
2016	12,061,330	1,614	623	2,052,456	323	530	1,963,078	215	761	146,273	25	488

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		
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	-	5,477,029	73,906,581	54%
2014	73,436,001	-	7,288,509	80,724,510	48%
2015	118,918,442	-	8,276,643	127,195,085	69%
2016	110,221,084	-	8,274,039	118,495,123	64%

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					Net Revenue										
	Gross Revenues		Direct Operating Expenses	Transfers and Contributions	Available for Debt Service	Debt Service Requirements			Coverage						
						Principal	Interest	Total							
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
2016		13,508,758		8,399,881		5,600,000		10,708,877		8,460,000		4,172,023		12,632,023	0.85

Note: Details about the housing development bonds can be found in the notes to the financial statements (Note 3 G). 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

Year	Population (1)	Personal Income (1)	Per Capita Income (1)	Median Age (2)	School Enrollment K thru 12 (3)	Annual Average Unemployment Rate (4)
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	21,524,339,000	52,177	36.8	73,199	3.8%
2015	414,686	N/A	N/A	N/A	N/A	3.3%

Data Source: Dakota County Minnesota 2015 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

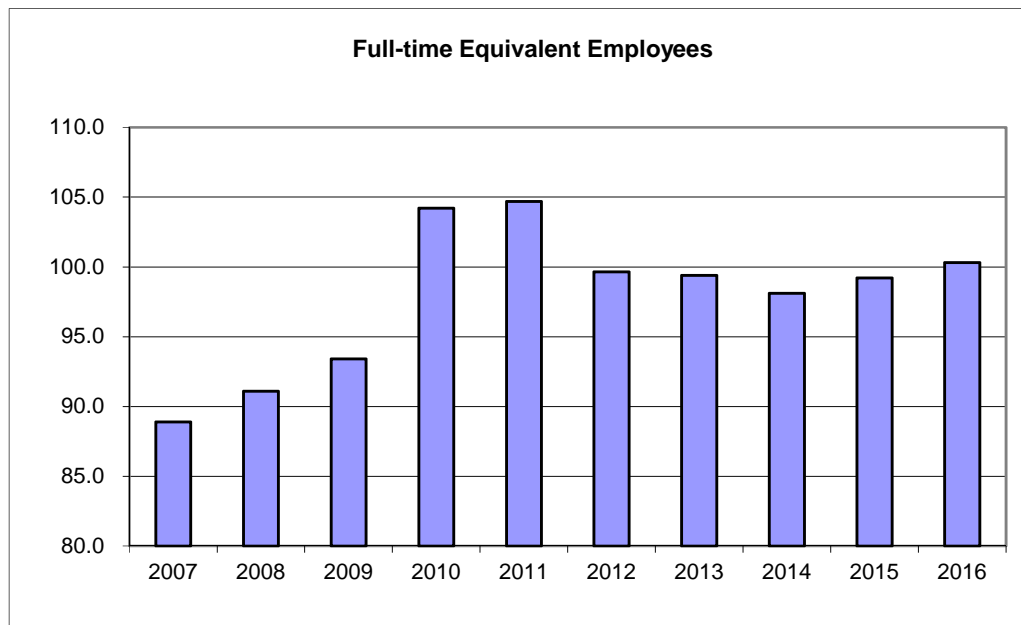
Employer	2015 Employees	Percentage of Total County Employment
Thomson West	7,000	2.99%
Independent School District 196	4,000	1.71%
Blue Cross-Blue Shield of MN	3,120	1.33%
Burnsville Center	3,000	1.28%
Prime Therapeutics	2,700	1.15%
Dakota County	1,776	0.76%
Independent School District 191	1,500	0.64%
Sun Country Airlines	1,500	0.64%
Fairview Ridges Hospital	1,500	0.64%
UTC Aerospace	1,481	0.63%
Total County Employment	234,087	11.77%

Employer	2006 Employees	Percentage of Total County Employment
West Group	5,700	2.49%
Independent School District 196	4,030	1.76%
Blue Cross-Blue Shield	3,500	1.53%
Burnsville Center	3,100	1.35%
Northwest Airlines	2,400	1.05%
Dakota County	1,936	0.85%
Fairview Ridges Hospital	1,700	0.74%
US Postal Service	1,600	0.70%
Independent School District 191	1,500	0.66%
Lockhead Martin	1,450	0.63%
Total County Employment	228,974	11.76%

Data Source: Dakota County Minnesota 2015 CAFR, Minnesota Department of Employment and Economic Development

Dakota County Community Development Agency
Full-Time Equivalent Employees
Last Ten Years

