

Dakota County, Minnesota

2024 Budget in Brief



A premier county in which to live and work.



Longstanding Dakota County principles for financial management

Structural balance:

- Match ongoing spending commitments with ongoing revenue streams to avoid future ‘cliffs’

Multi-year perspective:

- Recognize (and plan to fund) the future ‘tails’ of current spending decisions

Prudent reserve levels and uses

- Maintain sufficient reserves to ride through the economic cycle
- Spend one-time funds for one-time purposes only

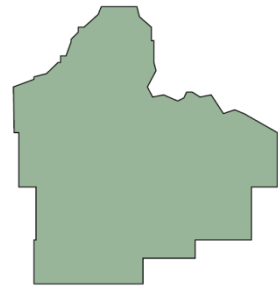
Realistic budget plans and effective management

- Prudent estimates of revenues and costs in the budget
 - Monitor and manage the adopted budget carefully
-



2024 Adopted Budget

DAKOTA COUNTY, MINNESOTA FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2024



This document is a brief overview of the 2024 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 Joe Atkins
- 3rd District Laurie Halverson
- 4th District William Droste
- 5th District Liz Workman
- 6th District Mary Liz Holberg
- 7th District Mary Hamann-Roland





A comprehensive overview of the Dakota County 2024
Adopted Budget is available by contacting:

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

www.co.dakota.mn.us

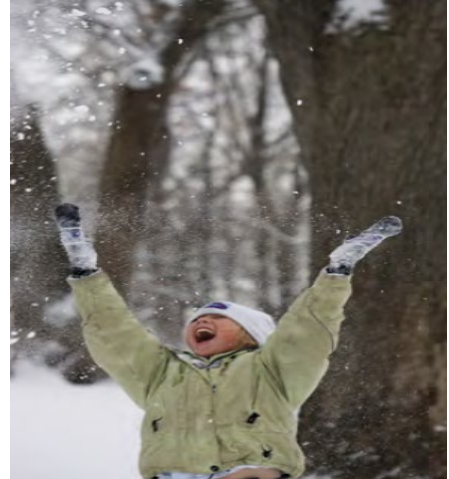
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2024 ADOPTED BUDGET HIGHLIGHTS

- 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
- Address rising caseloads in mandated services
- Longer term investments in Parks, Natural Resources, Libraries and maintenance facilities
- Minimal growth in property tax levy



Funds operating cost pressures through increase state revenues, internal reallocations and savings and a 3.5% levy increase

- Using Fund Balance for one-time capital and operating items
- 64.2 Full-Time Equivalent (FTE) employees added for 2024. These are funded by State & Federal revenues, charges for services, and reallocation of County resources and new levy
- Since 2020, workforce increased by net 193.2 FTEs
- Total operating expenses are budgeted at \$26.9 million above 2023
- Median-priced home with value increasing 3.93% will see about \$10 increase in County taxes
- Adopted 2024 levy (\$152,518,952) is a 3.5% increase from 2023.

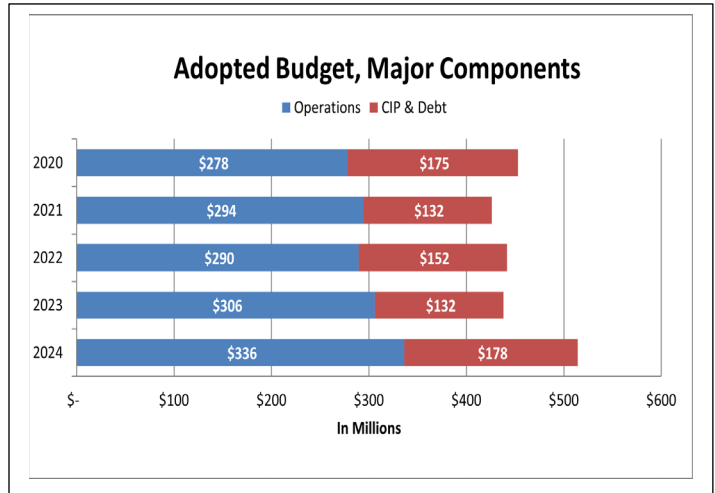
Sound long-term financial plan supports future budget and service stability

- **2024 adopted budget will remain structurally balanced**
 - Known cost increases offset with new external revenues, spending savings, and levy dollars.
 - Spending from fund balances on one-time capital and operating items
- **Future outlook**
 - Expect future cost growth to remain similar to current levels due to labor market and personnel cost conditions
 - Remaining non-levy resources to allocate toward levy reduction more limited than in past years
 - Anticipate higher levy pressure, more in line with overall cost growth

