

Dakota County, Minnesota

2015

Budget in Brief



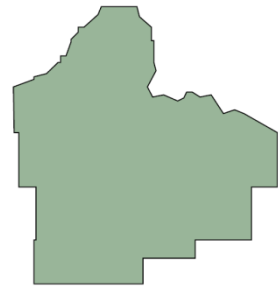
A premiere county in which to live and work.

Dakota
COUNTY



2015 Adopted Budget

DAKOTA COUNTY, MINNESOTA
FOR THE FISCAL YEAR
BEGINNING JANUARY 1, 2015

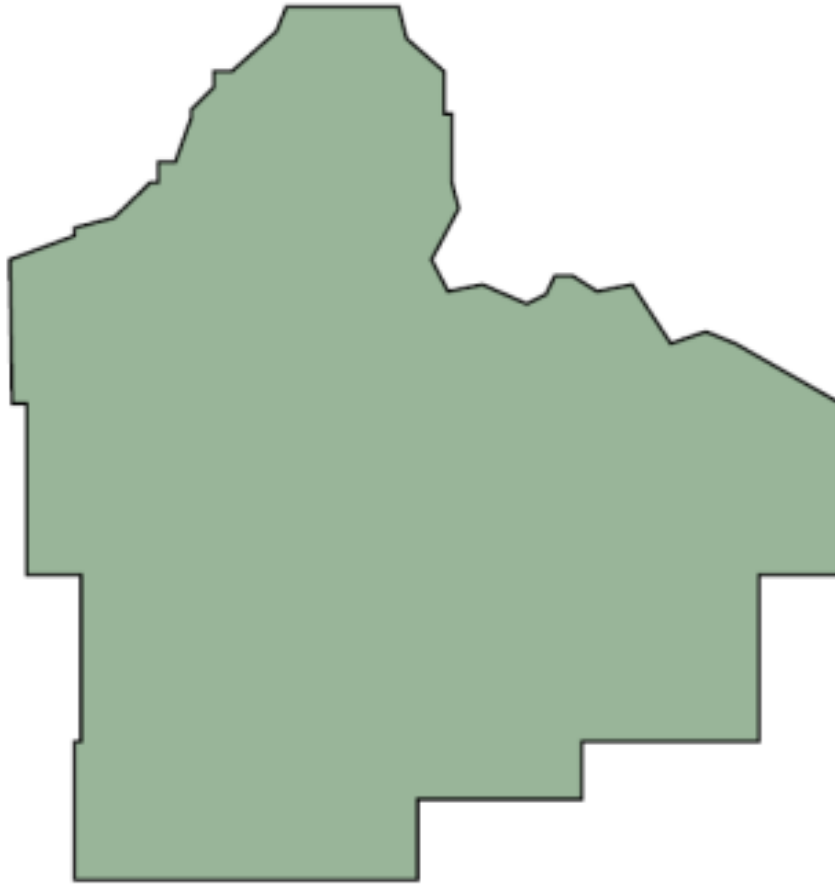


This document is a brief overview of the 2015 Adopted Budget for Dakota County, Minnesota. We hope this document will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. The County's purpose is to deliver the highest 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 Mary Liz Holberg
- 7th District Chris Gerlach





A comprehensive overview of the Dakota County 2015
Adopted Budget is available by contacting:

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

www.dakotacounty.us

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2015 ADOPTED BUDGET HIGHLIGHTS

Maintains all public services equal to the 2014 level and improves them in several areas:

- Raise a Reader Campaign to encourage childhood literacy and using libraries as a resource
- Expanded natural resource improvements
- Complete Spring Park Lake Park Reserve and Lebanon Hill Park Master Plan
- Build out data network and collaborate with other local governments to deliver IT services
- Library renovations at Apple Valley and Hastings
- Establish County-Wide Electronic Crime Unit Task Force
- Judicial Center renovations, replace JDC emergency generator and chiller, and security system upgrades
- Establish and expand Dakota County volunteer program



Funds operating cost pressures through internal reallocations and savings and a 1% levy increase

- Using Fund Balance for one-time items and debt retirement creates future savings
- 32.44 Full-Time Equivalent (FTE) employees added for 2015 funded mainly from additional State & Federal revenues and with internal reallocating of expenses
- Since 2009, workforce reduced by net 78.8 FTEs
- Adopted 2015 levy is \$1,283,779 higher than 2014
- Net change over 5 years – 1%, while Consumer Price Index inflation totaled 10.2% in same period
- Median-priced home will see about \$15 increase in County taxes, approximately \$6.50 of this due to home value increases and tax shifts.

