



# Dakota County, Minnesota

# 2016

## Budget in Brief



A premier county in which to live and work.



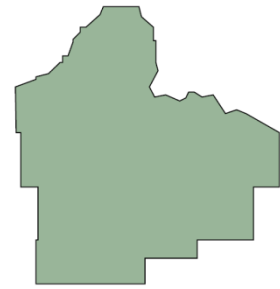
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# 2016 Adopted Budget

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DAKOTA COUNTY, MINNESOTA  
FOR THE FISCAL YEAR  
BEGINNING JANUARY 1, 2016



This document is a brief overview of the 2016 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

1<sup>st</sup> District ..... Mike Slavik  
2<sup>nd</sup> District ..... Kathleen A. Gaylord  
3<sup>rd</sup> District ..... Thomas A. Egan  
4<sup>th</sup> District ..... Nancy Schouweiler  
5<sup>th</sup> District ..... Liz Workman  
6<sup>th</sup> District ..... Mary Liz Holberg  
7<sup>th</sup> District ..... Chris Gerlach

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A comprehensive overview of the Dakota County 2016  
Adopted Budget is available by contacting:

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

[www.dakotacounty.us](http://www.dakotacounty.us)

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# 2016 ADOPTED BUDGET HIGHLIGHTS

- Reflects strong efforts to right size budget to eliminate or minimize future variances
- Redirects landfill revenues for long term environmental investment as directed by the board
- Maintains disciplined spending and levy growth
- Meeting the challenges of a competitive workforce with increases in employee compensation
- Includes strong investment in our roads, parks, equipment, and technology
- Great Recession and aftermath led to smaller budget, reaffirmed priorities, and long-term planning
- Sound fiscal management principles continue to apply: levy and fund balance management
- Controlled growth as local economy and state budget have gradually improved



## **Funds operating cost pressures through internal reallocations and savings and a .4% levy increase**

- Using Fund Balance for one-time items and debt retirement creates future savings
- 34.58 Full-Time Equivalent (FTE) employees added for 2016 funded mainly from additional State & Federal revenues and with internal reallocating of expenses
- Since 2009, workforce reduced by net 44.22 FTEs
- Adopted 2016 levy is \$534,908 higher than 2015
- Net change over 6 years – 1.5%, while Consumer Price Index inflation totaled 11% in same period
- Median-priced home will see about \$12 increase in County taxes, approximately \$9.00 of this due to home value increases and tax shifts.

## **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

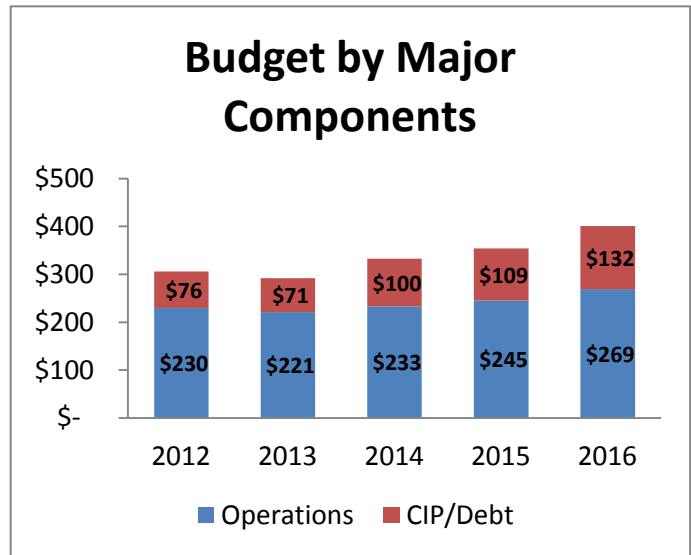


# INTRODUCTION

The 2016 Adopted Dakota County Budget (Adopted Budget) budgets Operations and CIP/Debt expenditures totaling \$401 million, an increase of 13% from the 2015 Adopted Budget.

