

Dakota County
Board of Commissioners
Meeting

Dakota
COUNTY

TOUCH SCREEN TO RETURN

CRESTRON

2013

Budget in Brief

Dakota County, Minnesota

Dakota
COUNTY

2013 Adopted Budget

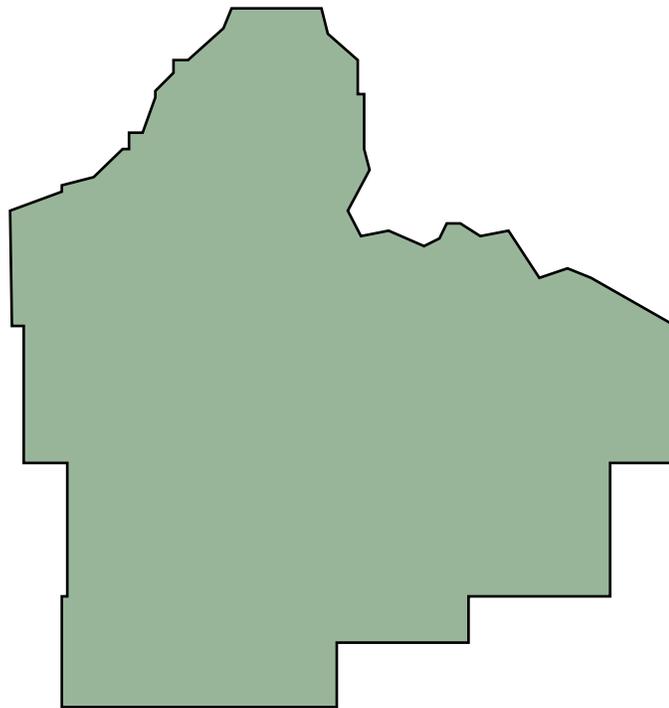
DAKOTA COUNTY, MINNESOTA
FOR THE FISCAL YEAR
BEGINNING JANUARY 1, 2013



This document is a brief overview of the 2013 Adopted Budget for Dakota County, Minnesota. We hope this document will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. The County's purpose is to deliver the highest quality of services as efficiently, effectively, and responsively as possible. Dakota County aims to be a premier County in which to live and work. Thank you for the opportunity to serve you and to make Dakota County the best it can be.

Dakota County Board of Commissioners

1st District.....Mike Slavik
2nd District.....Kathleen A. Gaylord
3rd District.....Thomas A. Egan
4th District.....Nancy Schouweiler
5th District.....Liz Workman
6th District.....Paul Krause
7th District.....Chris Gerlach



A comprehensive overview of the Dakota County 2013
Adopted Budget is available by contacting:

Dakota County Financial Services Department
1590 Highway 55 West
Hastings, MN 55033
(651) 438—4585

www.dakotacounty.us

TABLE OF CONTENTS

2013 Adopted Budget Highlights..... p.1
2013 Introduction.....p.2
Total Revenue.....p.3
 Property Tax.....p.4
 Licenses, Fines & Charges.....p.5
 Other Revenues.....p.5
 Federal Revenues.....p.5
 State Revenues.....p.5
 Other Intergovernmental Revenues...p.5
 Fund Balance.....p.6
Total Expenditures.....p.6
 Personnel.....p.6
 Salaries and Wages.....p.7
 Employee Benefits.....p.7
 Department & County Support.....p.7
 Office Support.....p.7
 Travel and Training.....p.8
 Client Services and Materials.....p.8
 Capital Expenditures.....p.8
 Budget Incentive Program.....p.8



2013 ADOPTED BUDGET HIGHLIGHTS

Maintains all public services equal to the 2012 level and improves them in several areas:

- Wider range of services and transactions available Online
- Start of new Metro Red Line BRT service on Cedar Avenue
- New voting equipment for the public
- Library renovations at Farmington and Inver Glen
- Development of new Whitetail Woods Regional Park
- \$32 million in new transportation improvements authorized



Funds operating cost pressures through internal reallocations and savings rather than additional tax dollars

- Employee health care costs reduced by switch to self-funding and other measures
- Implementation of recent technology investments brings ongoing operating savings from eliminating mainframe computer costs
- 5.75 FTE positions added back for 2013 funded mainly from within existing budget
- Since 2009, total budgeted operating spending will be 15% lower; total budgeted FTEs 7% lower
- Reduces costs to property tax payers
- Adopted tax levy for 2013 is 0.2% lower than 2012
- Budget will reduce county tax on a median-valued home by \$23 (4%)

