PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 11, 2019

NEW ISSUE **S&P Rating: AAA**
NOT BANK QUALIFIED

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants, interest to be paid on the Series 2019B Bonds s is excluded from gross income for federal income tax purposes and, to the same extent, is excluded from taxable net income of individuals, estates, or trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Series 2019B Bonds or arising with respect to ownership of the Series 2019B Bonds. The Agency has not designated the Series 2019B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION" herein.

$5,895,000*

Scott County Community Development Agency, Minnesota

Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B

(Book Entry Only)

Dated Date: Date of Delivery **Interest Due: Each February 1 and August 1, commencing August 1, 2020**

The Series 2019B Bonds (as defined herein) will mature as shown on the inside front cover of this Official Statement.

The Series 2019B Bonds are being issued pursuant Minnesota Statutes, Chapters 469 and 475, both as amended; an Indenture of Trust dated as of December 1, 2010 (the "Original Indenture") between the Scott County Community Development Agency, Minnesota (the "Agency") and U.S. Bank National Association, Saint Paul, Minnesota, who will serve as trustee for the Series 2019B Bonds (the "Trustee"), and accepted by the City of Elko New Market, Minnesota (the "City") and Scott County, Minnesota (the "County"); a First Supplemental Indenture of Trust dated as of December 1, 2019 entered into between the Agency and the Trustee, and accepted by the County and the City (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"); an approving resolution of the Board of Commissioners of the Agency adopted on August 13, 2019 (the "Agency Resolution"); an approving resolution of the City Council of the City adopted on September 12, 2019 (the "City Resolution"); and an approving resolution of the Board of Commissioners of the County adopted on September 3, 2019 (the "County Resolution" and, together with the Agency Resolution and the City Resolution, the "Resolutions"). The Series 2019B Bonds will be general obligations of Scott County, Minnesota (the "County") for which the Agency will pledge the County's full faith and credit and power to levy direct general ad valorem taxes. In addition, the Agency will pledge revenues of the housing component of a mixed-use facility located in the City of Elko New Market, Minnesota (the "Housing Facility") and a portion of its special benefits tax for repayment of the Series 2019B Bonds. The proceeds of the Series 2019B Bonds will be used to redeem in full (i) the February 1, 2021 through February 1, 2028 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010A (Taxable Build America Bonds – Direct Pay), dated as of December 14, 2010; and (ii) the February 1, 2028 through February 1, 2045 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010B (Taxable Recovery Zone Economic Development Bonds – Direct Pay), dated as of December 14, 2010 (collectively, the "Prior Bonds"). In addition, the Agency will deposit additional funds with the Trustee prior to February 1, 2020 for payment of the principal and interest then due.

Proposals shall be for not less than $5,824,260 plus accrued interest, if any, on the total principal amount of the Series 2019B Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public as stated on the proposal for each maturity must be 98.0% or greater. **Series 2019B Bonds maturing February 1, 2030 through February 1, 2039 shall bear interest at a rate not exceeding 4.00%. Series 2019B Bonds maturing February 1, 2040 through February 1, 2045 shall bear interest at a rate not exceeding 3.50%.**

Following receipt of proposals, a good faith deposit will be required to be delivered to the Agency by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Series 2019B Bonds will be made on the basis of True Interest Cost (TIC).

The Series 2019B Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2019B Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Series 2019B Bonds purchased. (See "Book Entry System" herein.) The Trustee will serve as registrar (the "Registrar") for the Series 2019B Bonds. **The Series 2019B Bonds will be available for delivery at DTC on or about December 12, 2019.**

PROPOSALS RECEIVED: Monday, October 21, 2019 until 10:30 A.M., Central Time
CONSIDERATION OF AWARD: Monday, October 21, 2019 at 3:00 P.M., Central Time

bakertilly MUNICIPAL ADVISORS now joined with Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

Scott County Community Development Agency, Minnesota

$5,895,000* Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B

The Series 2019B Bonds will mature February 1 in the years and amounts* as follows:

2021	$165,000	2026	$205,000	2031	$230,000	2036	$250,000	2041	$270,000
2022	$185,000	2027	$210,000	2032	$235,000	2037	$260,000	2042	$280,000
2023	$190,000	2028	$215,000	2033	$235,000	2038	$255,000	2043	$280,000
2024	$195,000	2029	$220,000	2034	$240,000	2039	$260,000	2044	$285,000
2025	$205,000	2030	$225,000	2035	$245,000	2040	$270,000	2045	$285,000

Proposals for the Series 2019B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The Agency may elect on February 1, 2029, and on any date thereafter, to redeem Series 2019B Bonds due on or after February 1, 2030, in whole or in part, at a price of par plus accrued interest to the date of redemption. The Series 2019B Bonds are also subject to extraordinary redemption. See "THE SERIES 2019B BONDS – Redemption Provisions – Extraordinary Redemption" herein.

* *Preliminary; subject to change.*

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY, MINNESOTA

Board of Commissioners

DeAnn Croatt	Chair
Patti Sotis	Vice Chair
Terri Gulstad	Secretary
Kent Robbins	Commissioner
Barry Stock	Commissioner

Executive Director

William Jaffa

Finance Director

Adam Johnson

SCOTT COUNTY, MINNESOTA

Board of Commissioners

Barbara Weckman Brekke	Chair
David Beer	Vice Chair
Michael Beard	Commissioner
Jon Ulrich	Commissioner
Thomas Wolf	Commissioner

County Administrator

Lezlie A. Vermillion

Deputy County Administrator / Chief Finance Officer

Daniel Lenz

Principal Financial Analyst

Steve Jones

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Kennedy & Graven, Chartered
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Agency from time to time, may be treated as a Preliminary Official Statement with respect to the Series 2019B Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Agency.

By awarding the Series 2019B Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the Agency agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Series 2019B Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations with respect to the Series 2019B Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Agency.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the Agency and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AGENCY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Series 2019B Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Series 2019B Bonds are assigned by an organization unaffiliated with the Agency. The Agency is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2019B Bonds or as set forth in the Final Official Statement. No assurance can be given by the Agency that the CUSIP numbers for the Series 2019B Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Series 2019B Bonds.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2019B Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

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THE AGENCY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$5,895,000*

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY, MINNESOTA

GOVERNMENTAL DEVELOPMENT REFUNDING BONDS (SCOTT COUNTY, MINNESOTA UNLIMITED TAX GENERAL OBLIGATION), SERIES 2019B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2019B Bonds") will be received by the Scott County Community Development Agency, Minnesota (the "Agency") on Monday, October 21, 2019 (the "Sale Date") until 10:30 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for the award of the Series 2019B Bonds will be by a designated Pricing Committee at 3:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the Agency to purchase the Series 2019B Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the Agency, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the Agency, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The Agency is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019B Bonds, and PARITY® is not an agent of the Agency.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE SERIES 2019B BONDS

The Series 2019B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019B Bonds will mature February 1 in the years and amounts* as follows:

2021	$165,000	2026	$205,000	2031	$230,000	2036	$250,000	2041	$270,000
2022	$185,000	2027	$210,000	2032	$235,000	2037	$260,000	2042	$280,000
2023	$190,000	2028	$215,000	2033	$235,000	2038	$255,000	2043	$280,000
2024	$195,000	2029	$220,000	2034	$240,000	2039	$260,000	2044	$285,000
2025	$205,000	2030	$225,000	2035	$245,000	2040	$270,000	2045	$285,000

* *The Agency reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019B Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2019B Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the Agency for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019B Bonds will be issued by means of a book entry system with no physical distribution of Series 2019B Bonds made to the public. The Series 2019B Bonds will be issued in fully registered form and one Series 2019B Bond, representing the aggregate principal amount of the Series 2019B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019B Bonds. Individual purchases of the Series 2019B Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2019B Bonds, will be required to deposit the Series 2019B Bonds with DTC.

TRUSTEE

U.S. Bank National Association, Saint Paul, Minnesota will serve as trustee (the "Trustee") for the Series 2019B Bonds, and the Agency will pay for the services of the Trustee.

OPTIONAL REDEMPTION

The Agency may elect on February 1, 2029, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the Agency and in such manner as the Agency shall determine. If less than all Series 2019B Bonds of a maturity are called for redemption, the Agency will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

EXTRAORDINARY REDEMPTION

The Series 2019B Bonds are also subject to extraordinary redemption, in whole or in part, at the option of the Agency, at a redemption price equal to the principal amount thereof plus accrued interest to the date in the event of damage, destruction, or condemnation of the Housing Facility (as defined herein).

SECURITY AND PURPOSE

The Series 2019B Bonds will be general obligations of Scott County, Minnesota (the "County") for which the Agency will pledge the County's full faith and credit and power to levy direct general ad valorem taxes. In addition, the Agency will pledge revenues of the housing component of a mixed-use facility located in the City of Elko New Market, Minnesota and a portion of its special benefits tax for repayment of the Series 2019B Bonds. The proceeds of the Series 2019B Bonds will be used to redeem in full (i) the February 1, 2021 through February 1, 2028 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010A (Taxable Build America Bonds – Direct Pay) dated as of December 14, 2010; and (ii) the February 1, 2028 through February 1, 2045 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010B (Taxable Recovery Zone Economic Development Bonds – Direct Pay), dated as of December 14, 2010 (collectively, the "Prior Bonds") The Agency will deposit additional funds with the Trustee prior to February 1, 2020 for payment of the principal and interest then due.

BIDDING PARAMETERS

Proposals shall be for not less than $5,824,260 plus accrued interest, if any, on the total principal amount of the Series 2019B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the Agency scheduled for award of the Series 2019B Bonds is adjourned, recessed, or continued to another date without award of the Series 2019B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. **Series 2019B Bonds maturing February 1, 2030 through February 1, 2039 shall bear interest at a rate not exceeding 4.00%. Series 2019B Bonds maturing February 1, 2040 through February 1, 2045 shall bear interest at a rate not exceeding 3.50%.** Series 2019B Bonds of the same maturity shall bear a single rate from the date of the Series 2019B Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the Agency with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the Agency in establishing the issue price of the Series 2019B Bonds and shall complete, execute, and deliver to the Agency prior to the closing date, a written certification in a form acceptable to the Purchaser, the Agency, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2019B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the Agency pursuant hereto may be taken or received on behalf of the Agency by Baker Tilly MA.

The Agency intends that the sale of the Series 2019B Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the Agency shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;

(ii) all bidders shall have an equal opportunity to submit a bid;

(iii) the Agency reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2019B Bonds; and

(iv) the Agency anticipates awarding the sale of the Series 2019B Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019B Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2019B Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2019B Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the Agency shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2019B Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2019B Bonds, the Purchaser shall advise the Agency and Baker Tilly MA if 10% of any maturity of the Series 2019B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The Agency will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The Agency will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the Agency will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the Agency and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the Agency and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2019B Bonds or until all of the Series 2019B Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the Agency in the amount of $58,950 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the Agency; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the Agency nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the Agency may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the Agency if it is made payable to the Agency and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the Agency upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the Agency and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the Agency.

AWARD

The Series 2019B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the Agency. The Agency's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Agency will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the Agency determines to have failed to comply with the terms herein.

CUSIP NUMBERS

If the Series 2019B Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019B Bonds; however, neither the failure to print such numbers on any Series 2019B Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019B Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about December 12, 2019, the Series 2019B Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the Agency or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019B Bonds has been made impossible by action of the Agency, or its agents, the Purchaser shall be liable to the Agency for any loss suffered by the Agency by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the Agency and the County will undertake, pursuant to resolutions adopted by the respective governing bodies, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2019B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2019B Bonds.

OFFICIAL STATEMENT

The Agency has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019B Bonds, and said Preliminary Official Statement has been deemed final by the Agency as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the Agency, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019B Bonds, together with any other information required by law. By awarding the Series 2019B Bonds to the Purchaser, the Agency agrees that, no more than seven business days after the date of such award, it shall provide without cost to the

Purchaser up to 25 copies of the Final Official Statement. The Agency designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the Agency, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated August 13, 2019

BY ORDER OF THE BOARD OF COMMISSIONERS

/s/ William Jaffa
Executive Director

OFFICIAL STATEMENT

$5,895,000*

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY, MINNESOTA

GOVERNMENTAL DEVELOPMENT REFUNDING BONDS (SCOTT COUNTY, MINNESOTA UNLIMITED TAX GENERAL OBLIGATION), SERIES 2019B

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides certain information pertaining to the Scott County Community Development Agency, Minnesota (the "Agency"), a public body corporate and politic organized and existing under the laws of the State of Minnesota; Scott County, Minnesota (the "County"), a public body corporate and politic organized and existing under the Constitution and the laws of the State of Minnesota; and the issuance by the Agency of its $5,895,000* Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B (the "Series 2019B Bonds").

The Series 2019B Bonds are being issued pursuant Minnesota Statutes, Chapters 469 and 475, both as amended; an Indenture of Trust dated as of December 1, 2010 (the "Original Indenture") between the Agency and U.S. Bank National Association, Saint Paul, Minnesota, who will serve as trustee for the Series 2019B Bonds (the "Trustee"), and accepted by the City of Elko New Market, Minnesota (the "City") and the County; a First Supplemental Indenture of Trust dated as of December 1, 2019 entered into between the Agency and the Trustee, and accepted by the County and the City (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"); an approving resolution of the Board of Commissioners of the Agency adopted on August 13, 2019 (the "Agency Resolution"); an approving resolution of the City Council of the City adopted on September 12, 2019 (the "City Resolution"); and an approving resolution of the Board of Commissioners of the County adopted on September 3, 2019 (the "County Resolution" and, together with the Agency Resolution and the City Resolution, the "Resolutions").

The Bonds will be general obligations of the County for which the Agency will pledge the County's full faith and credit and power to levy direct general ad valorem taxes. In addition, the Agency will pledge revenues of the housing component of a mixed-use facility located in the City of Elko New Market, Minnesota (the "Housing Facility") and a portion of its special benefits tax for repayment of the Series 2019B Bonds. The proceeds of the Series 2019B Bonds will be used to redeem in full (i) the February 1, 2021 through February 1, 2028 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010A (Taxable Build America Bonds – Direct Pay), dated as of December 14, 2010; and (ii) the February 1, 2028 through February 1, 2045 maturities of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010B (Taxable Recovery Zone Economic Development Bonds – Direct Pay), dated as of December 14, 2010 (collectively, the "Prior Bonds"). The Agency will deposit additional funds with the Trustee prior to February 1, 2020 for payment of the principal and interest then due. Proceeds of the Prior Bonds were used to finance the Housing Facility.

* *Preliminary; subject to change.*

Inquiries regarding the Agency may be made to Mr. William Jaffa, Executive Director, Scott County Community Development Agency, 323 South Naumkeag Street, Shakopee, Minnesota, 55379-1652, by telephoning (952) 402-9022, or by emailing bjaffa@scottcda.org. Inquiries regarding the County may be directed to Mr. Steve Jones, Principal Financial Analyst, Scott County, 200 Fourth Avenue West, Shakopee, Minnesota 55379, by telephoning (952) 496-8765, or by emailing sjones@co.scott.mn.us. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by emailing bond_services@bakertilly.com.

All summaries of documents contained in this Official Statement are subject to the provisions of, and are qualified in their entirety by reference to, such documents. All capitalized terms which are not expressly defined herein shall have the meanings as defined in the document unless the context clearly requires a different meaning.

CONCURRENT FINANCING

On Thursday, October 10, 2019, the Agency sold its $11,590,000 Governmental Development Bonds (Scott County, Minnesota Unlimited Tax General Obligation – Brentwood II Project), Series 2019A (the "Series 2019A Bonds"). The Final Official Statement for the Series 2019A Bonds will be dated on or about October 16, 2019. The Series 2019A Bonds are being issued to finance the development, acquisition, construction and equipping of a 59-unit senior housing facility to be constructed by the Agency in the City of Jordan, Minnesota located adjacent to the Agency's Brentwood Court Apartments.

The Series 2019A Bonds are general obligations of the County for which the Agency will pledge the County's full faith and credit and power to levy direct general ad valorem taxes. In addition, the Series 2019A Bonds will be issued on a parity with the Agency's outstanding Governmental Development Bonds (Scott County, Minnesota, Unlimited Tax General Obligation – Brentwood Project), Series 2012C (the "Series 2012C Bonds") and the Agency will pledge rental revenues and other receipts from both the existing rental housing facility financed by the Series 2012C Bonds (known as the Brentwood Court Apartments) and the facility to be financed by the Series 2019A Bonds. The Agency will also pledge a portion of its special benefits tax for repayment of a portion of the Series 2019A Bonds. Settlement of the Series 2019A Bonds is expected to take place on or about November 6, 2019.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Agency Resolution and the County Resolution, the Agency and the County have covenanted to comply with the continuing disclosure undertaking (the "Undertaking") for the benefit of holders or beneficial owners of the Series 2019B Bonds to provide certain financial information and operating data relating to the Agency and the County to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of certain events enumerated in the Rule to the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Undertaking in substantially the form attached hereto as Appendix IV, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Series 2019B Bonds from the Agency, (iii) acceptable to the Chair and Executive Director of the Agency, and (iv) acceptable to the Chair and Administrator of the County.

The Agency and the County believe they have complied for the past five years with the terms of their previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows:

- The County has delivered continuing disclosure undertakings under which it committed to provide certain annual operating data relating to its outstanding obligations. For the fiscal year ended December 31, 2015, the County's Comprehensive Annual Financial Report (CAFR) was referenced as the source for the County's annual operating data. For that year, the County's Taxable Net Tax Capacity by Class of Property and certain Debt Ratios were not included in the CAFR as referenced. The information for the fiscal year ended December 31, 2015, along with a failure to timely file notice, was filed with the MSRB through EMMA on December 12, 2017.

- Except as noted above, the County and the Agency have timely filed their annual operating data and CAFRs with EMMA for the fiscal years ended December 31, 2013 through 2016. However, at the time of each filing, EMMA information had not linked CUSIP 809554LN6 for the February 1, 2032 maturity to the Agency's Housing Development Revenue Bonds (Scott County, Minnesota, Unlimited Tax General Obligation – Glendale Place Project), Series 2007 (the "Series 2007 Bonds"), causing a failure to file for that maturity. The annual filings were linked to the above-referenced CUSIP number on December 12, 2017 and February 20, 2019. In addition, failure to timely file notices were filed with the MSRB through EMMA on December 12, 2017 and February 20, 2019. The Series 2007 Bonds were redeemed in full on February 1, 2018 and are no longer outstanding.

- On November 19, 2015, Moody's Investors Service ("Moody's") upgraded the City of Shakopee, Minnesota's (the "City") underlying rating related to the Agency's outstanding bonds backed by the City's general obligation pledge (CUSIPs 809567 and 809556) from "Aa2" to "Aa1." The material event and failure to timely file notices related to this rating change were filed with the MSRB through EMMA on December 11, 2015.

- Prior continuing disclosure undertakings entered into by the Agency and the County included language stating that the Agency's and the County's audited financial statements would be filed "as soon as available." Although not always filed "as soon as available", the audited financial statements were timely filed within the required twelve (12) month timeframe as provided for in each undertaking.

A failure by the Agency or the County to comply with the Undertaking will not constitute an event of default on the Series 2019B Bonds (although holders or other beneficial owners of the Series 2019B Bonds will have the sole remedy of bringing an action for specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2019B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2019B Bonds and their market price.

THE SERIES 2019B BONDS

General Description

The Series 2019B Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the inside front cover of this Official Statement. The Series 2019B Bonds are issued in book entry form. Interest on the Series 2019B Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Series 2019B Bonds will be paid as described in the section herein entitled "Book Entry System." U.S. Bank National Association, Saint Paul, Minnesota, as Trustee will serve as Registrar for the Series 2019B Bonds, and the Agency will pay for registrar services.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Series 2019B Bonds. Failure to give such written notice to any registered owner of the Series 2019B Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2019B Bonds. All Series 2019B Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The Agency may elect on February 1, 2029, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2030. Optional redemption may be in whole or in part and if in part Series 2019B Bonds will be selected from such maturities as directed by the Agency. If less than all the Series 2019B Bonds of a maturity are called for redemption, DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Extraordinary Redemption

The Series 2019B Bonds are also subject to extraordinary redemption, in whole or in part, at the option of the Agency, at a redemption price equal to the principal amount thereof plus accrued interest to the date in the event of damage or destruction or condemnation of the Housing Facility. See APPENDIX II, "APPLICATION OF NET REVENUES – Application of Net Proceeds."

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019B Bonds. The Series 2019B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2019B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2019B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019B Bonds, except in the event that use of the book-entry system for the Series 2019B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019B Bond documents. For example, Beneficial Owners of the Series 2019B Bonds may wish to ascertain that the nominee holding the Series 2019B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019B Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2019B Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019B Bonds at any time by giving reasonable notice to Agency or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

THE AGENCY

The Agency is a public body corporate and politic duly organized and existing under the laws of the State of Minnesota.

The members of the Agency's Board of Commissioners are appointed by the Scott County Board of Commissioners. The powers of the Agency are vested in its Board of Commissioners. Mr. William Jaffa is the Executive Director of the Agency. The current members of the Agency's Board of Commissioners are listed below.

		Expiration of Term
DeAnn Croatt	Chair	December 31, 2020
Patti Sotis	Vice Chair	December 31, 2021
Terri Gulstad	Secretary	December 31, 2023
Kent Robbins	Commissioner	December 31, 2019
Barry Stock	Commissioner	December 31, 2022

THE COUNTY

The County is a public body corporate and politic corporate, organized and existing under and pursuant to the Constitution and laws of the State of Minnesota. General information regarding the County's location, organization, administration, economy, tax base, tax levies and collections and financial condition is contained within this Official Statement (see "APPENDIX I – GENERAL AND FINANCIAL INFORMATION CONCERNING SCOTT COUNTY, MINNESOTA" herein). The County has the authority to and has approved the principal amount of the Series 2019B Bonds and the pledge by the Agency of the County's full faith and credit and taxing power for repayment of the Series 2019B Bonds pursuant to Minnesota Statutes, Section 469.034.

AUTHORITY AND PURPOSE

The Series 2019B Bonds are being issued pursuant to Minnesota Statutes, Chapters 469 and 475, the Indenture, and the Resolutions. The proceeds of the Series 2019B Bonds will be used to redeem in full (i) the February 1, 2021 through February 1, 2028 maturities (the "Series 2010A Refunded Maturities") of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010A (Taxable Build America Bonds – Direct Pay), dated as of December 14, 2010 (the "Series 2010A Bonds"); and (ii) the February 1, 2028 through February 1, 2045 maturities (the "Series 2010B Refunded Maturities") of the Agency's Governmental Development Bonds (Scott County, Minnesota – Unlimited Tax General Obligation), Series 2010B (Taxable Recovery Zone Economic Development Bonds – Direct Pay), dated as of December 14, 2010 (the "Series 2010B Bonds").

The Series 2010A Refunded Maturities and the Series 2010B Refunded Maturities are referred to herein as the "Refunded Maturities." The Series 2010A Bonds and the Series 2010B Bonds are referred to herein as the "Prior Bonds."

The Series 2019B Bonds have been structured as a current refunding and are being issued to achieve debt service savings. It is anticipated that the Refunded Maturities will be called and prepaid at a price of par plus accrued interest on February 1, 2020, which is within 90 days of settlement of the Series 2019B Bonds. The Agency will deposit additional funds with the Trustee prior to February 1, 2020 for payment of the principal and interest then due. Proceeds of the Prior Bonds originally financed the acquisition, construction, and equipping by the Agency of a 49-unit multifamily rental housing facility for low- and moderate-income seniors located in the City of Elko New Market, Minnesota (the "Housing Facility").

SOURCES AND USES OF FUNDS

The composition of the Series 2019B Bonds is estimated to be as follows:

Sources of Funds:	
Par Amount	$5,895,000
Agency Funds to be Provided to Trustee	322,123
Total Sources of Funds	$6,217,123
Uses of Funds:	
Deposit for Refunding Purposes	$5,745,000
Deposit to Debt Service Fund for February 1, 2020 Payment	322,123
Costs of Issuance	79,260
Allowance for Discount Bidding	70,740
Total Uses of Funds	$6,217,123

Estimated Debt Service Requirements

Set forth below are the projected debt service requirements on the Series 2019B Bonds, which are preliminary and are subject to change:

Calendar Year	Principal	Principal and Interest
2019	-	-
2020	-	$ 89,058
2021	$ 165,000	303,931
2022	185,000	321,647
2023	190,000	324,181
2024	195,000	326,630
2025	205,000	333,950
2026	205,000	331,080
2027	210,000	332,966
2028	215,000	334,565
2029	220,000	335,646
2030	225,000	336,139
2031	230,000	336,189
2032	235,000	335,840
2033	235,000	330,200
2034	240,000	329,261
2035	245,000	327,955
2036	250,000	326,334
2037	260,000	329,319
2038	255,000	317,045
2039	260,000	314,641
2040	270,000	316,889
2041	270,000	308,856
2042	280,000	310,536
2043	280,000	301,968
2044	285,000	298,281
2045	285,000	289,446
	$5,895,000	$8,142,553

SECURITY AND FINANCING

The Series 2019B Bonds will be general obligations of the County for which the Agency will pledge the County's full faith and credit and power to levy direct general ad valorem taxes. See information regarding the County in Appendix I hereto.

The principal of and interest on the Series 2019B Bonds are expected to be paid entirely from the following revenues, which the Agency will pledge to the payment of the debt service on the Series 2019B Bonds: (i) revenues and receipts derived by the Agency from the operation of the Housing Facility (net of amounts used to pay operating costs); (ii) all proceeds from use and occupancy insurance and rental loss insurance; (iii) the Debt Service Reserve Fund created and maintained under the terms of the Indenture; and (iv) an annually appropriated amount from the Agency's special benefits tax, which together are expected to be sufficient to pay 110% of the principal and interest on the Series 2019B Bonds in each year as required by Minnesota Statute. The Series 2019B Bonds are being issued as additional bonds under the Indenture and are secured on a parity basis with the Prior Bonds by the revenues described in this paragraph. See Appendix II regarding the application of revenues pledged by the Agency to the payment of debt service on the Series 2019B Bonds.

Special Benefits Tax

The Agency is authorized to levy a tax on all taxable property within the County in an annual amount not to exceed 0.01850% of the County's estimated market value (the "Special Benefits Tax") as authorized by Minnesota Statutes, Section 469.033, Subd.6. The Agency has pledged, subject to annual appropriation, its Special Benefits Tax in an amount up to $85,000 annually, to pay a portion of the principal of and interest on the Series 2019B Bonds. This is an annual appropriation pledge which may be terminated by the Agency in any year.

Procedurally, the Special Benefits Tax is required to be extended, spread, and included as part of the general taxes for state, county, and municipal purposes by the County Auditor, and collected and enforced accordingly. As the tax is collected by the County Treasurer, it is required to be accumulated and kept in a separate "housing and redevelopment project fund." The money in this fund is required to be turned over to the Agency at the same time and in the same manner that the tax collections for the County are turned over to the County. Proceeds of the Special Benefits Tax are permitted to be expended for any corporate purpose of the Agency.

The Agency each year is required to formulate and file with the County a budget in accordance with the budget procedures of the County in the same manner as required of executive departments of the County or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year is included in that budget and is subject to certification by the County.

The table below provides a five-year history of the County's market value and the amount available for the Agency's levy.