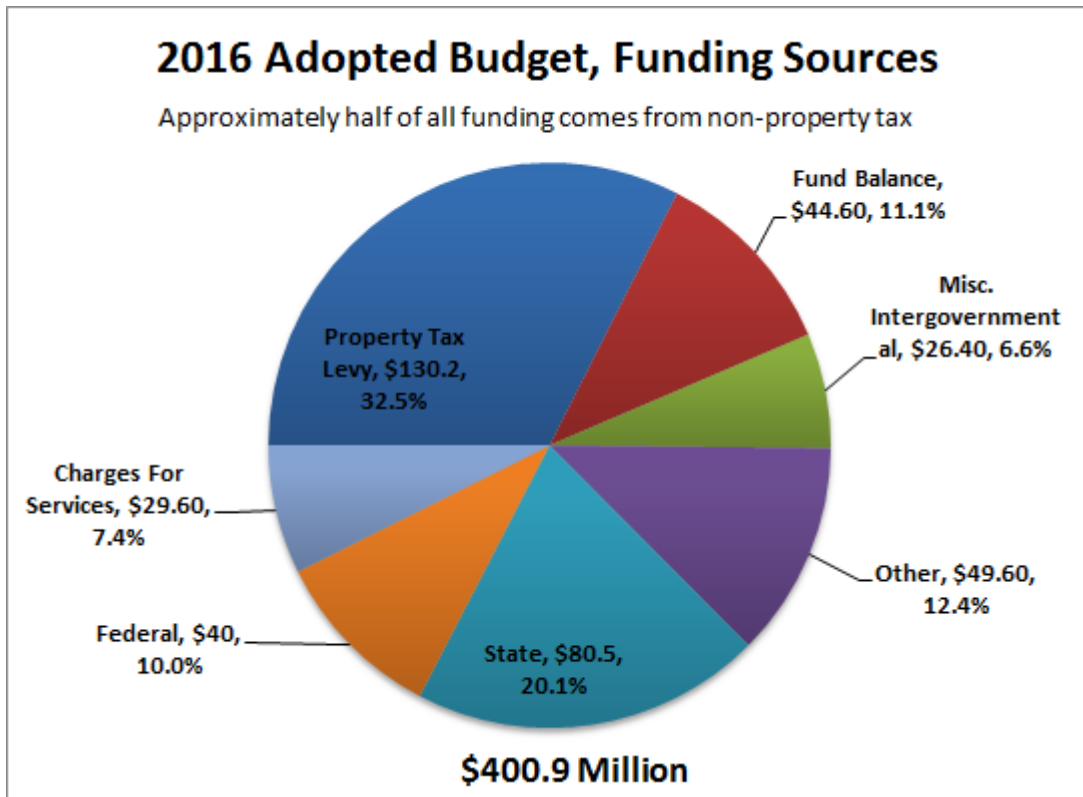
Under the Adopted Budget, the total operating budget totals \$269 million, an increase of 24 million or 9.7% more than the previous year. Additionally, the Adopted Budget contains the 2016 Capital Improvement Program (CIP) of \$132 million,

an increase of \$23 million, or 21% more than the 2015 CIP. Both of these budgets are supported by a certified property tax levy of \$130.1 million, which is \$534,908 more than the 2015 Adopted Budget. The 2016 Adopted Budget relies upon the internal reallocation of resources and other savings rather than any additional property tax revenues.

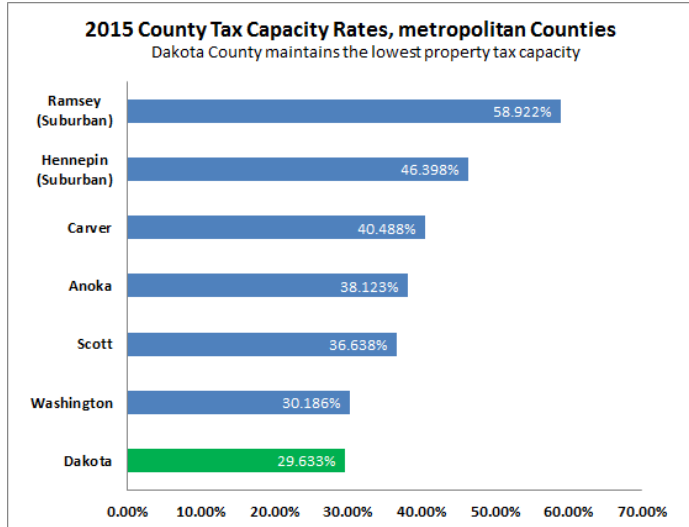


# TOTAL REVENUE

For the 2016 Adopted Budget, total revenue increased by 13.3% to \$400.9 million. Operating revenues increased from the previous year’s budget from \$245.1 million to \$268.9 million, an increase of 9%. Revenues supporting the CIP also increased. In FY2016, CIP revenues increased by 21.5% to \$132.0 million. The following sections are an overview of budgeted revenues by funding source.