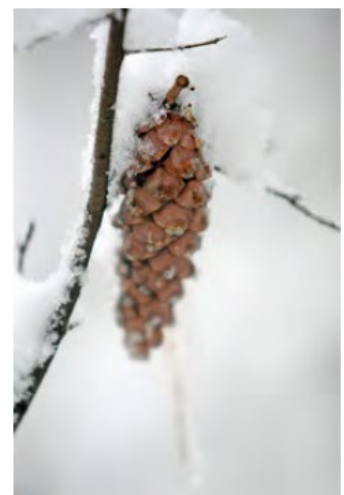
INTRODUCTION

The 2024 Adopted Dakota County Budget, budgets Operations and CIP expenditures totaling \$514.3 million, an increase of 17.4% from the 2023 Adopted Budget.

Under the Adopted Budget, the operating budget totals \$336.2 million, an increase of \$29.9 million or 9.8% more than the previous year. Additionally, the Recommended Budget contains the 2024 Capital Improvement Program (CIP) of \$131.8 million, a decrease

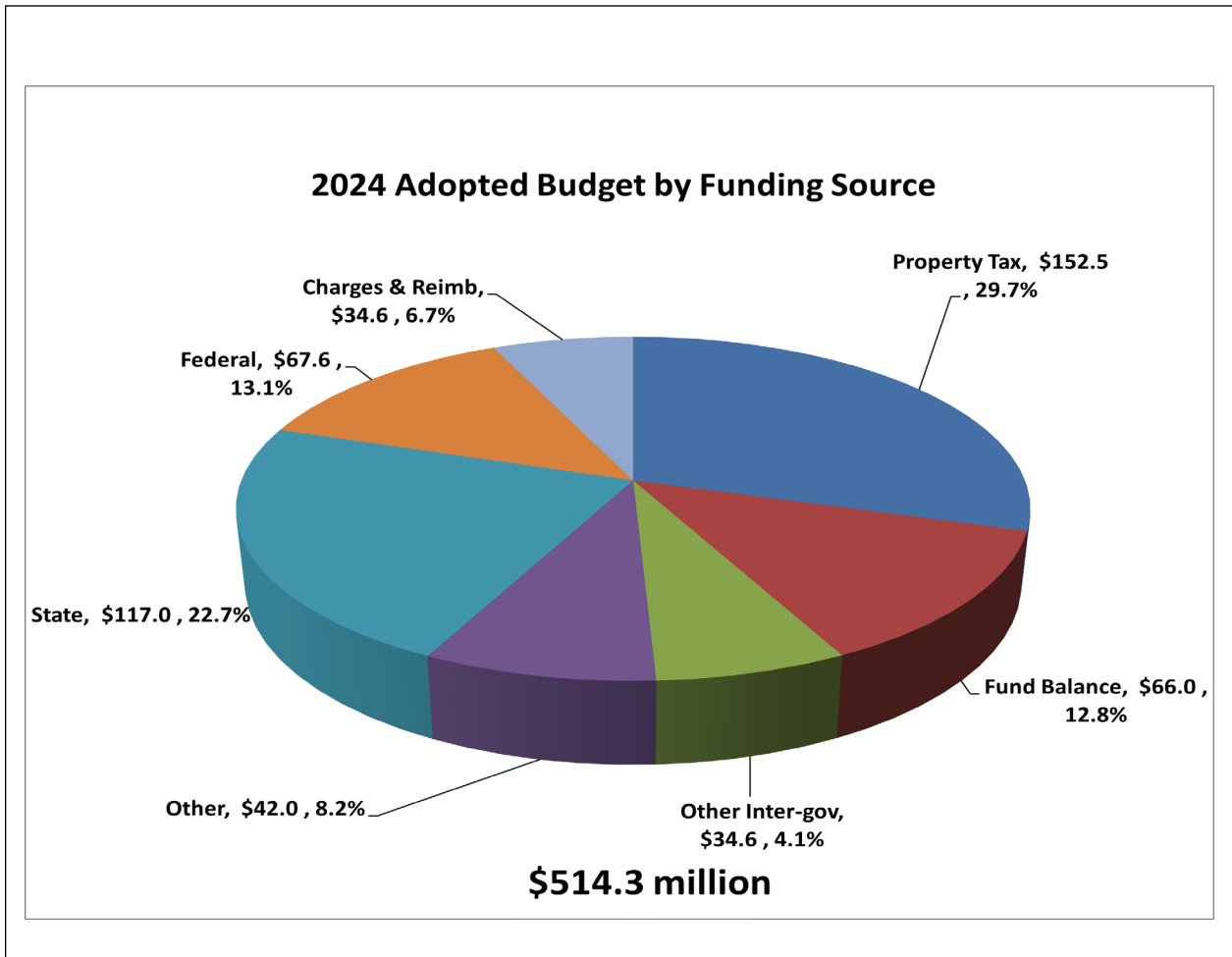


Improvement Program (CIP) of \$178.0 million, or 35.1% more than the 2023 CIP. Both of these budgets are supported by a recommended property tax levy of \$152.5, which is an \$5.2 million increase or 3.5% higher than the 2023 Adopted Budget. The 2024 Adopted Budget relies upon the new state funding, internal reallocation of resources and other savings along with new fees and charges for services to cover the County’s cost growth in excess of the recommended property tax levy.