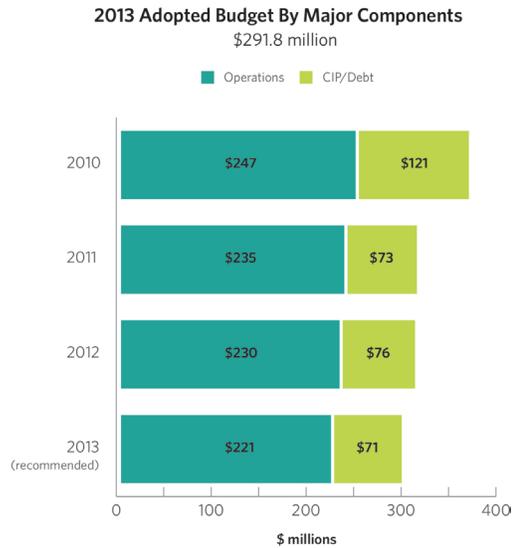
Sound long-term financial plan supports future budget and service stability

- Budget is structurally balanced—ongoing costs funded with reliable revenue sources
- County reserve levels and state and federal revenue reliance are prudent and recognize continuing long-term economic and budget uncertainty

INTRODUCTION

The 2013 Adopted Dakota County Budget (Adopted Budget) budgets expenditures totaling \$291.8 million, a decrease of 4.5% from the 2012 Adopted Budget.

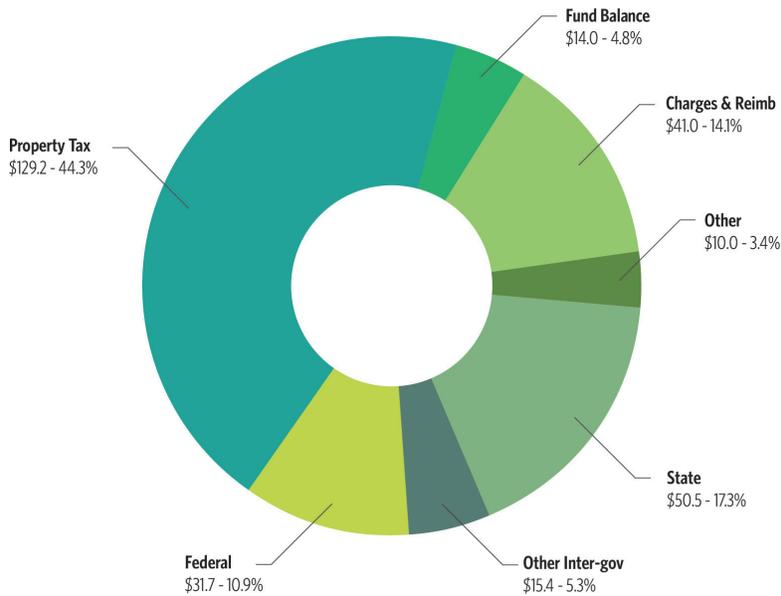
Under the Adopted Budget, the total operating budget totals \$220.9 million, a decrease of 8.73 million or 3.8% less than the previous year. Additionally, the Adopted Budget contains the 2013 Capital Improvement Program (CIP) of \$71.2 million, a decrease of \$4.4 million, or 6.2% less than the 2012 CIP. Both of these budgets are supported by a certified property tax levy of \$129.2 million, which is \$250,000 less than the 2012 Adopted Budget. The 2012 Adopted Budget relies upon the internal reallocation of resources and other savings rather than any additional property tax revenues.



TOTAL REVENUE

For the 2013 Adopted Budget, total revenue decreased by 8.4% to \$278.3 million. Operating revenues decreased from the previous year's budget from \$229.6 million to \$200.9 million, a decrease of 3.95%. Revenues supporting the CIP also decreased. In FY2013, CIP revenues decreased by 5.8% to \$71.2 million. The following sections are an overview of budgeted revenues by funding source.

2013 Adopted Budget by funding source
\$291.8 million



Property Taxes

Dakota County currently maintains the lowest property taxes among the metropolitan counties. Anoka, Carver, Hennepin, Ramsey, Scott and Washington counties tax a greater amount per household than Dakota County. The 2013 Adopted Budget will continue this trend.

