

Dakota County, Minnesota

2018

Budget in Brief

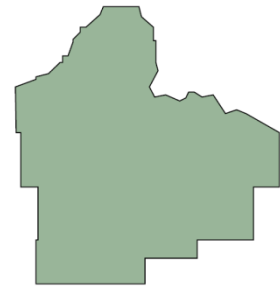


A premier county in which to live and work.



2018 Adopted Budget

DAKOTA COUNTY, MINNESOTA
FOR THE FISCAL YEAR
BEGINNING JANUARY 1, 2018

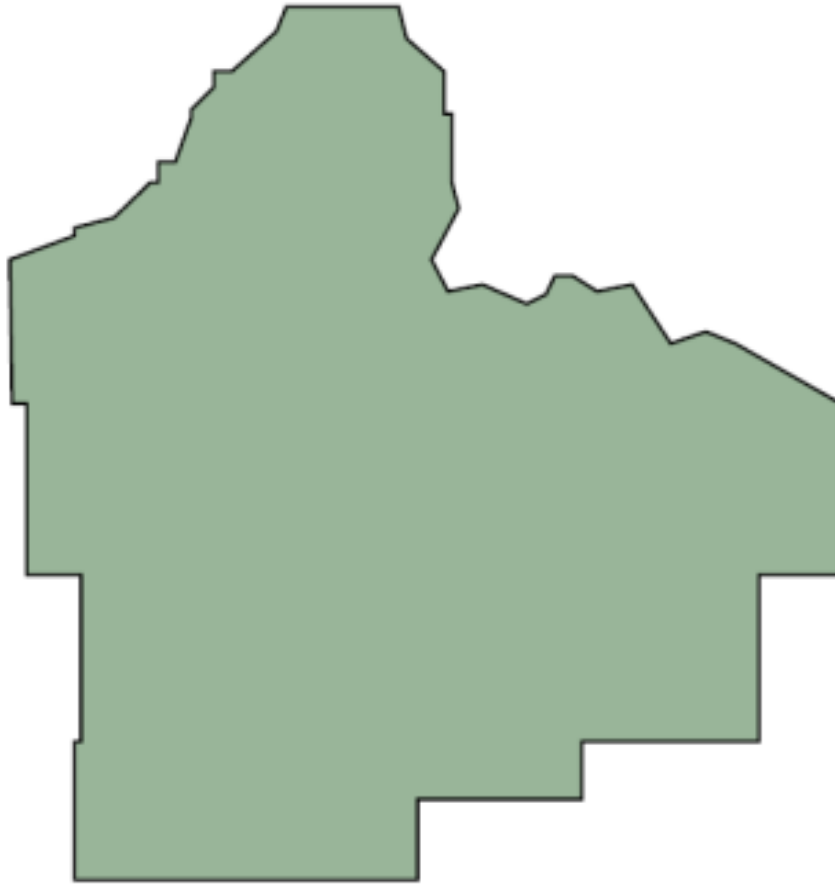


This document is a brief overview of the 2018 Adopted Budget for Dakota County, Minnesota. We hope this document will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. The County's purpose is to deliver the highest 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 2018
Adopted Budget is available by contacting:

Dakota County Budget Office Department
1590 Highway 55 West
Hastings, MN 55033
(651) 438 – 4612

www.co.dakota.mn.us

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2018 ADOPTED BUDGET HIGHLIGHTS

- Ensures we can continue to provide current services at high quality in the face of cost and demand pressures
- Financially disciplined for the long-term
- Respectful of County taxpayers
- Increase capacity to plan and deliver more transportation projects
- Address rising caseloads in mandated services
- Longer term investments in Parks, Natural Resources, Libraries and maintenance facilities
- Invest in Information Technology security and access
- Significant new resources available for emergency housing and services
- Minimal growth in property tax levy



Funds operating cost pressures through internal reallocations and savings and a 2.9% levy increase

- Using Fund Balance for one-time capital and operating items
- 25.6 Full-Time Equivalent (FTE) employees added for 2018. A large portion of these are funded by State & Federal revenues
- Since 2009, workforce increased by net 38.72 FTEs
- Total operating expenses are budgeted at \$11.7 million below 2009
- The impact of County levy on a median-priced home is about a \$13 property tax increase. Of this increase, approximately \$4 is due to home value increases and tax shifts.
- Adopted 2018 levy is \$3,851,216 higher than 2017
- The Adopted Dakota County levy, coupled with the recommended reduction in Regional Rail levy, will have a combined levy increase of 1.9% from 2017