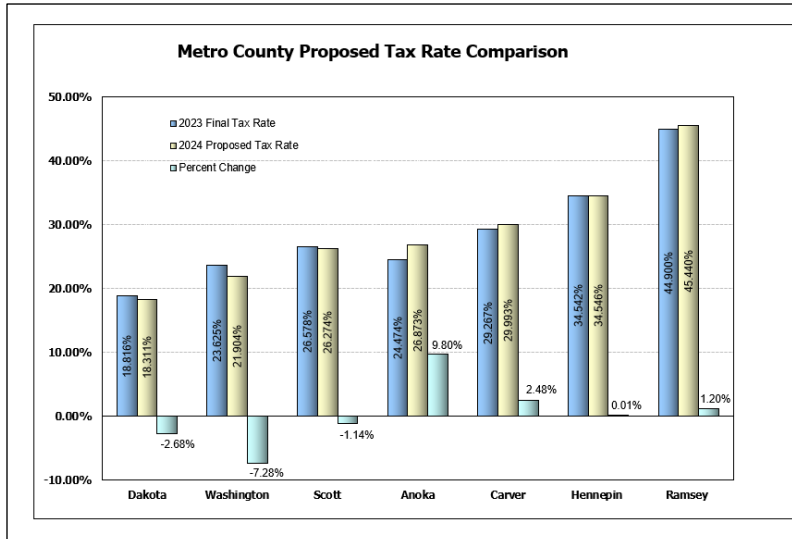
TOTAL REVENUE

For the 2024 Adopted Budget, total revenue increased by 17.4% to \$514.3 million. Operating revenues increased from the previous year’s budget from \$306.2 million to \$336.2 million, an increase of 9.8%. The majority of increase in operating revenues is related to an increase of County Program Aid (CPA) of \$6.4 million (31%) and the levy increase of \$5.2 million (3.5%). Revenues supporting the CIP increased in 2024 by 35.1% to \$178.0 million. The majority of the revenue increase in the CIP is related to non-levy revenue to cover the increased capital project expenditures. As of the end of 2017 the County no longer has any outstanding bond debt, resulting in no levy or fund balance being adopted 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 2024 Adopted Budget is expected to 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

