

Dakota County, Minnesota

2017 Budget in Brief



A premier county in which to live and work.



2017 Adopted Budget

DAKOTA COUNTY, MINNESOTA FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2017



This document is a brief overview of the 2017 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 Joe Atkins
- 5th District Liz Workman
- 6th District Mary Liz Holberg
- 7th District Chris Gerlach





A comprehensive overview of the Dakota County 2017
Adopted Budget is available by contacting:

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

www.dakotacounty.us

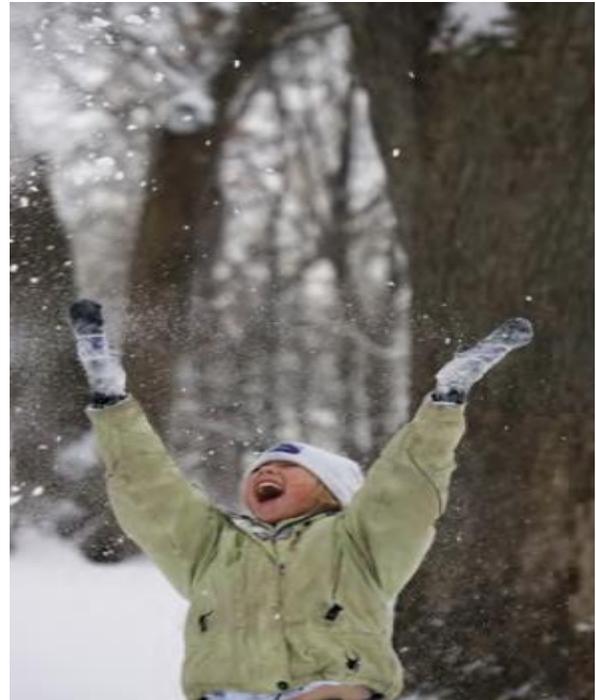
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2017 ADOPTED BUDGET HIGHLIGHTS

- Ensures we can continue to provide current services at high quality in the face of cost and demand pressures
- Adapts to new State service mandates and volume growth
- Maintains our infrastructure for the future
- Minimal growth in new or discretionary services
- Financially disciplined for the long-term
- Respectful of County taxpayers



Funds operating cost pressures through internal reallocations and savings and a 2.0% levy increase

- Using Fund Balance for one-time capital and operating items
- 28.0 Full-Time Equivalent (FTE) employees added for 2017 funded mainly from additional State & Federal revenues
- Since 2009, workforce increased by net 4.65 FTEs
- Recommended 2017 levy is \$2,603,933 higher than 2016
- Total operating expenses are budgeted at \$10.2 million below 2009
- Median-priced home with value increasing 4.3% will see about \$16 increase in County taxes.

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

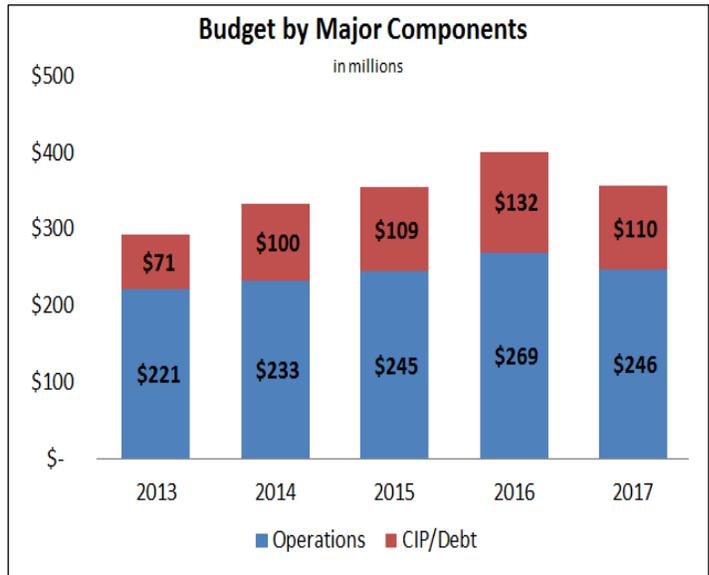
- **2017 adopted budget is structurally balanced**
 - Ongoing costs funded from permanent revenues—new and reallocated
 - Spending from fund balances on one-time capital and operating items
- **Plans for sustaining services and containing future levy growth**
 - Multi-year planned use of internal reallocations to help offset future cost pressures
 - Planned future rate of levy-funded spending growth remains moderate