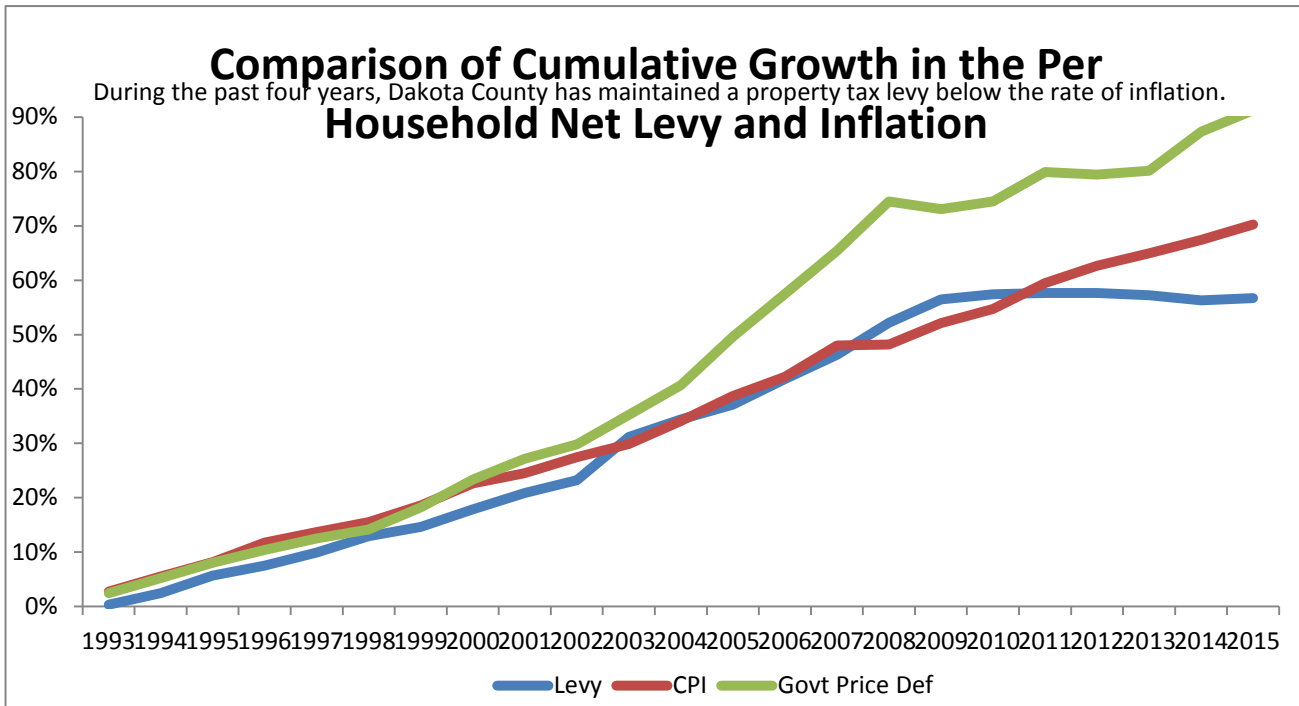
Dakota County currently maintains the lowest property tax rate among the metropolitan counties. The 2016 Adopted Budget will continue this trend.



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 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

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The County property tax levy (Levy) increased by \$534,908 for Fiscal Year (FY) 2016. Currently, the Levy funds 32.5% of both County Operations and CIP. Under the 2016 Adopted Budget, the County portion of total property taxes levied by all jurisdictions within the County is approximately 20.0%.





### **Licenses, Fines & Charges**

Revenues earned from these sources decreased from \$35.0 million in FY2015 to \$29.6 million for FY2016 or a decrease of 15.5%.

### **Other Revenues**

Other Revenues include property taxes and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. For FY2016, these revenues increased by \$.9 million or 7.1%.

### **Federal Revenues**

Federal Revenues are anticipated to increase by 9.1% or \$3.3 million.

### **State Revenues**

State Revenues are anticipated to increase in FY2016 by \$9.3 million or 13.1%. The primary reason for this increase is increased County program aid from the State.