During the past several years, the County has continued to provide significant services with little increase in the overall cost of government to residents. As indicated by the chart below, the County property tax increases remain below the annual increases-

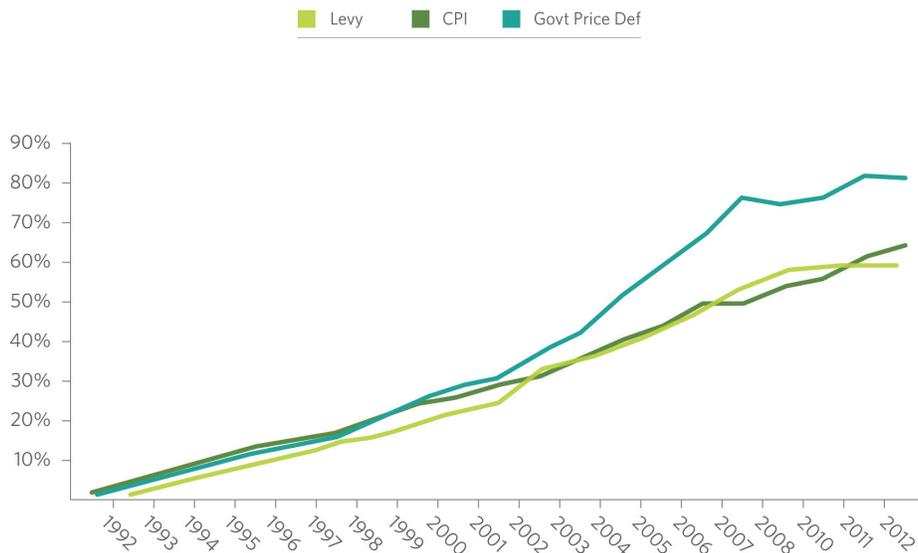
2012 Per Capita Net Property Tax Levy
Comparison of Metropolitan Counties



es compared to the Consumer Price Index and well below the Government Price Deflator, or the cost of government controlled for inflation over the same period.

The County property tax levy (Levy) decreased by \$250,000 for Fiscal Year (FY) 2013. Currently, the Levy funds 44.2% of both County Operations and CIP. Under the 2013 Adopted Budget, the County portion of the overall property tax bill is only 18.4%.

Comparison of Cumulative Growth in the Per Household Net Levy and Inflation



Licenses, Fines & Charges

Revenues earned from these sources decreased from \$42.7 million in FY2012 to \$41.1 million for FY2013 or a decrease of 3.8%.

Other Revenues

Other Revenues include property taxes and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. These revenues decreased from \$14.1 million in 2012 to \$9.5 million, a change of \$4.6 million or 32.9%. This large decrease can be attributed to a one-time, state reimbursement of \$4.9 million for road construction.

Federal Revenues

Federal Revenue accounts for aid and other funding received from the federal government, such as monies to support federal entitlement programs. Federal revenues decreased from \$36.2 million in 2012 to \$31.7 million in 2013, a change of \$4.5 million or 12.5%.

State Revenues

State revenues account for direct aid and other funding obtained from the State of Minnesota, such as County Program Aid (CPA), which the 2013 Adopted Budget allocates to the CIP for the construction of buildings, parks and transportation projects. State Revenues for the 2013 Adopted Budget total \$50.5 million, a decrease of 10.7 million or 17.5% compared with the 2012 Adopted Budget.



Other Intergovernmental Revenues

Other Intergovernmental Revenues include those revenues received from other government agencies. Unlike other revenue streams, this funding is expected to increase for FY2013 to \$15.4 million, an increase of \$3.2 million or 26.5%

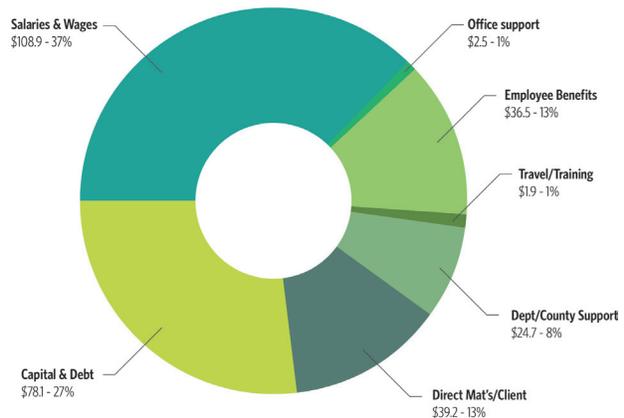
Fund Balance

Fund Balance supports \$14 million of the \$292.1 million Adopted Budget for 2013. The County only uses Fund Balance to support one-time expenditures. At present, no Fund Balance is used to support any County operations.