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

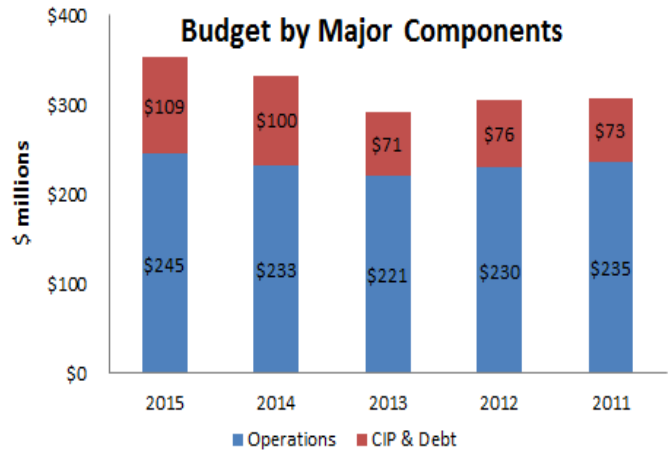
- Budget is structurally balanced—ongoing costs funded with reliable revenue sources
- County reserve levels and state and federal revenue reliance are prudent and recognize continuing long-term economic and budget uncertainty

INTRODUCTION

The 2015 Adopted Dakota County Budget (Adopted Budget) budgets Operations and CIP/Debt expenditures totaling \$353.8 million, an increase of 6.3% from the 2014 Adopted Budget.

Under the Adopted Budget, the total operating budget totals \$245.1 million, an increase of 12.0 million or 5.7% more than the previous year. Additionally, the Adopted Budget contains the 2015 Capital Improvement Program (CIP) of \$108.6

million, an increase of \$9.1 million, or 9.2% more than the 2014 CIP. Both of these budgets are supported by a certified property tax levy of \$129.6 million, which is \$1,283,779 more than the 2014 Adopted Budget. The 2015 Adopted Budget relies upon the internal reallocation of resources and other savings rather than any additional property tax revenues.