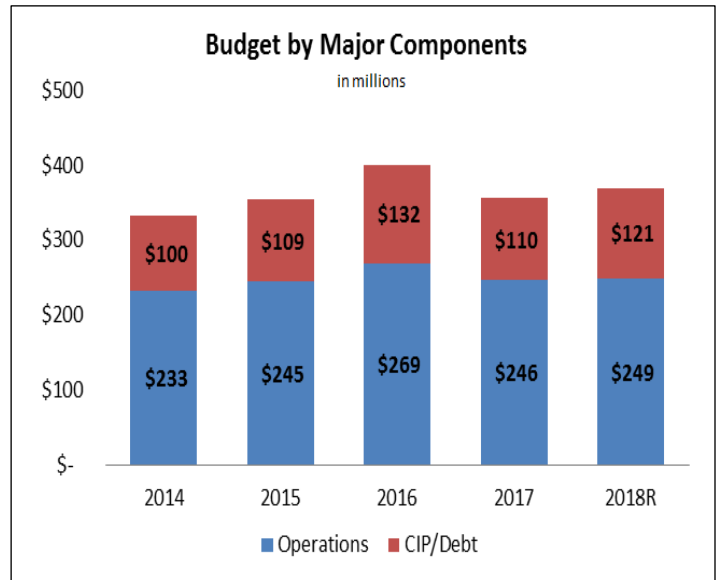
Sound long-term financial plan supports future budget and service stability

- **2018 recommended 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 2018 Adopted Dakota County Budget, budgets Operations and CIP/Debt expenditures totaling \$371.6 million, an increase of 4.1% from the 2017 Adopted Budget.

Under the Adopted Budget, the operating budget totals \$248.5 million, an increase of 2.1 million or 0.9% more than the previous year. Additionally, the Adopted Budget contains the 2018 Capital Improvement Program (CIP) of \$116.9 million, an increase



of \$6.6 million, or 5.9% more than the 2017 CIP. Both of these budgets are supported by an adopted property tax levy of \$136.7 million, which is \$3.9 million more than the 2017 Adopted Budget. The 2018 Adopted 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.

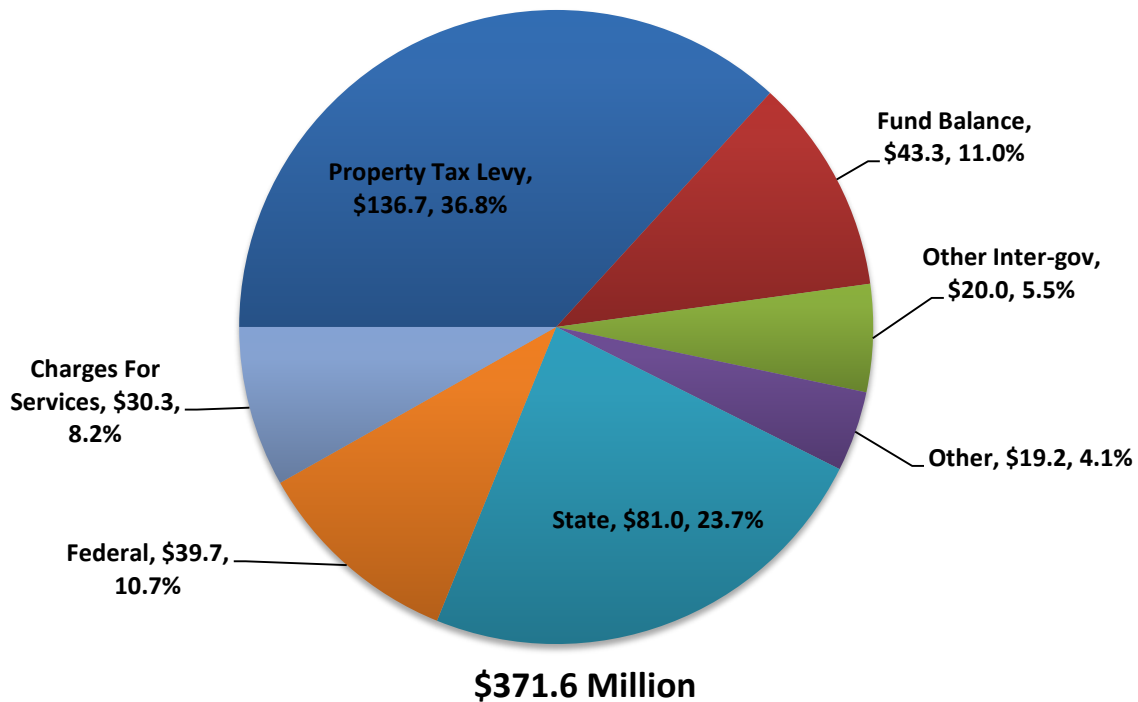


TOTAL REVENUE

For the 2018 Adopted Budget, total revenue increased by 4.1% to \$371.6 million. Operating revenues increased from the previous year's budget from \$246.4 million to \$248.6 million, an increase of 0.9%. Revenues supporting the CIP also increased. In FY2018, CIP revenues increased by 5.9% to \$116.9 million. The majority of the revenue increases in operations and CIP is attributed to interest on investments, federal and state revenues, and an increased use of fund balance. 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.