INTRODUCTION

The 2017 Adopted Dakota County Budget budgets Operations and CIP/Debt expenditures totaling \$356.8 million, a decrease of 11% from the 2016 Adopted Budget.

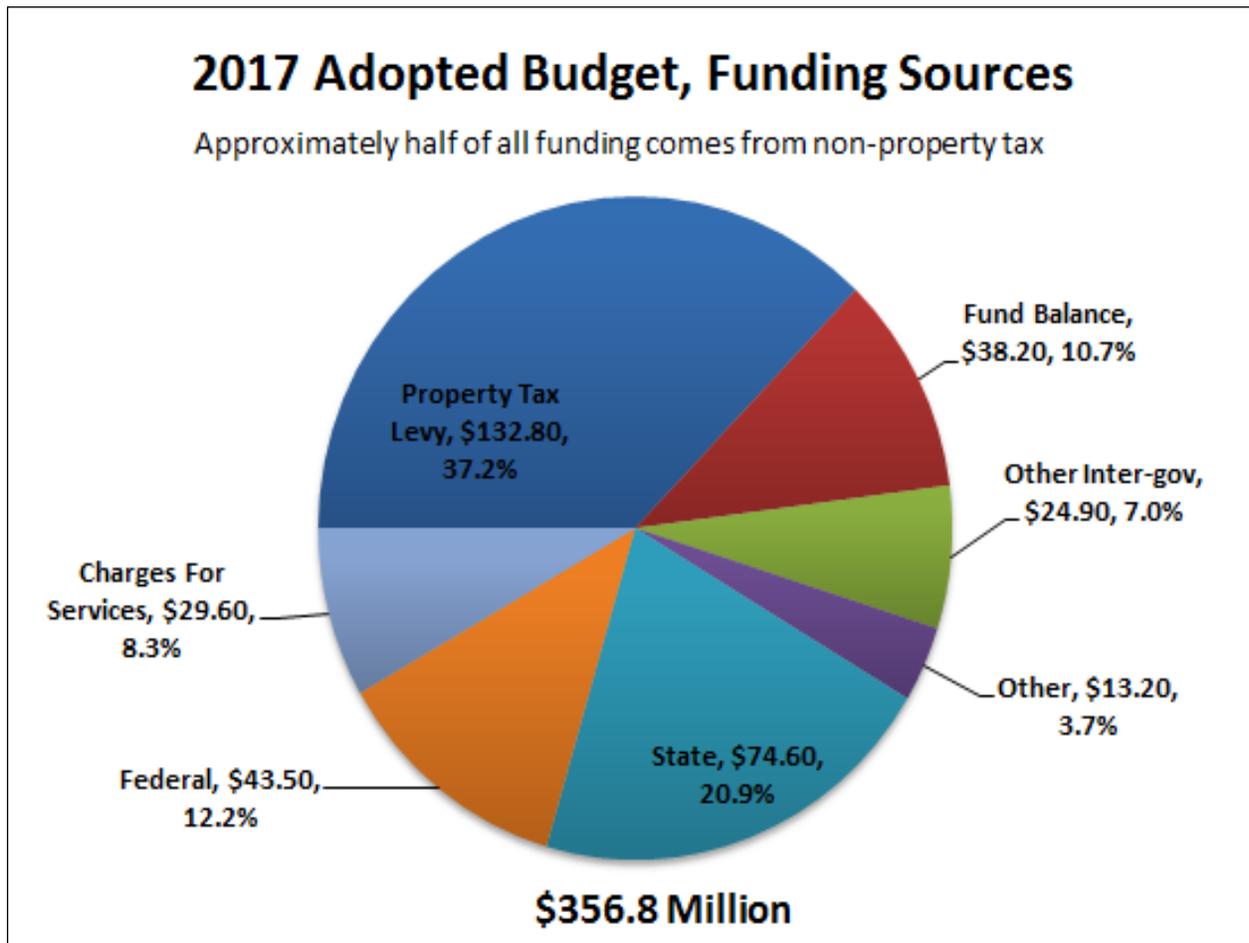
Under the Recommended Budget, the operating budget totals \$246.4 million, a decrease of 22.5 million or 8.4% less than the previous year. Additionally, the Adopted Budget contains the 2017 Capital Improvement Program (CIP) of \$110.4

