

2010

BUDGET IN BRIEF

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Dakota County Government

For The Fiscal Year

Beginning January 1, 2010

Budget in Brief

This document is a 'brief' look at the adopted 2010 budget for Dakota County, Minnesota. We hope it will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. Our purpose is to deliver to the citizens of Dakota County the very highest quality of services as efficiently, effectively, and responsively as possible. We aim to be a premier county in which to live and work. Thank you for the opportunity to serve you and to be able to make Dakota County Government the best it can be.

Dakota County Board of Commissioners

1st District	Joseph A. Harris
2nd District	Kathleen A. Gaylord
3rd District	Thomas A. Egan
4th District	Nancy Schouweiler
5th District	Liz Workman
6th District	Paul Krause
7th District	Willis E. Branning

A comprehensive overview of the Dakota County 2010
adopted budget, the *2010 Annual Plan and Budget*, is available
by contacting:

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

www.dakotacounty.us

2010 Budget – Dakota County, Minnesota

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Dakota County Facts

Location and History

In 1849, the Minnesota Territory legislature created nine original counties, including Dakota. The County's original boundary extended only as far south as Hastings, but extended west several hundred miles to the Missouri River in the current State of South Dakota. Large numbers of European settlers began arriving to the region in the mid-1850s. With increased population, Minnesota became a state in May 1858, nine years after the inception of Dakota County. Dakota County has an area of 587 square miles, including 13 townships and 21 full and fractional, incorporated municipalities. It is one of seven counties comprising the Twin Cities metropolitan area. The County lies within the confluence of the Minnesota and Mississippi Rivers along the northern border and the confluence of the Mississippi and St. Croix Rivers on the eastern border. The county seat, Hastings, is located on the Mississippi River 18 miles southeast of the state capital, Saint Paul.



Land Use

Before the 1950s, land in Dakota County was used primarily for agriculture. Since that time, major transportation improvements and continued growth in the metropolitan area have brought more intense land use to the County. Land use in Dakota County is a mix between first-ring suburbs (West St. Paul, Mendota Heights), second-ring suburbs (Eagan, Burnsville) and third-ring suburbs (Lakeville, Rosemount). There are small cities that existed before suburban growth moved close to their borders, such as Hastings and Farmington. And at least half the county's land remains in agricultural use.

Land development continues in the County, though at a slower pace than in previous decades when the rate of consumption (acres converted to development from agricultural use or open space) averaged between 2,200 and 2,900 acres annually. About 40% of Dakota County's total land area is developed. Based on 2008 population estimates, population densities in the County currently vary from less than 30 to almost 3,800 people per square mile, with an average density of approximately 800 people per square mile.

Demographic Trends

Dakota County is the third most populous county in Minnesota, with an estimated 2010 population of 410,530. Between 1990 and 2000, Dakota County's population increased by 29%, adding more than 80,000 people. Strong population growth in Dakota County is expected to continue, but at a slower rate. The Metropolitan Council's longer-term projections have previously forecast a population of 429,160 in 2010, representing an increase of 20.6% for the decade (2000 to 2010), though recent data suggest the County will fall short of that level.

Over the next 21 years, regional growth is projected to continue at an average rate of approximately 1% per year. The seven-county metropolitan region is anticipated to increase by almost 37% between 2000 and 2030, to a total population of more than 3.6 million residents. According to recent forecasts from the Metropolitan Council, Dakota County will attain a population of close to 520,000 people by the year 2030. This growth represents a 46% increase in population between 2000 and 2030, and highlights the tremendous development pressure on relatively more outlying communities.

2010 Budget – Dakota County, Minnesota

Budget in Brief – Dakota County Facts

The estimated total number of households in Dakota County is 151,450, based on 2008 estimates. This represents an increase of 15.4% over 2000. During the same time period, the increase in Dakota County's general population was 12%. The average household size is slowly decreasing, from 2.8 persons per household in 1990 to 2.6 in 2008. Single-person households (both under and over age 65) are increasing, as well as single female with children households, while married couple households with children are decreasing.