### **Other Intergovernmental Revenues**

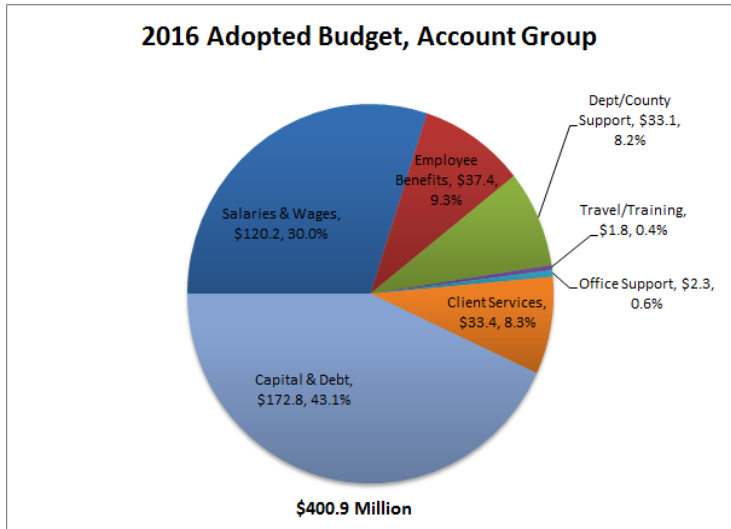
Other Intergovernmental Revenues include those revenues received from other government agencies. Like State revenue streams, this funding is expected to increase for FY2016 to \$26.4 million, an increase of 32.7%.

### **Fund Balance**

Fund Balance supports \$44.6 million of the \$400.9 million Adopted Budget for 2016. The County only uses Fund Balance to support one-time expenditures.

# TOTAL

The 2016 Adopted Budget of \$400.9 million, increases total expenditures by \$47.1 million, or 13.3% more than the previous year's budget. This increase is due largely to upcoming Capital Improvement Projects in the Highway and Parks departments. The following sections are an overview of budgeted expenditures for FY2015 by account group.



## Personnel Expenditures

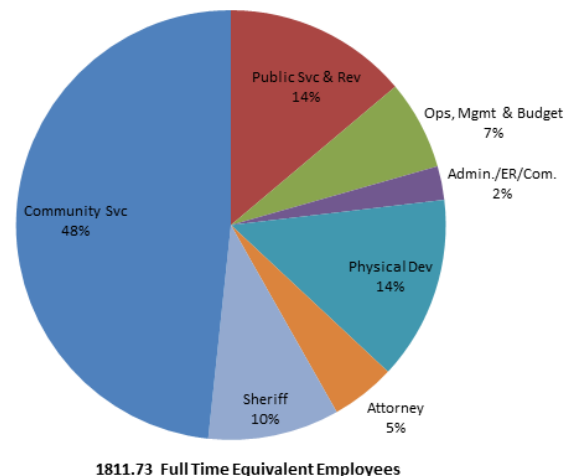
Personnel expenditures include the County's cost for salaries and wages, health insurance, Medicare and Social Security (FICA), Public Employee Retirement Association (PERA) contributions, and other employee benefits (e.g., life insurance, dental insurance, and unemployment insurance, etc.). County personnel costs for FY2016 are estimated at \$159.4 million or approximately 39% of the total budgeted expenditures.

## Salaries and Wages

The 2016 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,777.15 in FY2015 to 1,811.73 in FY2016, or an increase of 1.9%. However, since 2009, the total County workforce has decreased by 44.22 FTEs.

## Full Time Equivalent Employees, Division

Nearly half of all County employees work in Community Services





### **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 FY2016, the Adopted Budget increases from \$30.5 million to 33.1 million, an increase of \$2.6 million, or 8.5%.

### **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 FY2016 is \$2.25 million, a decrease of 2.2%.

### **Travel and 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 FY2016 increases from 1.7 million to \$1.8 million, an increase of 5.9%.

### **Client Services and Materials**

Client Services and Materials include both Direct Materials and Supplies, and the Citizen/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/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 FY2016, the Citizen/Client Services and Materials budget is adopted at \$40.9 million, a decrease of \$2.7 million.





### **Citizen/Client Services**

Expenditures budgeted in Citizen and Client Services are frequently funded from other entities and are considered “pass-through” funds. Increases and decreases in these types of expenditures typically have corresponding changes in revenue.

### **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 increase from \$108.6 million in FY2015 to \$132.0 million in FY2016, a \$23.4 million increase or 21.5% increase.

### **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. Departments are not required to indicate in the budget how they plan to spend BIP funds, although they are requested to formulate a “BIP Spending Plan” for internal review. The adopted amount of BIP is budgeted at \$1.5 million for FY2016.