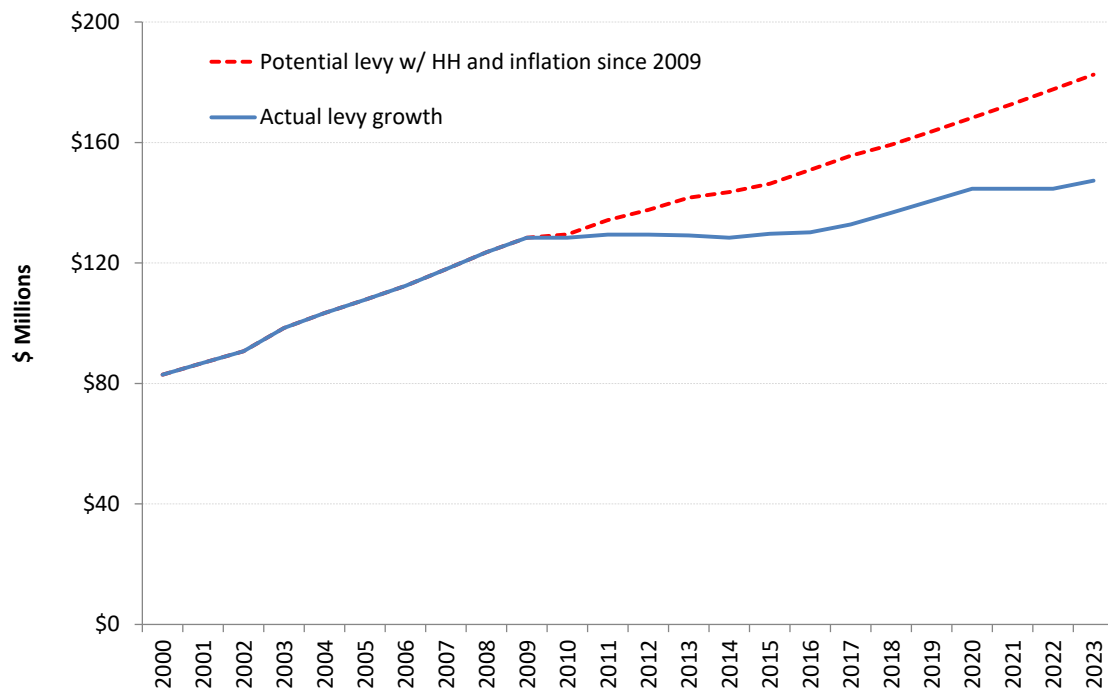


below, the County property tax increases remain below the potential levy growth when factoring in household growth in the County and inflation.

The County’s recommended property tax levy (Levy) will increase by 3.5% for Fiscal Year (FY) 2024. Currently, the Levy funds 29.7% of both County Operations and CIP. Under the 2024 Adopted Budget, the County portion of total property taxes levied by all jurisdictions within the County is approximately 16.76%.

Growth in County tax levy compared to household growth and inflation

Balancing affordable taxes with cost and demand growth



Source: MN Demographic Center, Bureau of Labor Statistics, and Minnesota Inter-County Sssociation

Licenses, Fines & Charges

Revenues earned from these sources increased from \$33.2 million in FY2023 to \$34.6 million for FY2024 or an increase of 4.4%.

Other Revenues

Other Revenues include interest on investments, other taxes, and penalties; excluding the current property tax levy, as well as other miscellaneous financing sources. For FY2024, these revenues increased by \$1.8 million. The majority of this increase was in the CIP related to increases in projects from 2023.

Federal Revenues

Federal Revenues are anticipated to increase in FY2024 by 26.0% or \$13.9 million. The main increase in Federal Revenue is in the Transportation CIP for increased projects from 2023.

State Revenues

State Revenues are anticipated to increase in FY2024 by 33.4% or \$29.3 million. The increase in operations was the result of additional County Program Aid and the CIP revenue increase because of the increase in capital projects eligible for state funds.



Other Intergovernmental Revenues

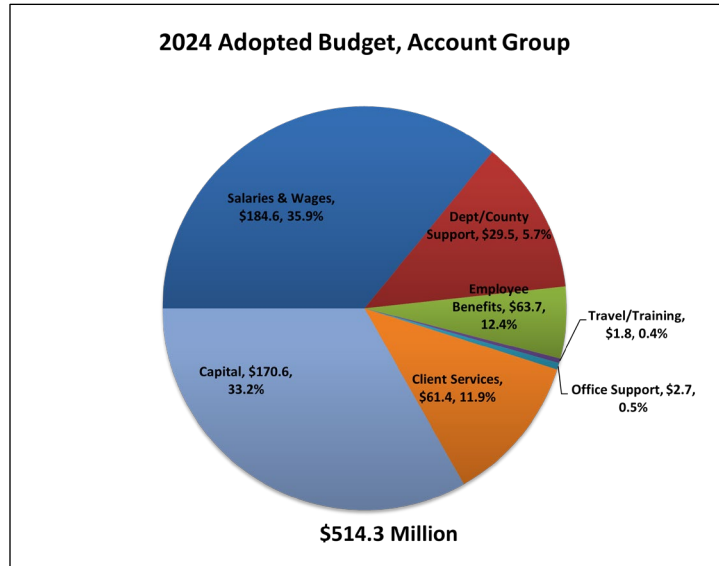
Other Intergovernmental Revenues include those revenues received from other government agencies. This funding is expected to increase for FY2024 by \$16.3 million, a increase of 89.5%. The majority of the increase is in the CIP for additional projects in the CIP which have a cost split with the cities.

Fund Balance

Fund Balance supports \$66.0 million of the \$514.3 million Adopted Budget for 2024. The County only uses Fund Balance to support one-time expenditures, mainly in the Capital Improvement Program.

TOTAL EXPENDITURES

The 2024 Adopted Budget of \$514.3 million increases total expenditures by \$76.2 million, or 17.4% more than the previous year’s budget. This is due largely to and increased number projects in the Capital Improvement Program (CIP) resulting in expenditure increases of \$46.2 million. The following sections are an overview of budgeted expenditures for FY2024 by account group.