As development continues to move outwards from the urban core of Minneapolis and St. Paul, largely residential second and third ring suburban communities will increase in population in Dakota County. The population of second ring suburbs increased by more than 260% between 1970 and 2000. In Dakota County, second-ring suburban cities Eagan and Burnsville are now the most populated cities (estimated 65,547 in Eagan and 61,081 in Burnsville in 2008). With land for development running short in the second ring, the third ring cities of Apple Valley, Rosemount, Lakeville, and Farmington are experiencing significant gains in population. Between 1970 and 2000, the populations of these cities grew five times in size. In the coming three decades, the population of these cities is anticipated to nearly double again.

Dakota County Population, 1970 to 2030						
1970	1980	1990	2000	2010*	2020*	2030*
139,808	194,279	275,186	355,904	429,160	488,750	520,010

*Metropolitan Council projections

Other important demographic facts about Dakota County:

- Diversity is growing in Dakota County. Since 2000, Dakota County's population is becoming more racially and ethnically diverse, including both native born and foreign born residents. In 2008 about 13% of the population identified themselves as members of a racial or ethnic minority group. Between 2000 and 2030, the non-white population in Dakota County is forecasted to grow by almost 176%, from a count of 23,934 non-white residents in 2000 to some 66,000 by 2030. Hispanic/Latino, Asian and African American are the largest non-white population groups.
- Student diversity is also increasing. During the 2008-2009 school year, 22% (16,413) of students in grades kindergarten through 12th grade were of racial and ethnic minority groups, more than doubled since 1995. More than 70 different languages are spoken by students in schools in Dakota County.
- Dakota County's median age is increasing. In 1990, the median age was 30.2 years; in 2008 it was 36.1. The number of people over the age of 65 in Dakota County is expected to increase 137% between 2010 and 2030.
- People in Dakota County are well-educated. In 2008, 94% of the population (over the age of 25) had a high school degree or higher; 35% had a bachelor's degree or higher. Minnesota numbers, themselves higher than the national numbers, were 92% (high school degree or higher) and 32% (bachelor's degree or higher) in 2008.

Economic Development

Recent economic conditions have resulted in challenges for many residents of Dakota County. Since 2001, the unemployment rate in Dakota County has generally increased, largely in line with both state and national unemployment trends. Typically, the county's unemployment rate is below both state and national numbers but follows a similar trendline. At the end of 2009, the state's unemployment rate was 7.9% and the national unemployment rate was 9.3%. Dakota County's unemployment rate reached 7.3% at the end of 2009, the highest percentage seen since 1990.

Generally, Dakota County is considered to have an economically healthy mix of industry types. The total number of firms operating in Dakota County grew by 13% between 2000 and 2008 (about 1,070 new firms). Four industries (retail, manufacturing, health care, and accommodation and food services) employed 41.3% of the total workforce in Dakota County in 2009. The Minnesota Department of Employment and Economic Development projects that professions in the health care and social assistance fields will have the highest growth rate in the next several years, a direct effect of the rapidly aging population.

Affordable housing has become more limited with greater competition for existing moderately priced units. In Dakota County, the growing demand for affordable housing is especially critical for individuals employed in the service sector and for single head-of-household families with children. Further, the demand for affordable housing is critical for senior citizens, the population of which will increase substantially in Dakota County and the metropolitan area in the next 20 years.

The rate of home ownership in Dakota County has remained steady at close to 80% between 2004-2008. Median sales prices in 2000 were \$162,000 and peaked at \$233,650 at the end of 2006; by 2009, median sales were down to \$202,500. In addition, the percentage of people who are “cost burdened” (housing costs such as rent or mortgage payment, utilities, etc. are more than 30% of their income) has increased. In 2008, 45% of the renter households and 32% of those who own homes were cost burdened. Since 2000, the number of people in Dakota County with housing cost burdens has doubled.