Levy Year/ Collection Year	Estimated Market Value	Maximum Percentage	Maximum Levy	Amount Levied
2018/19	$18,663,164,400	0.01850%	$3,452,685	$3,452,685
2017/18	17,331,681,400	0.01850	3,206,361	3,206,361
2016/17	16,337,842,200	0.01850	3,022,501	3,022,501
2015/16	15,704,212,500	0.01850	2,905,279	2,905,279
2014/15	14,849,174,900	0.01850	2,747,097	2,747,097

Property tax collections are settled pro-rata among taxing entities. The collection rate for County taxes in each of the last five years exceeded 99% during the first collection year, and 99% including subsequent collection years.

Parity Pledges of Special Benefits Tax

The Agency may pledge its Special Benefits Tax to other bonds or debt obligations on a parity with the pledge to be made to the Series 2019B Bonds. Including the estimated pledge to the Series 2019A Bonds (see "Concurrent Financing" herein) and the Series 2019B Bonds, the Agency has made pledges from the special benefits tax as shown below by collection year:

2019	$582,194	2026	$781,794	2033	$731,569	2040	$650,000	2047	$420,000
2020	$783,394	2027	$781,569	2034	$671,569	2041	$650,000	2048	$315,000
2021	$779,357	2028	$781,569	2035	$671,569	2042	$565,000	2049	$315,000
2022	$780,319	2029	$781,569	2036	$650,000	2043	$565,000	2050	$315,000
2023	$781,044	2030	$781,569	2037	$650,000	2044	$565,000	2051	$315,000
2024	$781,532	2031	$781,569	2038	$650,000	2045	$565,000	2052	$315,000
2025	$781,782	2032	$781,569	2039	$650,000	2046	$480,000	2053	$315,000

THE INDENTURE

Copies of the Indenture may be obtained during the period of the offering of the Series 2019B Bonds from the Agency and thereafter from the Trustee. In addition, a more detailed description of certain sections of the Indenture relating to flow of revenues and accounts created thereunder is found in APPENDIX II – Application of Revenues.

FUTURE FINANCING

With the exception of the issue discussed in the "Concurrent Financing" section herein, neither Agency nor the County anticipates any additional long-term debt financings within the next 90 days.

LITIGATION

There is no controversy or litigation of any nature pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series 2019B Bonds, or in any way contesting or affecting the validity of the Series 2019B Bonds or any proceedings of the Agency taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2019B Bonds, the existence or powers of the Agency or the title of any officers of the Agency to their respective offices.

LEGAL MATTERS

The validity of the Series 2019B Bonds and certain other legal matters are subject to the approving opinion of Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. A legal opinion in substantially the form set out in Appendix III herein will be delivered at closing.

TAX EXEMPTION

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Agency Resolution, the interest on the Series 2019B Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income.

Noncompliance following the issuance of the Series 2019B Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Agency Resolution may result in the inclusion of interest on the Series 2019B Bonds in gross income of the owners thereof for federal income tax purposes and in net taxable income of individuals, estates, and trusts for Minnesota income tax purposes. No provision has been made for redemption of the Series 2019B Bonds, or for an increase in the interest rate on the Series 2019B Bonds, in the event that interest on the Series 2019B Bonds becomes subject to federal or State of Minnesota income taxation.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Series 2019B Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code.

Interest on the Series 2019B Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Series 2019B Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Series 2019B Bonds. The receipt of interest on the Series 2019B Bonds may otherwise affect the federal or Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Series 2019B Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Series 2019B Bonds.

Original Issue Premium

All or certain maturities of the Series 2019B Bonds (the "Premium Bonds") may be sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of the Series 2019B Bonds over its stated redemption price at maturity constitutes a premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize the premium over the term of the Premium Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

Original Issue Discount

All or certain maturities of the Series 2019B Bonds (the "Discount Bonds") may be sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Series 2019B Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Series 2019B Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Series 2019B Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased at a price that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Series 2019B Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning such Discount Bonds.

NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Agency will not designate the Series 2019B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATING

S&P Global Ratings ("S&P"), 55 Water Street, New York, New York has assigned a rating of "AAA" to the Series 2019B Bonds. The rating reflects only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn if, in the judgment of S&P, circumstances so warrant. A revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2019B Bonds.

MUNICIPAL ADVISOR

The Agency has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Series 2019B Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

THE TRUSTEE

The Agency has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States of America, to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is only responsible to carry out those specific duties assigned to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture, or the Series 2019B Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Agency of any of the Series 2019B Bonds authenticated or delivered pursuant to the Indenture. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2019B Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2019B Bonds, or the investment quality of the Series 2019B Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

CERTIFICATION

The Agency and the County have authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Series 2019B Bonds and a Final Official Statement following award of the Series 2019B Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the Agency and the County stating that the Agency and the County examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

GENERAL AND FINANCIAL INFORMATION CONCERNING SCOTT COUNTY, MINNESOTA

COUNTY PROPERTY VALUES

Trend of Values[(a)]

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio[(a)]	Economic Market Value[(b)]	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	$18,663,164,400	92.3%	$20,236,577,664	$441,997,704	$17,832,061,900	$201,485,950
2017/18	17,331,681,400	92.1	18,820,607,322	481,771,400	16,529,061,800	186,705,411
2016/17	16,337,842,200	92.9	17,557,439,477	508,537,300	15,562,563,600	177,230,896
2015/16	15,704,212,500	96.6	16,248,075,046	515,187,100	14,932,643,600	167,963,574
2014/15	14,849,174,900	95.9	15,482,220,865	542,351,100	14,091,897,700	159,180,564

(a) *For a description of the Minnesota property tax system, see Appendix V.*

(b) *Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

(c) *Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

Source: Scott County, Minnesota, August 2019, except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: $201,485,950*

Real Estate:		
Residential Homestead	$143,738,638	70.5%
Commercial/Industrial, Railroad, and Public Utility	46,790,834	22.9
Agricultural	8,270,196	4.1
Seasonal Recreational and Other	615,008	0.3
Personal Property	4,495,106	2.2
2018/19 Net Tax Capacity	$203,909,782	100.0%
Less: Captured Tax Increment	(2,902,664)	
Transmission Lines	(78,163)	
Contribution to Fiscal Disparities	(18,087,398)	
Plus: Distribution from Fiscal Disparities	18,644,393	
2018/19 Adjusted Taxable Net Tax Capacity	$201,485,950	

* *Excludes mobile home valuation of $64,492.*

Ten of the Largest Taxpayers in the County

Taxpayer	Type of Property	2018/19 Net Tax Capacity
Xcel Energy	Utility	$2,291,057
CenterPoint Energy	Utility	1,298,997
RELP Shakopee LLC	Commercial/Industrial/Public Utility	1,261,750
Duke Realty LP	Commercial/Industrial/Public Utility	959,595
Minnesota Pipeline Co.	Utility	831,658
Rahr Malting Company	Industrial	691,448
Union Pacific Railroad Company	Railroad	626,065
Great River Energy	Utility	577,388
Rosemount Inc.	Commercial/Industrial/Public Utility	550,724
St. Francis Regional Medical Center	Medical Facilities	543,282
Total		$9,631,964*

* *Represents 4.8% of the County's 2018/19 adjusted taxable net tax capacity.*

COUNTY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	$559,894,932
Less: Outstanding Debt Subject to Limit	(113,540,000)
Legal Debt Margin as of December 12, 2019	$446,354,932

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix V – Debt Limitations.

General Obligation Debt Supported Solely by Taxes*

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-12-19
4-15-12	$24,570,000	Law Enforcement Center Refunding	2-1-2033	$ 19,140,000
11-19-14	3,355,000	Capital Improvement Plan	12-1-2034	2,680,000
11-19-14	17,170,000	Capital Improvement Plan Refunding	12-1-2027	14,290,000
5-2-19	69,555,000	Capital Improvement Plan	12-1-2044	69,555,000
5-2-19	7,875,000	Capital Improvement Plan Refunding	12-1-2027	7,875,000
Total				$113,540,000

* *These issues are subject to the legal debt limit.*

General Obligation Revenue Debt[(a)]

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-12-19*(b)*
10-1-10	$5,370,000	Philipp Square Apartments Refunding	2-1-2036	$ 4,010,000
12-14-10	1,780,000	Elko New Market Senior Housing	2-1-2020	150,000[(c)]
4-15-12	5,885,000	Northridge Apartments Refunding	2-1-2034	4,500,000
5-8-12	7,110,000	Jordan Project (the Series 2012C Bonds)	2-1-2047	5,320,000
11-5-15	7,930,000	The Henderson Project	2-1-2048	7,780,000
12-28-17	5,900,000	Glendale Place Apartments Refunding	2-1-2042	5,740,000
10-24-19	11,590,000	Jordan Project (the Series 2019A Bonds)	2-1-2054	11,590,000
12-12-19	5,895,000[(d)]	Elko New Market Senior Housing Refunding (the Series 2019B Bonds)	2-1-2045	5,895,000[(d)]
Total				$44,985,000

(a) Bonds issued by the Agency. These issues are payable from project revenues, but are secured by the general obligation of the County.

(b) Excludes the Series 2010B Refunded Maturities.

(c) Excludes the Series 2010A Refunded Maturities.

(d) Preliminary; subject to change.

Other Debt Obligations

Lease-Purchase Agreement

The County entered into an $896,080 lease-purchase agreement for energy conservation equipment in June 2006. Interest on the lease-purchase agreement is charged at a rate of 4.29%. Payments are due monthly in the amount of $6,588 through June 28, 2022, and are paid from the County's general operating fund.

Loans for Septic Program

The County has entered into a loan agreement for $1,435,562 with the Minnesota Department of Agriculture to operate a loan fund for the purpose of funding the repair of failing septic systems. The loans will be paid from special assessments, and will be paid in semi-annual payments over a term of ten years with no interest.

Clean Water Partnership Loan

The County has entered into a loan agreement for $382,036 with the Minnesota Pollution Control Agency at a rate of 2.00% to construct a project through the Scott Watershed Management Organization. The project was constructed to reduce erosion and sedimentation from a ravine in Blakeley Township. The balance on this loan is $98,468 and the County will pay off this loan in fiscal year 2019.

Estimated Calendar Year Debt Service Payments Including the Bonds and Excluding the Refunded Maturities

	General Obligation Debt Supported Solely by Taxes		General Obligation Revenue Debt	
Year	Principal	Principal & Interest	Principal	Principal & Interest[(a)]
2019 (at 12-12)	(Paid)	(Paid)	(Paid)	(Paid)
2020	$ 2,735,000	$ 6,891,181	$ 1,015,000	$ 2,258,497
2021	2,945,000	6,975,431	1,090,000	2,447,891
2022	4,300,000	8,204,631	1,150,000	2,480,707
2023	4,490,000	8,204,156	1,230,000	2,531,066
2024	4,685,000	8,200,181	1,265,000	2,534,190
2025	4,895,000	8,202,831	1,315,000	2,549,807
2026	5,105,000	8,203,069	1,355,000	2,552,534
2027	5,330,000	8,200,719	1,410,000	2,566,789
2028	3,455,000	6,092,481	1,550,000	2,658,994
2029	3,610,000	6,091,831	1,600,000	2,655,747
2030	3,755,000	6,092,456	1,675,000	2,676,277
2031	3,910,000	6,092,156	1,720,000	2,665,155
2032	4,055,000	6,093,169	1,785,000	2,671,628
2033	4,205,000	6,093,844	1,830,000	2,656,872
2034	4,320,000	6,094,706	1,875,000	2,641,265
2035	4,490,000	6,093,031	1,565,000	2,275,384
2036	4,645,000	6,090,881	1,615,000	2,273,959
2037	4,785,000	6,091,531	1,350,000	1,961,849
2038	4,930,000	6,092,981	1,370,000	1,939,661
2039	5,080,000	6,095,081	1,405,000	1,931,352
2040	5,230,000	6,092,681	1,445,000	1,926,377
2041	5,390,000	6,095,781	1,470,000	1,904,529
2042	5,555,000	6,092,344	1,520,000	1,905,957
2043	5,730,000	6,093,750	1,230,000	1,571,027
2044	5,910,000	6,094,688	1,270,000	1,569,862
2045			1,300,000	1,557,144
2046			1,050,000	1,267,470
2047			1,085,000	1,266,028
2048			1,075,000	1,220,958
2049			675,000	795,131
2050			695,000	795,425
2051			715,000	794,275
2052			740,000	797,450
2053			760,000	794,950
2054			785,000	796,775
Total	$113,540,000[(b)]	$166,665,591	$44,985,000[(c)]	$67,892,982

(a) *Includes final debt service on the Series 2019A Bonds, the Series 2019B Bonds at an assumed average annual interest rate of 2.70%, and excludes the Refunded Maturities.*

(b) *36.6% of this debt will be repaid within ten years.*

(c) *28.9% of this debt will be repaid within ten years.*

Overlapping Debt

Taxing Unit[(a)]	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 12-12-19[(b)]	Debt Applicable to Tax Capacity in County Percent	Amount
Cities:				
Belle Plaine	$ 7,040,975	$ 10,625,000	100.0%	$ 10,625,000
Elko New Market	5,003,934	3,880,000	100.0	3,880,000
Jordan	5,941,451	8,415,000	100.0	8,415,000
New Prague	7,267,962	12,747,000	58.6	7,469,742
Prior Lake	37,986,130	37,550,000	100.0	37,550,000
Savage	39,556,329	40,280,000[(c)]	100.0	40,280,000
Shakopee	54,642,684	34,660,000[(d)]	100.0	34,660,000
Townships:				
Credit River	10,985,012	3,145,000[(e)]	100.0	3,145,000
Sand Creek	3,126,260	325,000[(e)]	100.0	325,000
Spring Lake	7,095,902	1,660,000[(e)]	100.0	1,660,000
School Districts:				
191 (Burnsville-Eagan-Savage)	80,167,298	126,015,000	24.9	31,377,735
194 (Lakeville)	85,868,607	107,580,000	17.8	19,149,240
271 (Bloomington)	152,201,627	138,020,000	0.1	138,020
716 (Belle Plaine)	12,766,080	21,605,000	77.9	16,830,295
717 (Jordan)	13,731,004	37,600,000	100.0	37,600,000
719 (Prior Lake-Savage)	63,638,657	196,109,000	100.0	196,109,000
720 (Shakopee)	60,420,682	165,655,000	100.0	165,655,000
721 (New Prague)	26,172,445	88,780,000	65.1	57,795,780
2397 (Le Sueur-Henderson)	10,171,609	8,795,000	1.2	105,540
Metropolitan Council	4,281,620,797	5,735,000[(f)]	4.6	263,810
Metropolitan Transit District	3,433,535,041	262,085,000	3.9	10,221,315
Cedar Lake Area Sewer and Water	1,420,794	1,268,418[(e)]	100.0	1,268,418
Prior Lake – Spring Lake Water District	44,481,972	510,000[(e)]	100.0	510,000
Total				$685,033,895

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.*

(c) *Includes lease revenue bonds issued by the Savage Economic Development Authority and the Agency.*

(d) *Includes the $4,220,000 General Obligation Tax Increment Revenue Bonds, Series 2019A expected to settle on or about October 17, 2019.*

(e) *Debt as of December 31, 2018; most recent information available.*

(f) *Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.*

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Estimated Market Value ($18,663,164,400)	0.61%	4.28%
Per Capita - (147,381- 2018 U.S. Census Estimate)	$770	$5,418

* *Excludes general obligation revenue debt and other debt obligations.*

COUNTY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a County Resident in the City of Shakopee

	2014/15	2015/16	2016/17	2017/18	2018/19 Total	2018/19 For Debt Only
Scott County	36.638%	36.175%	35.896%	35.114%	33.841%	3.213%
City of Shakopee	37.862	37.902	38.522	37.212	34.943	3.968
ISD No. 720 (Shakopee)[a]	35.578	36.175	49.282	52.141	52.934	37.427
Special Districts[b]	5.168	5.130	4.979	4.973	6.466	1.976
Total	115.246%	115.382%	128.679%	129.440%	128.184%	46.584%

(a) *In addition, Independent School District No. 720 (Shakopee) has a 2018/19 market value tax rate of 0.11036% spread across the market value of property in support of an excess operating levy.*

(b) *Special districts include the Agency, Metropolitan Council, Metropolitan Transit, Mosquito Control, and the Lower Minnesota Watershed District.*

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix V.

Tax Levies and Collections

Levy/Collect	Net Levy[a]	Collected During Collection Year Amount	Collected During Collection Year Percent	Collected and/or Abated as of 5-20-19 Amount	Collected and/or Abated as of 5-20-19 Percent
2018/19[b]	$68,260,446	$35,749,868	52.4%	$35,749,868	52.4%
2017/18	65,532,020	65,144,460	99.4	65,410,195	99.8
2016/17	63,496,466	63,011,943	99.2	63,440,412	99.9
2015/16	60,656,428	60,337,404	99.5	60,632,158	99.9
2014/15	58,592,621	58,233,375	99.4	58,580,947	99.9

(a) *The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix V.*

(b) *In process of collection.*

FUNDS ON HAND
As of July 31, 2019

Total Cash and Investments	$98,808,608

INVESTMENTS

The County has a "Treasury Management and Investment Risk Policy" (the "Investment Policy") which states that the County Board and County Auditor/Treasurer "intend to preserve capital and are adverse to losses of principal due to credit risk or interest rate risk." Under the Investment Policy, the County Auditor/Treasurer is responsible for the investment of County funds.

The County's Investment Policy states that short-term investments shall have a maturity not greater than 7three years and shall be limited to investments in government bonds, notes, bills and mortgages which are direct obligations or are guaranteed or insured issues of the United States, or other lawful investments such as checking or saving accounts. Overnight investments may be made in commercial paper rates A1-P1 or other overnight investments of equal or greater security. The County's short-term investment or cash balance must at all times be sufficient to cover all expenditures due during any month and may be invested in banker's acceptance drafts, repurchase agreements, certificates of deposit and money market accounts. Long-term investments must not exceed a 30-year maturity and are limited to certificates of deposit and United States government securities.

As of July 31, 2019, the County's investments totaled $95,107,601. The composition of the County's investment portfolio by investment type is shown below.

Type of Investment	Amount	Percentage
Money Market Funds	$35,083,949	37%
Commercial Paper	29,968,181	32
Certificates of Deposit	19,438,999	20
Government Securities	9,458,972	10
Municipal Bonds	1,157,500	1
Total	$95,107,601	100%

GENERAL INFORMATION CONCERNING THE COUNTY

The County is located in the southwest portion of the Minneapolis/Saint Paul metropolitan area. The County encompasses an area of approximately 375 square miles (240,000 acres) and contains all or a portion of seven cities and eleven townships.

Population

The County's population trend is shown below.

	Population	Percent Change
2018 U.S. Census Estimate	147,381	13.4%
2010 U.S. Census	129,928	45.2
2000 U.S. Census	89,498	54.7
1990 U.S. Census	57,846	32.1
1980 U.S. Census	43,784	--

Population statistics for municipalities located within the County are as follows:

	1980 U.S. Census	1990 U.S. Census	2000 U.S. Census	2010 U.S. Census	2018 Estimates
Cities:					
Belle Plaine	2,754	3,149	3,789	6,661	7,168
Elko(a)	274	223	472	N/A	N/A
Elko New Market(a)	N/A	N/A	N/A	4,110	4,702
Jordan	2,663	2,909	3,833	5,470	6,276
New Market(a)	286	227	332	N/A	N/A
New Prague(b)	1,898	2,356	3,157	7,321	8,209
Prior Lake	7,284	11,482	15,917	22,796	26,840
Savage	3,954	9,906	21,115	26,911	31,694
Shakopee	9,941	11,739	20,568	37,076	41,362
11 Townships	14,730	15,855	20,315	19,583	21,130

(a) *The Cities of Elko and New Market merged into the City of Elko New Market on January 1, 2007.*

(b) *Represents the City of New Prague's total population for each year, including the portion in Le Sueur County.*

Source: United States Census Bureau, http://www.census.gov/.

The County's estimated population by age group for the past five years is as follows:

Data Year/ Report Year	0-17	18-34	35-64	65 and Over
2018/19	40,261	29,933	62,108	16,423
2017/18	40,234	29,489	61,699	15,449
2016/17	40,273	29,070	60,604	14,684
2015/16	40,210	28,685	60,334	13,982
2014/15	39,678	27,991	58,782	12,963

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Transportation

Interstate 35W and U.S. Highway 169 run through the County as well as Minnesota Highways 13, 19, 21, 25, 41, and 282. Six public and private airports are located within the County and the Minneapolis-Saint Paul International Airport is located in the City of Bloomington, approximately 30 miles northeast of the County. Public transportation services are provided through the Metropolitan Council, Minnesota Valley Transit Authority, Trailblazer Transit, Shakopee Transit, and Laker Lines.

AREA ECONOMY

Major Employers within Scott County

Employer	Product/Service	Approximate Number of Employees
Shakopee Mdewakanton Sioux Community	Entertainment	4,200
Amazon	Fulfillment center	2,500[(a)]
Seagate Technology LLC	Computer hardware	1,800[(a)]
Valleyfair	Entertainment park	1,600[(b)]
Independent School District No. 719 (Prior Lake-Savage)	Public education	1,200
Independent School District No. 720 (Shakopee)	Public education	1,157
Canterbury Park	Horse racing	1,200[(b)]
St. Francis Regional Medical Center	Health care	1,042
Imagine! Print Solutions	Commercial printing	900
Entrust Datacard	Manufacturing	809[(c)]
Scott County	County government	745[(c)]
Independent School District No. 721 (New Prague)	Public education	624[(c)]
Chart Industries	Cryogenic liquid supplies	500[(a)]
Belle Plaine Lutheran Home	Nursing home	435
Shutterfly, Inc.	Image publishing service and warehouse	359
Independent School District No. 717 (Jordan)	Public education	357
Northstar Auto Auction	Motor vehicle auctions	350[(a)]
Queen of Peace Hospital	Hospital	350[(a)]
Vertis Communications	Printing company	300[(a)]
Women's Correctional Facility	Women's prison	268
Anchor Glass	Glass bottle manufacturer	274
Certain Teed Products Corp.	Asphalt shingles	242
City of Shakopee	City government	227
Toro Company	Turf care products	225
Milestone AV Technologies, Inc.	LCD display manufacturer	225
Mala Strana Health Care Center	Medical clinic	170[(a)]
City of Savage	City government	162[(c)]

[(a)] *As of October 2017. Most recent information available.*

[(b)] *At seasonal peak.*

[(c)] *Includes full-, part-time, and seasonal employees.*

Source: *This does not purport to be a comprehensive list and is based on a March and August 2019 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.*

Labor Force Data

	Annual Average				August
	2015	2016	2017	2018	2019
Labor Force:					
Scott County	78,556	79,453	81,154	83,350	82,188
Minneapolis/Saint Paul MSA	1,916,011	1,938,642	1,979,780	2,016,208	2,041,411
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,130,214
Unemployment Rate:					
Scott County	3.1%	3.3%	3.0%	2.5%	2.7%
Minneapolis/Saint Paul MSA	3.5	3.6	3.3	2.7	2.9
State of Minnesota	3.7	3.9	3.4	2.9	3.0

Source: Minnesota Department of Employment and Economic Development, https://apps.deed.state.mn.us/lmi/laus. 2019 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$1,982,160	$5,010,000	$77,498
2017/18	1,801,559	4,731,908	75,314
2016/17	1,677,898	5,449,744	80,955
2015/16	2,065,956	4,166,720	69,381
2014/15	2,316,565	4,186,487	70,331

The 2018/19 Median Household EBI for the State of Minnesota was $58,777. The 2018/19 Median Household EBI for the United States was $52,468.

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Building Permits from Selected Cities in the County

City of Savage

	New Single Family Residential		New Commercial/Industrial		Total Value* (All Permits)
Year	Number	Value	Number	Value	
2019 (to 7-31)	107	$33,350,000	3	$ 7,100,000	$68,565,209
2018	228	71,208,000	2	13,144,000	98,012,973
2017	204	64,887,000	0	0	89,826,021
2016	151	50,229,000	11	21,950,000	91,766,515
2015	85	29,146,000	3	2,660,000	47,204,497
2014	370	43,146,002	5	20,495,000	79,728,667
2013	140	40,536,500	1	205,000	56,903,187
2012	192	46,511,000	4	9,227,505	81,761,264
2011	103	27,342,500	1	1,200,000	40,236,518
2010	85	15,871,000	3	4,587,000	27,349,835

* *In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).*

Source: Department of Building Inspection, City of Savage.

City of Shakopee

	New Single Family Residential		New Commercial/Industrial		Total Value* (All Permits)
Year	Number	Value	Number	Value	
2019 (to 6-30)	73	$27,715,120	9	$ 28,231,377	$177,866,201
2018	77	27,363,278	12	121,559,551	152,516,462
2017	53	16,422,114	14	89,718,786	150,459,789
2016	50	16,885,460	15	78,732,357	196,238,932
2015	60	19,136,728	11	86,309,069	342,776,790
2014	61	20,376,172	108	79,653,233	124,936,004
2013	66	18,579,598	91	92,923,905	143,001,686
2012	73	19,241,772	86	47,573,480	92,586,953
2011	118	32,215,056	72	16,418,132	71,405,013
2010	160	40,688,474	84	34,074,321	90,769,511

* *In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).*

Source: City of Shakopee.

Recent Development in Selected Cities in Scott County

City of Savage

The City of Savage recorded its highest total value of building permits issued in 2018. The aggregate amount was over $98 million dollars. This number not only represents the strong development climate in the City of Savage, but also a strong redevelopment climate, which is important for a community approaching full build out. The City of Savage's taxable market value has also increased over 6% on average for the past five years. Based on the platted lots and plans the City of Savage is in the process of reviewing, this number is expected to continue to be strong in the near future.

On the residential side of development, the City of Savage added 35 single-family homes, 54 multi-family units and 39 townhome units in 2018. In addition to this, 189 future single-family residential lots were platted. On the commercial/industrial side, the City of Savage added 125,000 square feet of space in 2018. Institutional space of 142,000 square feet was approved to be built by the growing Independent School District No. 719 (Prior Lake-Savage). The Continental Building that anchors the west side of the City of Savage's downtown area was purchased for redevelopment in 2018. The City of Savage has reviewed and approved plans to renovate the existing space. The 120,000 square-foot building was previously used for manufacturing. The existing owner plans to subdivide the building to provide space for multiple light industrial and commercial users.

The City of Savage expects 2019 to continue to be a strong year for residential development. The City of Savage is in the process of reviewing 63 single-family homes and 267 multi-family units. Not included in these numbers are 38 units that will be provided by a senior memory care and intensive residential treatment facility. The intensive residential treatment facility is a short-term stay mental health facility that addresses a service gap in the southwest portion of the Minneapolis/Saint Paul metropolitan area. The City of Savage is providing land to the Agency for the project. The land had been sitting vacant in the City of Savage's downtown area since 2007. The facility will bring jobs to the downtown area and activate the previously vacant streetscape.

Included in these residential development numbers are plans for Big Sky Estates. The City of Savage has approved two of the expect three TIF districts to assist with redeveloping the former quarry site. The third and final phase is expected to be requested in 2020 or 2021. In total the Big Sky Estates development is expected to consist of over 500 single-family homes. The majority of these homes are expected to be built over the next five to ten years.

The City of Savage is in the process of reviewing three new commercial/industrial development projects that will bring over 120,000 square feet of space to the community in 2019. One of these projects was initiated by the City of Savage in 2016. The City of Savage acquired the Valley Oil parcel because its perceived environmental contamination prevented private investment into the property. The City of Savage cleaned up the soils and partnered with a developer to construct a 26,000 square-foot building. The developer's plans have been approved and construction is expected to begin later in the summer of 2019. The City of Savage also has a development agreement in place for a remnant parcel off of 154th Street and County Road 27. The parcel would support a 5,000 to 8,000 square-foot building.