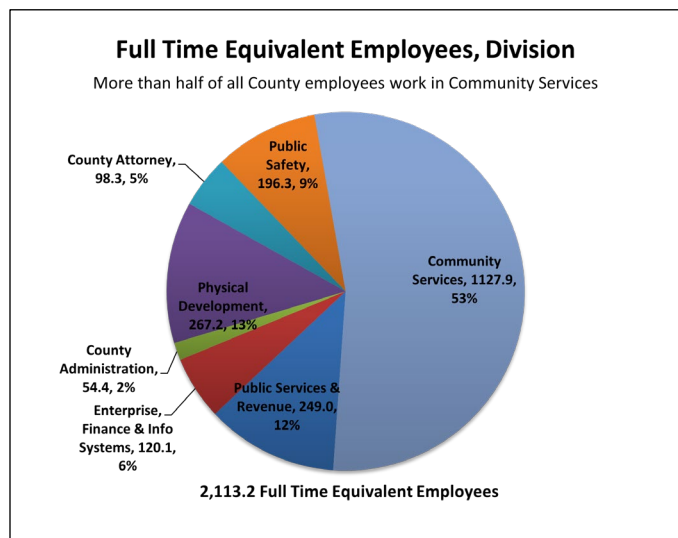


Salaries/Benefits

Salaries and Benefits 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 FY2024 are estimated at \$248.3 million or approximately 47% of the total budgeted operating expenditures.

Full Time Equivalents (FTEs)

The 2024 Adopted Budget increased Full-Time Equivalents (FTEs) from 2,012.8 in FY2023 to 2,113.2 in FY2024.





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 FY2024, the Recommended Budget increased from \$25.2 million to \$29.4 million, an increase of \$4.3 million or 16.9%. Increases are mainly the result of increased contract costs for software maintenance and election support.

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 FY2024 is \$2.5 million, an increase of \$0.25 million or 10.9%. Increases are the result of increased election 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, as well as tuition and mileage reimbursement. The overall Travel and Training budget for FY2024 is \$1.8 million, an increase of \$0.1 million or 6.4%.

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 FY2024, the Citizen/Client Services and Materials budget was adopted at \$61.3 million, an increase of \$1.3 million. The increase is the result of increased contract costs in the jail, increased Medical Examiner contract, and increased client related expenses in Community Services.



Capital Expenditures

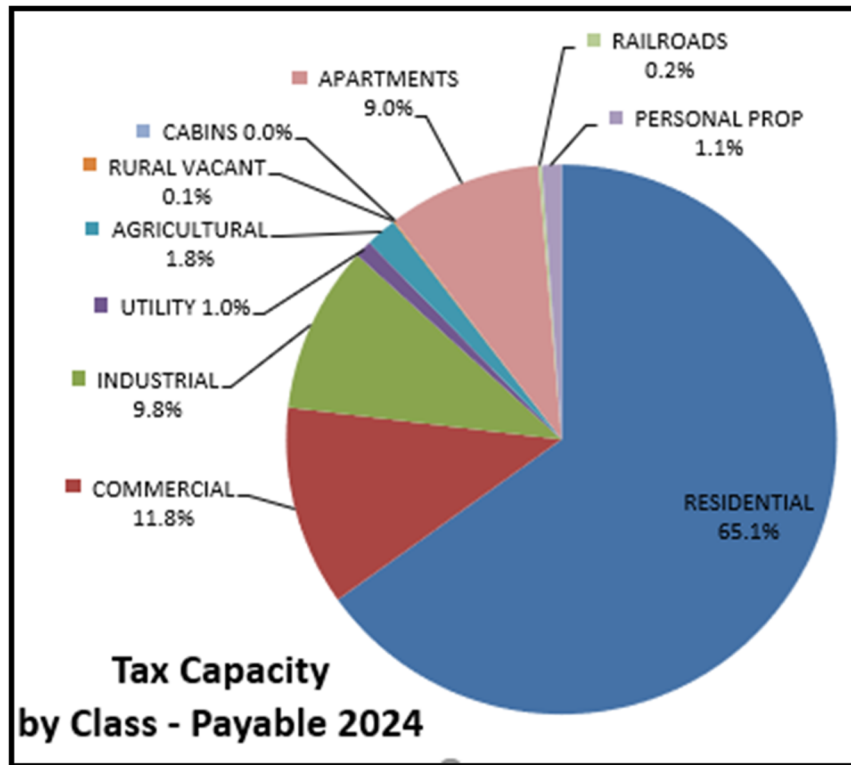
The budget for this account category includes all Capital Improvement Program (CIP) expenses. Total capital spending will increase from \$131.8 million in FY2023 to \$178.1 million in FY2024, a \$46.3 million or 35.1% increase.