Incomes in Dakota County have continued to remain above the State of Minnesota average. Between 2000 and 2008, median per capita income rose in Dakota County 29.3% from \$27,008 in 2000 to \$34,926 in 2008. Median per capita income in the State increased by 31% from 2000 to 2008, from \$23,198 in 2000 to \$30,394 in 2008. Almost one-third of households in Dakota County (32%) earned \$100,000 or more in 2008, as compared with only 20% in 2000 and 6% in 1990. For 2008, the median household income was \$71,833 in Dakota County.

People in Dakota County participate in the labor force in greater percentages than the national average. In 2000, the number of residents who were eligible to be considered part of the labor force was 216,803, compared to 231,370 (a 6.7% increase) by 2008.

Rates of poverty among Dakota County families remain below state and national averages. The poverty rate in 2008 for all people was 4.8% compared to 3.6% in 2000. The national poverty rate was 13.2%.

Property Taxes

Dakota County maintains the lowest property tax rate in the State of Minnesota. This means that for each unit of value for a property, property owners in Dakota County pay the least amount. The price of government in Dakota County (taxes versus personal income) has declined over the last ten years.

Recreation Opportunities-Parks and Libraries

With the 2009 opening of the Robert Trail Library in Rosemount, Dakota County operates a system of nine public libraries. About 85% of Dakota County residents now live within three miles of one of the county’s library facilities.

Parks contribute to a high quality of life in Dakota County. Parks are a primary place where residents and visitors can experience the outdoors, natural landscape and open space. The current County Park system encompasses more than 5,000 acres and accommodates close to 900,000 visits annually. The County’s park system includes six parks and three regional trails. Almost three-quarters of households are within a ¼ mile of some type of park (city or township, county, state or federal) and 91 percent of households are within a ½ mile of a park.

Organizational Overview

Dakota County Board of Commissioners

The County is governed by a seven-member Board of Commissioners elected from districts within the County. The County Board normally meets the first three Tuesdays of the month - the first and third Tuesday as the County Board and the second as committees of the whole.

Committees of the Whole

There are three committees of the whole on which each Board member serves: Administration/Finance Policy Committee of the Whole; Community Services Committee of the Whole; and Physical Development Committee of the Whole. An organization chart of the committees is included on page five.

Citizen Advisory Committees and Commissions

The County Board appoints individuals from the community to serve on citizen advisory committees, and commissions. A list of the various committees and commissions is provided on the following page.