In the fall of 2017, the Independent School District No. 719 (Prior Lake-Savage) held a referendum for the sale of approximately $109 million in bonds for the purpose of building a new elementary school and improving or expanding existing schools. The smaller renovations to existing buildings were completed in 2018. The major expansion of the high school and construction of a new elementary school is expected to occur in 2019.

<u>City of Shakopee</u>

The following projects are anticipated to begin construction in the near future or are currently under construction in the City of Shakopee:

Residential:

- The Shakopee Economic Development Authority (the "EDA") sold the former city hall site to Enclave Development for the creation of an 83-unit market rate apartment complex with underground parking and commercial space along Holmes Street.
- The EDA sold a parcel on the Minnesota River bluff for development of a 170-unit market rate apartment complex with a restaurant. The project will remove the overhead powerlines from the bluff and rebuild several streets.
- Sarazin Street Flats: 105 units of workforce housing to be constructed in two phases.
- Lennar Homes is completing Ridge Creek, a new 103 single-family home subdivision.
- Windermere by D.R. Horton is in its third phase of development, including new single-family homes and multi-level and single level townhouses.
- Benedictine Health System is building a $60 million, 170-unit independent living, assisted living and memory care facility in the Windermere development.
- The Willows at Windermere is a 60-unit workforce family apartment complex with supportive services for residents that helps move them into homeownership.
- The City of Shakopee is seeing a number of new apartment complexes including the SIXton, a 133-unit market rate apartment complex adjacent to the new 103,000 square-foot Hy-Vee. TRIO is a 300-unit market rate apartment complex being constructed in Southbridge, with its first 100-unit building nearing completion.
- A new 60-home subdivision is under construction at Stagecoach in Southbridge. The homes have access to a new 2-acre city park that preserves a large stand of heritage oaks.
- Donnay Homes is currently constructing the second phase of 25 single-family lots at Prairie Meadows.
- The first home in West Ridge Lake Estates, a 14-lot executive development on Lake O'Dowd, has started construction.
- Construction recently began for Countryside 2nd Addition, a 31-lot single family residential development.
- Link Construction is continuing construction on South Parkview 5th Addition, a development of 21 single-family homes.
- Doran Construction is in the middle of the first of a two-phase development of 600 luxury apartment units as part of Canterbury Park's $400 million redevelopment.

Commercial:

- A new 127-room Fairfield Inn and Suites is currently under construction.
- A 103,000 square-foot Hy-Vee grocery store opened in late 2017.
- Residential Improvement Contractors Inc. has completed a 6,000 square-foot commercial building for their operation and additional tenants.
- Wendy's Restaurants is renovating an existing building to open a new restaurant in the Southbridge area.
- Shakopee Brewhall, a craft brewery with taproom, opened in downtown Shakopee.
- A number of new daycare and Montessori facilities opened in the last 12 months, including Rainbow Daycare, Ladybug Child Care, and River Valley Montessori.
- Universal Stone is constructing a 50,000 square-foot stone products showroom and fabrication operation in eastern Shakopee.
- Hometown Bank recently opened an 11,200 square-foot bank branch that has spaces for two additional office tenants.
- Willy McCoy's restaurant finished construction in the Southbridge area and opened for business in the summer of 2019.
- Canterbury Park is planning construction of senior housing, corporate headquarters, retail, and entertainment as part of their $400 million-dollar redevelopment, which includes $33 million of public improvements and infrastructure.
- Shakopee Veterinary Clinic is planning the construction of a new clinic office.
- Living Hope Church and school constructed an 11,300 square-foot worship space addition to their existing building.
- My Place Hotel is constructing a 63-room extended stay hotel near Canterbury Park.

Industrial:

- Lloyd's Construction Services is building a new sorting and reuse facility on Highway 101.
- Rahr Malting is continuing the expansion and redevelopment of its campus with the addition of expanded corporate offices and the enlargement of its taproom.
- Duke Realty completed construction of manufacturing space for My Pillow and distribution space for SAIA Trucking.
- Scannell Properties is nearing completion of a 136,500 square-foot building that is phase I of a 250,000 square-foot office/warehouse development.
- RTL Construction recently completed a 29,500 square-foot building for their headquarters.
- Shakopee Storage is constructing a 17,600 square-foot building to be used as tenant spaces for small contractor businesses.
- UPS is close to opening a 120-vehicle service center in an existing building to serve deliveries in the southwest metropolitan area.
- United Properties will be constructing 300,000 square-feet of office-warehouse space adjacent to Canterbury Park.
- Northland Concrete and Masonry constructed a 90,000 square-foot building for their headquarters, which includes tenant spaces for Altec Industries and Kreativ Stone.
- Amerisource Bergen opened a 122,800 square-foot building in 2017.

Public:

- The City of Shakopee is planning a new nature park as part of the Ridge Creek Subdivision, that will join two neighborhoods together with hard paved trails and a boardwalk.
- Completion of over $2 million in public infrastructure improvements in downtown including a new parking lot, plaza, gateways entrances and digital reader board.
- The City of Shakopee moved into a new 30,000 square-foot complex on its municipal campus.
- The EDA has under contract more than 30 acres of land in the West End Gateway for development of a new dog daycare and boarding facility; a 40-bed treatment facility; an 80-unit apartment building; and more than 200,000 square feet of office and manufacturing space being developed by Opus.

- Independent School District No. 720 (Shakopee) recently completed a 335,000 square-foot addition to Shakopee Senior High School.
- The County broke ground on a major addition to the Scott County Government Center which includes a $60 million addition and renovation of existing facilities.
- At the end of 2017, the City of Shakopee completed the construction of the $34 million Community Center, which includes a two-rink ice arena, expansion of the fitness center, and a new aquatics area.
- In 2017, Minnesota Municipal Power completed a 46 MW natural gas power plant located in the City of Shakopee.

Financial Institutions

The following full service banks are located throughout the County*:

	Deposits As of 3-31-19
Riverland Bank (City of Jordan)	$117,901,000
State Bank of Belle Plaine (City of Belle Plaine)	108,123,000
New Market Bank (City of Elko New Market)	104,142,000
Total	$330,166,000

In addition, branch offices of American National Bank; Associated Bank, National Association; BMO Harris Bank National Association; Cornerstone State Bank; First Bank & Trust; Frandsen Bank and Trust; HomeTown Bank; Old National Bank; Prime Security Bank; Roundbank; Sterling State Bank; TCF National Bank; U.S. Bank National Association; and Wells Fargo Bank, National Association are located throughout the County.

* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, https://www.fdic.gov/.

Health Care Facilities

The following is a summary of inpatient health care facilities located in the County:

Facility	Location	No. of Beds
St. Francis Regional Medical Center	City of Shakopee	93 hospital beds 18 infant bassinets
MCHS – New Prague	City of New Prague	49 hospital beds 6 infant bassinets
Lutheran Home	City of Belle Plaine	97 nursing home beds
Lutheran Home: Hope House	City of Belle Plaine	52 intermediate care facility beds
Mala Strana Health Care Center	City of New Prague	90 nursing home beds
Shakopee Friendship Manor	City of Shakopee	80 nursing home beds
St. Gertrude's Health Center	City of Shakopee	105 nursing home beds
Delphi	City of Shakopee	9 intermediate care facility beds

Source: Minnesota Department of Health, http://www.health.state.mn.us/.

Education

Public Education

All of three independent school districts and portions of six other school districts are located within the County. Independent School District No. 719 (Prior Lake-Savage) and Independent School District No. 720 (Shakopee) are the largest districts situated wholly within the County.

School	Location	Grades	2018/19* Enrollment
I.S.D. No. 191 (Burnsville-Eagan-Savage)	City of Burnsville	K-12	8,874
I.S.D. No. 194 (Lakeville)	City of Lakeville	K-12	11,204
I.S.D. No. 271 (Bloomington)	City of Bloomington	K-12	10,641
I.S.D. No. 716 (Belle Plaine)	City of Belle Plaine	K-12	1,627
I.S.D. No. 717 (Jordan)	City of Jordan	K-12	1,908
I.S.D. No. 719 (Prior Lake-Savage)	City of Prior Lake	K-12	8,931
I.S.D. No. 720 (Shakopee)	City of Shakopee	K-12	8,319
I.S.D. No. 721 (New Prague)	City of New Prague	K-12	4,276
I.S.D. No. 2397 (Le Sueur-Henderson)	City of Le Sueur	K-12	1,026

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, http://education.state.mn.us/mde/index.html.

Non-Public Education

County residents are also served by the following private schools:

School	Location	Grades	2018/19* Enrollment
Holy Cross Catholic School	City of New Prague	K-8	89
Living Hope Lutheran School	City of Shakopee	PK-4	96
Our Lady of the Prairie	City of Belle Plaine	K-6	36
Prior Lake Christian School	City of Prior Lake	K-12	67
St. John the Baptist	City of Jordan	K-6	60
St. Michael's Catholic School	City of Prior Lake	K-8	238
St. Paul's Lutheran School	City of Prior Lake	K-8	8
St. Wenceslaus	City of New Prague	K-8	168
Shakopee Area Catholic School	City of Shakopee	K-8	548
Trinity Lutheran	City of Belle Plaine	K-8	49

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, http://education.state.mn.us/mde/index.html.

GOVERNMENTAL ORGANIZATION AND SERVICES

The County was established in 1853, and is an organized county having the powers, duties and privileges granted counties under Minnesota Statutes Chapter 373 (1982). The County is governed by a five-member Board of Commissioners, all of whom are elected by District to overlapping four-year terms of office. The County Board consists of the following individuals:

		Expiration of Term
Barbara Weckman Brekke	Chair*	December 31, 2020
David Beer	Vice Chair, Commissioner	December 31, 2020
Michael Beard	Commissioner	December 31, 2022
Jon Ulrich	Commissioner	December 31, 2022
Thomas Wolf	Commissioner	December 31, 2020

* *The County Board Chair is elected at the annual meeting in January of each year.*

The following are the other elected County officials, each of whom is elected to a four-year term of office:

		Expiration of Term
Ron Hocevar	Attorney	December 31, 2022
Luke Hennen	Sheriff	December 31, 2022

Ms. Lezlie A. Vermillion, the County Administrator, is the Chief Executive Officer of the County and is responsible for making recommendations to the Board of Commissioners, implementing the Board's policies, providing leadership to the County, and assuring effective delivery of County services. Under the direction of the County Board, the County Administrator develops policy recommendations and manages various County functions including Internal Services, Public Works, Employee Relations, Finance, Organizational Development, Property and Customer Services, Community Services and Initiatives, and Legislative. The County Administrator is appointed by and serves at the pleasure of the Board of Commissioners.

Mr. Daniel Lenz is the Deputy County Administrator/Chief Finance Officer and is responsible for coordination of the departments of Strategic Analysis and Program Support, Transit and Fleet Management, County Libraries, Information Technology, and Environmental Health and Inspections. Mr. Lenz is also responsible for working with the County's Executive Team on development and implementation of the County's long-range strategic visioning including long-range facilities and capital planning in support of strategic vision.

Mr. Steve Jones serves as the County's Principal Financial Analyst. Ms. Cynthia Geis serves as the County Auditor/Treasurer.

The County employs approximately 745 full and part-time employees in the following divisions/departments: Community Services, Property & Customer Services, Criminal Justice, Health & Human Services, Employee Relations, Office of Management & Budget, Information Technology, Physical Development, County Administration, and County Library.

Labor Contracts

The status of labor contracts in the County is as follows:

Bargaining Unit	No. of Employees	Expiration Date of Current Contract
AFSCME	443	December 31, 2019
Attorneys Association	18	December 31, 2019
Human Services Supervisors Association	20	December 31, 2019
IUOE	25	December 31, 2019
LELS-Corrections	48	December 31, 2019
LELS-Deputies	32	December 31, 2019
Teamsters-911 Dispatchers	15	December 31, 2019
Teamsters-Supervisor	3	December 31, 2019
LELS-Corrections Sergeants	7	December 31, 2019
LELS-Deputized Sergeants	8	December 31, 2019
Subtotal	619	
Non-unionized employees	126	
Total employees	745	

Employee Pensions

All full-time employees and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF) and the Public Employees Correctional Fund (PECF),which are cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF. The County's contributions to GERF, PEPFF, and PECF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	GERF	PEPFF	PECF
2018	$3,289,818	$647,989	$386,143
2017	3,168,495	603,283	367,499
2016	2,963,502	569,661	366,506
2015	2,938,541	577,625	374,263
2014	2,650,920	506,050	346,941

PEDCP

As of December 31, 2018, four commissioners were covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax-qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until the time of withdrawal. Plan benefits depend solely on the amounts contributed to the plan, plus investment earnings, less administrative expenses. An eligible elected official participating in this plan contributes 5% of their salary, which is matched by the employer.

The County's contributions to PEDCP for the past five years are as follows:

	PEDCP
2018	$13,343
2017	12,781
2016	9,377
2015	9,469
2014	5,479

For more information regarding the liability of the County with respect to its employees, please reference "Note 4, Pension Plans" and "Required Supplementary Information" of the County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix VII of this Official Statement.

Sources: County's Comprehensive Annual Financial Reports.

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to County employees and require recognition of a liability equal to the County's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The County's proportionate shares of the pension costs and the County's net pension liability for the GERF and PEPFF for the past four years are as follows:

	GERF		PEPFF	
	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.6392%	$35,460,195	0.367%	$ 3,944,872
2017	0.6601	42,140,348	0.369	4,981,939
2016	0.6207	50,397,761	0.360	14,447,426
2015	0.6313	32,717,242	0.366	4,158,616

For more information regarding GASB 68 with respect to the County, please reference "Note 4, Pension Plans" and "Required Supplementary Information" of the County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix VII of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Sources: County's Comprehensive Annual Financial Reports.

Other Postemployment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB").

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

Non-bargained employees hired prior to July 1, 1992 with continuous benefit eligible employment since date of hire are eligible for a County Contribution for retiree healthcare (i.e. the County will pay a portion of the single premium). Non-bargained employees hired on or after July 1, 1992 are not eligible for a County Contribution for retiree healthcare and will pay a 2.0% administrative fee in addition to their premium. Bargained employees hired prior to July 1, 1993 with continuous benefit eligible employment since date of hire are eligible for a County Contribution for retiree healthcare (i.e. the County will pay a portion of the single premium). Bargained employees hired on or after July 1, 1993 are not eligible for a County Contribution for retiree healthcare and will pay a 2.0% administrative fee in addition to their premium. Employees who are member of the LELS - Deputized Labor Group are assumed to participate in the Police & Fire Plan. If they become disabled in the line-of-duty, they may continue the same coverage they had on their date of disability, at the same (Active Employee) rate.

For those employees eligible for a County Contribution for retiree healthcare, the County will pay a portion of the single premium under the County's group health care plans, based on the retiree's years of benefit eligible employment at retirement. Employees with less than ten years of benefit eligible service will not receive a County Contribution, employees with 10 - 14 years of benefit eligible service will receive a 50% County Contribution, employees with 15- 19 years of benefit eligible service will receive a 75% County Contribution and those employees with 20 or more years of benefit eligible service will receive a 100% County Contribution towards a single premium.

As of January 1, 2018, the County had 208, 5 beneficiaries currently receiving benefits, and 718 active employees.

Scott County established an OPEB irrevocable trust in 2018, pursuant to Minnesota Statute 471.6175, to prefund a portion of the OPEB liability. Scott County had a balance in the OPEB irrevocable trust of $18,023,979 as of December 31, 2018.

The following employees were covered by the benefit terms as of January 1, 2018:

Retirees currently receiving benefits (includes 2 disabled retirees)	208
Beneficiaries currently receiving benefits	5
Active employees	718
Total	931

The County's net OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date. The County's schedule of changes in net OPEB liability and related ratios at December 31, 2018 is as follows:

	2018
Total OPEB Liability	
Service cost	$ 208,842
Interest	1,424,880
Benefit payments	(1,283,400)
Net change in total OPEB liability	$ 350,322
Total OPEB liability – Beginning	19,431,273
Total OPEB liability – Ending (a)	$19,781,595
Plan Fiduciary Net Position	
Contributions – employer	$19,601,322
Net investment income	(292,437)
Administrative expense	(1,506)
Benefit payments	(1,283,400)
Net change in plan fiduciary net position	$18,023,979
Total Plan Fiduciary Net Position – Beginning	-
Total Plan Fiduciary Net Position – Ending (b)	$18,023,979
Total Net OPEB liability (Asset) – Ending (a)-(b)	$ 1,757,616
Plan fiduciary net position as a percentage of the total OPEB liability	91.11%
Covered employee payroll	$48,100,000
Total Net OPEB liability *(asset) as a percentage of covered-employee payroll	3.65%

The County's contributions for the fiscal year ended December 31, 2018 are as follows:

	2018
Actuarially determined contribution	$18,051,741
Contributions in relation to the actuarially determined contribution	19,601,322
Contribution deficiency (excess)	$ 1,549,581
Covered-employee payroll	$48,100,000
Contributions as a percentage of covered-employee payroll	40.75%

For more information regarding GASB 75 with respect to the County, please reference "Note 5, Other Postemployment Benefits (OPEB)" and "Required Supplementary Information" of the County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix VII of this Official Statement.

Budgeted Governmental Funds

	2018 Budget	2018 Actual	2019 Budget
Revenues:			
County Portion of Tax Levy	$ 65,693,000	$ 65,637,138	$ 68,420,000
State-paid Portion of Tax Levy	5,555,965	5,555,965	5,428,702
Total Tax Levy	$ 71,248,965	$ 71,193,103	$ 73,848,702
Licenses and Permits	$ 1,660,750	$ 1,711,045	$ 1,667,550
Intergovernmental:			
Federal	19,610,547	20,276,175	17,757,665
State	30,867,300	45,979,896	22,985,627
Other	15,342,756	13,270,034	9,901,570
Charges for Services	10,727,911	12,822,180	11,848,243
Fines and Forfeits	798,726	703,143	798,726
Interest on Investments	374,000	1,743,284	383,000
Miscellaneous	2,112,064	2,978,426	3,078,556
Bond Proceeds	0	0	18,653,909
Budgeted Use of Fund Balance	26,568,941	0	11,193,836
Total Revenues and Other Sources	$179,311,960	$170,677,286	$172,117,384
Expenditures:			
Administration	$ 1,367,969	$ 1,244,198	$ 1,434,076
Capital Improvement Program	8,647,448	5,752,574	25,099,854
Community Corrections	5,603,036	4,680,125	5,787,071
Community Services	18,734,363	19,769,978	20,256,782
County Bonds	6,432,229	6,416,919	6,496,629
County Support	247,000	247,000	247,000
Criminal Justice	22,778,700	23,788,951	23,499,580
Health and Human Services	30,140,529	30,835,716	32,171,771
Office of Management and Budget	9,886,547	10,457,621	10,685,045
Retiree Health Insurance	700,000	700,000	700,000
Road Construction	62,511,517	50,247,865	32,615,032
Transportation Services	12,262,622	15,811,014	13,124,544
Total Expenditures	$179,311,960	$169,951,961	$172,117,384

Source: The County.

Major General Fund Revenue Sources

Revenue	2014	2015	2016	2017	2018
Taxes	$43,715,361	$46,170,204	$48,695,510	$51,018,887	$53,378,304
Intergovernmental	29,784,962	31,707,166	33,375,052	33,793,491	36,052,644
Charges for services	9,448,875	10,052,334	9,471,535	9,567,768	10,093,705
Miscellaneous	2,207,376	2,221,734	2,101,179	2,172,107	1,829,328
Licenses and permits	1,394,179	1,402,651	1,625,128	1,761,519	1,711,046

Sources: County's Comprehensive Annual Financial Reports.

APPLICATION OF REVENUES

The following information is a summary of the application of revenues required pursuant to the Indenture. Reference is made to the Indenture for a complete recital of its terms. Capitalized terms have the meanings given in this Appendix or in the Indenture.

Pursuant to the Indenture, the Trustee is directed to hold certain funds and accounts, including the following:

1. Revenue Fund;
2. Debt Service Fund;
3. Debt Service Reserve Fund;
4. Extraordinary Maintenance and Replacement Fund;
5. Operating Fund, containing a General Operating Account and a Reserve Account;
6. Surplus Fund;
7. Redemption Fund;
8. Net Proceeds Fund; and
9. Costs of Issuance Fund.

Redemption Fund

On the date of closing, certain proceeds of the Series 2019B Bonds shall be deposited in the Redemption Fund established under the Indenture. Such amounts will be used by the Trustee to redeem and prepay the Refunded Maturities of the outstanding Prior Bonds on February 1, 2020.

Revenue Fund

Revenues and Supplemental Revenues are assigned by the Agency pursuant to the Indenture to the Trustee for deposit in the Revenue Fund, subject to the provisions of the Indenture. The Trustee shall withdraw the Housing Revenues from the receipts account established by the Agency pursuant to the Indenture and transfer them to the Revenue Fund on the 20th day of each month, or on the next Business Day if the 20th is not a Business Day.

On February 20, 2020, and on the 20th day of each month thereafter (or the next Business Day, if the 20th is not a Business Day), the Trustee shall apply amounts on deposit in the Revenue Fund to the following uses or funds:

- first: to the Rebate Fund, any Rebate Amount;
- second: to the Trustee, 1/12 of its Trustee's Fees, to the Rebate Analyst 1/12 of the amount of any Rebate Analyst Fees;
- third: to the General Operating Account of the Operating Fund, an amount equal to the amount necessary to pay the Operating Costs for the month following the month of such transfer, as set forth in the budget for the fiscal year in which the determination is made;
- fourth: to the Debt Service Fund, 1/6 of the interest to become due on the next Interest Payment Date and 1/12 of the principal to become due on the Bonds on the next Principal Payment Date (whether at maturity or by operation of any mandatory sinking fund requirement), provided that no further deposits shall be made when the amount in such account is equal to the cumulative monthly deposits then required to be on deposit in such Fund;
- fifth: in the event of a draw on, or any deficiency in the Debt Service Reserve Fund, the amount required to cause the sum of the balance therein to be not less than the Debt Service Reserve Requirement by payment of equal monthly deposits starting with the month following the date of such draw or deficiency and ending on the next succeeding Interest Payment Date;

- sixth: to the Extraordinary Maintenance and Replacement Fund, the Extraordinary Maintenance and Replacement Deposit;
- seventh: to the Reserve Account of the Operating Fund, any amount necessary to cause the balance therein to be not less than the Operating Fund Reserve Requirement; and
- eighth: to the Surplus Fund, any moneys not required currently to be paid as provided above.

Debt Service Fund

The Trustee shall disburse moneys in the Debt Service Fund on each interest payment date and principal payment date solely for the purpose of paying the principal of and interest on the Bonds as the same shall come due and payable (including scheduled mandatory redemption in accordance with the Indenture).

Debt Service Reserve Fund

The Indenture establishes the Debt Service Reserve Fund. The Trustee shall deposit amounts in the Debt Service Reserve Fund therein as required in the Indenture. Moneys on deposit in the Debt Service Reserve Fund shall be disbursed by the Trustee to the Debt Service Fund solely for the payment of debt service on the Bonds (a) on any Payment Date whenever a deficiency in the Debt Service Fund would otherwise exist, (b) on any Payment Date when the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, but only such excess amount, and (c) at such time as the amount therein and in the Debt Service Fund and/or Redemption Fund, together with interest to accrue from the investment thereof shall be equal to the amount necessary to pay principal and interest on the Outstanding Bonds to maturity or an earlier date fixed for redemption of all of the Series 2019B Bonds.

Extraordinary Maintenance and Replacement Fund

The Indenture establishes an Extraordinary Maintenance and Replacement Fund. The Trustee shall deposit moneys in the Extraordinary Maintenance and Replacement Fund in accordance with the Indenture. Moneys in such Fund shall be used by the Trustee to make payments, upon written request of the Agency, accompanied by an invoice, for extraordinary maintenance, repair and replacement allocable to the Housing Facility which may be required at the Housing Facility, including but not limited to, replacement of equipment (including ranges and refrigerators), repair or replacement of any roof or other structural component of the Housing Facility, major repairs to the parking facilities, exterior painting and major repairs to or replacement of heating, air conditioning, plumbing and electrical systems.

Operating Fund

The Indenture establishes the Operating Fund. The Trustee shall deposit amounts in the applicable accounts of the Operating Fund as required in the Indenture. Amounts on deposit in the General Operating Account shall be disbursed by the Trustee to make monthly payments to or at the direction of, the Agency for Operating Costs of the Housing Facility pursuant to the requirements of the Agency's then-current Budget, as amended from time to time (including costs of insurance and payments in lieu of taxes). In addition, emergency repairs and replacements may be paid from the General Operating Account in the event insufficient amounts are available for such repairs or replacements in the Extraordinary Maintenance and Replacement Fund and the Surplus Fund. Emergency repairs and replacements shall include any repairs and replacements necessary to be made to avoid any immediate threat to the health or safety of the tenants. Amounts on deposit in the Reserve Account of the Operating Fund will be used to fund any shortfall in the General Operating Account.

Surplus Fund

The Indenture establishes the Surplus Fund. On February 20, 2020 and on the 20th day of each month, amounts on deposit in the Revenue Fund in excess of the amounts required to pay debt service on the Bonds and to pay other expenses related to the Bonds are required to be deposited in the Surplus Fund. Money credited to the Surplus Fund shall be transferred as necessary to the Rebate Fund, the Debt Service Fund, either account of the Operating Fund, the Debt Service Reserve Fund, and the Extraordinary Maintenance and Replacement Fund to the extent needed after the transfers from amounts on deposit in the Revenue Fund have been made and after any transfer from amounts on deposit in the Debt Service Reserve Fund. On or following February 2 of each year, and upon receipt of the Agency's audit and cash flows to be met on every Interest Payment Date thereafter, and proforma cash flows that show that demonstrating a Debt Service Coverage Ratio of at least 1.10 to 1 is projected Net Operating Revenues and Supplemental Revenues will be sufficient to pay principal, interest, and fees on the Bonds when due, the Agency may withdraw all but $5,000 of the amounts on deposit in the Surplus Fund.

Redemption Fund

There shall be deposited in the Redemption Fund any monies to be applied to the redemption of Bonds prior to maturity (other than scheduled mandatory redemption) which monies shall be held in escrow and disbursed by the Trustee solely for the purpose of paying the principal of the Bonds called for redemption in advance of maturity as provided in the Indenture.

Net Proceeds Fund

Moneys shall be deposited in the Net Proceeds Fund as provided in the Indenture, and shall be used for repair or reconstruction of the Housing Facility or transferred to the Redemption Fund.

Costs of Issuance Fund

Moneys in the Costs of Issuance Fund shall be disbursed at the direction of the Agency to pay costs of issuing the Bonds. With respect to the Series 2019B Bonds, any amount remaining in such fund on March 1, 2020, shall be transferred to the Debt Service Fund.