Budget Incentive Program

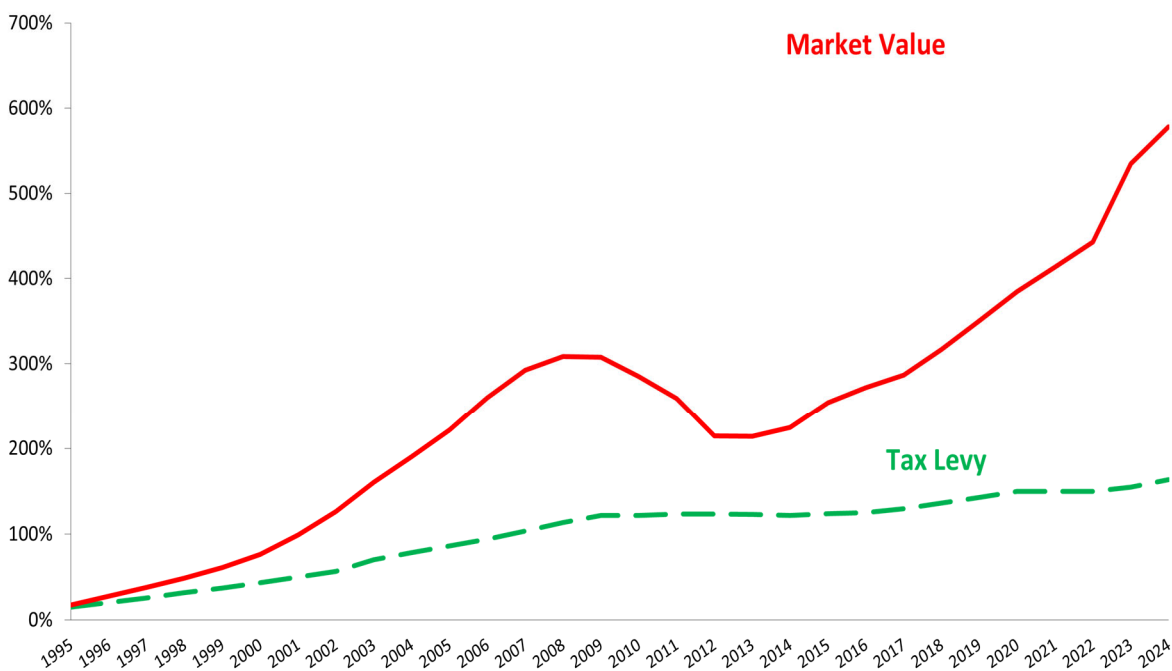
Budget Incentive Program (BIP) expenditures are recorded across all account categories; however, for budgeting purposes, BIP is budgeted in one capital expenditure account. Departments are not required to indicate in the budget how they plan to spend BIP funds, although they are requested to formulate a “BIP Spending Plan” for internal review. The adopted amount of BIP is budgeted at \$.9 million for FY2024.

APPENDIX

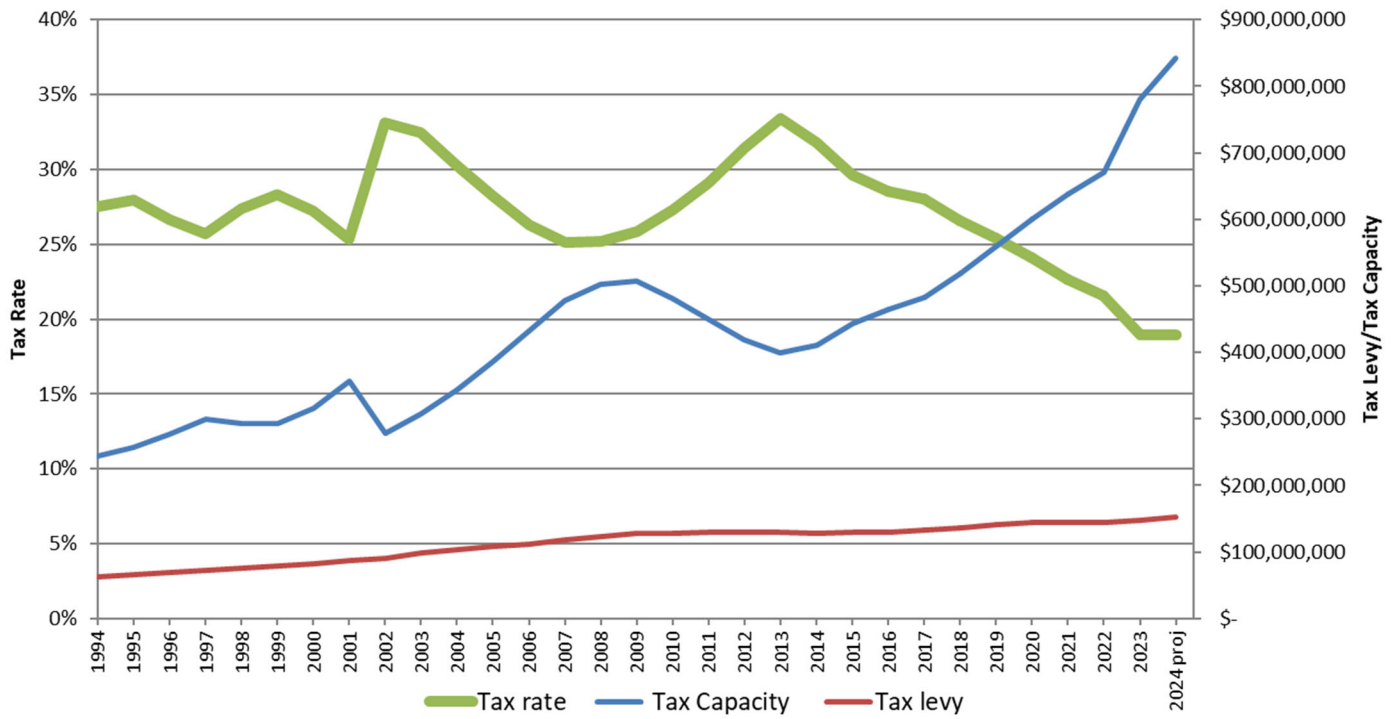
Item 1: County Tax Capacity by Class, Payable 2024