County Divisions

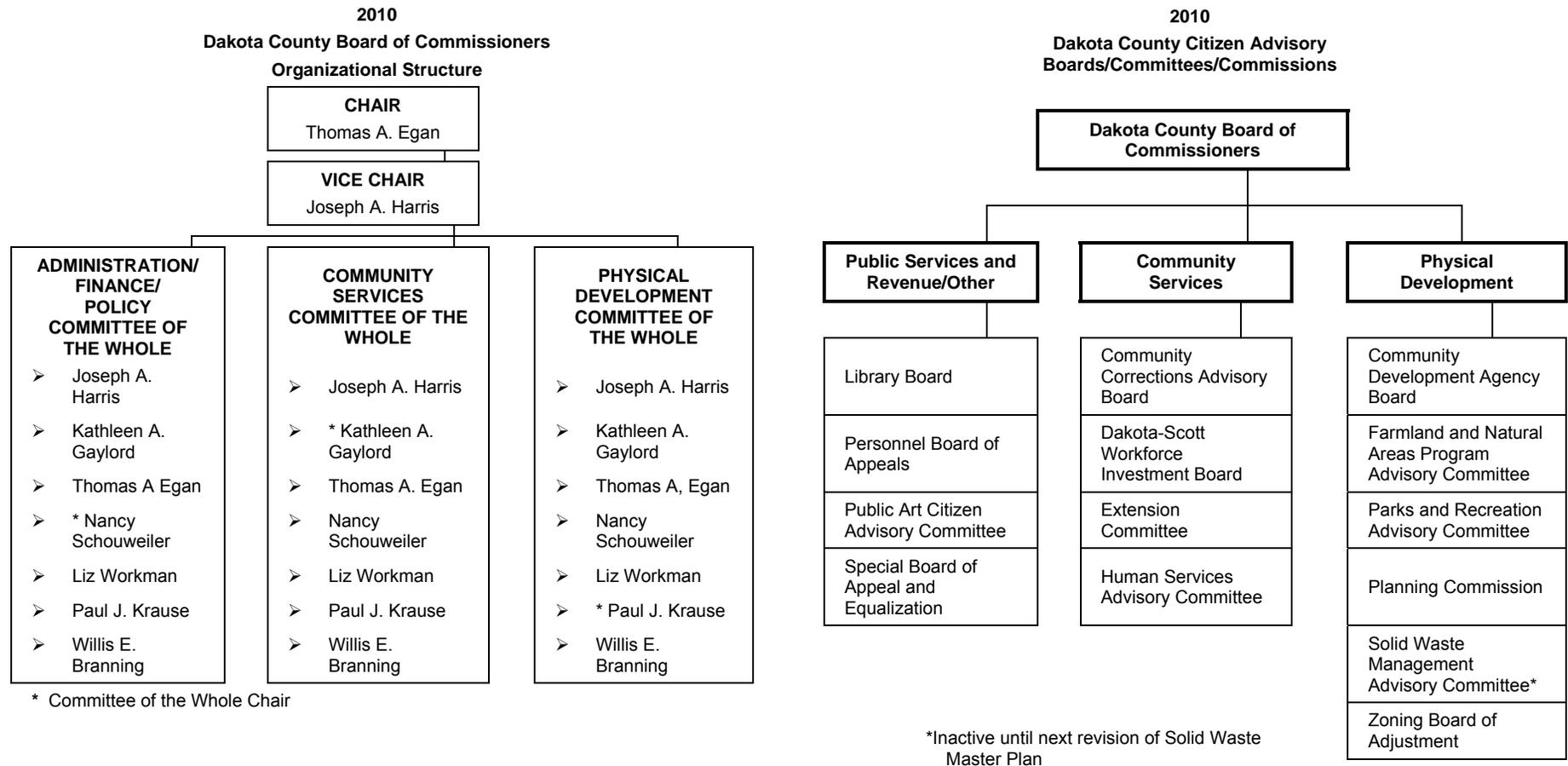
The County currently is organized into four divisions (Public Services and Revenue; Operations, Management & Budget (OMB); Community Services, and Physical Development), and two elected official departments. The County's organization chart is included on page six.