Department	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	7.0	8.5	9.7	10.8	10.7	10.0	10.0	9.5	8.0	9.7
Community & Economic Development	7.0	8.0	8.7	13.9	12.2	9.3	9.4	9.6	10.2	9.5
Finance	9.0	9.0	7.0	7.8	8.0	8.0	9.0	9.0	8.8	7.8
Housing Assistance	16.9	14.7	16.4	17.1	17.1	16.4	14.8	14.7	14.5	15.1
Housing Development	6.9	7.0	7.0	8.4	7.5	6.3	4.5	4.8	5.2	5.0
Property Management	42.1	43.9	44.6	46.2	49.2	49.7	51.7	50.5	52.5	53.2
Total	88.9	91.1	93.4	104.2	104.7	99.7	99.4	98.1	99.2	100.3



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Common Bond										
Senior Buildings	19	20	21	22	23	25	26	26	27	28
Units Available	1,079	1,135	1,190	1,277	1,337	1,463	1,543	1,543	1,609	1,669
Public Housing										
Senior Building	1	1	1	1	1	1	1	1	1	1
Scattered site units	244	244	242	242	243	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	1
Units Available	-	-	-	25	25	25	25	25	25	25
Workforce Housing LLC										
Family Townhomes	-	-	-	-	-	-	2	5	7	7
Units Available	-	-	-	-	-	-	66	166	215	215
Governmental										
NSP Fund	-	-	-	-	1	1	2	2	2	2
Units Available	-	-	-	-	4	4	5	5	5	5
Office Building	1	1	1	1	1	1	1	1	1	1
Employees (FTE's)	89	91	93	104	105	100	99	98	99	100

Dakota County Community Development Agency
Housing Units Managed
Last Ten Fiscal Years

By Fund	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Common Bond	1,079	1,135	1,190	1,277	1,337	1,463	1,543	1,543	1,609	1,669
Public Housing	324	324	322	322	323	323	323	323	323	323
Youth Housing	-	-	-	25	25	25	25	25	25	25
Joint Ventures	434	455	487	512	552	597	557	528	506	556
Workforce Housing LLC	-	-	-	-	-	-	66	166	215	215
NSP	-	-	-	-	4	4	5	5	5	5

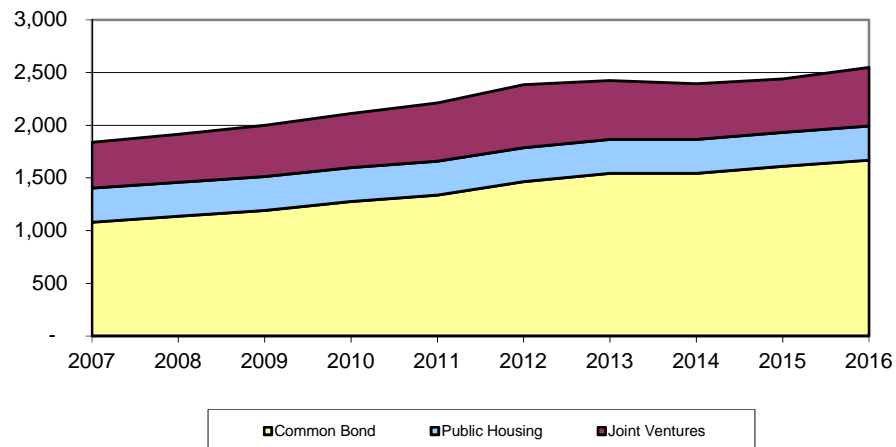
Total Units Managed	1,837	1,914	1,999	2,136	2,241	2,412	2,519	2,590	2,683	2,793
---------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

By Location

Apple Valley	227	227	227	227	291	336	336	336	336	336
Burnsville	243	243	243	243	243	243	323	323	323	323
Eagan	296	296	349	374	374	374	374	421	448	498
Farmington	6	6	6	31	31	98	124	124	124	124
Hastings	182	203	203	203	203	203	203	203	203	203
Inver Grove Heights	176	176	176	176	176	176	176	200	266	266
Lakeville	237	237	237	324	365	364	364	364	364	364
Mendota Heights	150	150	150	150	150	150	150	150	150	150
Rosemount	75	75	107	107	107	107	107	107	107	167
South St. Paul	54	110	110	110	110	170	170	170	170	170
West St. Paul	191	191	191	191	191	191	192	192	192	192

Total Units Managed	1,837	1,914	1,999	2,136	2,241	2,412	2,519	2,590	2,683	2,793
---------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Housing Units Managed

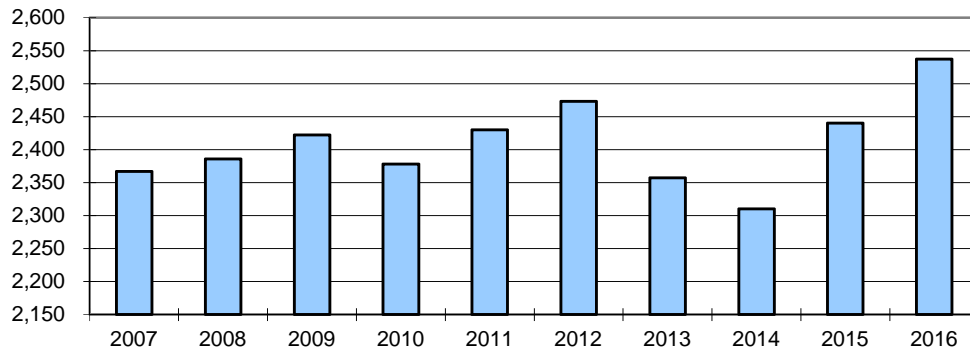


Note: The number of units shown is the number of units available at the end of the fiscal year.