million a decrease of \$21.6 million, or 16.4% less than the 2016 CIP. Both of these budgets are supported by a recommended property tax levy of \$132.8 million, which is \$2.6 million more than the 2016 Adopted Budget. The 2017 Recommended Budget relies upon the internal reallocation of resources and other savings to cover the County’s cost growth in excess of the increased recommended property tax levy.



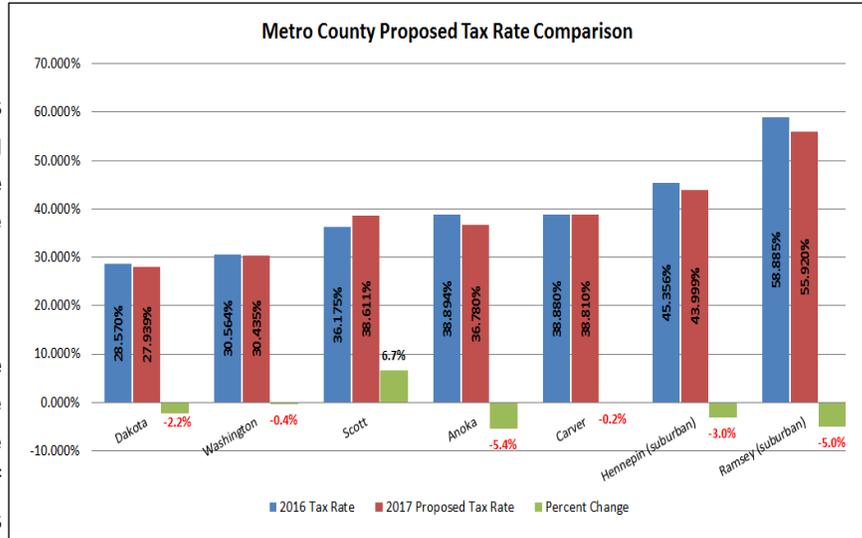
TOTAL REVENUE

For the 2017 Adopted Budget, total revenue decreased by 11.1% to \$356.8 million. Operating revenues decreased from the previous year’s budget from \$269.0 million to \$246.4 million, a decrease of 8.4%. Revenues supporting the CIP also decreased. In FY2017, CIP revenues decreased by 16.4% to \$110.3 million. The majority of the revenue decreases in both operations and CIP is attributed to a one-time transfers to pay off outstanding debt. As of the end of 2016 the County no longer has any outstanding bond debt, resulting in no levy or fund balance being recommended for debt principle or interest payments. 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 2017 Adopted Budget will continue this trend.