Elected Officials

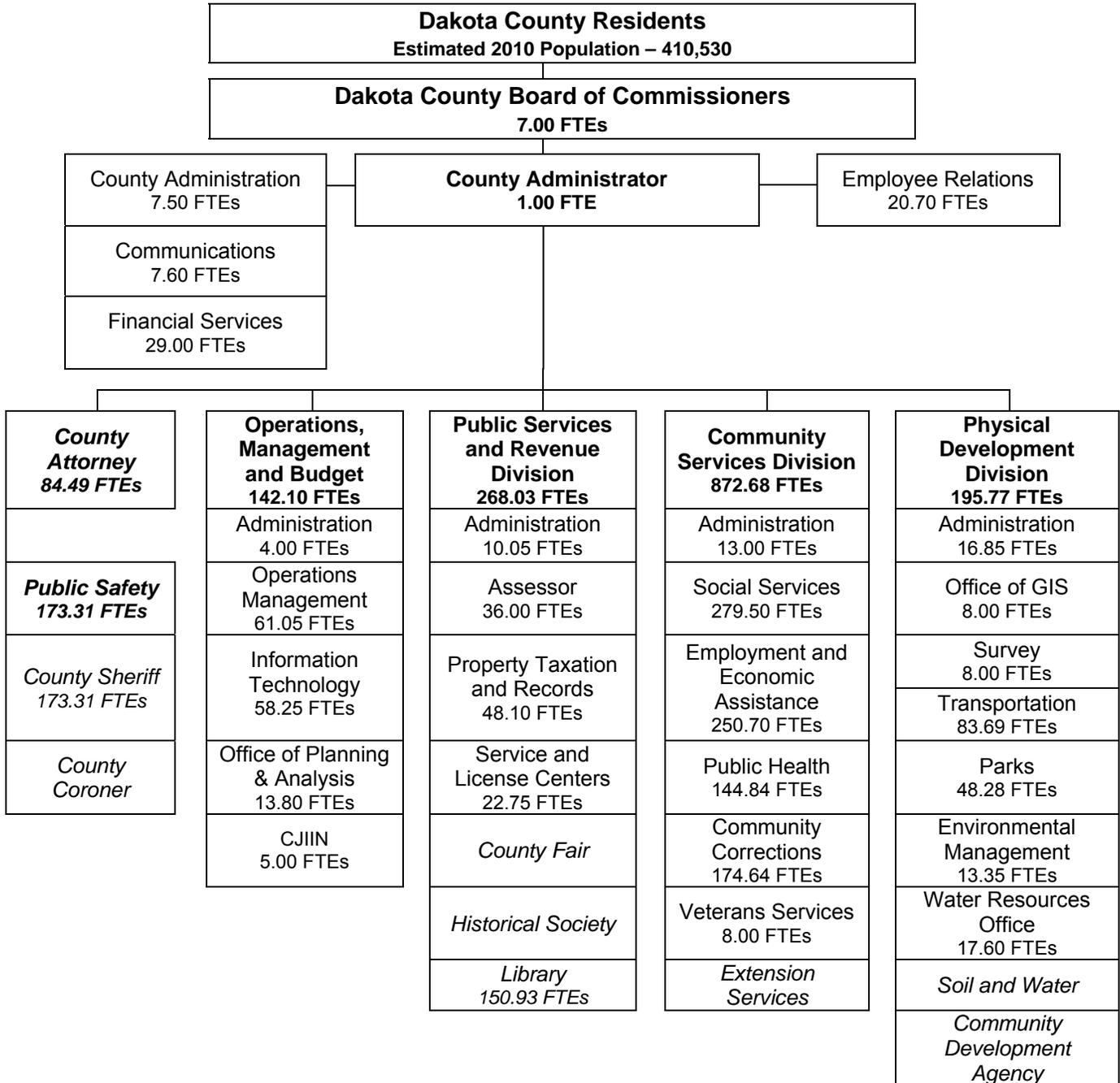
Below is a listing of the County Board of Commissioners and the other two elected officials for Dakota County Government.

<u>Office</u>	<u>Name</u>	<u>Entered Office</u>	<u>Term-End</u>
<u>Dakota County Board of Commissioners</u>			
1 st District (Vice Chair)	Joseph A. Harris	Jan. 1981	Dec. 2012
2 nd District	Kathleen A. Gaylord	Jan. 2003	Dec. 2010
3 rd District (Chair)	Thomas A. Egan	Jan. 2005	Dec. 2012
4 th District	Nancy Schouweiler	Jan. 1999	Dec. 2010
5 th District	Liz Workman	Jan. 2009	Dec. 2012
6 th District	Paul Krause	Jan. 1995	Dec. 2010
7 th District	Willis E. Branning	Jan. 1997	Dec. 2012
<u>Elected Officials</u>			
County Attorney	James C. Backstrom	Sep. 1987	Dec. 2010
County Sheriff	David Bellows	March 2010	Dec. 2010

Board of Commissioners – Structure and Committees



Dakota County Organizational Structure
2009 Adopted Budget Full Time Equivalents (FTE's) = 1,806.18



Notes:

- ✓ The County Board has a funding liaison role with departments listed in *italics* (County Attorney; County Sheriff; County Coroner; County Library; Historical Society; County Fair; Extension Services; Soil and Water Conservation District; and Community Development Agency). The County Board has direct administrative control over departments not listed in *italics*.