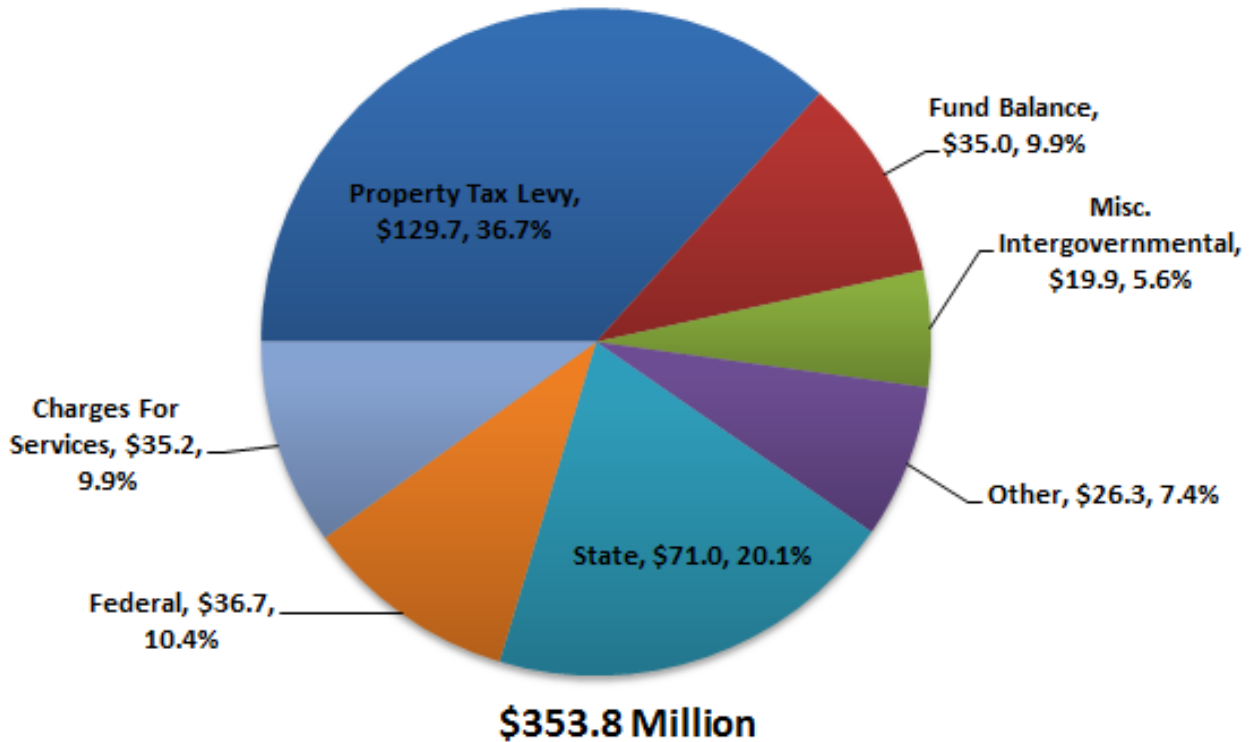


TOTAL REVENUE

For the 2015 Adopted Budget, total revenue increased by 7.1% to \$318.8 million. Operating revenues increased from the previous year’s budget from \$233.2 million to \$245.1 million, an increase of 5.13%. Revenues supporting the CIP also increased. In FY2015, CIP revenues increased by 11.82% to \$101.0 million. The following sections are an overview of budgeted revenues by funding source.

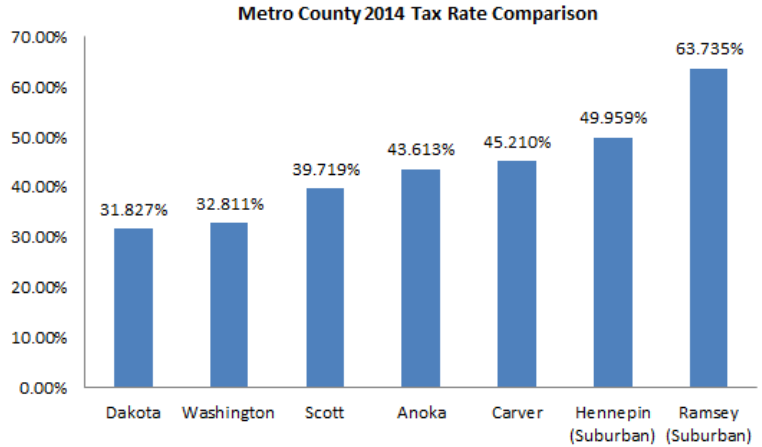
2015 Adopted Budget, Funding Sources

Approximately half of all funding comes from non-property tax sources



Dakota County currently maintains the lowest property tax rate among the metropolitan counties. The 2015 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

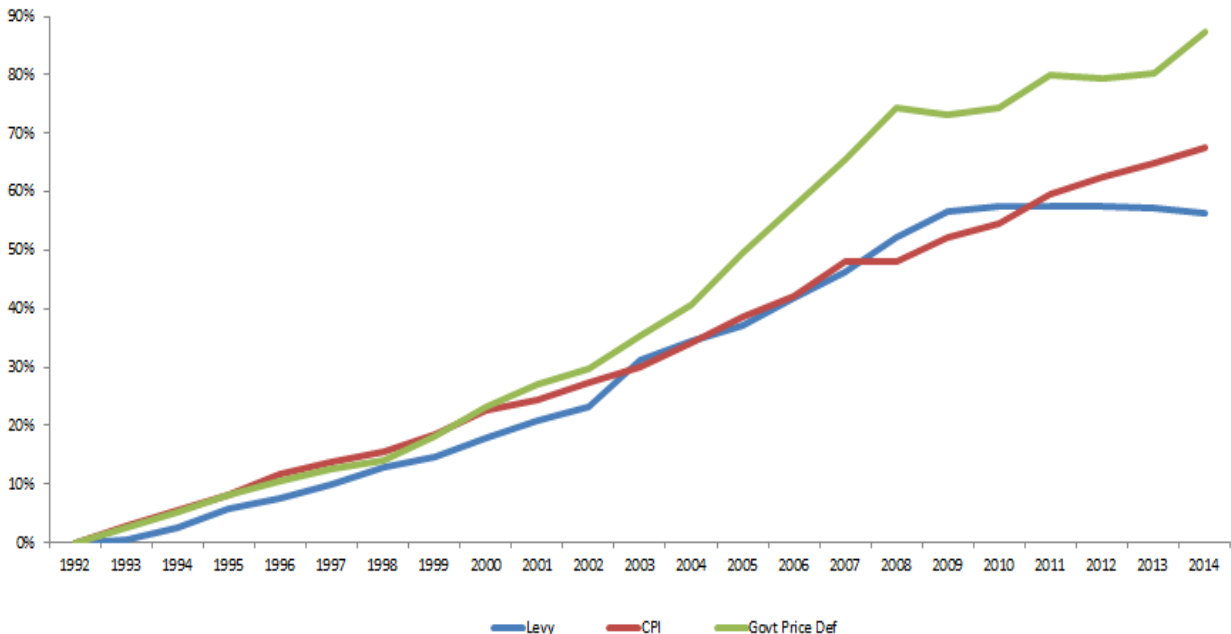


indicated by the chart below, the County property tax increases remain below the annual increases compared to the Consumer Price Index and well below the Government Price Deflator, or the cost of government controlled for inflation over the same period

The County property tax levy (Levy) increased by \$1,283,779 for Fiscal Year (FY) 2015. Currently, the Levy funds 36.6% of both County Operations and CIP. Under the 2015 Adopted Budget, the County portion of the overall property taxes levied is 20.6%.