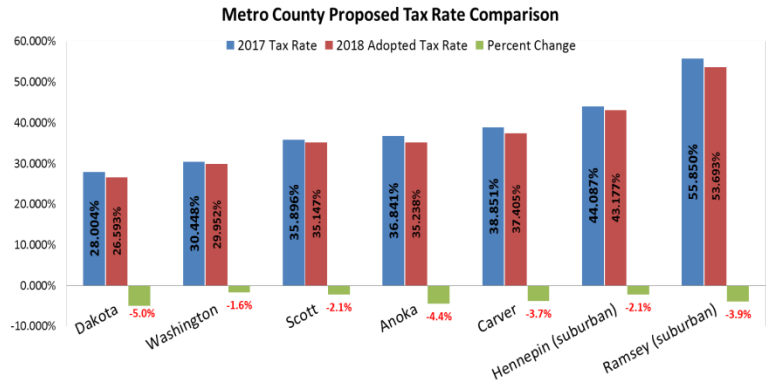
2018 Adopted Budget, Funding Sources

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 2018 Recommended 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

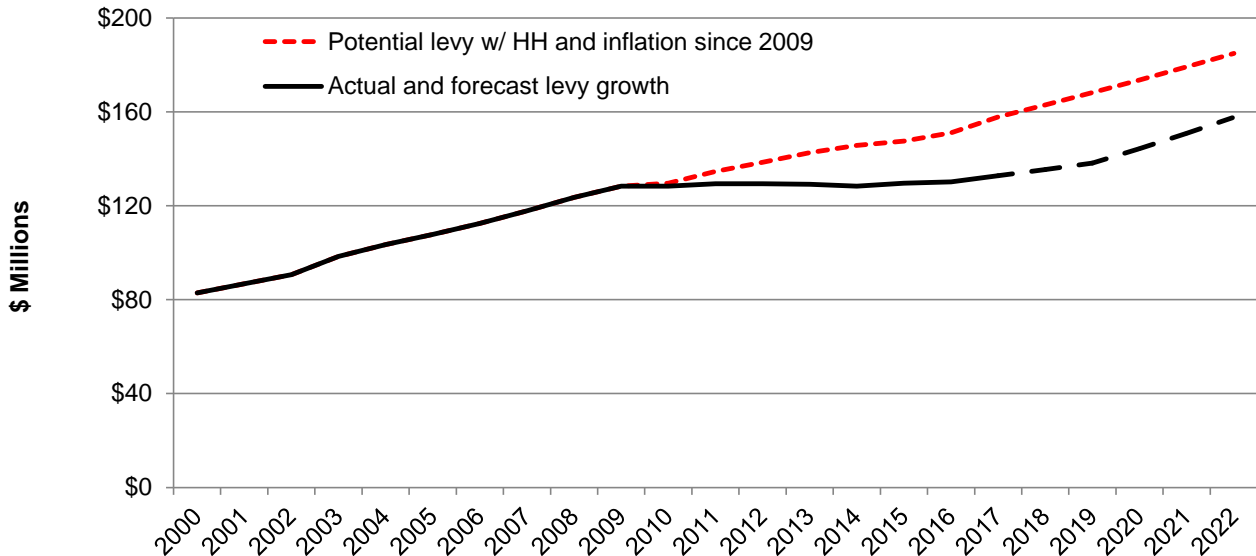


below, the County property tax increases remain below the potential levy growth when factoring in household growth in the County and inflation.

The County's adopted property tax levy (Levy) increased by \$3,851,216 for Fiscal Year (FY) 2018. Currently, the Levy funds 36.8% of both County Operations and CIP. Under the 2018 Adopted Budget, the County portion of total property taxes levied by all jurisdictions within the County is approximately 20%.

Growth in County tax levy compared to household growth and inflation

Balancing affordable taxes with cost and demand growth



Source: American Community Survey, Bureau of Labor Statistics, and Minnesota Inter-County Association

Licenses, Fines & Charges

Revenues earned from these sources increased from \$29.6 million in FY2017 to \$30.4 million for FY2018 or an increase of 2.7%.