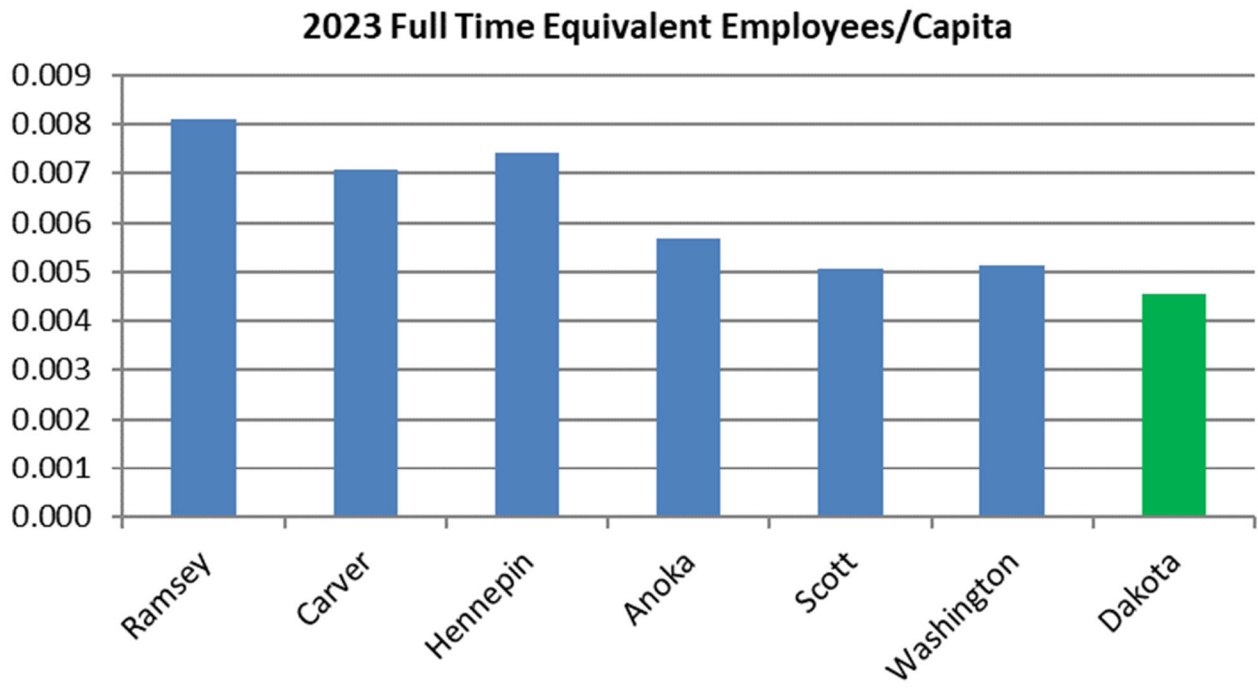
Item 2: Dakota County Property Tax Levy vs. Market Value