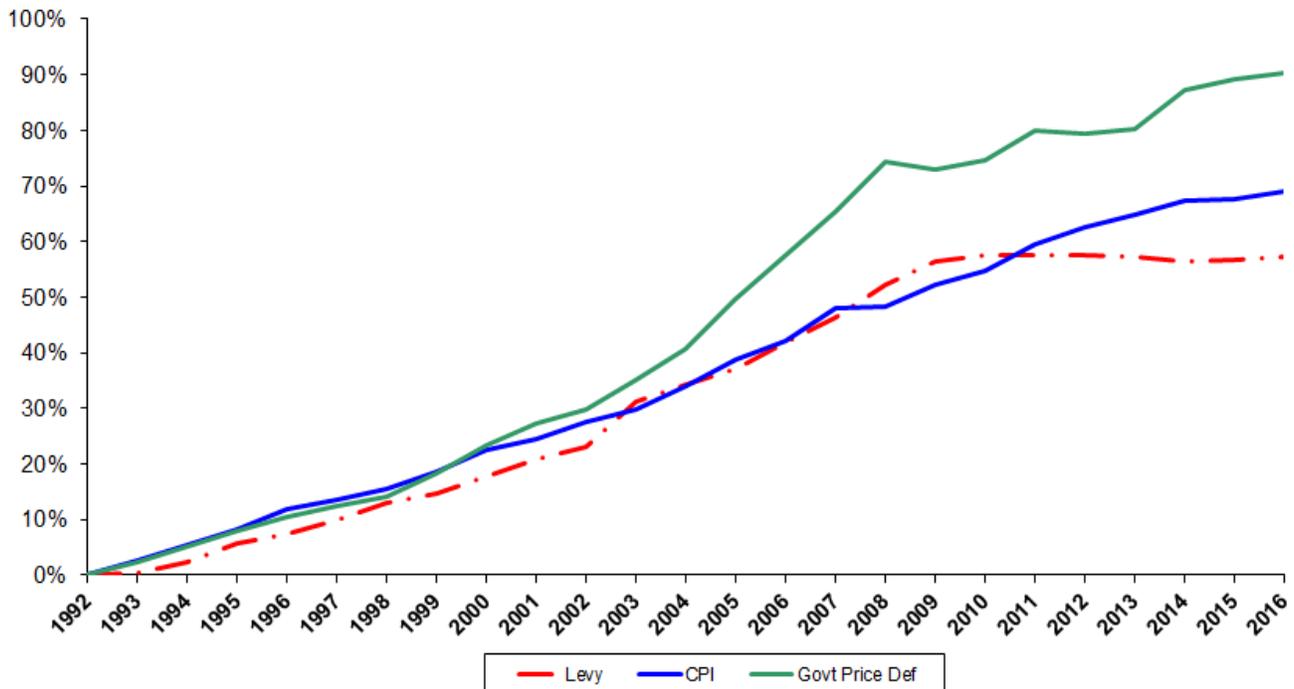
During the past several years, the County has continued to provide significant services with little increase in the overall cost of government to residents. As indicated by the chart below, the County property tax increases remain below the annual increases compared to the Consumer Price Index and well below the Government Price Deflator, or the cost of government controlled for inflation over the same period



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The County’s adopted property tax levy (Levy) would increase by \$2,603,933 for Fiscal Year (FY) 2017. Currently, the Levy funds 37.2% of both County Operations and CIP. Under the 2017 Adopted Budget, the County portion of total property taxes levied by all jurisdictions within the County is approximately 20.0%.

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



Licenses, Fines & Charges

Revenues earned from these sources remained the same from \$29.6 million in FY2016 to \$29.6 million for FY2017 or an increase of 0.0%.

Other Revenues

Other Revenues include property taxes and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. For FY2017, these revenues decreased by \$0.3 million or 2.2%.

Federal Revenues

Federal Revenues are anticipated to increase by 8.8% or \$3.5 million.

State Revenues

State Revenues are anticipated to decrease in FY2017 by \$6.1 million or 7.6%. The primary reason for this decrease is decreased State Revenues in the CIP.