Additional Bonds

The Indenture provides that additional bonds on parity with the Series 2010 Bonds and the Series 2019B Bonds (the "Additional Bonds") may be issued by the Agency under the Indenture for any purpose authorized by the Act, including, without limitation, refunding any Outstanding Bonds. Such Additional Bonds shall be secured on a parity as to Revenues (but not, unless specifically authorized by the County, as to the pledge of the full faith and credit of the County) with each then Outstanding series of Bonds issued. The following requirements must be met as conditions precedent to the issuance of Additional Bonds: (i) the Agency shall have approved the issuance of such Additional Bonds and the form of the supplemental indenture providing for their terms by resolution, a certified copy of which is filed with the Trustee; (ii) the County shall have approved the issuance of any Additional Bonds, which approval shall be by resolution, a certified copy of which is filed with the Trustee; (iii) the Trustee shall have received a written opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not adversely affect the status of any series of Bonds issued under the Indenture, and that the Additional Bonds are the valid and binding revenue obligations of the Agency; and (iv) the Agency shall have delivered to the Trustee written confirmation from the Rating Agent that the issuance of the Additional Bonds will not adversely affect the rating then assigned to any other Outstanding Bonds.

The Indenture does not prohibit the issuance of bonds which have a lien on the Revenues of the housing component subordinate to the lien of the Bonds and any Additional Bonds issued pursuant to the Indenture.

Application of Net Proceeds

Net Proceeds with respect to the Housing Facility shall be deposited and disbursed as follows:

(1) In the event that Net Proceeds do not exceed $100,000, such Net Proceeds shall be paid directly to the Agency to be applied forthwith to repair the Housing Facility to substantially the same condition as existed prior to damage or destruction. In the event the Net Proceeds shall exceed $100,000, such Net Proceeds shall be deposited in the Net Proceeds Fund and shall be disbursed as hereinafter provided. If (i) the Housing Facility shall have been damaged, destroyed or condemned to such extent that in the reasonable judgment of the Agency: (a) the Housing Facility cannot reasonably be restored within six (6) months to substantially its condition immediately preceding such damage, destruction or condemnation, or (b) Net Proceeds (including for this purpose net proceeds of an insurance or condemnation award for the entire Housing Facility) expected to be received are insufficient to restore the Housing Facility to substantially its condition immediately preceding such damage, destruction or condemnation, and (ii) the Agency and the County notify the Trustee in writing that the Agency does not propose to repair or restore the Housing Facility, then all such funds shall be transferred to the Redemption Fund. In addition, any balance remaining in the Net Proceeds Fund after completion of the repair or restoration of the Housing Facility shall be transferred to the Redemption Fund.

(2) Any title insurance proceeds received by the Agency shall be used to remedy any title defect resulting in the payment thereof or deposited in the Redemption Fund.

Definitions

Capitalized terms in this Appendix II shall have the following meanings:

Additional Bonds: any additional bonds issued on a parity basis with the Bonds pursuant to the Indenture.

Bonds: the Series 2010 Bonds, the Series 2019B Bonds, and any Additional Bonds from time to time issued under the Indenture;

Budget: the annual budget prepared by the Agency pursuant to the Indenture.

Business Day: any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Trustee is located are authorized by law or executive order to close.

Debt Service Coverage Ratio: for any Fiscal Year, the ratio of (i) Revenues and Supplemental Revenues received by the Trustee, less Operating Costs for such period to (ii) the Debt Service Requirements for the Bonds for such period.

Debt Service Fund: the fund by that name created by the Indenture.

Debt Service Requirements: for a specified period:

(i) amounts needed to pay scheduled payments of principal of the Bonds during such period, including payments for scheduled mandatory redemptions;

(ii) amounts needed to pay interest on the Bonds payable during such period; and

(iii) to the extent not duplicative of clause (i) or (ii) above, amounts paid during such period to cause the amounts on deposit in the accounts of the Debt Service Reserve Fund to equal the applicable Debt Service Reserve Requirement.

Debt Service Reserve Fund: the fund by that name created by the Indenture.

Debt Service Reserve Requirement: the least of the following: $200,000 or any higher amount as is required by any supplemental indenture for any Additional Bonds; (ii) one-half of the maximum annual debt service on the Series 2010 Bonds, the Series 2019B Bonds, and any Additional Bonds in the current or any future twelve (12) month period; (iii) an amount equal to ten percent (10%) of the original principal amount of the Series 2010 Bonds, the Series 2019B Bonds, or any Additional Bonds; or (iv) an amount equal to one hundred twenty-five percent (125%) of average annual debt service on the Bonds.

Extraordinary Maintenance and Replacement Deposit: $1,225 per month or such greater amount determined pursuant to the Indenture.

Extraordinary Revenues: Net Proceeds (excluding for this purpose use and occupancy insurance proceeds and rental loss insurance proceeds) and any money received by the Trustee as a result of pursuing its remedies for an event of default under the Indenture.

Fiscal Year: the Agency's fiscal year, which runs from January 1 to December 31 of each calendar year, or such other twelve (12) month period as designated by the Agency from time to time.

Housing Revenues: all revenues and receipts derived by the Agency from the operation of the Housing Facility, including tenant rentals and all other moneys as may be paid to or on behalf of the Agency or to which the Agency may be entitled with respect to the Housing Facility (excluding security deposits and interest thereon).

Net Operating Revenues: for a specified period, Housing Revenues minus Operating Costs.

Net Proceeds: with respect to any insurance payment or condemnation award made as to the Housing Facility, the proceeds thereof (including earnings thereon) remaining after deduction of all expenses reasonably incurred by the Trustee or the Agency in the collection thereof, including but not limited to attorneys' fees, witness fees and any fees, costs, advances and expenses of the Trustee (exclusive of Trustee's fees) or the Agency in connection therewith.

Operating Costs: with respect to a specific period, all expenses incurred by the Agency for the operation, repair, and maintenance of the Housing Facility during such period including but not limited to:

(i) current maintenance and repairs necessary to maintain the Housing Facility in adequate operating condition;

(ii) labor and costs of materials, services, and supplies necessarily used for such current operation, maintenance and repairs;

(iii) costs of insurance of the Housing Facility incurred in the period, whether or not actually paid in such period;

(iv) management, marketing and financing fees payable by the Agency with respect to the Housing Facility;

(v) taxes or payments in lieu of taxes and special assessments attributable to the Housing Facility incurred in the period, whether or not actually paid in such period;

(vi) current utility charges for the Housing Facility;

(vii) reasonable administrative expenses of the Agency incurred solely with respect to the operation of the Housing Facility;

(viii) insurance of the Agency and its officers and employees against liability for damage to persons and property incurred in connection with the operation of the Housing Facility;

(ix) salary and benefits of employees of the Agency to the extent attributable to the operation, maintenance and repair of the Housing Facility; and

(x) capital costs identified in the Budget, or any amendment thereto, as costs to be incurred in such year and to be paid from the Operating Fund.

Other than as expressly provided in clause (x) above, Operating Costs shall not include capital costs. Operating Costs shall not include the Debt Service Requirement, loss or expense from any extraordinary and nonrecurring items or expenses paid from the Extraordinary Maintenance and Replacement Fund.

Operating Fund: the fund by that name created by the Indenture.

Operating Fund Reserve Requirement: one-fourth (1/4th) of the annual Operating Costs determined by the Agency, from time to time, in accordance with the then current Budget.

Redemption Fund: the fund by that name created by the Indenture.

Revenue Fund: the fund by that name created by the Indenture.

Revenues: (i) Housing Revenues; (ii) all proceeds from use and occupancy insurance and rental loss insurance; and (iii) investment earnings on the Special Funds. Such term shall not include Extraordinary Revenues or Supplemental Revenues.

Supplemental Revenues: proceeds of the Agency's special benefits tax in the amount of up to $85,000 pledged to the payment of the Series 2019B Bonds, in addition to the Housing Revenues, by the Agency pursuant to the Indenture.

PROPOSED FORM OF LEGAL OPINION

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CHARTERED

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$__________
Scott County Community Development Agency
Governmental Development Refunding Bonds
(Scott County, Minnesota Unlimited Tax General Obligation)
Series 2019B

We have acted as bond counsel to the Scott County Community Development Agency (the "Agency") in connection with the issuance by the Agency of its Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B (the "Bonds"), originally dated December 12, 2019, and issued in the original aggregate principal amount of $___________. The Bonds are issued pursuant to a resolution adopted by the Board of Commissioners of the Agency on August 13, 2019 (the "Resolution"); an Indenture of Trust, dated as of December 1, 2010, as supplemented and amended by a First Supplemental Indenture of Trust, dated as of December 1, 2019 (as supplemented and amended, the "Indenture"), between the Agency and U.S. Bank National Association, a national banking association (the "Trustee"), and accepted by Scott County, Minnesota (the "County") and the City of Elko New Market, Minnesota (the "City"); an approving resolution adopted by the Board of Commissioners of the County on September 3, 2019 (the "County's Authorizing Resolution"); and an approving resolution adopted by the City Council of the City on September 12, 2019 (the "City's Authorizing Resolution"). The Bonds are secured by a pledge of certain revenues under the Indenture and by a pledge of the full faith and credit of the County pursuant to the County's Authorizing Resolution and a pledge of the full faith and credit of the City pursuant to the City's Authorizing Resolution to reimburse the County for debt service payments made on the Bonds in an amount of up to $3,000,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Agency is a public body corporate and politic duly organized and existing under the laws of the State of Minnesota. The Agency is authorized under applicable laws of the State of Minnesota to issue the Bonds and to apply the proceeds derived from the sale of the Bonds for the purposes set forth in the Resolution and the Indenture.

2. The Bonds have been issued in accordance with the Indenture, the Resolution, the County's Authorizing Resolution, the City's Authorizing Resolution, and applicable laws of the State of Minnesota and are valid and binding special, limited obligations of the Agency enforceable in accordance with their terms and the terms of the Resolution and the Indenture.

3. The Agency has duly and validly pledged the full faith and credit of the County to the Bonds in accordance with the provisions of Minnesota Statutes, Section 469.034, subdivision 2, and the Bonds are general obligations of the County as authorized in the County's Authorizing Resolution. In addition, the Agency has duly and validly pledged the full faith and credit of the City to reimburse the County for debt service on the Bonds in an amount of up to $3,000,000 in accordance with the provisions of Minnesota Statutes, Section 469.034, subdivision 2, and such obligation is a general obligation of the City as authorized by the City's Authorizing Resolution.

4. The Indenture has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery by the Trustee and the other parties thereto, is a valid and binding agreement of the Agency enforceable in accordance with its terms. The Indenture creates a valid lien on all Revenues and Supplemental Revenues (as defined in the Indenture) as security for the Bonds. The Bonds are primarily payable from such Revenues and Supplemental Revenues.

4. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Agency has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The Agency has not designated the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

5. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated December ____, 2019 at Minneapolis, Minnesota.

CONTINUING DISCLOSURE CERTIFICATE

$_________
Scott County Community Development Agency
Governmental Development Refunding Bonds
(Scott County, Minnesota Unlimited Tax General Obligation)
Series 2019B

CONTINUING DISCLOSURE CERTIFICATE

December ___, 2019

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Scott County Community Development Agency (the "Issuer") and Scott County, Minnesota (the "County") in connection with the issuance of the Issuer's Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B (the "Bonds"), in the original aggregate principal amount of $_________, to which the County has pledged its full faith and credit. The Bonds are being issued pursuant to a First Supplemental Indenture of Trust, dated as of December 1, 2019, which supplements and amends the Indenture of Trust, dated as of December 1, 2010 (as supplemented and amended, the "Indenture"), between the Issuer and U.S. Bank National Association, a national banking association (the "Trustee"), and accepted by the County and the City of Elko New Market, Minnesota, and a resolution adopted by the Board of Commissioners of the Issuer on August 13, 2019 (the "Bond Resolution"). The County's general obligation credit for the Bonds was pledged to the Bonds pursuant to a resolution adopted by the Board of Commissioners of the County on September 3, 2019 (the "County Resolution," and together with the Bond Resolution, the "Resolutions"). The Resolutions and the Indenture are collectively referred to herein as the "Security Documents." The Bonds are special, limited obligations of the Issuer payable only from amounts pledged thereto pursuant to the Security Documents. The Bonds are being delivered to __________________ (the "Purchaser") on the date hereof. Pursuant to the Security Documents, the Issuer and the County have covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer and the County hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer and the County for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Security Documents, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Security Documents, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer or the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means annual financial statements of the County and the Issuer, prepared in accordance with GAAP as prescribed by GASB.

"Bonds" means the Governmental Development Refunding Bonds (Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B, issued by the Issuer in the original aggregate principal amount of $____________.

"County" means Scott County, Minnesota, which is an obligated person with respect to the Bonds.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"Dissemination Agent" means any dissemination agent designated in writing by it and which has filed with the Issuer or the County, respectively, a written acceptance of such designation. If no Dissemination Agent is designated, the Issuer will act as its own Dissemination Agent and the County will act as its own Dissemination Agent.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the deemed Final Official Statement, dated _____________, 2019, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer or the County, as the case may be.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Holder" means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

"Issuer" means the Scott County Community Development Agency, which is an obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Purchaser" means _________________________.

"Repository" means EMMA, or any successor thereto designated by the SEC.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) County.

1. The County shall, or shall cause the Dissemination Agent to, not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the County may be submitted separately from the balance of the Annual Report.

2. If the County is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a)(1), the County shall send, or cause the Dissemination Agent to send, a notice of that fact to the Repository and the MSRB.

3. The County shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

(b) Issuer.

1. The Issuer shall, or shall cause the Dissemination Agent to, not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

2. If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (b)(1), the Issuer shall send, or cause the Dissemination Agent to send, a notice of that fact to the Repository and the MSRB.

3. The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports.

(a) County. The County's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. County Property Values
2. County Indebtedness
3. County Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

(b) Issuer. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements of the Issuer for such Fiscal Year. Notwithstanding the foregoing, if the Issuer's Audited Financial Statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the Audited Financial Statements as part of its Annual Report and the Issuer shall provide the Audited Financial Statements promptly when available.

Any or all of the items listed in paragraphs (a) and (b) above may be incorporated by reference from other documents, including official statements of debt issues of the County, the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The County or the Issuer as the case may be shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer or the County shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer or the County shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's or County's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer and the County shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's and the County's obligations under the Security Documents and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer and the County may each, from time to time, appoint or engage a Dissemination Agent to assist the Issuer or the County in carrying out the Issuer's or the County's respective obligations under the this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer and the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Security Documents requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer or the County delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Security Documents and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer or the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer or the County chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer and the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer or the County to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer and the County to comply with their obligations under the Security Documents and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the County, the Dissemination Agent, the Participating Underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Issuer and the County have executed this Continuing Disclosure Certificate as of the date and year first written above.

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

____
Chair

____
Executive Director

Execution page of the County to the Continuing Disclosure Certificate, dated as of the date and year first written above.

SCOTT COUNTY, MINNESOTA

____
Chair

____
County Administrator

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter’s property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter’s property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory “net debt” limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
"Fiscal Disparities Law"

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	Local Tax Payable 2015-2019
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[c]	0.75%
Over $139,000[c]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[a]
Over $150,000	2.00%[a]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[a]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[a]
Over $500,000	1.25%[a]
Non-Commercial (4c12)	
Up to $500,000	1.00%[a][b]
Over $500,000	1.25%[a][b]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[d]	0.50%[b]
Over $1,900,000[d]	1.00%[b]
Non-homestead (2b)	1.00%[b]

[a] *State tax is applicable to these classifications.*

[b] *Exempt from referendum market value based taxes.*

[c] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[d] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF THE AGENCY'S 2018 ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the Agency's Annual Financial Report for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Scott County Community Development Agency
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Scott County Community Development Agency (the CDA), Shakopee, Minnesota, a component unit of Scott County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the CDA'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 of 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 CDA'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 CDA'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CDA as of December 31, 2018 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Standards

As described in Note 7 to the financial statements, the CDA adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended December 31, 2018. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

Other Matters

Report on Summarized Comparative Information

We have previously audited the CDA's 2017 financial statements, and we expressed unmodified opinions on the respective financial statements in our report dated May 10, 2018. In our opinion, the summarized comparative information presented herein for the respective financial statements as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Changes in the CDA's OPEB Liability and Related Ratios on page 42 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 CDA's basic financial statements. The introductory section, the accompanying Financial Data Schedules and Combining Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and the Financial Data Schedules and Combining Schedules listed in the table of contents 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedules and Combining Schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019, on our consideration of the CDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CDA's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 28, 2019

Management's Discussion and Analysis

As management of Scott County Community Development Agency (the CDA), Shakopee, Minnesota, we offer readers of the CDA's financial statements this narrative overview and analysis of the financial activities of the CDA for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the CDA exceeded its liabilities at the close of the most recent fiscal year by $33,225,932 (*net position*). This net position is comprised of the following:
  - Net investments in capital assets ($18,508,193), which represents the CDA's investment in land, structures, and equipment net of any long-term debt used to acquire the assets. These resources are not available for future spending.
  - Restricted ($8,349,989), which represents external restrictions imposed through grant agreements, contracts, bond indentures, and other laws and agreements. These resources can only be used for those specific purposes.
  - Unrestricted ($6,367,750), which represents the resources available to the CDA to meet its ongoing obligation to citizens.
  - Of the $6,367,750 of unrestricted net position, the CDA Board has designated, by resolution, $2,218,000 for capital expenditures that are in the process of negotiation or development.
- The net position of the CDA increased $1,087,926 during the year. This increase is simply due to revenues in excess of expenses throughout the year.
- The CDA's cash balance at the close of the current fiscal year is $15,731,627, an increased of $1,087,926 from the prior year. The CDA's cash balance consists of unrestricted cash ($7,006,809), other restricted cash ($301,825), restricted cash for tenant security deposits ($385,202), and restricted investments ($8,037,791).

Use of Annual Report

This annual report consists of three parts - Management's Discussion and Analysis (this section), the basic financial statements and supplementary information, some of which is required. The basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. These statements provide information about the activities of the CDA as a whole and present a long-term view of the CDA's finances. The supplementary information includes individual program statements that include more detail on the activities of the CDA.

Reporting on the CDA as a Whole

One of the most important questions asked about the CDA's finances is, "Is the CDA as a whole better off or worse off as a result of the year's activities?" The statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows report information about the CDA as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These three statements report the CDA's net position balances and changes in them. You can think of the CDA's net position - the difference between assets and deferred outflows of resources and liabilities - as one way to measure the CDA's financial health or financial position. Over time, increases or decreases of the CDA's net position balances are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the CDA's tax base and the condition of the CDA's properties, to assess the overall health of the CDA.

Financial Analysis

The following table summarizes the CDA's net position, in comparison with the prior year:

	2018	2017	Increase (Decrease)
Assets			
Current and other assets	$ 17,599,124	$ 15,805,317	$ 1,793,807
Capital assets	62,153,201	64,190,379	(2,037,178)
Total Assets	79,752,325	79,995,696	(243,371)
Deferred Outflows of Resources			
Deferred outflows of other postemployment benefits	53,045	-	53,045
Deferred charges on refunding	471,779	595,267	(123,488)
Total Deferred Outflows of Resources	524,824	595,267	(70,443)
Liabilities			
Non-current liabilities outstanding	45,033,800	46,527,231	(1,493,431)
Other liabilities	2,017,417	1,627,669	389,748
Total Liabilities	47,051,217	48,154,900	(1,103,683)
Net Position			
Net investment in capital assets	18,508,193	18,785,144	(276,951)
Restricted	8,349,989	7,221,870	1,128,119
Unrestricted	6,367,750	6,429,049	(61,299)
Total Net Position	$ 33,225,932	$ 32,436,063	$ 789,869

The following table summarizes the changes in the CDA's net position, in comparison with the prior year:

	2018	2017	Increase (Decrease)
Revenues			
Operating revenues	$ 11,261,010	$ 11,001,733	$ 259,277
Expenses			
Operating expenses	12,238,693	11,972,921	265,772
Operating Loss	(977,683)	(971,188)	(6,495)
Net Nonoperating Revenues	2,065,609	1,247,224	818,385
Transfers to Primary Government	-	(242,998)	242,998
Change in Net Position	1,087,926	33,038	1,054,888
Net Position, January 1 as Restated	32,138,006	32,403,025	(265,019)
Net Position, December 31	$ 33,225,932	$ 32,436,063	$ 789,869

For the year ended December 31, 2018, the activity of the CDA resulted in an operating loss. As the CDA has acquired more properties, rental income has increased. The increase in expenses is the result of increased administrative, utilities, maintenance, and depreciation expenses. Nonoperating revenues and expenses which consisted mainly of property taxes, grants, and interest expenses netted to a positive $2,065,609 and the net position of the CDA increased $1,087,926.

Capital Asset and Debt Administration

Capital Assets. The CDA's investment in capital assets as of December 31, 2018 amounts to $62,153,201 (*net of accumulated depreciation*). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The CDA showed a decrease their investment of capital assets of $2,037,178 during the current fiscal year.

There weren't significant capital asset additions during the year and this resulted in the decrease in net investment of capital assets.

Scott County Community Development Agency's Capital Assets
(Net of Depreciation)

	2018	2017	Increase (Decrease)
Land and Land Improvements	$ 6,575,936	$ 6,575,936	$ -
Buildings	54,870,523	56,911,785	(2,041,262)
Furniture and Equipment	706,742	702,658	4,084
Total	$ 62,153,201	$ 64,190,379	$ (2,037,178)

Additional information on the CDA's capital assets can be found in Note 2C on page 31 of this report.

Long-term Debt. At the end of the current fiscal year, the CDA had total bonded debt outstanding of $41,480,000. This amount comprises debt backed by the full faith and credit of the County and/or the Cities in which they reside. The remainder of the CDA's debt represents loans secured solely by specified revenue sources as well as other noncurrent liabilities.

Scott County Community Development Agency's Outstanding Debt

	2018	2017	Increase (Decrease)
Revenue Bonds	$ 41,480,000	$ 43,165,000	$ (1,685,000)
Unamortized Bond Premium	57,793	60,090	(2,297)
Noncurrent Liabilities - Other	45,687	27,171	18,516
Loans Payable	2,578,994	2,775,412	(196,418)
Total	$ 44,162,474	$ 46,027,673	$ (1,865,199)

The CDA's total debt decreased $1,865,199 during the current fiscal year. The decrease in debt is due to scheduled debt payments and forgiveness of one loan.

Additional information on the CDA's long-term debt can be found in Note 2D on starting on page 32 of this report.

Economic Factors and Next Year's Budgets and Rates

The rental market remains strong contributing to nearly 100% occupancy and healthy bottom lines for much of the CDA's portfolio. State and federal funding levels for rental housing programs have remained relatively flat in recent years. Although insufficient to meet local need, it is anticipated that this trend will continue.

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 CDA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Adam Johnson, Finance Director, Scott County Community Development Agency of Scott County, 323 South Naumkeag Street, Shakopee, Minnesota 55379.

Scott County Community Development Agency
Shakopee, Minnesota
Statements of Net Position
December 31, 2018
(With Comparative Actual Amounts for December 31, 2017)

	2018	2017
Assets		
Cash - unrestricted	$ 7,006,809	$ 6,735,311
Cash - other restricted	301,825	248,579
Cash - tenant security deposits	385,202	376,805
Accounts receivables - HUD	5,938	7,301
Accounts receivable - other governments	189,605	135,845
Accounts receivable - miscellaneous (net)	8,647	59,934
Accounts receivable - tenants - dwelling rents (net)	78,253	47,528
Accrued interest receivable	2,442	2,307
Prepaid items	132,612	144,122
Notes and loans receivable	1,450,000	850,000
Restricted investments	8,037,791	7,197,585
Capital assets		
Nondepreciable	6,575,936	6,575,936
Depreciable assets, net of accumulated depreciation	55,577,265	57,614,443
Total Assets	79,752,325	79,995,696
Deferred Outflows of Resources		
Deferred outflows of other postemployment benefits	53,045	-
Deferred charges on refunding	471,779	595,267
Total Deferred Outflows of Resources	524,824	595,267
Liabilities		
Accounts payable	409,547	219,332
Accrued wages/payroll taxes payable	45,463	54,384
Accrued interest payable	772,337	665,127
Accounts payable - other governments	323,505	326,327
Security deposits payable	357,299	358,286
Unearned revenue	109,266	4,213
Noncurrent liabilities		
Due within one year	2,195,878	1,840,151
Due in more than one year	42,837,922	44,687,080
Total Liabilities	47,051,217	48,154,900
Net Position		
Net investment in capital assets	18,508,193	18,785,144
Restricted for		
Housing assistance payments	112,451	108,281
Operations, maintenance and administrative	5,841,012	4,997,002
Debt service	2,048,320	2,116,587
Contribution for future projects	348,206	-
Unrestricted	6,367,750	6,429,049
Total Net Position	$ 33,225,932	$ 32,436,063

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

Scott County Community Development Agency
Shakopee, Minnesota
Statements of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018	2017
Operating Revenues		
Rental income	$ 7,004,715	$ 6,888,950
HUD contributions	3,575,140	3,299,444
Intergovernmental	394,239	389,216
Other income	286,916	424,123
Total Operating Revenues	11,261,010	11,001,733
Operating Expenses		
Administrative	3,028,314	2,710,591
Utilities	716,957	695,964
Ordinary maintenance and operations	2,075,647	2,258,291
General expense	1,440,826	1,465,391
Housing assistance payments	2,614,107	2,457,573
Depreciation	2,362,842	2,385,111
Total Operating Expenses	12,238,693	11,972,921
Operating Loss	(977,683)	(971,188)
Nonoperating Revenues (Expenses)		
Property taxes	3,040,826	2,931,070
Debt service contribution - City of New Prague	55,616	18,539
Interest income	45,544	41,475
USDA interest subsidy	17,490	17,616
US Treasury interest subsidy	150,085	151,540
Interest expense and amortization of deferred charges	(1,770,001)	(1,751,535)
Loss on sale of capital assets	-	(35,919)
Other items	526,049	53,590
Bond issuance costs	-	(179,152)
Total Nonoperating Revenues (Expenses)	2,065,609	1,247,224
Income Before Transfers	1,087,926	276,036
Transfers to Primary Government	-	(242,998)
Change in Net Position	1,087,926	33,038
Net Position, January 1 as Restated (Note 7)	32,138,006	32,403,025
Net Position, December 31	$ 33,225,932	$ 32,436,063

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

Scott County Community Development Agency
Shakopee, Minnesota
Statements of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018	2017
Cash Flows from Operating Activities		
Receipts from tenants and users	$ 6,216,226	$ 5,962,245
Other receipts	1,591,757	1,156,024
Receipts from governments	3,982,867	3,433,005
Payments to suppliers	(6,630,057)	(6,787,150)
Payments to employees	(3,016,569)	(2,670,422)
Net Cash Provided by Operating Activities	2,144,224	1,093,702
Cash Flows from Noncapital and Related Financing Activities		
Issuance of loans receivable	(600,000)	(500,000)
Transfer to primary government	-	(242,998)
Collection of property taxes	3,028,475	2,934,315
Net Cash Provided by Noncapital and Related Financing Activities	2,428,475	2,191,317
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(325,663)	(282,948)
HUD grants received	-	1,897
Proceeds from the sale of capital assets	-	217,082
Proceeds of long-term debt, net of issuance costs	-	7,165,938
Payment to refunded bond escrow	-	(8,161,324)
Principal paid on long-term debt	(1,732,951)	(1,827,917)
Interest paid on long-term debt	(1,386,147)	(1,644,324)
Net Cash Used by Capital and Related Financing Activities	(3,444,761)	(4,531,596)
Cash Flows from Investing Activities		
Interest received on investments	45,409	42,509
Net Increase (Decrease) in Cash and Cash Equivalents	1,173,347	(1,204,068)
Cash and Cash Equivalents, January 1	14,558,280	15,762,348
Cash and Cash Equivalents, December 31	$ 15,731,627	$ 14,558,280
Reconciliation of Cash and Cash Equivalents To the Statement of Net Position		
Cash		
Unrestricted	$ 7,006,809	$ 6,735,311
Other restricted	301,825	248,579
Tenant security deposits	385,202	376,805
Restricted investments	8,037,791	7,197,585
Total Cash and Cash Equivalents	$ 15,731,627	$ 14,558,280

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

Scott County Community Development Agency

Shakopee, Minnesota

Statements of Cash Flows (Continued)

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018	2017
Reconciliation of Operating Loss		
to Net Cash Provided by Operating Activities		
Operating loss	$ (977,683)	$ (971,188)
Adjustments to reconcile operating loss		
to net cash provided by operating activities		
Other income related to operations	377,578	53,590
Depreciation	2,362,842	2,385,111
Loan forgiveness	-	(104,943)
Other government grants	67,741	30,823
(Increase) decrease in assets		
Account receivable		
Other governments	(40,046)	(10,017)
Miscellaneous	51,287	17,786
Tenants - dwelling rents	(30,725)	(106)
Prepaid items	11,510	23,835
Increase (decrease) in liabilities		
Accounts payable	177,391	7,720
Accrued wages/payroll taxes payable	(8,921)	(8,113)
Accounts payable - other governments	10,002	63,447
Security deposits payable	(987)	(191)
Unearned revenue	105,053	(436,801)
Compensated absences payable	11,597	16,042
Other postemployment benefits payable	62,114	32,241
Deferred other postemployment benefits	(53,045)	-
Noncurrent liabilities - other	18,516	(5,534)
Net Cash Provided by Operating Activities	$ 2,144,224	$ 1,093,702
Noncash Capital and Related Financing Activities		
Amortization of deferred charges on refunding	$ 125,783	$ 47,705
Amortization of bond premium	2,297	-
Loss on the sale of capital assets	-	35,919
Disposal of capital assets	-	-
Write-off of forgivable loan	148,471	104,943
Restatement of beginning net position	298,057	-

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Scott County Community Development Agency (the CDA) was created under the laws of the State of Minnesota. The CDA is governed by a five-member Board of Commissioners (the Board) appointed by Scott County (the County) Board of Commissioners from the five districts in the County. The CDA provides economic development and affordable housing for the citizens within the County. The CDA has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the CDA are such that exclusion would cause the CDA's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The CDA is reported as a blended component unit in the County's financial statements. The CDA reports the following component units.