Dakota County Community Development Agency
Housing Units Assisted
Last Ten Fiscal Years

Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vouchers	2,292	2,306	2,326	2,283	2,361	2,395	2,293	2,238	2,363	2,454
Bridges	44	49	60	58	35	41	35	44	54	54
Continuum of Care/Shelter + C	17	20	22	22	23	26	26	28	23	29
Max 200/SHOP	14	11	14	15	11	11	3	-	-	-
Average Units Assisted Per Month	2,367	2,386	2,422	2,378	2,430	2,473	2,357	2,310	2,440	2,537
Net Port Activity Included in Vouchers										
Port-Ins	175	238	261	301	308	331	387	384	370	307
Port-Outs	(81)	(93)	(146)	(167)	(152)	(156)	(197)	(202)	(237)	(247)
	94	145	115	134	156	175	190	182	133	60

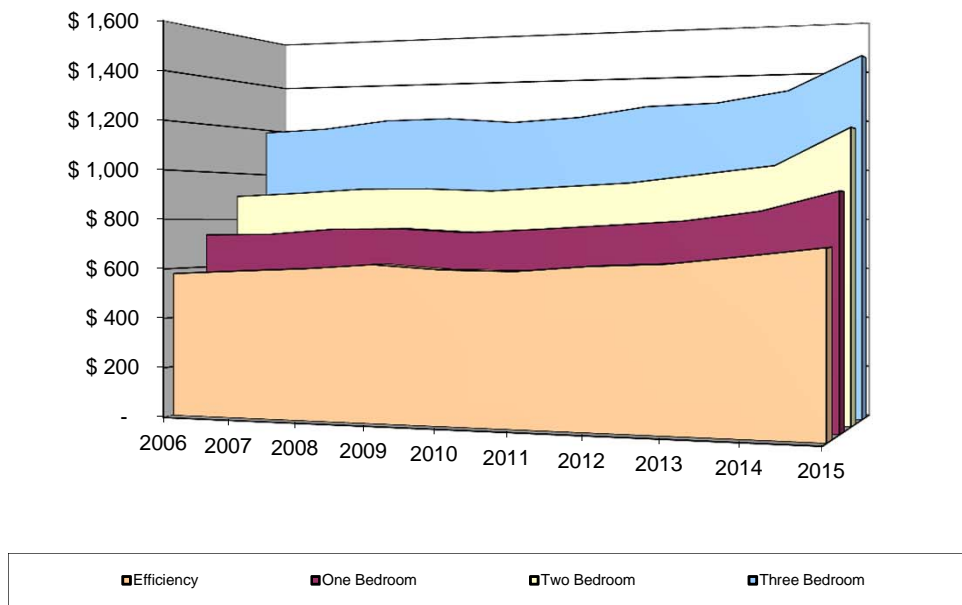
Average Units Assisted Per Month



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

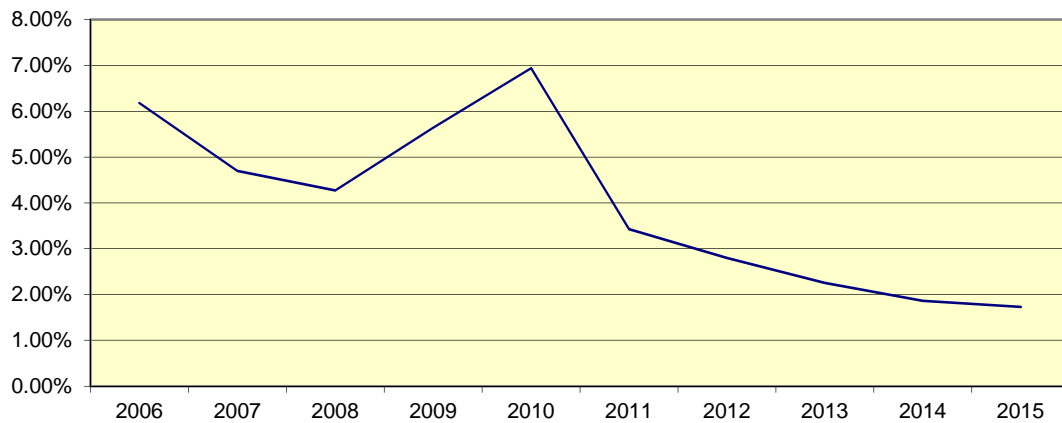


Data Source: Dakota County CDA Rental Market Surveys 2006 through 2015

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				
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
2015	22,767,296	95,735,608	118,502,904	41,225,595	14,130,860	173,859,359

Conduit Debt Outstanding