TOTAL EXPENDITURES

The 2013 Adopted Budget of \$292.1 million, reduces total expenditures by \$13.4 million, or 4.6% less than the previous year's budget. In fact, the County has decreased total budgeted operating expenditures by \$39.8 million over the past five years. The following sections are an overview of budgeted expenditures for FY2013 by account group.

2013 Adopted Budget By Major Account Group
\$291.8 million



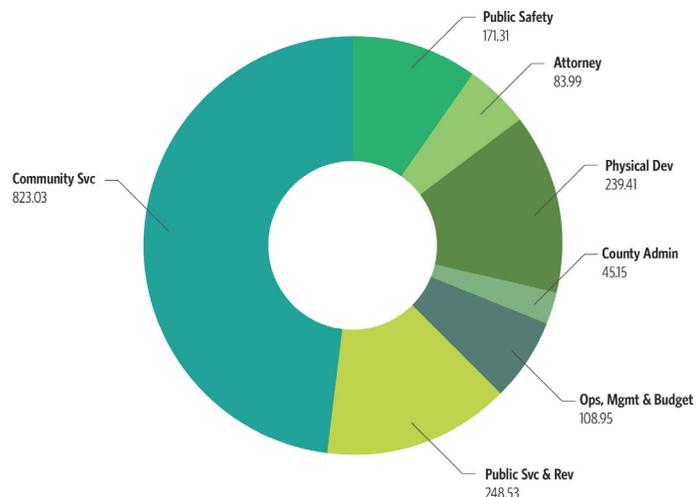
Personnel Expenditures

Personnel expenditures include the County's cost for salaries and wages, health insurance, Medicare and Social Security (FICA), Public Employee Retirement Association (PERA) contributions, and other employee benefits (e.g., life insurance, dental insurance, and unemployment insurance, etc.). County personnel costs for FY2013 are estimated at \$147.3 million or approximately 50% of the total budgeted expenditures.

Salaries and Wages

The 2013 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,719.19 in FY2012 to 1,722.37 in FY2013, or an increase of 18%. However, since 2009, the total County workforce has decreased by 133.58 FTEs.

Full Time Equivalents by Division
2013 Adopted Budget Total FTEs = 1,722.37





Employee Benefits

In 2012, the County released Request for Proposals for the entire suite of employee benefits, including health, dental and life insurance. During this process, the County decided to utilize a self-insured health insurance model. This change was effective on January 1, 2013. Consequently, this new financing strategy allows the County to realize considerable savings and slow the ever-increasing cost of healthcare. In total, the Employee benefits budgets decreased from \$37.8 million to \$36.5 million, or a total decrease of 3.5%

Department & County Support

Department & County Support is used for expenditures of purchased services, projects, or activities related to the overall support of the County, division, department or staff center. For FY2013, the Adopted Budget decreases from \$25.7 million to 24.7 million, or 3.6%.

Office Support

Office Support is used to record administrative costs common to most departments. Examples of Office Support accounts are telephone, printing, office supplies and postage. The cost of countywide support activities and citizen/client related services are recorded in a different account category than Office Support. The Office Support budget for FY2013 is \$2.5 million, an increase of .02%.

Travel & Training

Travel and Training is the account category used to record the cost of travel and training for employees, including seminars and conferences, tuition and mileage reimbursement. The overall Travel and Training budget for FY2013 is \$1.9 million, another small increase of 1.0%.



Client Services and Materials

Client Services and Materials include both Direct Materials and Supplies, and the Citizen and Client Services account categories. Direct Materials and Supplies are used to record the cost of materials and supplies that directly benefit citizens or clients. Citizen and Client Services are used to record the cost of purchasing services for citizens or clients. This includes the cost of payments to vendors that offer services to citizens or clients. For FY2013, the Citizen/Client Services and Materials budget is adopted at \$39.2 million, a decrease of \$1.7 million or 4.2% when compared to 2012.

Capital Expenditures

Capital includes expenditures for the CIP and Capital Equipment Program (CEP). The budget for this account category includes all CIP and Debt Service expenditures and capital equipment with a value typically greater than \$20,000. Capital equipment purchases less than \$20,000 are generally purchased with Budget Incentive Program funds.

As mentioned above, total capital spending (including debt service) will decrease from \$75.8 million in FY2012 to \$71.1 million in FY2013, a \$4.4 million decrease or 6.2% decrease.

Budget Incentive Program

Budget Incentive Program (BIP) expenditures are recorded across all account categories; however, for budgeting purposes, BIP is budgeted in one capital expenditure account. The adopted amount of BIP is budgeted at \$1.1 million for FY2013, a decrease of \$331,000 or 23.4%.