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The CDA is considered a single enterprise fund for financial reporting purpose. The activities of the CDA are recorded under various programs established for the administration of the CDA's programs. For the most part, the effect of inter-program activity has been removed from the statements of net position and the statements of revenues, expenses, and changes in net position. The CDA's basic financial statements have been prepared on the basis of the governmental proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through tenant rentals and federal housing assistance programs. The CDA's basic financial statements are presented on the accrual basis of accounting. The CDA applies all applicable Government Accounting Standards Board (GASB) pronouncements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the CDA receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the CDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the CDA on a reimbursement basis.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* revenue and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are tenant rent and CDA contributions. Operating expenses for proprietary funds include the cost of housing assistance payments, utilities, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Assets, Deferred Outflows of Resources, Liabilities and Net Position

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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

The CDA may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The CDA's recurring fair value measurements are listed in detail on page 30 and are valued using a matrix pricing model (Level 2 inputs).

Restricted Investments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. All trade receivables are shown net of an allowance for uncollectable. The allowance for uncollectible at December 31, 2018 was $24,072.

Prepaid Items

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

Capital Assets

Capital assets are defined by the CDA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the CDA are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	40
Building Improvements	15
Furniture and Fixtures	5 to 10
Equipment	3 to 10

Deferred Outflows of Resources

In addition to assets, the statement of net 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 (expense) until then. The CDA only has two items that qualifies for reporting in this category. Accordingly, the items, deferred charge on refunding and deferred other postemployment benefits reported in the statement of net position. The 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. The deferred other postemployment benefit results from actuarial calculations and current year OPEB contributions made subsequent to the measurement date.

Scott County Community Development Agency
Shakopee, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2017. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The recognition of bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

Unearned Revenue

The CDA reports unearned revenue on its statement of net position. Unearned revenue arises when resources are received by the CDA before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expense. In subsequent periods, when revenue recognition criteria is met, or when the CDA has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented for the CDA in order to provide an understanding of the changes in financial position and operations of the CDA. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the CDA's deposits and investments may not be returned or the CDA will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the CDA maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all CDA deposits be protected by insurance, surety bond or collateral, insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation;
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the CDA.

At December 31, 2018, the CDA's carrying amount of deposits was $7,692,086 and the bank balance was $7,427,996. All of this bank balance was covered by federal depository insurance and collateral held by the CDA's agent in the CDA's name.

Note 2: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2018, the CDA has the following investments:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Non-pooled Investments at Fair Value						
Commercial Paper	A-1+	less than 6 months	$ 5,457,326	$ -	$ 5,457,326	$ -
Pooled Investments at Amortized Cost						
Broker Money Market	N/A	less than 6 months	2,580,465	-	-	-
Total Investments			$ 8,037,791	$ -	$ 5,457,326	$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

A reconciliation of cash and cash equivalents as reported on the statement of net position follows:

Carrying Amount of Deposits	$ 7,692,086
Investments	8,037,791
Cash on Hand	1,750
Total	$ 15,731,627
Cash and Temporary Investments	
Cash - unrestricted	$ 7,006,809
Cash - other restricted	301,825
Cash - tenant security deposits	385,202
Restricted investments	8,037,791
Total	$ 15,731,627

The investments of the CDA are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the CDA's investments to the list on page 26 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Concentration of credit is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The CDA does not currently have an investment policy that addresses the risks described above.

Note 2: Detailed Notes on All Funds (Continued)

B. Notes Receivable

The balance of notes receivable as of December 31, 2018 is $1,450,000. Of the balance $350,000 is for a 0 percent deferred loan for construction of a 66-unit affordable housing project with a maturity date of December 31, 2042, $500,000 is for a 0 percent deferred loan for construction of a 68-unit affordable housing project with a maturity date of December 31, 2034 and $600,000 is for two 0 percent deferred loan for construction of a 57 unit and a 54-unit affordable housing projects with a maturity dates of December 31, 2048.

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land and land improvements	$ 6,575,936	$ -	$ -	$ 6,575,936
Capital Assets Being Depreciated				
Buildings and improvements	82,023,371	230,376	-	82,253,747
Equipment	1,167,534	95,287	-	1,262,821
Total Capital Assets Being Depreciated	83,190,905	325,663	-	83,516,568
Less Accumulated Depreciation for				
Buildings and improvements	(25,111,586)	(2,271,638)	-	(27,383,224)
Equipment	(464,876)	(91,203)	-	(556,079)
Total Accumulated Depreciation	(25,576,462)	(2,362,841)	-	(27,939,303)
Total Capital Assets Being Depreciated, Net	57,614,443	(2,037,178)	-	55,577,265
Net Capital Assets	$ 64,190,379	$ (2,037,178)	$ -	$ 62,153,201

Note 2: Detailed Notes on All Funds (Continued)

D. Long-term Liabilities

Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental Development Refunding Bonds, Series 2010	$ 5,370,000	2.00 - 4.00 %	11/04/10	02/01/36	$ 4,185,000
Governmental Development Taxable Build America Bonds, Series 2010A	1,780,000	2.85 - 5.30	12/14/10	02/01/28	1,595,000
Governmental Development Taxable Recovery Zone Bonds, Series 2010B	4,445,000	5.50 - 6.60	12/14/10	02/01/45	4,445,000
Governmental Development Refunding Bonds, Series 2012B	5,885,000	2.00 - 3.63	04/15/12	02/01/34	4,730,000
Governmental Development Bonds, Series 2012C	7,110,000	3.00 - 4.00	05/08/12	02/01/47	5,425,000
Housing Development Revenue Refunding Bonds, Series 2013A	2,330,000	2.00 - 4.00	12/26/13	02/01/27	1,660,000
Limited Special Benefits Tax Refunding Bonds, Series 2013B	1,135,000	2.00 - 4.00	12/26/13	02/01/27	825,000
Housing Development Revenue Refunding Bonds, Series 2013C	2,880,000	2.00 - 4.25 %	12/26/13	02/01/33	2,400,000
TIF Development Revenue Refunding Bonds, Series 2013E	1,220,000	2.00 - 3.00	12/26/13	02/01/23	1,000,000
Governmental Development Bonds, Series 2015	7,930,000	2.00 - 3.60	10/23/15	02/01/48	7,930,000
Facility Lease Revenue Refunding Bonds, Series 2017B	1,385,000	2.00 - 3.25	12/28/17	02/01/29	1,385,000
Housing Development Revenue Bonds, Series 2017A	5,900,000	2-00 - 3.75	12/28/17	02/01/42	5,900,000
Total Revenue Bonds					$ 41,480,000

Note 2: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds Principal	Interest	Credit	Total
2019	$ 1,650,000	$ 1,638,527	$ (149,070)	$ 3,139,457
2020	1,720,000	1,602,312	(147,185)	3,175,127
2021	1,800,000	1,571,457	(145,102)	3,226,355
2022	1,850,000	1,524,482	(142,827)	3,231,655
2023	1,895,000	1,475,559	(140,338)	3,230,221
2024 - 2028	8,765,000	6,583,591	(656,029)	14,692,562
2029 - 2033	8,370,000	5,209,379	(541,873)	13,037,506
2034 - 2038	6,285,000	3,914,316	(383,453)	9,815,863
2039 - 2043	5,450,000	2,971,727	(194,991)	8,226,736
2044 - 2048	3,695,000	2,243,635	(18,043)	5,920,592
Total	$ 41,480,000	$ 28,734,985	$ (2,518,911)	$ 67,696,074

Scott County Community Development Agency
Shakopee, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 2: Detailed Notes on All Funds (Continued)

Loans Payable

The following loans payable were issued to acquire certain rental housing properties. The loans will be repaid with rental income and subsidies. A number of these loans will be forgiven if certain requirements are met.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
USDA Rural Development Loan	$ 338,111	6.00 %	06/10/03	03/31/30	$ 304,905
MHFA Deferred Loan	257,982	0.00	10/18/06	06/10/33	257,982
MHFA (POHP) Deferred Loan	400,000	0.00	10/29/99	10/28/19	400,000
MHFA Deferred Loan	91,000	0.00	06/26/13	06/26/33	91,000
Multifamily Preservation and Revitalization Loan	106,808	4.25	10/28/10	04/30/60	100,846
Multifamily Preservation and Revitalization Loan	204,681	3.13	02/01/13	02/01/63	193,814
USDA Rural Development Loan	284,844	4.88	04/23/10	04/20/45	277,017
MHFA Deferred Loan	134,551	0.00	12/31/13	12/31/33	133,777
MHFA Deferred Loan	275,000	0.00	04/23/10	04/20/45	275,000
MHFA Deferred Loan	307,886	0.00	03/31/11	03/31/31	307,886
Market Village SAC & WAC Note	384,749	0.00	12/31/12	12/31/25	236,767
Total Loans					$ 2,578,994

Annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	Loans Principal	Interest	Total
2019	$ 432,558	$ 4,961	$ 437,519
2020	32,662	4,857	37,519
2021	32,770	4,749	37,519
2022	32,882	4,637	37,519
2023	32,998	4,521	37,519
2024 - 2028	107,690	20,713	128,403
2029 - 2033	1,118,182	17,114	1,135,296
2034 - 2038	26,800	12,814	39,614
2039 - 2043	308,963	7,668	316,631
2044 - 2048	313,107	2,133	315,240
2049 - 2053	45,490	-	45,490
2054 - 2058	54,343	-	54,343
2059 - 2063	40,549	-	40,549
Total	$ 2,578,994	$ 84,167	$ 2,663,161

Note 2: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Increases	Decreases	Balance 12/31/2018	Due within One year
Revenue Bonds	$ 43,165,000	$ -	$ (1,685,000)	$ 41,480,000	$ 1,650,000
Unamortized Bond Premium	60,090	-	(2,297)	57,793	-
Loans Payable	2,775,412	-	(196,418)	2,578,994	432,558
Noncurrent Liabilities - Other	27,171	18,516	-	45,687	-
Other Postemployment Benefits Payable	674,994	62,114	-	737,108	-
Compensated Absences Payable	122,621	161,637	(150,040)	134,218	113,320
Total Long-term Liabilities	$ 46,825,288	$ 242,267	$ (2,033,755)	$ 45,033,800	$ 2,195,878

Pledged Revenue

These bonds were issued to finance the buildings for the various properties. They will be repaid from future net revenues pledged from the properties. Annual principal and interest payments on the bonds are expected to require more than 52 percent of the net revenues from the properties. Principal and interest paid for the current year and total customer net revenues were and $7,004,715 $7,004,715 , respectively.

E. Net Position Designations

The following designations of net position have been made as of December 31, 2018:

Fund	Purpose	Amount
Designation		
General	Capital expenditures	$ 2,218,000
General	Re-investment reserve	106,725
General	Facility rehabilitation/replacement	227,944
Undesignated		3,815,081
Total		$ 6,367,750

Note 3: Postemployment Benefits other than Pensions

A. Plan Description

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

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

Scott County Community Development Agency
Shakopee, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Postemployment Benefits other than Pensions (Continued)

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	-
Inactive Plan Members Entitles to but not yet Receiving Benefit Payments	-
Active Plan Members	22
Total Plan Members	22

B. Funding Policy

Contribution requirements also are set by the Board annually. For fiscal year 2018, the CDA contributed $24,044 to the plan. Based on an eligible retiree's years of continuous regular full-time service at retirement, the CDA will pay a portion of the single premium under one of the group healthcare plans or the Medicare Supplemental Plan, as defined: 50, 75, and 100 percent for 10 to 14, 15 to 19, and 20 or more years of continuous regular full-time service, respectively. This benefit is only available to those employees/retirees with a hire date prior to April 11, 2006. In fiscal year 2018, total member contributions were $23,576.

C. Actuarial Methods and Assumptions

The CDA's total OPEB liability of $737,108 was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2018. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.44%
20-Year Municipal Bond Yield	3.44%
Inflation Rate	2.75%
Salary Increases	3.50%
Medical Trend Rate	8.5% in 2018 grading to 5% over 7 years

The discount rate used to measure the total OPEB liability was 3.44 percent. Healthcare Mortality rates were projected using MP-2014 Employee Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2015, from a base year of 2014. Rates are set forward one year for males and set back one year for females.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2017	$ 674,994
Changes for the Year:	
Service cost	21,865
Interest	25,912
Changes in assumptions or other inputs	37,062
Benefit payments	(22,725)
Net Changes	62,114
Balances at December 31, 2018	$ 737,108

Note 3: Postemployment Benefits other than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate:

1 Percent Increase (2.44%)	Current (3.44%)	1 Percent Decrease (4.44%)
$ 635,702	$ 737,108	$ 864,690

The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using a Healthcare Cost Trent Rates that is 1-percentage point lower (7.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.50 percent increasing to 6.00 percent) than the current discount rate:

1 Percent Decrease (7.5% Decreasing to 4%)	Healthcare Cost Trend Rates (8.5% Decreasing to 5%)	1 Percent Increase (9.5% Decreasing to 6%)
$ 625,163	$ 737,108	$ 881,748

F. OPEB Expense and Deferred Outflows of Resources

For the year ended December 31, 2018, the CDA recognized OPEB expense of $9,062. At December 31, 2018, the CDA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 30,320	$ -
Contributions to OPEB Subsequent to the Measurement Date	22,725	-
Total	$ 53,045	$ -

Deferred outflows of resources totaling $22,725 related to pensions resulting from the CDA's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2019	$ 6,742
2020	6,742
2021	6,742
2022	6,742
2023	3,352

Scott County Community Development Agency
Shakopee, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Retirement Plan

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

Participating employees vest in the CDA's future and past service contributions based on each full year of continuous employment. Total payroll and eligible payroll for employees covered by the Plan for the year ended December 31, 2018, was $1,298,270.

The CDA contributed $103,178 and employees contributed $82,550 into the Plan for the year ended December 31, 2018.

Note 5: Other Information

Risk Management

The CDA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the CDA carries insurance through the Minnesota Counties Insurance Trust. The CDA retains risk for the deductible portions of the insurance. The amount of these deductibles is considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlement in excess of insurance for any of the past three years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The CDA's management is not aware of any incurred but not reported claims.

Note 6: Capital Grant Program

The CDA receives Capital Grant funds from HUD. The following schedule reconciles the grants with the current activity:

Grant Number	MN46P18450116	MN46P18450117	MN46P18450118
Grant Year	2016	2017	2018
Funds Approved	$ 41,059	$ 41,120	$ 59,819
Funds Expended	41,059	41,120	47,255
Excess of Funds Approved	$ -	$ -	$ 12,564
Funds Advanced	$ 1,035	$ 41,120	$ 47,255
2018 Revenue	$ 1,035	$ 41,120	$ 47,255

Scott County Community Development Agency
Shakopee, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 7: Change in Accounting Principle

During fiscal year 2018, the CDA implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2018 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 2018 financial statements:

Fund	Net Position January 1, 2018 as Previosly Reported	Prior Period Restatement	Net Position January 1, 2018 as Restated
Business-type Activities	$ 32,436,063	$ (298,057)	$ 32,138,006

Scott County Community Development Agency
Shakopee, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2018

Schedule of Changes in the CDA's OPEB Liability and Related Ratios

	2018
Total OPEB Liability	
Service cost	$ 21,865
Interest	25,912
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	37,062
Benefit payments	(22,725)
Net Change in Total OPEB Liability	62,114
Total OPEB Liability - Beginning	674,994
Total OPEB Liability - Ending	$ 737,108
Covered - Employee Payroll	N/A
CDA's total OPEB liability as a percentage of Covered Employee Payroll	N/A %

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

EXCERPT OF COUNTY'S 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the County's Comprehensive Annual Financial Report ("CAFR") for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The County's Comprehensive Annual Financial Reports for the years ending 2005 through 2017 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The County has submitted its CAFR for the 2018 fiscal year to GFOA.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Scott County
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scott County Community Development Agency, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 1.F. to the financial statements, in 2018, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County's basic financial statements. The Introductory Section, the Supplementary Information, and the Statistical Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2019, on our consideration of Scott County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Scott County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County's internal control over financial reporting and compliance. It does not include the Scott County Community Development Agency, which was audited by other auditors.

JULIE BLAHA STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

June 13, 2019

SCOTT COUNTY
SHAKOPEE, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Unaudited)

The Financial Management of Scott County offers the readers of Scott County's financial statements this narrative overview and analysis of the financial activities of Scott County for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of Scott County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $409,023,744 (net position). Of this amount, $22,791,937 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total assets and deferred outflows of resources decreased by $4,276,713. The decrease is due to a change in actuarial assumptions related to pensions.

- As of the close of the current fiscal year, Scott County governmental funds reported combined ending fund balances of $77,519,462. Approximately 90% of this amount, $69,551,643, is available for spending at the government's discretion (unrestricted fund balance).

- At the end of the current fiscal year, unrestricted fund balance for the General Fund was $37,899,214, or 36% of the total General Fund expenditures.

- Scott County's general obligation bonds and loans payable decreased by $4,456,031 or 8% during the current fiscal year. The key factor in this decrease was the scheduled payment of principal and interest during 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Scott County's basic financial statements. Scott County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements have functions of Scott County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Scott County include general government, public safety, highways and streets, transit, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development.

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-*term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

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

- Road and Bridge Construction
- Capital Improvement

Proprietary funds. Scott County uses only one type of proprietary fund. Internal Service funds are an accounting device used to accumulate and allocate costs internally among Scott County's various functions. Scott County uses an internal service fund to account for its self-insurance and an additional internal service fund was used to fund future other postemployment benefits in a revocable trust fund but the trust was made irrevocable and the fund was closed. A trust fund has been set up to account for this irrevocable trust.

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

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

The basic fiduciary fund financial statements can be found on Exhibits 10 and 11 and Statements A-5 and A-6 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 – 107 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented at the beginning of the supplementary information section. Combining and individual fund statements can be found on pages 127 and 128 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Scott County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $409,023,744 at the close of the most recent fiscal year.

Net investment in capital assets of $377,965,278 (e.g., land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress, less any depreciation and related debt used to acquire assets that is still outstanding) represents 92% of total net position. Scott County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Scott County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 2% of Scott County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $22,791,937 or approximately 6% may be used to meet the government's ongoing obligations to citizens and creditors.

Scott County's Net Position

	Governmental Activities 2018	2017
Current and other assets	$ 100,815,096	$ 118,936,160
Capital assets	430,010,788	409,718,831
Total assets	$ 530,825,884	$ 528,654,991
Deferred Outflows of Resources	$ 16,272,380	$ 22,719,986
Long-term liabilities outstanding	$ 101,386,830	$ 123,272,927
Other liabilities	8,289,381	7,642,922
Total liabilities	$ 109,676,211	$ 130,915,849
Deferred Inflows of Resources	$ 28,398,309	$ 20,621,534
Net Position:		
Net investment in capital assets	$ 377,965,278	$ 353,255,239
Restricted	8,266,529	14,388,608
Unrestricted	22,791,937	32,193,747
Total net position	$ 409,023,744	$ 399,837,594
Change in accounting principal (Note 1.F)		(13,327,209)
Total net position as restated		$ 386,510,385

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

Key elements of the increase in net position are as follows: Scott County's net position increased by $22,513,359 during the current fiscal year. The primary reason for this change is due to the move of Scott County's Other Employment Benefit Trust moving from a revocable trust to an irrevocable trust. This change accounted for over $17 million of the increase. Additional increases occurred from the construction of highways and streets in Scott County. In 2018 Scott County continued construction expansion of County Highways 16, 21, 42, 46 and 83. County Highways 16, 21, 42, 46 and 83 had $15,443,123 of construction work either completed or in progress during 2018. The construction expenses of these projects are capitalized for the government-wide statements and depreciated over the useful life of the assets.

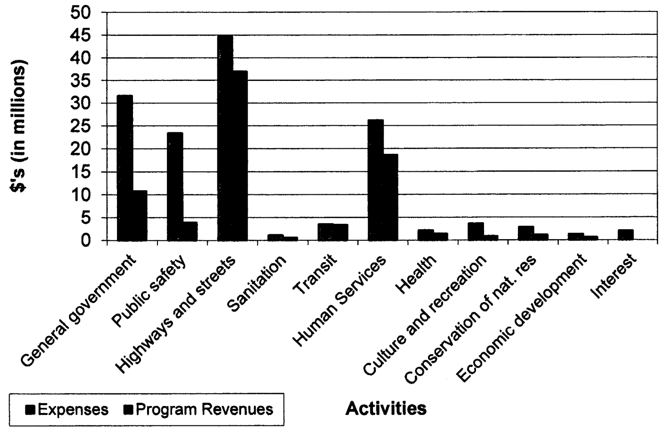
This is the first year the county implemented the new other postemployment benefits reporting standards; Government Accounting Standards Board Statement 75. The county had to make a prior year change in Accounting Principles to record the county's other postemployment liability and related deferred outflows of resources.

Scott County's Changes in Net Position

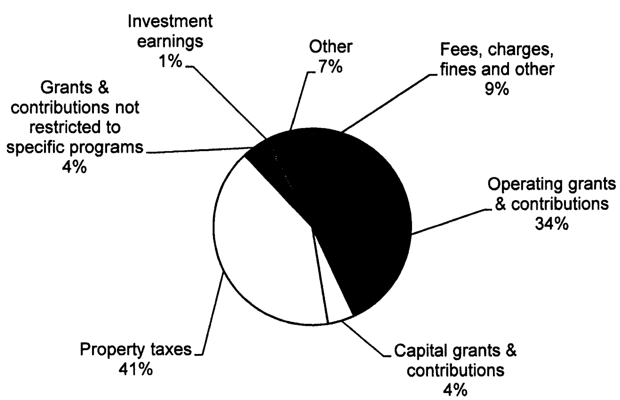
	Governmental Activities 2018	2017
Revenues:		
Program revenues:		
Fees, charges, fines and other	$ 15,634,729	$ 14,823,734
Operating grants & contributions	55,184,985	42,256,502
Capital grants & contributions	7,229,557	2,015,050
General revenues:		
Property taxes	66,683,380	64,348,387
Payment in lieu of taxes	88,752	82,391
Grants & contributions not restricted to specific programs	6,341,316	5,722,964
Investment earnings	1,742,300	1,125,514
Miscellaneous	11,550,454	10,587,957
Total Revenues	$ 164,455,473	$ 140,962,499
Expenses:		
General government	$ 31,614,251	$ 32,474,886
Public safety	23,349,244	26,497,355
Highway and streets	44,643,123	27,256,091
Sanitation	1,094,938	1,371,142
Transit	3,459,910	2,761,710
Human services	26,177,633	23,866,045
Health	2,056,077	3,712,501
Culture and recreation	3,589,510	4,663,308
Conservation of natural resources	2,801,249	2,698,916
Economic development	1,239,107	1,171,284
Interest	1,917,072	2,273,169
Total Expenses	$ 141,942,114	$ 128,746,407
Change in net position	$ 22,513,359	$ 12,216,092
Net Position 1/1	399,837,594	387,621,502
Change in accounting principle	(13,327,209)	0
Total Net position 1/1 as restated	386,510,385	387,621,502
Net position 12/31	$ 409,023,744	$ 399,837,594

Revenue increased in 2018 and this was primarily due to operating grants and contributions increasing by $12,928,483. This was due to an increase in grant funds on road construction projects. The primary drivers for this increase were increases in state highway user tax funding, disaster grant funding and city contributions for services performed by the highway department. Expenses increased by $13,195,707 with the largest change coming from the increased expenses for highway maintenance and road constructions projects.

Expenses and Program Revenues – Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds
As noted earlier, Scott County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Scott County *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Scott County's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Scott County's governmental funds reported combined ending fund balances of $77,519,462, an increase of $1,150,095 in comparison with the prior year. Of the total amount, $69,551,643, constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is considered nonspendable or restricted to indicate that it is not available for new spending because it has been restricted for various reasons either by state law, grant agreements, or bond covenants. The main driver in the increase in fund balance was from investment earnings. The unrestricted fund balance associated with this increased by $711,368 in 2018.

The General Fund is the chief operating fund of Scott County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was $37,899,214, while total fund balance increased to $44,219,855. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and the total fund balance to total fund expenditures. Unrestricted fund balance represents 36% of total General Fund expenditures, while total fund balance represents 42% of that same amount.

The fund balance of Scott County's General Fund increased by $2,274,751 during the current fiscal year. Many favorable variances caused the fund balance to increase including an increase in revenue due to an increase in investment earnings. Revenues also increased due to greater social services grants.

The Watershed Management Organization Fund had a total fund balance of $479,819 at the end of the current fiscal year. The fund balance of the Watershed Management Organization Fund decreased $22,222 during the current fiscal year due to a decrease in one of their grants.

The Road and Bridge Construction Fund had a total fund balance of $29,288,773 at the end of the current fiscal year. The fund balance of the Road and Bridge Construction Fund increased by $1,013,050 during the current fiscal year due to the third full year of transportation sales tax received in 2018.

The Capital Improvement Fund had a total fund balance of $1,274,177 at the end of the current fiscal year. The Capital Improvement Fund decreased by $2,151,059 during the fiscal year. This decrease is primarily due to the not completing as many projects as was planned during 2017 and having to complete them in 2018.

The Debt Service Fund had a total fund balance of $717,819 at the end of the current fiscal year. The Debt Service Fund increased by $37,295 during the current fiscal year. The increase was the result of receiving more taxes.