Other Intergovernmental Revenues

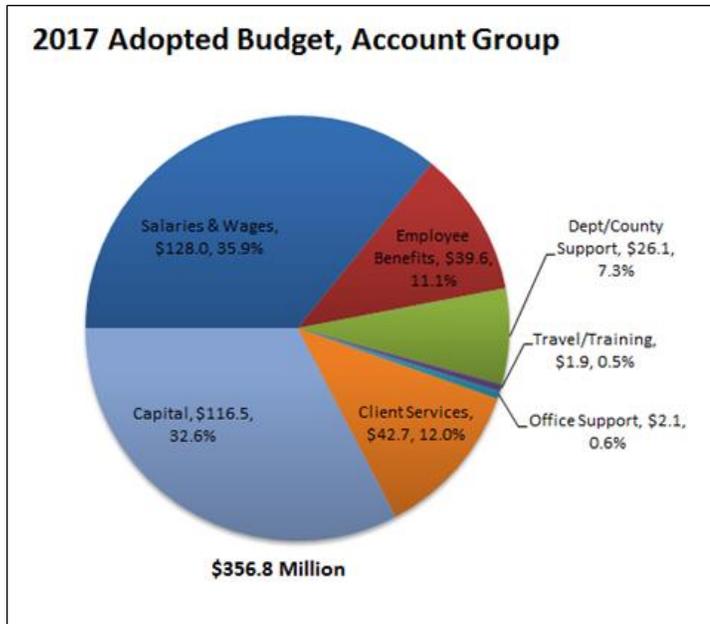
Other Intergovernmental Revenues include those revenues received from other government agencies. Like State revenue streams, this funding is expected to decrease for FY2017 to \$24.9 million, a decrease of 5.0%.

Fund Balance

Fund Balance supports \$38.2 million of the \$356.8 million Adopted Budget for 2017. The County only uses Fund Balance to support one-time expenditures.

TOTAL

The 2017 Adopted Budget of \$356.8 million decreases total expenditures by \$44.2 million, or 11.1% less than the previous year's budget. This decrease is due largely to the payoff of all outstanding debt in 2016. The following sections are an overview of budgeted expenditures for FY2017 by account group.

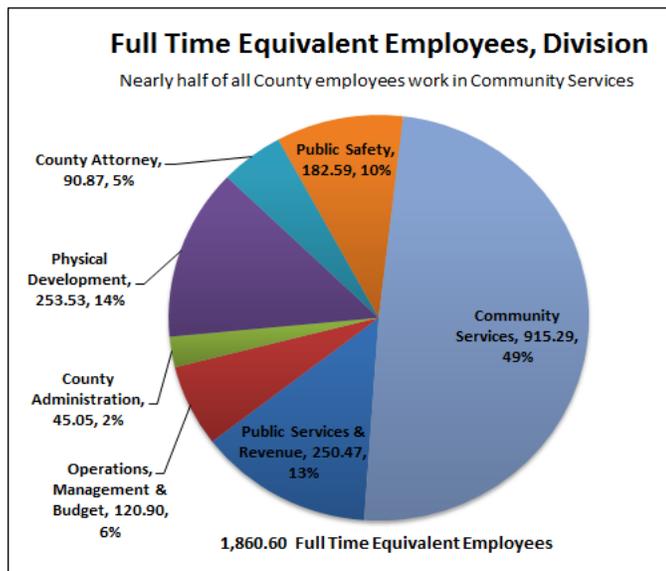


Personnel Expenditures

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 FY2017 are estimated at \$167.6 million or approximately 47% of the total budgeted expenditures.

Salaries and Wages

The 2017 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,811.73 in FY2016 to 1,860.60 in FY2017, or an increase of 2.7%. However, since 2009, the total County workforce has only increased by 4.65 FTEs.





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 FY2017, the Adopted Budget decreases from \$33.1 million to 26.1 million, a decrease of \$7.0 million, or 21.1%.

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 FY2017 is \$2.11 million, an increase of 0.05%.

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 FY2017 increases from 1.8 million to \$1.9 million, an increase of 12.5%.

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 FY2017, the Citizen/Client Services and Materials budget is adopted at \$42.7 million, an increase of \$1.8 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

The budget for this account category includes all Capital Improvement Program (CIP) expenses. Total capital spending will decrease from \$130.0 million in FY2016 to \$111.1 million in FY2017, an \$18.9 million decrease or 14.6% 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. 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 \$1.7 million for FY2017.