Achievement of Strategic Objectives

Ongoing assessment of progress in achieving goals and objectives is essential. In 2003, Dakota County implemented a **balanced scorecard** system to align day-to-day operations with its strategic objectives, mission, and vision, and to encourage communication about and improvement of performance. The County has “navigation” scorecards for the organization as a whole, each division, and each department. The *Annual Budget Summaries* produced by the divisions and departments document not only budget requests, but achievements and challenges by strategic objective, and thereby double as annual, outcome-focused scorecards. Finally, a *County Performance Profiles Report* summarize overall organizational performance and results for managers, the Board, and residents. By doing so, it provides both a snapshot of performance at a given point in time, and information on strengths and gaps to help guide decisions about future strategies and tactics.

An annual *Community Indicators Report* complements the balanced scorecard information, focusing on socioeconomic, demographic, and environmental quality trends that present challenges and opportunities for the County. The emphasis is on understanding whether and how those trends should influence future strategic directions, policies, and tactics.

***The County’s mission is efficient,
effective, and responsive
government.***

***Its vision is to be a premier place
in which to live and work.***

To help assure it understands the priorities and concerns of residents, Dakota County conducts a statistically valid residential survey every two years. The survey was last completed in the spring of 2008. Past copies can be found on Dakota County’s Website: <http://www.dakotacounty.us/Departments/OPED/Archive/ReportArchive.htm>. The survey queries residents regarding their views on priority issues and County performance.

To help frame its budget decisions and establish priorities for the upcoming year, the County Board considers the *County Performance Profiles Report*, the *Community Indicators Report*, and the *Residential Survey* results. Together, this suite of information helps the County Board achieve its responsibilities as a policymaking body.