The Ditch Fund had a total fund balance of $77,154 at the end of the current fiscal year. The fund balance of the Ditch Fund decreased by $34,743 during the fiscal year. This decrease was due to increased ditch projects in 2018.

The Regional Railroad Authority Fund had a fund balance of $96,836 at the end of the current fiscal year. Fund balance increased by $967 due to increased investment earnings.

The Law Library Fund had a total fund balance of $333,415 at the end of the current fiscal year. The fund balance of the Law Library Fund increased by $53,136 during the fiscal year. This increase was due to increased investment earnings and a decrease in expenses.

The Transportation Fund had a fund balance of $336,952 at the end of the current fiscal year. The fund balance of the Transporation Fund increased by $37,092 due to increased investment earnings and a decrease in expenses.

The Regional Training Facility Fund had a fund balance of $694,662 at the end of the current fiscal year. The fund balance of the Regional Training Facility Fund decreased by $58,172 due to increased expenses from purchase of sanitary pump and water softner.

General Fund Budgetary Highlights

Between the original and final budget for 2018, there was a small overall decrease in revenue and some changes due to shifting of revenue between categories. There was also one small increase in expenses due to a purchase that was not made in 2017 but purchased in 2018.

The variance of the final budget versus actual was due to a variety of favorable financials resulting in an increase in fund balance. The largest included an increase in revenue due to investment earnings and also intergovernmental revenue due to an increase in social services grants.

Capital Asset and Debt Administration

Capital Assets. Scott County's investment in capital assets for its government as of December 31, 2018, amounted to $430,010,788 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Scott County investment in capital assets for the current year was approximately 5%.

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

- Continued infrastructure construction on highways. Many road construction projects are still in the construction stage so construction in progress increased by $14,613,776. Some of the major projects being worked on are highways County Highways 16, 21, 42, 46 and 83.

Scott County's Capital Assets
(net of depreciation)

	Governmental Activities	
	2018	2017
Land	$ 99,921,525	$ 92,684,192
Land Improvements	2,917,828	1,130,971
Buildings	43,799,962	45,566,464
Machinery and Equipment	9,683,629	8,134,195
Infrastructure	252,269,282	255,398,223
Construction in Progress	21,418,562	6,804,786
Total	$ 430,010,788	$ 409,718,831

Additional information on Scott County's capital assets can be found in the notes on pages 64 and 65 of this report.

Long-term Debt. At the end of the current fiscal year, Scott County had total bonded debt outstanding of $52,045,510. This is a decrease of $4,418,082 from the start of the year. Current and future county tax levies are used to finance $52,045,510 of the bond indebtedness.

- The decrease in the total bonded debt is primarily related to scheduled payment of principal and interest during 2018.

Scott County's Outstanding Debt
General Obligation Bonds

	Governmental Activities	
	2018	2017
General Obligation Bonds	$ 52,045,510	$ 56,463,592

State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the county. The current debt limitation for Scott County is $519,950,442, which is significantly in excess of Scott County's outstanding general obligation debt.

Additional information on Scott County's long-term debt can be found in the notes on pages 67 - 69 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Scott County is currently 2.5%, which is a decrease from a rate of 3.3% a year ago. This compares favorably to the State's average unemployment rate of 2.9% and the national average of 3.9%.

These factors were considered in preparing Scott County's budget for the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Scott County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Management and Budget Division, 200 Fourth Avenue West, Government Center, Shakopee, MN 55379-1220. Or visit our website at www.co.scott.mn.us.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government Governmental Activities	Component Unit Community Development Agency
Assets		
Cash and pooled investments	$ 76,973,732	$ 7,006,809
Petty cash and change funds	7,925	-
Taxes receivable		
Prior	507,154	-
Accounts receivable - net	1,259,757	86,900
Accrued interest receivable	335,616	2,442
Notes and loan receivable	1,117,961	1,450,000
Due from other governments	19,686,403	195,543
Inventories	924,257	-
Prepaid items	2,291	132,612
Restricted assets		
Cash and pooled investments	-	8,724,818
Capital assets		
Non-depreciable	121,340,087	6,575,936
Depreciable - net of accumulated depreciation	308,670,701	55,577,265
Total Assets	**$ 530,825,884**	**$ 79,752,325**
Deferred Outflows of Resources		
Deferred charges on refunding	$ -	$ 471,779
Deferred pension contributions	2,186,955	-
Deferred pension economic experience difference	1,144,191	-
Deferred pension changes in actuarial assumptions	9,774,522	-
Deferred pension changes in proportionate share	1,854,732	-
Deferred other post employment benefits	1,311,980	53,045
Total Deferred Outflows of Resources	**$ 16,272,380**	**$ 524,824**
Liabilities		
Accounts payable	$ 1,917,147	$ 409,547
Purchasing card payable	5,858	-
Salaries payable	1,529,946	45,463
Contracts payable	1,365,426	-
Retainage payable	937,560	-
Due to other governments	1,727,397	323,505
Accrued interest payable	441,031	772,337
Security deposit payable	-	357,299
Unearned revenue	365,016	109,266
Long-term liabilities:		
Due within one year		
General obligation bonds payable	4,185,000	-
Revenue bonds payable	-	1,650,000
Loans payable	268,204	432,558
Claims payable	742,374	-
Compensated absences	3,707,201	113,320
Due in more than one year		
General obligation bonds payable	47,860,510	-
Revenue bonds payable	-	39,887,793
Loans payable	1,166,757	2,146,436
Non current liabilities other	-	45,687
Compensated absences	1,948,484	20,898
Net pension liability	39,750,684	-
Net other post employment benefits liability	1,757,616	737,108
Total Liabilities	**$ 109,676,211**	**$ 47,051,217**
Deferred Inflows of Resources		
Advance from other government	5,971,709	-
Deferred pension economic experience difference	1,988,230	-
Deferred pension investment results	5,140,767	-
Deferred pension changes in actuarial assumptions	13,881,754	-
Deferred pension changes in proportionate share	1,415,849	-
Total Deferred Inflows of Resources	**$ 28,398,309**	**$ -**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government Governmental Activities	Component Unit Community Development Agency
Net Position		
Net investment in capital assets	$ 377,965,278	$ 18,508,193
Restricted for		
Debt service	717,819	2,048,320
Equipment replacement	331,991	-
Solid waste	2,268,312	-
Human services	309,406	-
MNDOT allotments	1,225,258	-
Gravel pit closure	266,353	-
MRTS funding	78,810	-
Veterans services	4,663	-
Local recycling program	892,935	-
E911	487,226	-
Aquatic invasive species program	237,819	-
Carrying permits	283,801	-
Sheriff's contingency	311,587	-
Conservation of natural resources	83,346	-
Transportation initiative	336,952	-
Law library	333,415	-
Regional rail authority	96,836	-
Other purposes	-	6,301,669
Unrestricted	22,791,937	6,367,750
Total Net Position	**$ 409,023,744**	**$ 33,225,932**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Community Development Agency
Primary government						
Governmental activities						
General government	$ 31,614,251	$ 7,616,034	$ 3,079,099	$ 87,327	$ (20,831,791)	
Public safety	23,349,244	2,276,383	1,584,488	33,886	(19,454,487)	
Highways and streets	44,643,123	1,592,604	28,278,943	7,108,344	(7,663,232)	
Sanitation	1,094,938	167,881	406,563	-	(520,494)	
Transit	3,459,910	808,114	2,524,551	-	(127,245)	
Human services	26,177,633	2,476,419	16,121,017	-	(7,580,197)	
Health	2,056,077	108,478	1,248,800	-	(698,799)	
Culture and recreation	3,589,510	368,142	463,131	-	(2,758,237)	
Conservation of natural resources	2,801,249	220,674	886,191	-	(1,694,384)	
Economic development	1,239,107	-	592,202	-	(646,905)	
Interest	1,917,072	-	-	-	(1,917,072)	
Total Primary Government	**$ 141,942,114**	**$ 15,634,729**	**$ 55,184,985**	**$ 7,229,557**	**$ (63,892,843)**	
Component unit						
Community Development Agency	**$ 14,008,694**	**$ 7,291,631**	**$ 3,969,379**	**$ 55,616**		**$ (2,692,068)**
General Revenues						
Property taxes					$ 66,683,380	$ 3,040,826
Gravel taxes					172,951	-
Wheelage taxes					1,330,783	-
Transportation sales tax					9,497,779	-
Mortgage registry and deed tax					528,791	-
Payments in lieu of tax					88,752	-
Grants and contributions not restricted to specific programs					6,341,316	167,575
Unrestricted investment earnings					1,742,300	45,544
Miscellaneous					20,150	526,049
Total general revenues					**$ 86,406,202**	**$ 3,779,994**
Change in net position					**$ 22,513,359**	**$ 1,087,926**
Net Position - Beginning, as previously reported					$ 399,837,594	$ 32,436,063
Restatement (Note 1.F. and not 9.G.)					(13,327,209)	(298,057)
Net Position - Beginning as restated					386,510,385	32,138,006
Net Position - Ending					**$ 409,023,744**	**$ 33,225,932**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Watershed Management Organization	Road and Bridge Construction	Capital Improvement	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and pooled investments	$ 42,280,554	$ 953,646	$ 24,866,949	$ 378,660	$ 712,890	$ 1,533,605	$ 70,726,304
Petty cash and change funds	7,835	-	-	-	-	90	7,925
Taxes receivable							
Prior	396,131	7,682	33,623	13,448	50,544	-	501,428
Accounts receivable	1,106,946	-	146,479	3,200	-	3,132	1,259,757
Accrued interest receivable	287,871	3,699	4,361	-	6,126	8,843	310,900
Due from other governments	5,971,660	71,233	13,565,943	59,191	-	18,376	19,686,403
Prepaid items	2,291	-	-	-	-	-	2,291
Inventories	924,257	-	-	-	-	-	924,257
Loans receivable	-	-	-	1,117,961	-	-	1,117,961
Total Assets	**$ 50,977,545**	**$ 1,036,260**	**$ 38,617,355**	**$ 1,572,460**	**$ 769,560**	**$ 1,564,046**	**$ 94,537,226**
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 1,690,577	$ 34,634	$ 113,694	$ 59,171	$ -	$ 19,071	$ 1,917,147
Purchasing card payable	-	5,858	-	-	-	-	5,858
Salaries payable	1,517,231	7,826	-	2,904	-	1,985	1,529,946
Contracts payable	-	-	1,155,866	209,560	-	-	1,365,426
Retainage payable	-	-	937,560	-	-	-	937,560
Due to other governments	1,352,717	161,017	203,528	10,000	-	135	1,727,397
Unearned revenue	27,112	337,904	-	-	-	-	365,016
Total Liabilities	**$ 4,587,637**	**$ 547,239**	**$ 2,410,648**	**$ 281,635**	**$ -**	**$ 21,191**	**$ 7,848,350**
Deferred Inflows of Resources							
Unavailable revenue	$ 2,170,053	$ 9,202	$ 946,225	$ 16,648	$ 51,741	$ 3,836	$ 3,197,705
Advance from other government	-	-	5,971,709	-	-	-	5,971,709
Total Deferred Inflows of Resources	**$ 2,170,053**	**$ 9,202**	**$ 6,917,934**	**$ 16,648**	**$ 51,741**	**$ 3,836**	**$ 9,169,414**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Watershed Management Organization	Road and Bridge Construction	Capital Improvement	Debt Service	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable							
Inventory	$ 924,257	$ -	$ -	$ -	$ -	$ -	$ 924,257
Prepaid items	2,291	-	-	-	-	-	2,291
Restricted							
Solid waste	2,268,312	-	-	-	-	-	2,268,312
Recorder's equipment	331,991	-	-	-	-	-	331,991
E-911	487,226	-	-	-	-	-	487,226
Local recycling development	892,935	-	-	-	-	-	892,935
Aquatic invasive species	237,819	-	-	-	-	-	237,819
Restricted for MRTS Capital Funding	-	-	-	78,810	-	-	78,810
Administering the carrying of weapons	283,801	-	-	-	-	-	283,801
Law enforcement	311,587	-	-	-	-	-	311,587
Gravel pit closure	266,353	-	-	-	-	-	266,353
Veteran's services	4,663	-	-	-	-	-	4,663
Debt service	-	-	-	-	717,819	-	717,819
Ditch maintenance and repairs	-	-	-	-	-	83,346	83,346
Law library	-	-	-	-	-	333,415	333,415
Regional railroad authority	-	-	-	-	-	96,836	96,836
Transportation initiative	-	-	-	-	-	336,952	336,952
Restricted for child protection	309,406	-	-	-	-	-	309,406
Committed							
Committed for Treatment Court	688,135	-	-	-	-	-	688,135
Assigned							
Wheelage tax construction projects	-	-	169,823	-	-	-	169,823
Transportation tax construction projects	-	-	7,714,902	-	-	-	7,714,902
County parks	664,059	-	-	-	-	-	664,059
Water quality	16,795	-	-	-	-	-	16,795
Library operations	251,651	-	-	-	-	-	251,651
Meth task force	255,346	-	-	-	-	-	255,346
Sheriff	164,981	-	-	-	-	-	164,981
Juvenile alternative facility wood program	6,700	-	-	-	-	-	6,700
Extension services	15,371	-	-	-	-	-	15,371
Elections	33,020	-	-	-	-	-	33,020
Juvenile restitution	100,907	-	-	-	-	-	100,907
Septic loan program	3,669	-	-	-	-	-	3,669
Contracted Purchase	509,054	-	-	-	-	-	509,054
New Options & mobile crisis response	582,000	-	-	-	-	-	582,000
Road & bridge construction	-	-	21,404,048	-	-	-	21,404,048
Capital improvement	-	-	-	1,195,367	-	-	1,195,367
Water Management Organization (WMO)	-	479,819	-	-	-	-	479,819
Public safety	-	-	-	-	-	694,662	694,662
Unassigned	34,607,526	-	-	-	-	(6,192)	34,601,334
Total Fund Balances	**$ 44,219,855**	**$ 479,819**	**$ 29,288,773**	**$ 1,274,177**	**$ 717,819**	**$ 1,539,019**	**$ 77,519,462**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 50,977,545**	**$ 1,036,260**	**$ 38,617,355**	**$ 1,572,460**	**$ 769,560**	**$ 1,564,046**	**$ 94,537,226**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES DECEMBER 31, 2018

Fund balances - total governmental funds (Exhibit 3)		**$ 77,519,462**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		430,010,788
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		3,197,705
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The assets and liabilities included in governmental activities in the statement of net position are:		5,535,496
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and other post employment benefits that are not recognized in the governmental funds.		
Deferred outflows related to pensions and other post employment benefits		16,272,380
Deferred inflows related to pensions and other post employment benefits		(22,426,600)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	$ (52,045,510)	
Loans payable	(1,434,961)	
Compensated absences	(5,655,685)	
Accrued interest payable	(441,031)	
Net pension liability	(39,750,684)	
Net other post employment benefits liability	(1,757,616)	(101,085,487)
Net Position of Governmental Activities (Exhibit 1)		**$ 409,023,744**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Watershed Management Organization	Road and Bridge Construction	Capital Improvement	Debt Service	Other Governmental Funds	Total
Revenues							
Taxes	$ 53,378,304	$ 1,163,005	$ 15,318,989	$ 1,895,501	$ 6,432,210	$ -	$ 78,188,009
Special assessments	251,946	-	-	-	-	42,430	294,376
Licenses and permits	1,711,046	-	-	-	-	-	1,711,046
Intergovernmental	36,052,644	804,910	37,306,313	215,319	-	499,986	74,879,172
Charges for services	10,093,705	14,138	408,435	133,095	-	430,269	11,079,642
Fines and forfeits	703,143	-	-	-	-	-	703,143
Gifts and contributions	142,367	-	-	-	-	-	142,367
Investment earnings	1,075,677	16,577	540,523	45,251	22,004	39,385	1,739,417
Miscellaneous	1,829,328	65,377	12,018	32,654	-	737	1,940,114
Total Revenues	**$ 105,238,160**	**$ 2,064,007**	**$ 53,586,278**	**$ 2,321,820**	**$ 6,454,214**	**$ 1,012,807**	**$ 170,677,286**
Expenditures							
Current							
General government	$ 29,364,790	$ -	$ -	$ -	$ -	$ 154,858	$ 29,519,648
Public safety	22,170,769	-	-	-	-	572,932	22,743,701
Highways and streets	11,949,526	-	-	-	-	96,261	12,045,787
Sanitation	1,094,938	-	-	-	-	-	1,094,938
Transit	3,511,801	-	-	-	-	-	3,511,801
Human services	26,789,228	-	-	-	-	-	26,789,228
Health	2,146,142	-	-	-	-	-	2,146,142
Culture and recreation	5,184,509	-	-	-	-	-	5,184,509
Conservation of natural resources	683,550	1,986,229	-	-	-	79,128	2,748,907
Economic development	1,211,759	-	-	-	-	869	1,212,628
Intergovernmental							
Highways and streets	253,426	-	-	-	-	-	253,426
Capital outlay	-	-	50,247,865	5,752,574	-	-	56,000,439
Debt service							
Principal	183,888	94,551	-	-	4,131,496	-	4,409,935
Interest	-	5,449	-	-	2,275,733	-	2,281,182
Administrative (fiscal) charges	-	-	-	-	9,690	-	9,690
Total Expenditures	**$ 104,544,326**	**$ 2,086,229**	**$ 50,247,865**	**$ 5,752,574**	**$ 6,416,919**	**$ 904,048**	**$ 169,951,961**
Excess of Revenues Over (Under) Expenditures	**$ 693,834**	**$ (22,222)**	**$ 3,338,413**	**$ (3,430,754)**	**$ 37,295**	**$ 108,759**	**$ 725,325**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Watershed Management Organization	Road and Bridge Construction	Capital Improvement	Debt Service	Other Governmental Funds	Total
Other Financing Sources (Uses)							
Transfers in	$ 2,397,813	$ -	$ -	$ 1,312,670	$ -	$ -	$ 3,710,483
Transfers out	(1,116,809)	-	(2,358,195)	(125,000)	-	(110,479)	(3,710,483)
Proceeds from septic loan program	299,913	-	-	-	-	-	299,913
Proceeds from sale of capital assets	-	-	32,832	92,025	-	-	124,857
Total Other Financing Sources (Uses)	**$ 1,580,917**	**$ -**	**$ (2,325,363)**	**$ 1,279,695**	**$ -**	**$ (110,479)**	**$ 424,770**
Net Change in Fund Balance	**$ 2,274,751**	**$ (22,222)**	**$ 1,013,050**	**$ (2,151,059)**	**$ 37,295**	**$ (1,720)**	**$ 1,150,095**
Fund Balance - January 1	**41,945,104**	**502,041**	**28,275,723**	**3,425,236**	**680,524**	**1,540,739**	**76,369,367**
Fund Balance - December 31	**$ 44,219,855**	**$ 479,819**	**$ 29,288,773**	**$ 1,274,177**	**$ 717,819**	**$ 1,539,019**	**$ 77,519,462**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds (Exhibit 5)		**$ 1,150,095**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in revenue deferred as unavailable.		
Deferred inflows of resources - unavailable revenue - December 31	$ 3,197,705	
Deferred inflows of resources - unavailable revenue - January 1	(9,006,917)	(5,809,212)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.		
Expenditures for general capital assets and infrastructure	$ 33,515,785	
Net book value of assets sold	(223,179)	
Current year depreciation	(13,000,649)	20,291,957
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums and discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.		
Proceeds of new debt		
Septic loans issued		(299,913)
Principal repayments		
General obligation bonds	$ 4,065,000	
Loans payable	337,862	4,402,862
Current year amortization of discounts and premiums		353,082

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	$ 27,791	
Change in compensated absences	(247,560)	
Change in net other post employment benefits liability	17,673,657	
Change in deferred other post employment benefits outflows	1,311,980	
Change in net pension liability	13,556,124	
Change in deferred pension outflows	(7,759,586)	
Change in deferred pension inflows	(4,986,521)	19,575,885
Internal service funds are used by management to charge the cost of certain activities to individual funds. The expense of certain activities of the internal service funds is reported with governmental activites.		
Governmental activities share of net income after transfers		(17,151,397)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 22,513,359**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

		Governmental Activities Internal Service Funds
Assets		
Current Assets:		
Cash and pooled investments	$	6,247,428
Taxes receivable		
Prior		5,726
Accrued interest receivable		24,716
Total Assets	**$**	**6,277,870**
Liabilities		
Current Liabilities:		
Claims payable		742,374
Net Position		
Net position unrestricted	**$**	**5,535,496**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

		Governmental Activites Internal Service Funds
Operating Revenues		
Charges for services	$	12,856,855
Miscellaneous		877,589
Total Operating Revenues	**$**	**13,734,444**
Operating Expenses		
Professional services		31,705,243
Operating Income (Loss)	**$**	**(17,970,799)**
Nonoperating Revenues (Expenses)		
Property taxes	$	699,431
Investment earnings		119,971
Total Nonoperating revenues (expenses)	**$**	**819,402**
Change in Net Position	**$**	**(17,151,397)**
Net Position - January 1		**22,686,893**
Net Position - December 31	**$**	**5,535,496**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
Increase (Decrease) in Cash and Cash Equivalents

		Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers and users	$	3,391,546
Receipts from internal services provided		9,465,309
Receipts from insurance provider		877,589
Payments to suppliers		(13,862,375)
Payment to irrevocable trust		(17,617,922)
Net cash provided by (used in) operating activities	**$**	**(17,745,853)**
Cash Flows from Noncapital Financing Activities		
Property taxes	**$**	**666,691**
Cash Flows from Investing Activities		
Purchase of OPEB revocable trust investment	$	17,617,922
Investment earnings received		105,078
Net cash provided by (used in) investing actvities	**$**	**17,723,000**
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**643,838**
Cash and Cash Equivalents at January 1		**5,603,590**
Cash and Cash Equivalents at December 31	**$**	**6,247,428**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$	(17,970,799)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Increase (decrease) in claims payable		224,946
Net Cash Provided by (Used in) Operating Activities	**$**	**(17,745,853)**

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Investment Trust	Other Postemployment Benefits Trust Fund	Agency Funds
Assets			
Cash and pooled investments	$ 53,880	$ -	$ 3,335,898
Accounts Receivable	-	-	932
OPEB irrevocable trust investments	-	18,023,979	-
Accrued interest receivable	217	-	699
Due from other governments	-	-	108,385
Total Assets	**$ 54,097**	**$ 18,023,979**	**$ 3,445,914**
Liabilities			
Accounts payable	$ -	$ -	$ 13,844
Due to other governments	-	-	3,432,070
Total Liabilities	**$ -**	**$ -**	**$ 3,445,914**
Net Position			
Net position, held in trust for pool participants	$ 54,097	$ -	
Net position, held in trust for OPEB participants	-	18,023,979	
Total Net Position	**$ 54,097**	**$ 18,023,979**	

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Investment Trust	Other Postemployment Benefits Trust Fund
Additions		
Employer Contributions	$ -	$ 19,926,956
Investment earnings	1,025	-
Total Additions	**$ 1,025**	**$ 19,926,956**
Deductions		
Investment losses	$ -	$ 292,437
Plus: investment expense	-	1,506
Net investment losses	$ -	$ 293,943
Retiree health premiums	-	1,609,034
Total Deductions	**$ -**	**$ 1,902,977**
Change in net position	**$ 1,025**	**$ 18,023,979**
Net Position - January 1	**53,072**	**-**
Net Position - December 31	**$ 54,097**	**$ 18,023,979**

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

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2018. The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for government units through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Blended Component Units

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

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
Regional Railroad Authority (RRA) provides for the preservation or improvement of rail transportation within the County.	County Commissioners are the members of the RRA Board and management of Scott County has operational responsibility for the entity.	Separate financial statements are not prepared.
Scott Watershed Management Organization (WMO) manages the quantity, and tries to improve the quality, of runoff.	County Commissioners are the members of the WMO Board and management of Scott County has operational responsibility for the entity.	Separate financial statements are not prepared.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Discretely Presented Component Unit

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

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

Joint Ventures and Jointly-Governed Organizations

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

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support. Scott County does not have any business-type activities.

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

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

2. Fund Financial Statements

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

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

The County reports the following major governmental funds:

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

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

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

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

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

Additionally, the County reports the following fund types:

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

The Internal Service Funds account for self-insurance activities provided to other departments and funds on a cost-reimbursement basis.

The Trust Funds are used to account for resources legally held in trust for others. Scott County holds individual investments on behalf of a local cemetery. Scott County also accumulates resources in an irrevocable trust for the intended purpose of meeting future other post-employment benefits obligations.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Property Tax Revenue and Records Manager for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2018. A market approach is used to value all investments other than external investment pools, which are measured at the net asset or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Additionally the county invests funds held for post-employment benefits with the State Board of Investments. The fair value of the investment is the fair value per share of the underlying portfolio. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2018 were $1,075,677.

Minn. Stat. § 118A.02 authorizes the County to designate depositories for public funds and make investments. Minn. Stat. § 118A.03 requires that all bank deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Minn. Stat. § 118A.04 and § 118A.05 generally authorize the following types of investments as available to the County:

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Advances between funds, as reported in the fund financial statements, would be offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

6. Unearned Revenue

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

7. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net positions of Scott county OPEB benefits and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by Scott County. For this purpose, Scott County recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

8. Pension Plan

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

SCOTT COUNTY
SHAKOPEE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

pension liability is liquidated primarily by the General Fund, Watershed Management Organization Special Revenue Fund and the Law Library Special Revenue Fund.

9. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual paid time off and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a three-year average of terminated employees. The noncurrent portion consists of the remaining amount of vacation and vested sick leave.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditures/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only on the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows. Advance allotments represent state aid received by the county but not yet appropriated by the State of Minnesota. Advance allotments are reported in the governmental funds balance sheet and on the government-wide statement of net position. The governmental funds report unavailable revenue from delinquent taxes receivable, grant receivables, and long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

12. 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.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

13. Fund Equity

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – the nonspendable fund balance amounts cannot be converted to cash, such as inventories or prepayments, or are legally or contractually required to be maintained intact.

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

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

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

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

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance

Scott County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined the need to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) at year end of 25-30% of operating expenditures. The Fund Balance Policy was adopted by the County Board on July 5, 2011. At December 31, 2018, unrestricted fund balances for the General Fund was at or above the minimum fund balance levels.

14. Use of Estimates

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

E. Revenues

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by all governmental fund types. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

Imposed Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes, fines and penalties, and property forfeitures are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflows of resources and will be recognized as revenue in the fiscal year that they become available. Fines and penalties and property forfeitures are recognized in the period received.

Intergovernmental

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the County perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract. Gifts and contributions from individuals are also considered voluntary nonexchange transactions and are generally recognized when received.

Tax credits paid by the state are included in intergovernmental revenues and are recognized as revenue in the fiscal year that they become available. Subject to the availability criterion, state-aid highway allotments for highway maintenance and construction are recognized as revenue in the year of allotment.

Exchange Transactions

Special assessments levied against benefiting properties are recognized under the modified accrual basis when available to finance current expenditures. Other revenues, such as licenses and permits, charges for services, and investment income, are recognized as revenue when earned.

F. Change in Accounting Principles

During the year ended December 31, 2018, the County adopted new accounting guidance by implementing the provisions of GASB Statement 75. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* changes standards for recognizing and measuring other postemployment benefit (OPEB) liabilities and related deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also requires additional note disclosures and schedules in the required supplementary information. Beginning net position has been restated to reflect this change.