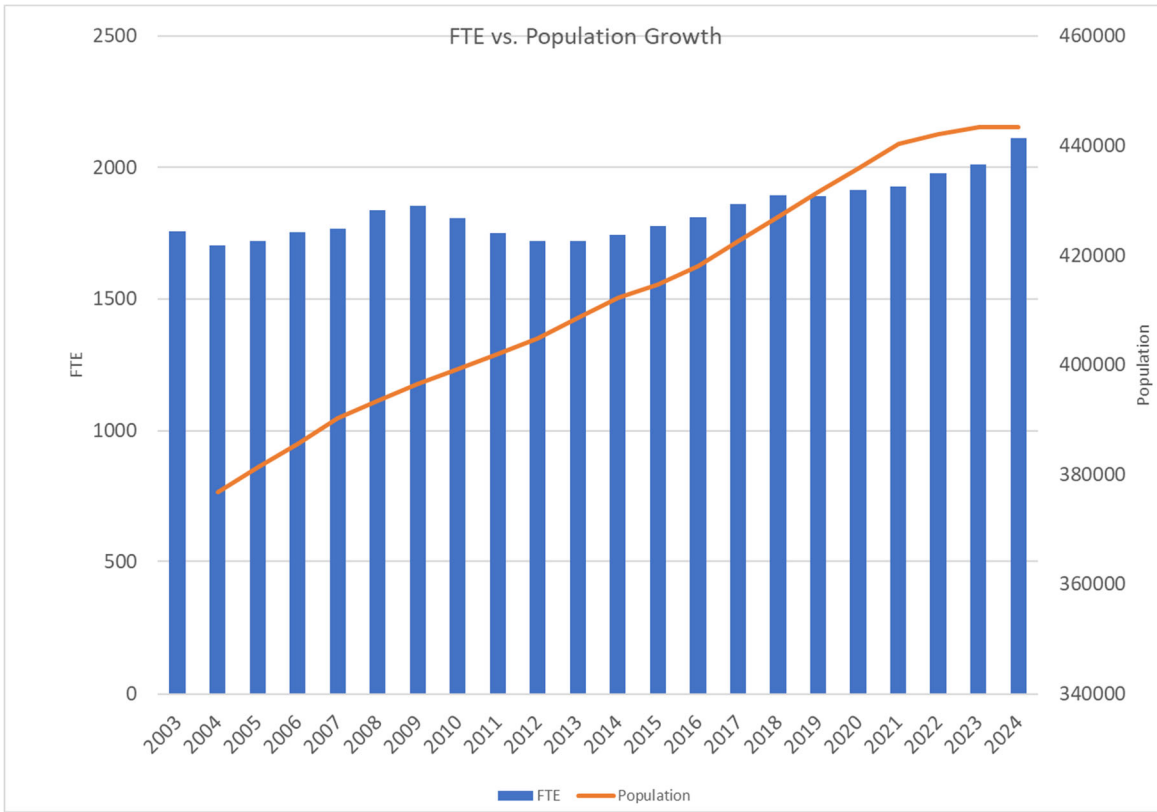
Item 3: Tax Base, Levy, and Rate Trends



Item 4: Full Time Equivalent Employees/Capita, 2023



Item 5: Dakota County Population and FTE Growth



Item 6: Operating Budget by Account Group, Adopted 2024

	2023 Adopted	2024 Adopted Budget	% Change PY
Expenditures			
SALARIES	167,985,809	184,641,586	9.9%
BENEFITS	57,285,546	63,742,348	11.3%
DEPT/COUNTY SUPPORT	25,167,262	29,423,069	16.9%
TRAVEL/TRAINING	1,729,583	1,840,029	6.4%
OFFICE SUPPORT	2,462,886	2,714,655	10.2%
MATERIALS/SUPPLIES	2,694,802	3,288,941	22.0%
CITIZEN/CLIENT RELATED SERVICE	57,334,957	58,060,993	1.3%
INTERDEPARTMENTAL	-15,957,297	-18,246,832	14.3%
CAPITAL, DEBT, OTHER FINANCING	7,497,482	10,722,238	43.0%
TRANSFERS TO OTHER COUNTY FUN	23,750	24,225	2.0%
Total Expenditures	306,224,780	336,211,252	9.8%
Funding Sources			
OTHER TAXES	4,097,250	4,166,250	1.7%
CHARGES FOR SERVICES	31,671,393	33,092,233	4.5%
OTHER REVENUES	14,591,630	15,710,524	7.7%
FINES AND FORFEITURES	30,000	18,000	-40.0%
LICENSES & PERMITS	1,470,851	1,496,527	1.7%
FEDERAL REVENUE	45,898,426	44,406,183	-3.3%
STATE REVENUE	58,512,121	74,390,950	27.1%
OTHER INTERGOVERNMENTAL REV	4,028,162	4,846,159	20.3%
OTHER FINANCING SOURCES	3,868,984	10,870,817	181.0%
TRANSFERS FROM OTHER COUNTY F	0	0	0.0%
Total Non-Levy Funding Sources	164,168,817	188,997,643	15.1%
PROPERTY TAXES	142,055,963	147,213,609	3.6%
Total Funding Sources	306,224,780	336,211,252	9.8%