Other Revenues

Other Revenues include property taxes and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. For FY2018, these revenues increased by \$2.1 million or 15.8%.

Federal Revenues

Federal Revenues are anticipated to decrease by 8.9% or \$3.9 million.

State Revenues

State Revenues are anticipated to increase in FY2018 by \$13.6 million or 18.2%.



Other Intergovernmental Revenues

Other Intergovernmental Revenues include those revenues received from other government agencies. This funding is expected to decrease for FY2018 to \$20.4 million, a decrease of 18.2%.

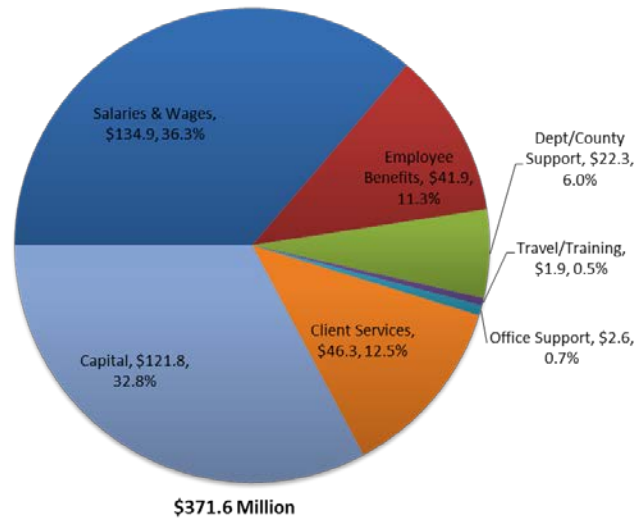
Fund Balance

Fund Balance supports \$41.0 million of the \$371.6 million Adopted Budget for 2018. The County only uses Fund Balance to support one-time expenditures.

TOTAL EXPENDITURES

The 2018 Adopted Budget of \$371.6 million increases total expenditures by \$14.8 million, or 4.1% more than the previous year's budget. This is due largely to increases in the Capital Improvement Program (CIP) of \$6.6 million and inflationary increases to operations. The following sections are an overview of budgeted expenditures for FY2018 by account group.

2018 Adopted Budget, Account Group



Personnel Expenditures

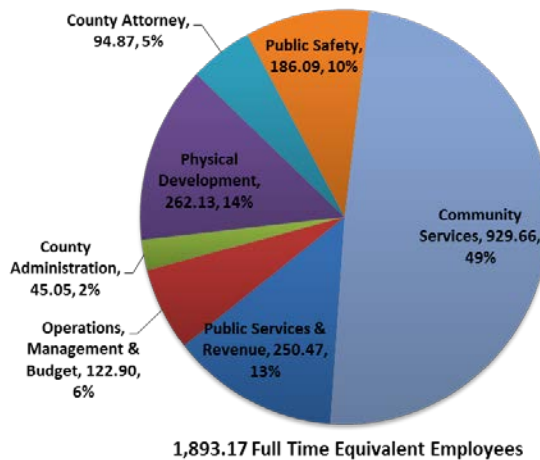
Personnel expenditures include the County's cost for salaries and wages, health insurance, Medicare and Social Security (FICA), Public Employee Retirement Association (PERA) contributions, and other employee benefits (e.g., life insurance, dental insurance, and unemployment insurance, etc.). County personnel costs for FY2018 are estimated at \$176.8 million or approximately 52% of the total budgeted expenditures.

Salaries and Wages

The 2018 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,860.60 in FY2017 to 1,893.17 in FY2018, or an increase of 1.8%.

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 FY2018, the Adopted Budget decreases from \$26.1 million to 22.3 million, a decrease of \$3.8 million, or -14.6%. This decrease is the result of using the Levy Management Account to manage 2018 levy growth.

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 FY2018 is \$2.3 million, an increase of 7.4%. The change in the office support budget is the result of shifting the phone stipends budget from Travel and Training to a County owned device line item located in Office Support.

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 FY2018 is \$1.9 million, a decrease of -1.1%.

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 FY2018, the Citizen/Client Services and Materials budget was adopted at \$46.3 million, an increase of \$3.7 million. This increase was the result inflationary increases of \$.6 million, increase to Regional the Treatment Center Budget and Foster Care budget of \$1.3 million, and additional funds set aside for housing services of \$1.2 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

The budget for this account category includes all Capital Improvement Program (CIP) expenses. Total capital spending will increase from \$110.4 million in FY2017 to \$120.9 million in FY2018, a \$9.8 million or 8.8% 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 FY2018.