	Governmental Activities
Net Position, January 1, 2018, as previously reported	$ 399,837,594
Change in accounting principles	(13,327,209)
Net Position, January 1, 2018, as restated	$ 386,510,385

2. Stewardship, Compliance and Accountability

Deficit Fund Equity

The Ditch Fund had a deficit unassigned fund balance of $6,192 as of December 31, 2018. This deficit was caused by the timing of ditch maintenance expenses. A special assessment will be made to correct this problem.

Tax Abatement Agreements

Scott County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with three entities as of December 31, 2018, as follows:

Business	Percentage of Taxes Abated during The Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Rosemount, Inc.	57	$ 64,401
Datacard Corporation	37	30,206
Shutterfly, Inc.	76	59,049

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

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

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

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

The County is subject to property tax abatements granted by tax increment finance (TIF) authorities within the County. TIF authorities are defined in Minnesota Statutes Sections §469.174 and include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property taxes on the property subject to the TIF agreement.

In the case of the County, TIF agreements of other local governments have resulted in reductions of County property tax revenues for the year ended December 31, 2018, as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Jordan	$ 151,288
Prior Lake	662,385
Savage	153,393
Shakopee	323,096

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	$ 76,973,732
Petty cash and change funds	7,925
Statement of fiduciary net position	
OPEB irrevocable trust investment	18,023,979
Cash and pooled investments	
Investment trusts fund	53,880
Agency funds	3,335,898
Total Cash and Investments	$ 98,395,414
Deposits	$ 5,549,176
Petty cash and change funds	7,925
Investments	92,838,313
Total Deposits, Cash on Hand, and Investments	$ 98,395,414

As of December 31, 2018, Scott County had the following investments:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (Years)
U.S. government securities	$ 11,034,633	*AA+	2.65
Negotiable certificates of deposit	19,719,192	N/A	2.24
Mutual funds	27,937,089	*AAA	0.00
Municipal bonds	993,420	*AA-	
Municipal bonds	11,028	*A+	
Municipal bonds	149,980	*BBB-	
Total municipal bonds	1,154,428		1.89
Commercial paper	14,968,992	*A-1	0.08
Money in external investment pool	18,023,979	N/A	0.00
Total fair value	$92,838,313		
Portfolio weighted average maturity			1.64

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

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Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is defined as positions of 5 percent or more in the securities of a single issuer. Scott County does not have a policy specifically related to concentration of credit risk. More than 5 percent of Scott County's investments are in negotiable certificates of deposits, commercial paper, external investment pool (Minnesota State Board of Investment), and federal home loan mortgages. These investments are 21.2%, 16.1%, 19.4% and 11.9%, respectively, of the County's total investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2018, all of Scott County's deposits were insured or collateralized in accordance with Minnesota statutes.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Scott County does not have a policy for custodial credit risk for investments. At December 31, 2018, none of the county's investments were subject to custodial credit risk.

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

The County categorizes its investments using a fair value hierarchy established by generally accepted accounting principles. The hierarchy places investment in one of three categories based upon the inputs used to measure the fair value of the investment. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted for identical securities in active markets. Debt securities classified in Level 2 of the fair value hierarchy are valued using significant other observable inputs. This might include quoted prices for similar securities in active markets. Securities classified in Level 3 of the hierarchy are valued using significant unobservable inputs, this primarily includes securities that do not have active markets.

At December 31, 2018, Scott County had the following recurring fair value measurements.

		Fair Value Measurements Using		
	December 31, 2018	Level 1	Level 2	Level 3
Investments by fair value				
Debt Securities				
US Agencies	$ 11,034,633	$ -	$ 11,034,633	$ -
Municipal/Public Bonds	1,154,428	-	1,154,428	-
Negotiable Certificates of Deposit	19,719,192	-	19,719,192	-
Commercial Paper	14,968,992	14,968,992		
Money Market Mutual Funds	27,937,089	27,937,089	-	-
Total Debt Securities	$ 74,814,334	$ 42,906,081	$ 31,908,253	$ -

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The County also holds funds with the State Board of Investments, an external investment pool. At year-end the funds held were $18,023,979 in the Equity Pool. The fair value of the investments is the fair value per share of the underlying portfolio. The County invests in this pool due to the increased investment authority and historically higher rate of return on investments, as an irrevocable OPEB trust.

2. Receivables

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

Receivables at December 31, 2018, are:

	Total Receivable	Amounts Not Scheduled for Collection in the Subsequent Year
Taxes	$ 507,154	$ -
Accounts receivable	1,259,757	-
Accrued interest receivable	335,616	-
Loans receivable	1,117,961	1,050,961
Due from other governments	19,686,403	-
Total receivables for governmental activities	$ 22,906,891	$ 1,050,961

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned
Unavailable Revenue		
Delinquent property taxes	$ 501,428	$ -
Account receivables that do not provide current financial resources	373,741	-
Grant receivables that do not provide current financial resources	2,193,231	-
Interest receivable that does not provide current financial resources	129,305	-
Grant drawdowns prior to meeting all Eligibility requirements	-	365,016
Advance Allotments	5,971,709	
Total	$ 9,169,414	$ 365,016

Detail of loans receivable

The loans receivable balance includes $747,637 to City of Jordan for library and $370,324 to the City of Elko New Market for cost of expansion and interior finish of a library/service center.

3. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 92,684,192	$ 7,411,433	$ 174,100	$ 99,921,525
Construction in progress	6,804,786	19,581,383	4,967,607	21,418,562
Total capital assets, not being depreciated	$ 99,488,978	$ 26,992,816	$ 5,141,707	$ 121,340,087
Capital assets being depreciated				
Land improvements	$ 1,605,537	$ 1,965,442	$ -	$ 3,570,979
Buildings	78,473,160	-	-	78,473,160

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	Beginning Balance	Increase	Decrease	Ending Balance
Continued:				
Machinery, furniture, equipment, and vehicles	24,042,626	4,557,527	1,420,232	27,179,921
Infrastructure	320,355,925	4,967,607	-	325,323,532
Total capital assets being depreciated	$ 424,477,248	$ 11,490,576	$ 1,420,232	$ 434,547,592
Less: accumulated depreciation				
Land improvements	$ 474,566	$ 178,585	$ -	$ 653,151
Buildings	32,906,696	1,766,502	-	34,673,198
Machinery, furniture, equipment, and vehicles	15,908,431	2,959,014	1,371,153	17,496,292
Infrastructure	64,957,702	8,096,548	-	73,054,250
Total accumulated depreciation	$ 114,247,395	$ 13,000,649	$ 1,371,153	$ 125,876,891
Total capital assets, being depreciated, net	$ 310,229,853	$ (1,510,073)	$ 49,079	$ 308,670,701
Governmental Activities Capital Assets, Net	$ 409,718,831	$ 25,482,743	$ 5,190,786	$ 430,010,788

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

Governmental Activities	
General government	$ 1,765,884
Public safety	2,314,350
Highways and streets, including depreciation of infrastructure assets	8,675,087
Conservation of natural resources	3,331
Culture and recreation	235,896
Human services	6,101
Total Depreciation Expense - Governmental Activities	$ 13,000,649

B. Interfund Receivables, Payables, and Transfers

Interfund Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfers to General Fund from the Road and Bridge Construction Fund	$ 2,272,813	Provide funds for additional transit services and additional seal coating projects across the county.

Transfers to Capital Improvement Fund from the General Fund	1,116,809	Provide funds for capital outlay for systems updates for taxation, computer assisted mass appraisal, and E-permitting, and investment earnings for capital.
Transfers to General Fund from the Capital Improvement Fund	125,000	Provide funds for storage area network items.
Transfers to Capital Improvement Fund from the Regional Training Facility Fund	110,479	Provide funds for sanitary pumps and water softener.
Transfers to Capital Improvement Fund from the Road and Bridge Construction Fund	85,382	Provide funds for video security services at Marschall Road Transit Station.
Total Interfund Transfers	$ 3,710,483	

C. Liabilities

1. Construction Commitments

The government has active construction projects as of December 31, 2018. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
General government	$ 6,509,299	$ 2,553,488
Conservation of natural resources	19,041	38,833
Culture and recreation	1,352,745	13,403
Roads and bridges	33,582,311	40,898,137
Total	$ 41,463,396	$ 43,503,861

2. Leases

Operating Leases

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

3. Capital Leases

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

4. Loans for Septic Program

The County has entered into a loan agreement for $1,435,562 with the Minnesota Department of Agriculture to operate a loan fund for the purpose of funding the repair of failing septic systems. The loans will be paid from special assessments. The loans due to the Department of Agriculture will be paid in semi-annual payments over 10 years with no interest.

5. Long-Term Debt

Governmental Activities

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2018
2008A G.O. Capital Improvement Bonds	2019	$275,000 - $520,000	4.00	$ 4,630,000	$ 520,000
2009A G.O. Capital Improvement Bonds	2026	$880,000 - $1,235,000	1.65- 5.50	16,800,000	9,170,000
2012A G.O. Refund Law Enforcement Bonds	2033	$820,000 - $1,745,000	3.00-4.50	24,570,000	20,130,000
2014A G.O. Capital Improvement Bonds	2034	$125,000 - $225,000	2.00-3.50	3,355,000	2,820,000
2014B G.O. Refund CIP Bonds	2027	$1,410,000 - $2,020,000	4.00-5.00	17,170,000	15,760,000
		Total general obligation bonds		$ 66,525,000	$ 48,400,000
Plus: unamortized premium / discount					3,645,510
		Total General Obligation Bonds, net			$ 52,045,510

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2018
Loans payable:					
2006 Citimortgage, Inc.	2022	$40,555 - $81,110	4.29	$ 896,080	$ 256,495
Septic Loan	2026	$2,547 - $31,213	0.00	1,435,562	1,079,998
Clean Water Partnership Loan	2024	-	2.00	382,036	98,468
		Total Loans Payable		$ 2,713,678	$ 1,434,961

Debt Service Requirements

Debt service requirements at December 31, 2018, were as follows:

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	Loans Payable Principal	Loans Payable Interest
2019	$ 4,185,000	$ 2,083,574	$ 268,204	$ 10,634
2020	3,830,000	1,896,418	188,368	6,613
2021	4,075,000	1,718,655	193,645	3,443
2022	4,100,000	1,538,050	159,234	491
2023	4,265,000	1,357,575	122,428	-
2024-2028	18,640,000	3,916,055	463,515	-
2029-2033	9,080,000	1,071,150	13,973	-
2034	225,000	7,875	-	-
Total	$ 48,400,000	$ 13,589,352	$ 1,409,367	$ 21,181

The Minnesota Department of Agriculture provided a payment schedule in September and does not include funds received between September 25, 2018 and December 31, 2018, which totaled $25,594.

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Scott County issued $16,800,000 of Build America Bonds (BABS), which were issued for the construction of County State-Aid Highway 21. The Series 2009A Bonds are direct pay tax credit BABS, in which the County will receive a payment from the federal government equal to 35 percent of the amount of interest payable on each interest payment date. The County has complied with all requirements of ARRA to be eligible for the BABS interest credit. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 the refundable credit has been reduced by 7.3% from sequestration.

Taking into consideration the aforementioned BABS interest credit, as of December 31, 2018, the County's net annual debt service requirements to amortize all taxable general obligation bonds outstanding, including interest of $12,877,874, is as follows:

Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Total Payment
2019	$ 4,185,000	$ 2,083,574	$ (151,331)	$ 1,932,243	$ 6,117,243
2020	3,830,000	1,896,418	(135,350)	1,761,068	5,591,068
2021	4,075,000	1,718,655	(118,475)	1,600,180	5,675,180
2022	4,100,000	1,538,050	(100,693)	1,437,357	5,537,357
2023	4,265,000	1,357,575	(81,875)	1,275,700	5,540,700
2024-2028	18,640,000	3,916,055	(123,754)	3,792,301	22,432,301
2029-2033	9,080,000	1,071,150	-	1,071,150	10,151,150
2034	225,000	7,875	-	7,875	232,875
Total	$ 48,400,000	$ 13,589,352	$ (711,478)	$ 12,877,874	$ 61,277,874

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds	$ 52,465,000	$ -	$ 4,065,000	$ 48,400,000	$ 4,185,000
Unamortized Premiums/ Discounts	3,998,592	-	353,082	3,645,510	-
Loans payable	1,472,910	299,913	337,862	1,434,961	268,204
Compensated absences	5,408,125	5,501,077	5,253,517	5,655,685	3,707,201
Long-Term Liabilities	$ 63,344,627	$ 5,800,990	$ 10,009,461	$ 59,136,156	$ 8,160,405

The internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, compensated absences are generally liquidated by the General Fund and special revenue funds. Bonded debt is paid from the Debt Service Fund. Net other post-employment benefit obligations are generally liquidated by the General Fund and special revenue funds.

4. Pension Plans

A. Defined Benefit Pension Plans

1. Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Scott County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5.00 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional

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facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after 10 years.

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Plan and Police and Fire Plan benefit recipients receive a future annual 1.00 percent for the post-retirement benefit increase, while Correctional Plan benefit recipients receive 2.50 percent. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.50 percent. If, after reverting to a 2.50 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.00 percent.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated and Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first 10 years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

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

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2018. Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2018. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2018.

In 2018, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan - Coordinated Plan members	7.50%
Police and Fire Plan	16.20
Correctional Plan	8.75

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

The County's contributions for the year ended December 31, 2018, to the pension plans were:

General Employees Plan	$ 3,289,818
Police and Fire Plan	647,989
Correctional Plan	386,143

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

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4. Pension Costs

General Employees Plan

At December 31, 2018, the County reported a liability of $35,460,195 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.6392 percent. It was 0.6601 percent measured as of June 30, 2017. The County recognized pension expense of $3,750,280 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized $271,219 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan for the fiscal years ended June 30, 2018 and 2019, and $6 million thereafter, through calendar year 2031.

The County's proportionate share of the net pension liability	$ 35,460,195
State of Minnesota's proportionate share of the net pension liability associated with the County	1,163,040
Total	$ 36,623,235

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 967,885	$ 1,004,291
Changes in actuarial assumptions	3,289,307	4,073,504
Difference between projected and actual investment earnings	-	3,911,584
Changes in proportion	1,599,542	1,138,018
Contributions paid to PERA subsequent to measurement date	1,662,242	-
Total	$ 7,518,976	$ 10,127,397

The $1,662,242 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	$ 1,329,466
2020	(1,592,518)
2021	(3,267,498)
2022	(740,113)

Public Employees Police and Fire Plan

At December 31, 2018, the County reported a liability of $3,944,872 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 0.3670 percent. It was 0.3690 percent measured as of June 30, 2017. The County recognized pension expense of $447,427 for its proportionate share of the Police and Fire Plan's pension expense.

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The County also recognized $33,030 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 158,166	$ 945,790
Changes in actuarial assumptions	4,770,630	5,789,409
Difference between projected and actual investment earnings	-	842,505
Changes in proportion	255,190	56,590
Contributions paid to PERA subsequent to measurement date	328,293	-
Total	$ 5,512,279	$ 7,634,294

The $328,293 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	$ (87,856)
2020	(268,998)
2021	(558,883)
2022	(1,517,181)
2023	(17,390)

Correctional Plan

At December 31, 2018, the County reported a liability of $345,617 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the County's proportion was 2.1014 percent. It was 2.1700 percent measured as of June 30, 2017. The County recognized a reduction in pension expense of $412,566 for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 18,140	$ 38,149
Changes in actuarial assumptions	1,714,585	4,018,841
Difference between projected and actual investment earnings	-	386,678
Changes in proportion	-	221,241
Contributions paid to PERA subsequent to measurement date	196,420	-
Total	$ 1,929,145	$ 4,664,909

The $196,420 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31	Pension Expense Amount
2019	$ 158,125
2020	(1,629,508)
2021	(1,388,427)
2022	(72,374)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2018, was $3,785,141.

5. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan was dated February 2012. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17	5.30
Bonds	20	0.75
Alternative assets	25	5.90
Cash	2	0.00

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2018, which remained consistent with 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan, and Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2018:

General Employees Plan

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

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Police and Fire Plan

- The mortality projection scale was changed from MP-2015 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019 and January 1, 2020 from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Correctional Plan

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Position Liability	Discount Rate	Net Position Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50 %	$ 57,627,357	6.50 %	$ 8,387,235	4.96 %	$ 2,957,889
Current	7.50	35,460,195	7.50	3,944,872	5.96	345,617
1% Increase	8.50	17,161,836	8.50	210,878	6.96	(1,744,120)

9. Pension Plan Fiduciary Net Position

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

B. Defined Contribution Plan

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

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

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seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Scott County during the year ended December 31, 2018, were:

	Employee	Employer
Contribution amount	$ 13,343	$ 13,343
Percentage of covered payroll	5.00 %	5.00 %

5. Other Postemployment Benefits (OPEB)

A. Plan Description

Scott County provides post employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The County provides health insurance benefits for eligible retired employees and their dependents. The benefits, benefit levels, employee contributions, and employer contributions are administered by the Board of County Commissioners and can be amended by the County through its personnel policy manual and union contracts within the guidelines of Minnesota Statute. The Scott County Board of Commissioners consists of five elected commissioners elected from the districts within the County. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. The plan does not issue a separate report.

Scott County established an OPEB irrevocable trust in 2018, pursuant to Minn. Stat. § 471.6175, to prefund a portion of the OPEB liability. The trust was originally established as a revocable trust and the trust was concerted to an irrevocable trust. The change was authorized December 6, 2018 through board resolution 2018-184. The Public Employees Retirement Association (PERA) serves as the trust administrator for the irrevocable trust account. No additional trust contributions are expected to be made, and no benefits are currently being paid from the trust. As a result, the funding policy is considered to be the pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. During 2108, Scott County had a year-end balance in the OPEB irrevocable trust of $18,023,979.

The irrevocable trust is reported in the Statement of Net Position, Other Post Employment Benefits Trust Fund. This financial statement is prepared using the accrual basis of accounting.

Contributions to the plan are recognized when due and the County has made a commitment to provide the contributions. The fair value of investments is determined by the Minnesota State Board of Investment.

B. Benefits Provided

At retirement, employees of the County receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan (other than a volunteer Firefighter plan) may continue to participate in the County's group health insurance plan that the employee was a participant of immediately prior to retirement.

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

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

C. Participants

At January 1, 2018, membership consisted of:

Retirees currently receiving benefits (includes 2 disabled retirees)	208
Beneficiaries currently receiving benefits	5
Active employees	718
Total	931

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D. Funding Policy and Contributions

The County negotiates the contribution percentage between the County and employees through union contracts and personnel policy. For those employees eligible for a County contribution for retiree healthcare, the County will pay a portion of the single premium under the County's group healthcare plans based on the retiree's years of benefit eligible employment at retirement. Employees with less than 10 years of benefit eligible service will not receive a County contribution, employees with 10-14 years of benefit eligible service will receive a 50 percent County contribution, employees with 15-19 years of benefit eligible service will receive a 75 percent County contribution, and those employees with 20 or more years of benefit eligible service will receive a 100 percent County contribution towards a single premium. During 2018, Scott County contributed $19,601,322 to the plan.

E. Total OPEB Liability

The County's net OPEB liability of $1,757,616 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

The components of the net OPEB liability of Scott County at December 31, 2018, were as follows:

Total OPEB liability	$	19,781,595
Plan fiduciary net position		18,023,979
Net OPEB liability (asset)	$	1,757,616
Plan fiduciary net position as a percentage of the total OPEB liability		91.1%
Covered-employee payroll	$	48,100,000
Net OPEB liability (asset) as a percentage of covered-employee payroll		3.7%

Investments

The OPEB investments are held in an irrevocable trust and invested 59 percent in a Non-Retirement Bond Fund and 41 percent in a Non-Retirement Equity Fund by the Minnesota State Board of Investments. The County's investment policy delegates investment policy decisions to the County Treasurer, including asset allocation. The policy can only be amended by the County Board.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was (1.63) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the net OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a – b)
Balance at January 1, 2018, as restated	$ 19,431,273	$ -	$ 19,431,273
Changes for the year			
Service cost	208,842	-	208,842
Interest	1,424,880	-	1,424,880
Benefit payments	(1,283,400)	(1,283,400)	-
Contributions - employer	-	19,601,322	(19,601,322)
Net investment income	-	(292,437)	292,437
Administrative expense	-	(1,506)	1,506
Net change	350,322	18,023,979	(17,673,657)
Balance at December 31, 2018	$ 19,781,595	$ 18,023,979	$ 1,757,616

Net OPEB Liability Sensitivity

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

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	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
1% Decrease	$ 21,862,640	$ 18,023,979	$ 3,838,661
Current Discount Rate	19,781,595	18,023,979	1,757,616
1% Increase	18,014,449	18,023,979	(9,530)

The following presents the net OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's net OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
1% Decrease	$ 17,770,386	$ 18,023,979	$ (253,593)
Current	19,781,595	18,023,979	1,757,616
1% Increase	22,153,314	18,023,979	4,129,335

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of $327,995. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 1,311,980	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2019	$ 327,995
2020	327,995
2021	327,995
2022	327,995

F. Actuarial Methods and Assumptions

The actuarial assumptions used in this Actuarial Valuation are based on actual County experience and developed through discussions with the County, or are drawn from the Public Employees Retirement Association of Minnesota (PERA) July 1, 2017 Actuarial Valuations.

The total net OPEB liability in the fiscal year-end December 31, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.5 percent
Health care cost trend (Pre-65)	8.5 percent, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent
Health care cost trend (Post-65)	6.0 percent, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The mortality rates are based on the rates used in the PERA plan of which the employee, retiree, or beneficiary is a participant. The following Mortality Tables were used for the employees, retirees, or beneficiaries in the Coordinated Plan:

	Mortality Table
Healthy Pre-Retirement	RP-2014 Employee Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2015.
Healthy Post-Retirement	RP-2014 Healthy Annuitant Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2015.
Disabled	RP-2014 Disabled Mortality Table, adjusted for mortality improvements using projection scale MP-2015.

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The following Mortality Tables were used for the employees, retirees, or beneficiaries in the Police and Fire or Correctional Plans:

	Mortality Table
Healthy Pre-Retirement	RP-2014 Employee Generational Mortality Table with mortality improvement scale MP-2016.
Healthy Post-Retirement	RP-2014 Annuitant Generational Mortality Table projected with mortality improvement scale MP-2016.
Disabled	RP-2014 Annuitant Generational Mortality Table projected with mortality improvement scale MP-2016.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to January 1, 2018.

G. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2018:

- The withdrawal rates have been updated to follow the rates used in the PERA plan of which the employee is a participant.

- Mortality tables for healthy pre-retirement changed from RP 2000 non-annuitant generational mortality, projected with scale AA. Mortality tables for healthy post-retirement changed from RP 2000 annuitant generational mortality, projected with scale AA. Mortality tables for disabled changed from RP 2000 health annuitant mortality.

6. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2018 and 2019. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

The County established a limited risk management program for health and dental coverages in 1993. Premiums are paid into the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a $225,000 stop-loss per person per year ($14,944,814 aggregate) for the health plan. There is a maximum claim limit of $1,250 per person per year for the dental plan.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards.

Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended December 31	
	2018	2017
Unpaid claims, beginning of fiscal year	$ 517,428	$ 675,918
Incurred claims (including IBNRs)	10,947,059	10,077,354
Claims payments	(10,722,113)	(10,235,844)
Unpaid Claims, End of Fiscal Year	$ 742,374	$ 517,428

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7. Conduit Debt

The majority of the conduit bond financings are private activity bonds where the bond proceeds are lent to a private individual or entity to meet a public purpose. Tax-exempt private activity bonds require an allocation of bonding authority. The revenues pledged to repay the bonds are paid by the private entity directly to the trustee. In 2004 Scott County entered into a conduit debt agreement with St. John the Baptist Church where St. John the Baptist Church issued $4,622,771 of debt for the replacement of existing school facilities plus handicapped accessibility for school renovation of the Parish center for meetings and classrooms. The outstanding balance as of December 31, 2018 was $1,845,235. Neither the County nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

8. Summary of Significant Contingencies and Other Items

A. Subsequent Events

On May 2, 2019, Scott County issued $77,430,000 of General Obligation Capital Improvement Plan and Refunding Bonds, Series 2019A, to refund the 2009A General Obligation Capital Improvement Bonds and provide financing for the construction of a new facility. The interest rate on the new bonds range from 3.00 – 5.00 percent and the maturity date is December 1, 2044.

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

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

C. Joint Ventures

Public Safety Training Facility

The Public Safety Training Facility Joint Powers Board became effective August 1, 2006 through an agreement between Scott County, the Shakopee Mdewakanton Sioux Community, and the cities within Scott County. The agreement was made to provide for the development and operation of a training facility that can provide an effective and efficient method of training public safety providers.

The County agrees to provide its land and facilities located at 17706 Valley View Road, Jordan, Minnesota to the parties as the site for the development of the training facility.

The County issued $5,000,000 in bonds to provide for the collective contribution of the parties which was used for renovation and construction to bring the facility into an operational status.

The county agrees to provide 50% with the Community and Cities agreeing to provide the remaining 50% of the funds associated with the debt service payments and the ongoing costs to operate the facility, minus out revenues, as determined by the debt service payments and annual budget approved by the board.

The Community will pay proportionally based upon total number of public safety providers within each discipline as a portion of the overall number of public safety providers within each discipline of all participating entities. The Cities will pay proportionally based upon valuation for tax purposes. The contribution levels are recalculated every 3 years.

Cedar Lake Area Wastewater Collection and Treatment System

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

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

The County shall provide administrative assistance to the District and provide funds to enable the District to meet its administrative needs until such time as the District receives financing for construction. The total monetary obligation of the County to the

District shall not exceed $15,000. The joint powers' treasurer handles the accounting functions. Current financial statements are not available.

Metropolitan Library Service Agency (MELSA)

Scott County entered into a joint powers agreement with the other six metropolitan area counties and the Cities of St. Paul and Minneapolis to improve public library services within the various jurisdictions. The Board of Directors of MELSA consists of one representative from each member entity.

Financing is provided by gifts, grants, and other property or assistance from the federal government, the State of Minnesota, or any person or agency for MELSA. MELSA handles the accounting functions for the Board.

Separate financial information can be obtained from:

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

Metropolitan Emergency Services Board

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

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

SmartLink Transit

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

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

Separate financial statements are not available.

Southwest Metro Drug Task Force

The Southwest Metro Drug Task Force was established in 2000 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Carver, McLeod, and Scott Counties, and the Cities of Chaska, Chanhassen, Shakopee, Mound, Hutchinson, West Hennepin, and Minnetrista and the South Lake Minnetonka Police Department. The Drug Task Force's objectives are to detect, investigate and apprehend controlled substance offenders in the three-county area.

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

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

Vermillion River Watershed Joint Powers Agreement

Scott County entered into a joint powers agreement with Dakota County, pursuant to Minn. Stat. § 471.59, and Minn. Stat. Ch. 103B to prepare, adopt and implement the watershed plan for the Vermillion River. The Joint Powers Board consists of one county commissioner from Scott County and two county commissioners from Dakota

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County. Complete financial information can be obtained from Dakota County Financial Services, 1590 Highway 55, Hastings, Minnesota 55033.

Minnesota Valley Transit Authority (MVTA)

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

The governing body of the MVTA shall be its Board which will consist of seven voting commissioners. Each party shall appoint one commissioner, one alternate commissioner, and a staff member who shall serve on the Technical Work Group. In the event of withdrawal of any party from the MVTA, all of the assets which remain after payment of debts and obligations shall be distributed among the parties to this agreement immediately prior to its termination, subject to the terms and requirements of obligations issued by one or more municipalities pursuant to Minn. Stat. § 473.388, Subd. 7.