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

During the past four years, Dakota County has maintained a property tax levy below the rate of inflation.



Licenses, Fines & Charges

Revenues earned from these sources decreased from \$38.9 million in FY2014 to \$35.0 million for FY2015 or a decrease of 10.03%.

Other Revenues

Other Revenues include property taxes and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. For FY2015, these revenues decreased by \$1.2 million or -8.6%.

Federal Revenues

Federal Revenues are anticipated to decrease by -3.2% or \$1.2 million.

State Revenues

State Revenues are anticipated to increase in FY2015 by \$13.3 million or 23.0%. 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 decrease for FY2015 to \$19.9 million, a decrease of 31.1%.

Fund Balance

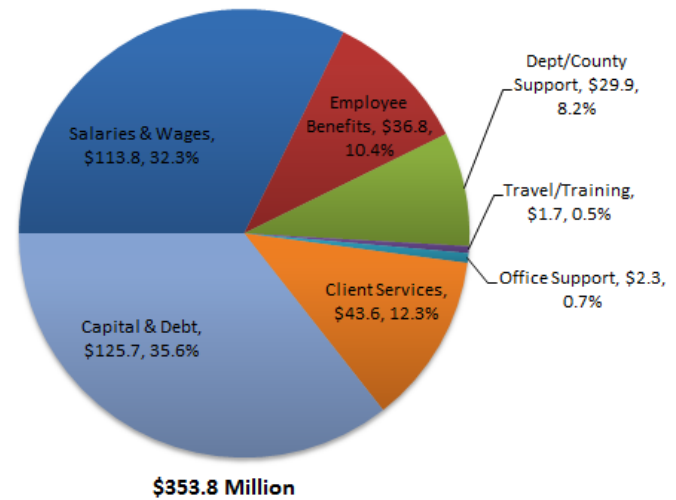
Fund Balance supports \$35.0 million of the \$353.8 million Adopted Budget for 2015. The County only uses Fund Balance to support one-time expenditures.

TOTAL EXPENDITURES

The 2015 Adopted Budget of \$353.8 million, increases total expenditures by \$21.1 million, or 6.3% 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 FY2014 by account group.

2015 Adopted Budget, Account Group

Half of all County funds are spent on personnel cost.



Personnel Expenditures

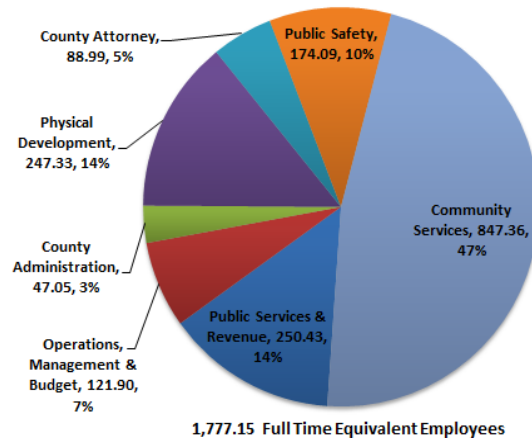
Personnel expenditures include the County's cost for salaries and wages, health insurance, Medicare and Social Security (FICA), Public Employee Retirement Association (PERA) contributions, and other employee benefits (e.g., life insurance, dental insurance, and unemployment insurance, etc.). County personnel costs for FY2014 are estimated at \$152.3 million or approximately 43% of the total budgeted expenditures.

Salaries and Wages

The 2015 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,744.71 in FY2014 to 1,777.15 in FY2015, or an increase of 1.86%. However, since 2009, the total County workforce has decreased by 78.8 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 FY2015, the Adopted Budget increases from \$28.9 million to 29.9 million, an increase of \$1.0 million, or 3.5%.

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 FY2015 is \$2.3 million, a decrease of 4.2%.

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 FY2015 increases from 1.6 million to \$1.7 million, a increase of 6.25%.

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 FY2015, the Citizen/Client Services and Materials budget is adopted at \$43.6 million, an increase of \$2.2 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 \$99.5 million in FY2014 to \$108.6 million in FY2015, a \$9.1 million increase or 9.1% 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 \$1.2 million for FY2015.