D. Jointly-Governed Organizations

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

Scott County Family Services and Children's Mental Health Collaborative

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

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

Scott County is the fiscal agent for the Collaborative. Financing is provided by various grants. Counties participating in local children's mental health collaboratives must contribute to the local collaborative's integrated fund an amount at least equal to any allocations awarded from the TEFRA Restructuring, Collaborative Implementation, Collaborative Wrap-Around, and Adolescent Services grant programs. The total grant award for 2018 was $395,897. The Collaborative's transactions are accounted for in an agency fund of Scott County.

9. Scott County Community Development Agency Component Unit Notes

A. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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Government-wide Statements

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

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

Basis of Accounting

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

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

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

Deposits and Investments

The CDA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value. The investments in the broker money markets are external investment pools. The reported value of the pools is equal to the value of the pool's shares.

Restricted Cash and Pooled Investments

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

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. All trade receivables are shown net of an allowance for uncollectable. The allowance for uncollectible at December 31, 2018 was $24,072.

Prepaid Items

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

Capital Assets

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

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Estimated useful lives are as follows:

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

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The CDA only has two items that qualifies for reporting in this category. Accordingly, the items, deferred charge on refunding and deferred other postemployment benefits reported in the statement of net position. The 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. The deferred other postemployment benefit results from actuarial calculations and current year OPEB contributions made subsequent to the measurement date.

Compensated Absences

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

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB No. 75, at January 1,

2017. The General fund is typically used to liquidate governmental other postemployment benefit payments.

B. Detailed Notes

1. Assets

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the CDA's deposits and investments may not be returned or the CDA will not be able to recover collateral securities in the possession of an outside party. The government does not have a deposit policy. However, Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. At December 31, 2018, the Agency's carrying amount of deposits was $7,692,086 and the bank balance was $7,427,996. All of this bank balance was covered by federal depository insurance and collateral held by the CDA's agent in the CDA's name.

Investments

At December 31, 2018, the CDA had the following investments:

				Fair Value Measurements Using		
	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level						
Non-pooled commercial paper	A-1+	less than 6 months	$ 5,457,326	$ -	$ 5,457,326	$ -
Investments measured at amortized cost						
Pooled Broker Money Market	N/A	less than 6 months	2,580,465			
Total investments			$ 8,037,791			

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

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

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

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

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

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: Is the risk of loss attributed to the magnitude of a government's investment in a single issure.
A reconciliation of cash and temporary investments is as follows:

Carrying amount of deposits	$	7,692,086
Investments		8,037,791
Cash on hand		1,750
Total	$	15,731,627
Cash and investments		
Cash-unrestricted	$	7,006,809
Cash-other restricted		301,825
Cash-tenant security deposits		385,202
Restricted investments		8,037,791
Total	$	15,731,627

Notes Receivable

The balance of notes receivable as of December 31, 2018 is $1,450,000. Of the balance $350,000 is for a 0 percent deferred loan for the construction of a 66 unit affordable housing project with a maturity date of December 31, 2042, $500,000 is for a 0 percent deferred loan for construction of a 68 unit affordable housing project with a maturity date of December 31, 2034 and $600,000 is for two 0 percent deferred loans for construction of a 57 unit and a 54 unit affordable housing projects with a maturity dates of December 31, 2048.

Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Non-depreciable assets:				
Land and land improvements	$ 6,575,936	$ -	$ -	$ 6,575,936
Depreciable assets				
Buildings and improvements	82,023,371	230,376	-	82,253,747
Equipment	1,167,534	95,287	-	1,262,821
Total depreciable assets	83,190,905	325,663	-	83,516,568
Accumulated depreciation				
Buildings and improvements	(25,111,586)	(2,271,638)	-	(27,383,224)
Equipment	(464,876)	(91,203)	-	(556,079)
Total accumulated depreciation	(25,576,462)	(2,362,841)	-	(27,939,303)
Depreciable assets, net	57,614,443	(2,037,178)	-	55,577,265
Capital assets, net	$ 64,190,379	$ (2,037,178)	$ -	$ 62,153,201

2. Liabilities

Long-Term Liabilities

Revenue Bonds

The CDA has the following revenue bonds outstanding at December 31, 2018, which were issued to finance rental buildings and will be repaid from rental income. The CDA is being reimbursed for a portion of its interest paid on the 2010A Build America Bonds; this is shown as a credit in the debt maturity schedule below.

Bond Series	Original Amount	Interest Rates (%)	Final Maturity	Balance at Year End
Series – 2010	$ 5,370,000	2.00 – 4.00	2/1/2036	$ 4,185,000
Series – 2010A	1,780,000	2.85 – 5.30	2/1/2028	1,595,000
Series – 2010B	4,445,000	5.50 – 6.60	2/1/2045	4,445,000
Series – 2012B	5,885,000	2.00 – 3.63	2/1/2034	4,730,000
Series – 2012C	7,110,000	3.00 – 4.00	2/1/2047	5,425,000
Series – 2013A	2,330,000	2.00 – 4.00	2/1/2027	1,660,000
Series – 2013B	1,135,000	2.00 – 4.00	2/1/2027	825,000
Series – 2013C	2,880,000	2.00 – 4.25	2/1/2033	2,400,000
Series – 2013E	1,220,000	2.00 – 3.00	2/1/2023	1,000,000
Series – 2015	7,930,000	2.00 – 3.60	2/1/2048	7,930,000
Series – 2017A	5,900,000	2.00 – 3.75	2/1/2042	5,900,000
Series – 2017B	1,385,000	2.00 – 3.25	2/1/2029	1,385,000
Total Bonds				$ 41,480,000

Debt Service Requirements

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

Year Ending December 31	Principal	Interest	Credit	Total
2019	$ 1,650,000	$ 1,638,527	$ (149,070)	$ 3,139,457
2020	1,720,000	1,602,312	(147,185)	3,175,127
2021	1,800,000	1,571,457	(145,102)	3,226,355
2022	1,850,000	1,524,482	(142,827)	3,231,655
2023	1,895,000	1,475,559	(140,338)	3,230,221
2024 – 2028	8,765,000	6,583,591	(656,029)	14,692,562
2029 – 2033	8,370,000	5,209,379	(541,873)	13,037,506
2034 – 2038	6,285,000	3,914,316	(383,453)	9,815,863
2039 – 2043	5,450,000	2,971,727	(194,991)	8,226,736
2044 – 2048	3,695,000	2,243,635	(18,043)	5,920,592
Totals	$ 41,480,000	$ 28,734,985	$ (2,518,911)	$ 67,696,074

Loans

The CDA had the following loans payable outstanding as of December 31, 2018:

Description	Authorized and Issued	Interest Rates (%)	Final Maturity	Balance at Year End
USDA Rural Development Loan	$ 338,111	6.00	3/31/2030	$ 304,905
USDA Rural Development Loan	284,844	4.88	4/20/2045	277,017
Market Village SAC & WAC Note	384,749	0.00	12/31/2025	236,767
MHFA Deferred Loan	257,982	0.00	6/10/2033	257,982
MHFA (POHP) Deferred Loan	400,000	0.00	10/28/2019	400,000
MHFA Deferred Loan	275,000	0.00	4/20/2045	275,000

MHFA Deferred Loan	307,886	0.00	3/31/2031	307,886
MHFA Deferred Loan	91,000	0.00	6/26/2033	91,000
MHFA Deferred Loan	134,551	0.00	12/31/2033	133,777
Multifamily Preservation and Revitalization Loan	106,808	4.25	4/30/2060	100,846
Multifamily Preservation and Revitalization Loan	204,681	3.13	2/1/2063	193,814
Total Loans				$ 2,578,994

Loan Debt Service Requirements

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

Year Ending December 31	Principal	Interest	Total
2019	$ 432,558	$ 4,961	$ 437,519
2020	32,662	4,857	37,519
2021	32,770	4,749	37,519
2022	32,882	4,637	37,519
2023	32,998	4,521	37,519
2024 – 2028	107,690	20,713	128,403
2029 – 2033	1,118,182	17,114	1,135,296
2034 – 2038	26,800	12,814	39,614
2039 – 2043	308,963	7,668	316,631
2044 – 2048	313,107	2,133	315,240
2049 – 2053	45,490	-	45,490
2054 – 2058	54,343	-	54,343
2059 – 2063	40,549	-	40,549
Totals	$ 2,578,994	$ 84,167	$ 2,663,161

Changes in Long-term Liabilities

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Revenue bonds	$ 43,165,000	$ -	$ (1,685,000)	$ 41,480,000	$ 1,650,000
Unamortized Bond Premium	60,090	-	(2,297)	57,793	-
Loans payable	2,775,412	-	(196,418)	2,578,994	432,558
Noncurrent liabilities – Other	27,171	18,516	-	45,687	-
OPEB liability	674,994	62,114	-	737,108	-
Compensated absences	122,621	161,637	(150,040)	134,218	113,320
Long-term liabilities	$ 46,825,288	$ 242,267	$ (2,033,755)	$ 45,033,800	$ 2,195,878

Pledged Revenue

These bonds were issued to finance the buildings for the various properties. They will be repaid from future net revenues pledged from the properties. Annual principal and interest payments on the bonds are expected to require more than 52 percent of the net revenues from the properties. Principal and interest paid for the current year and total customer net revenues were $7,004,715 and $7,004,715, respectively.

Postemployment Benefits Other than Pensions

A. Plan Description

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

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

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	-
Inactive Plan Members Entitles to but not yet Receiving Benefit Payments	-
Active Plan Members	22
Total Plan Members	22

B. Funding Policy

Contribution requirements also are set by the Board annually. For fiscal year 2018, the CDA contributed $24,044 to the plan. Based on an eligible retiree's years of continuous regular full-time service at retirement, the CDA will pay a portion of the single premium under one of the group healthcare plans or the Medicare Supplemental Plan, as defined: 50, 75, and 100 percent for 10 to 14, 15 to 19, and 20 or more years of continuous regular full-time service, respectively. This benefit is only available to those employees/retirees with a hire date prior to April 11, 2006. In fiscal year 2018, total member contributions were $23,576.

C. Actuarial Methods and Assumptions

The CDA's total OPEB liability of $737,108 was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability as determined by an actuarial valuation as of January 1, 2018. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.44%
20-Year Municipal Bond Yield	3.44%
Inflation Rate	2.75%
Salary Increases	3.50%
Medical Trend Rate	8.5% in 2018 grading to 5% over 7 years

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D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2017	$ 674,994
Changes for the Year:	
Service cost	21,865
Interest	25,912
Changes in assumptions or other inputs	37,062
Benefit payments	(22,725)
Net Changes	62,114
Balances at December 31, 2018	$ 737,108

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate:

1 Percent Increase (2.44%)	Current (3.44%)	1 Percent Decrease (4.44 %)
$ 635,702	$ 737,108	$ 864,690

The following presents the total OPEB liability of the CDA, as well as what the CDA's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rate that is 1-percentage point lower (7.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.50 percent increasing to 6.00 percent) than the current discount rate:

1 Percent Decrease (7.5% Decreasing to 4%)	Healthcare Cost Trend Rates (8.5% Decreasing to 5%)	1 Percent Increase (9.5% Decreasing to 6%)
$ 625,163	$ 737,108	$ 881,748

F. OPEB Expense and Deferred Outflows of Resources

For the year ended December 31, 2018, the CDA recognized OPEB expense of $9,062. At December 31, 2018, the CDA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 30,320	$ -
Contributions to OPEB Subsequent to the Measurement Date	22,725	-
Total	$ 53,045	$ -

Deferred outflows of resources totaling $22,725 related to pensions resulting from the CDA's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2019	$ 6,742
2020	6,742
2021	6,742
2022	6,742
2023	3,352

Retirement Plan

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

Participating employees vest in the CDA's future and past service contributions based on each full year of continuous employment. Total payroll and eligible payroll for employees covered by the Plan for the year ended December 31, 2018, was $1,298,270.

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The CDA contributed $103,178 and employees contributed $82,550 in the Plan for the year ended December 31, 2018.

G. Change in Accounting Principle

During fiscal year 2018, the CDA implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2018 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 218 financial statements:

Fund	Net Position January 1, 2018 as Previously Reported	Prior Period Restatement	Net Position January 1, 2018 as Restated
Business-type Activities	$ 32,436,063	$ (298,057)	$ 32,138,006

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 53,665,768	$ 53,665,780	$ 53,378,304	$ (287,476)
Special assessments	-	-	251,946	251,946
Licenses and permits	1,660,000	1,655,000	1,711,046	56,046
Intergovernmental	31,619,533	31,605,533	36,052,644	4,447,111
Charges for services	10,496,175	10,509,258	10,093,705	(415,553)
Fines and forfeits	798,726	798,726	703,143	(95,583)
Gifts and contributions	23,100	25,600	142,367	116,767
Investment earnings	372,000	372,000	1,075,677	703,677
Miscellaneous	1,983,953	1,976,705	1,829,328	(147,377)
Total Revenues	**$ 100,619,255**	**$ 100,608,602**	**$ 105,238,160**	**$ 4,629,558**
Expenditures				
Current				
General government				
Commissioners	$ 755,023	$ 755,023	$ 703,853	$ 51,170
Courts	613,552	613,552	689,094	(75,542)
County administration	612,946	612,946	540,345	72,601
Finance	4,068,868	4,068,868	3,704,616	364,252
Land records	1,320,941	1,320,941	1,337,868	(16,927)
Customer service	901,225	901,225	869,103	32,122
Information technology	5,945,692	5,898,692	5,318,676	580,016
Employee relations	1,508,954	1,508,954	1,434,329	74,625
Attorney	5,579,441	5,579,441	5,609,213	(29,772)
Building inspections	630,403	630,403	624,446	5,957
Planning and analysis	997,449	997,449	1,055,746	(58,297)
Environmental health	1,071,024	1,113,795	781,903	331,892
Zoning	413,643	413,643	425,354	(11,711)
Taxation	2,083,810	2,083,810	2,046,415	37,395
Elections	520,054	520,054	624,383	(104,329)
Facilities management	3,071,234	3,071,234	3,241,088	(169,854)
Veterans service officer	363,618	363,618	358,358	5,260
Total general government	**$ 30,457,877**	**$ 30,453,648**	**$ 29,364,790**	**$ 1,088,858**

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 7,238,652	$ 7,225,487	$ 7,183,927	$ 41,560
County jail	7,366,289	7,397,289	7,414,943	(17,654)
Emergency services	360,891	360,591	386,716	(26,125)
Medical examiner	314,978	314,978	301,767	13,211
Law enforcement	2,613,745	2,606,245	2,892,385	(286,140)
Community corrections	4,294,188	4,294,188	3,991,031	303,157
Total public safety	**$ 22,188,743**	**$ 22,198,778**	**$ 22,170,769**	**$ 28,009**
Highways and streets				
Administration	$ 681,213	$ 681,213	$ 638,025	$ 43,188
Engineering	2,851,961	2,851,961	2,751,887	100,074
Maintenance	5,570,325	5,670,325	8,175,711	(2,505,386)
Equipment and maintenance shops	676,904	576,904	383,903	193,001
Total highways and streets	**$ 9,780,403**	**$ 9,780,403**	**$ 11,949,526**	**$ (2,169,123)**
Sanitation				
SCORE	**$ 678,300**	**$ 678,300**	**$ 1,094,938**	**$ (416,638)**
Transit				
Transit	**$ 2,482,219**	**$ 2,482,219**	**$ 3,511,801**	**$ (1,029,582)**
Human services				
Income maintenance	$ 3,747,058	$ 3,747,058	$ 3,794,678	$ (47,620)
Administration	2,602,375	2,548,650	2,583,056	(34,406)
Social services	19,805,739	19,859,464	20,411,494	(552,030)
Total human services	**$ 26,155,172**	**$ 26,155,172**	**$ 26,789,228**	**$ (634,056)**
Health				
Family health	**$ 2,044,483**	**$ 2,044,483**	**$ 2,146,142**	**$ (101,659)**
Culture and recreation				
Historical society	$ 140,000	$ 140,000	$ 140,000	$ -
Parks	1,619,678	1,619,678	1,608,424	11,254
County library	3,323,455	3,323,455	3,436,085	(112,630)
Total culture and recreation	**$ 5,083,133**	**$ 5,083,133**	**$ 5,184,509**	**$ (101,376)**

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Conservation of natural resources				
County extension	$ 357,953	$ 357,953	$ 330,229	$ 27,724
Agricultural society/county fair	107,000	107,000	107,000	-
Natural resources	249,194	249,194	246,321	2,873
Total conservation of natural resources	$ 714,147	$ 714,147	$ 683,550	$ 30,597
Economic development				
Employment and training	$ 1,219,303	$ 1,219,303	$ 1,211,759	$ 7,544
Intergovernmental				
Highways and streets	$ -	$ -	$ 253,426	$ (253,426)
Debt Service				
Principal	$ -	$ -	$ 183,888	$ (183,888)
Total Expenditures	$ 100,803,780	$ 100,809,586	$ 104,544,326	$ (3,734,740)
Excess of Revenues Over (Under) Expenditures	$ (184,525)	$ (200,984)	$ 693,834	$ 894,818
Other Financing Sources (Uses)				
Transfers in	$ 2,173,830	$ 2,173,830	$ 2,397,813	$ 223,983
Transfers out	330,700	377,700	(1,116,809)	(1,494,509)
Proceeds from septic loan program	-	-	299,913	299,913
Total Other Financing Sources (Uses)	$ 2,504,530	$ 2,551,530	$ 1,580,917	$ (970,613)
Net Change in Fund Balance	$ 2,320,005	$ 2,350,546	$ 2,274,751	$ (75,795)
Fund Balance - January 1	41,945,104	41,945,104	41,945,104	-
Fund Balance - December 31	$ 44,265,109	$ 44,295,650	$ 44,219,855	$ (75,795)

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

BUDGETARY COMPARISON SCHEDULE
WATERSHED MANAGEMENT ORGANIZATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 1,170,000	$ 1,170,000	$ 1,163,005	$ (6,995)
Intergovernmental	1,108,094	919,094	804,910	(114,184)
Charges for services	22,540	-	14,138	14,138
Investment earnings	10,000	10,000	16,577	6,577
Miscellaneous	-	-	65,377	65,377
Total Revenues	$ 2,310,634	$ 2,099,094	$ 2,064,007	$ (35,087)
Expenditures				
Current				
Conservation of natural resources				
Water management	$ 2,119,036	$ 1,937,115	$ 1,986,229	$ (49,114)
Debt Service				
Principal	$ -	$ -	$ 94,551	$ (94,551)
Interest	-	-	5,449	(5,449)
Total Debt Service	$ -	$ -	$ 100,000	$ (100,000)
Total Expenditures	$ 2,119,036	$ 1,937,115	$ 2,086,229	$ (149,114)
Excess of Revenues Over (Under) Expenditures	$ 191,598	$ 161,979	$ (22,222)	$ (184,201)
Other Financing Sources (Uses)				
Transfers in	$ 12,000	$ 12,000	$ -	$ (12,000)
Transfers out	(100,000)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	$ (88,000)	$ (88,000)	$ -	$ 88,000
Net Change in Fund Balance	$ 103,598	$ 73,979	$ (22,222)	$ (96,201)
Fund Balance - January 1	502,041	502,041	502,041	-
Fund Balance - December 31	$ 605,639	$ 576,020	$ 479,819	$ (96,201)

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2018

		2018
Total OPEB Liability		
Service cost	$	208,842
Interest		1,424,880
Benefit payments		(1,283,400)
Net change in total OPEB liability	$	**350,322**
Total OPEB Liability - Beginning		**19,431,273**
Total OPEB Liability - Ending (a)	$	**19,781,595**
Plan Fiduciary Net Position		
Contributions - employer	$	19,601,322
Net investment income		(292,437)
Administrative expense		(1,506)
Benefit payments		(1,283,400)
Net change in plan fiduciary net position	$	**18,023,979**
Total Plan Fiduciary Net Position - Beginning		**-**
Total Plan Fiduciary Net Position - Ending (b)	$	**18,023,979**
Total Net OPEB Liability (Asset) - Ending (a) - (b)	$	**1,757,616**
Plan fiduciary net position as a percentage of the total OPEB liability		91.11%
Covered-employee payroll	$	48,100,000
Total Net OPEB liability (asset) as a percentage of covered-employee payroll		3.65%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2018

		2018
Actuarially determined contribution	$	18,051,741
Contributions in relation to the actuarially determined contribution		19,601,322
Contribution deficiency (excess)	$	**1,549,581**
Covered-employee payroll	$	48,100,000
Contributions as a percentage of covered-employee payroll		40.75%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2018

	2018
Annual money-weighted rate of return, net of investment expenses	-1.63%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2018

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Scott County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.6392%	$ 35,460,195	$ 1,163,040	$ 36,623,235	$ 42,953,286	82.56%	79.53%
2017	0.6601%	42,140,348	529,840	42,670,188	42,521,944	99.10%	75.90%
2016	0.6207%	50,397,761	658,207	51,055,968	38,517,299	130.84%	68.91%
2015	0.6313%	32,717,242	N/A	32,717,242	37,096,265	88.20%	78.19%

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

N/A - Not Applicable

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2018

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2018	$ 3,288,810	$ 3,289,818	$ 1,008	$ 43,850,796	7.50%
2017	3,168,445	3,168,496	51	42,245,929	7.50%
2016	2,963,502	2,963,502	-	39,513,367	7.50%
2015	2,938,316	2,938,541	225	39,177,552	7.50%

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

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2018

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.367%	$ 3,944,872	$ 3,867,459	102.00%	88.40%
2017	0.369%	4,981,939	3,786,265	131.58%	85.43%
2016	0.360%	14,447,426	3,465,437	416.90%	63.88%
2015	0.366%	4,158,616	3,346,113	124.28%	86.61%

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

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2018

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2018	$ 647,989	$ 647,989	$ -	$ 3,999,932	16.20%
2017	603,283	603,283	-	3,723,970	16.20%
2016	569,661	569,660	(1)	3,516,421	16.20%
2015	577,625	577,625	-	3,565,589	16.20%

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

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2018

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	2.10%	$ 345,617	$ 4,291,868	8.05%	97.67%
2017	2.17%	6,184,521	4,334,457	142.68%	67.89%
2016	2.21%	8,073,439	4,169,865	193.61%	58.16%
2015	2.25%	347,850	4,025,888	8.64%	96.95%

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

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2018

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2018	$ 386,125	$ 386,143	$ 18	$ 4,412,860	8.75%
2017	367,499	367,499	-	4,199,992	8.75%
2016	366,481	366,506	25	4,188,357	8.75%
2015	374,253	374,263	10	4,277,181	8.75%

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

The notes to the required supplementary information are an integral part of this schedule.

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

I. Stewardship, compliance, and accountability

A. Budgetary information

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

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

The Ditch, Transportation Initiative, Regional Training Facility and Regional Railroad Authority special revenue funds were not annually appropriated for during 2018.

B. Excess of expenditures over appropriations

For the year ended December 31, 2018, General Fund expenditures exceeded appropriations in the Courts, Land Records, Attorney, Planning and Analysis, Zoning, Elections, Facilities Management, County Jail, Emergency Services, Law Enforcement, Highway and Streets Maintenance, SCORE, Transit, Income Maintenance, Human Services Administration, Social Services, Family Health, County Library, Intergovernmental, and Debt Service of the General Fund. The amounts expenditures exceeded appropriation were $75,542, $16,927, $29,772, $58,297, $11,711, $104,329, $169,854, $17,654, $26,125, $286,140, $2,505,386 $416,638, $1,029,582, $47,620, $34,406, $552,030, $101,659, $112,630, $253,426, $183,888, respectively.

The Watershed Management Organization Special Revenue Fund Water Management and Debt Service expenditures exceeded appropriations by $49,114, $100,000, respectively.

II. Other Post Employment Benefits

In 2018, Scott County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* In 2018, the County established an irrevocable trust, pursuant to Minn. Stat. § 471.6175 to prefund a portion of the OPEB liability. The irrevocable trust is reported in the Other Post Employment Benefits Trust Fiduciary Fund. See Note 5 in the notes to the financial statements for addition information regarding the County's other postemployment benefits.

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

Actuarially determined contribution rates are calculated as of January 1, 2018 valuation date, measured at December 31, 2018.

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2018:

- The withdrawal rates have been updated to follow the rates used in the PERA plan of which the employee is a participant.
- Mortality tables for healthy pre-retirement changed from RP 2000 non-annuitant generational mortality, projected with scale AA. Mortality tables for healthy post-retirement changed from RP 2000 annuitant generational mortality, projected with scale AA. Mortality tables for disabled changed from RP 2000 health annuitant mortality.

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

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

General Employees Plan

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.0 percent per year through 2044 and 2.5 percent per year thereafter, to 1.25 percent per year.

2017

The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15 percent for vested deferred member liability, and 3.0 percent for non-vested deferred member liability.

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

General Employees Plan (continued)

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21,000,000 in calendar years 2017 and 2018 and returns to $31,000,000 through calendar year 2031. The state's required contribution is $16,000,000 in PERA's fiscal years 2018 and 2019 and returns to $6,000,000 annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.5 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.5 percent.

Police and Fire Plan

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.0 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal year 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048 if earlier.

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

Police and Fire Plan

2018 (continued)

- Member contributions were changed effective January 1, 2019 and January 1, 2020 from 10.8 percent to 11.3 and 11.8 percent of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.2 percent to 16.95 and 17.7 percent of pay, respectively. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent beginning July 1, 2018.

- Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred member will still apply.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.0 percent for non-vested members.

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

- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

SCOTT COUNTY
SHAKOPEE, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Police and Fire Plan

2017 (continued)

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

- The assumed post-retirement benefit increase rate was changed from 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.

- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

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

Correctional Plan

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.5 percent per year to 2.0 percent per year.

2017

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

2016

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

PROPOSAL SALE DATE: October 21, 2019

Scott County Community Development Agency, Minnesota
$5,895,000* Governmental Development Refunding Bonds
(Scott County, Minnesota Unlimited Tax General Obligation), Series 2019B

For the Series 2019B Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $5,824,260) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2034	_______%	_______%	_______%
2022	_______%	_______%	_______%	2035	_______%	_______%	_______%
2023	_______%	_______%	_______%	2036	_______%	_______%	_______%
2024	_______%	_______%	_______%	2037	_______%	_______%	_______%
2025	_______%	_______%	_______%	2038	_______%	_______%	_______%
2026	_______%	_______%	_______%	2039	_______%	_______%	_______%
2027	_______%	_______%	_______%	2040	_______%	_______%	_______%
2028	_______%	_______%	_______%	2041	_______%	_______%	_______%
2029	_______%	_______%	_______%	2042	_______%	_______%	_______%
2030	_______%	_______%	_______%	2043	_______%	_______%	_______%
2031	_______%	_______%	_______%	2044	_______%	_______%	_______%
2032	_______%	_______%	_______%	2045	_______%	_______%	_______%
2033	_______%	_______%	_______%				

Designation of Term Maturities

Years of Term Maturities ______________ ______________

______________ ______________

In making this offer on the sale date of October 21, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated October 11, 2019 including the Agency's right to modify the principal amount of the Series 2019B Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2019B Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2019B Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________________

TRUE INTEREST RATE: ______________ %

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

....

The foregoing proposal has been accepted by the Agency.

Attest: ________________________________ Date: _________________________________

....

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com