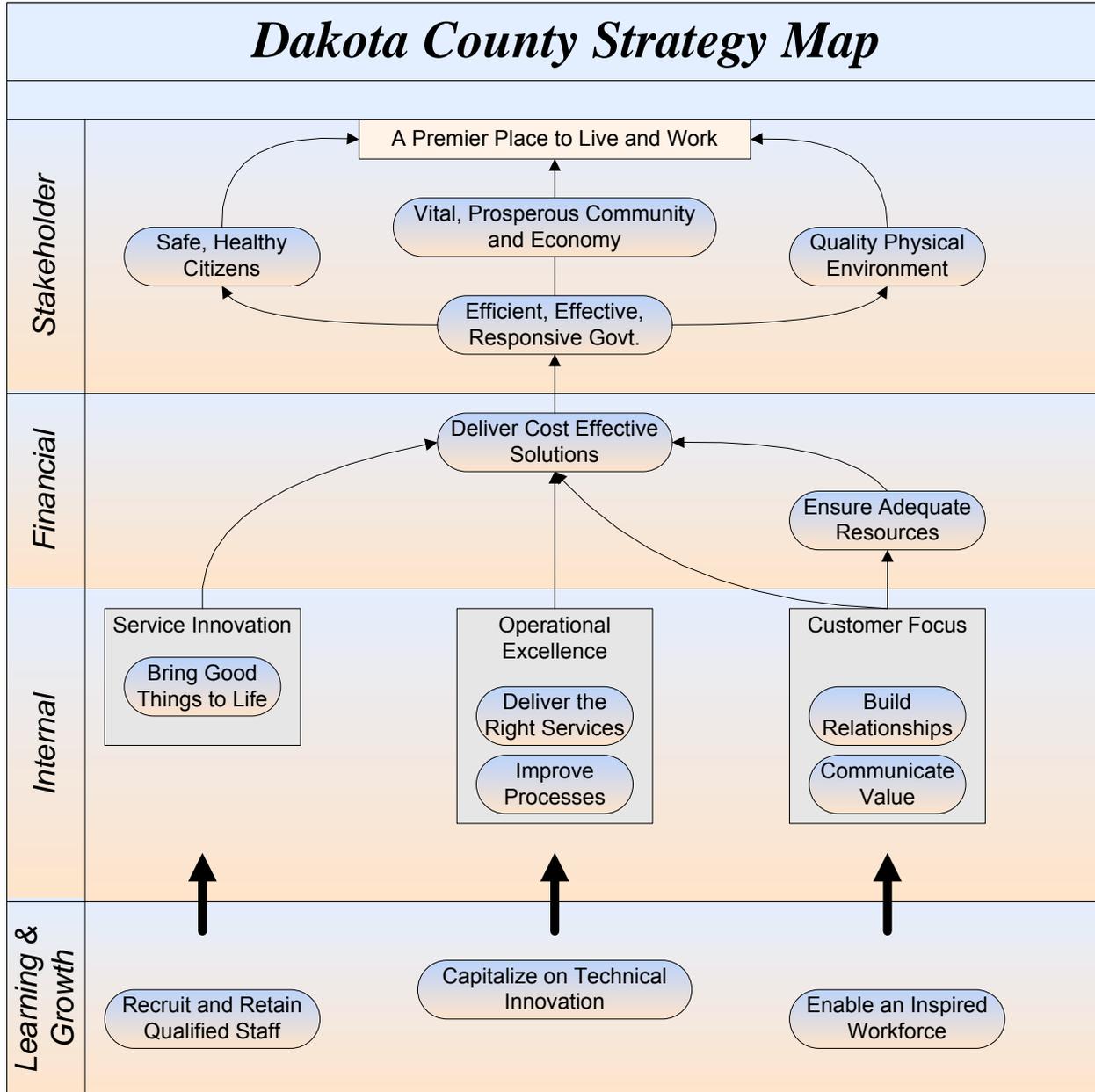
County Strategic Objectives

The Board of Commissioners believes that Dakota County will achieve its vision and fulfill its mission if it can accomplish its strategic objectives. Consideration of four perspectives guides the selection of the County’s long-term strategic objectives:

Stakeholder Perspective	What results do our stakeholders (customers, clients, and residents) need or expect?
Financial Perspective	What must we do well to be financially successful, so we can meet stakeholder needs?
Internal Perspective	On what must we focus our work efforts so we can meet Stakeholder needs within our Financial constraints? At what must we excel internally?
Learning and Growth Perspective	How will we assure our staff is ready to implement our strategies? How will we assure staff & organizational readiness?

The “strategy map” on the next page illustrates the County’s thirteen strategic objectives and their relationships. The map focuses the County’s efforts to achieve its vision -- a premier place to live and work.

Dakota County Strategy Map



Budget Highlights

Budget Highlights and Major Objectives

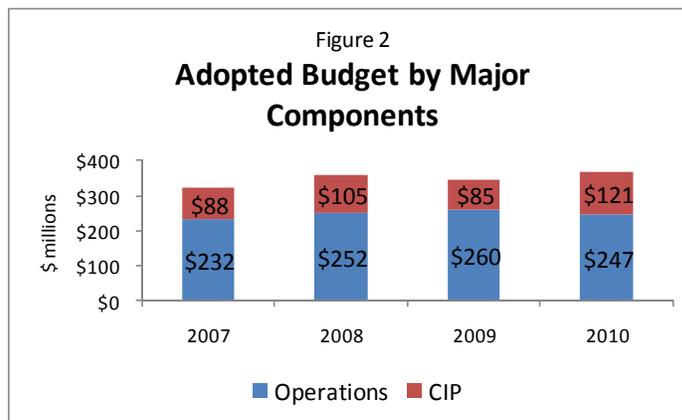
Major highlights and objectives of the 2010 budget include:

- **Adapts to Lower Revenue**
 - Recognizes lower external revenue and reduces spending to match
 - Limits tax burden with zero increase in property tax levy
 - Partially shifts risks associated with some external revenue to capital budget to lessen potential impact on daily operations
- **Invests in Infrastructure**
 - Capitalizes on external revenue opportunities in Transportation and Parks to continue high priority projects within these capital programs
 - Delays major new building projects but continues emphasis on building maintenance
- **Reflects reality of worst post-war recession**
 - Adds staff in Employment & Economic Assistance department through reprioritizing existing staff to address growing caseloads
 - Eliminates 55 positions as well as reduces spending on equipment, training, and county's share of capital projects

2009 Expenditure Overview

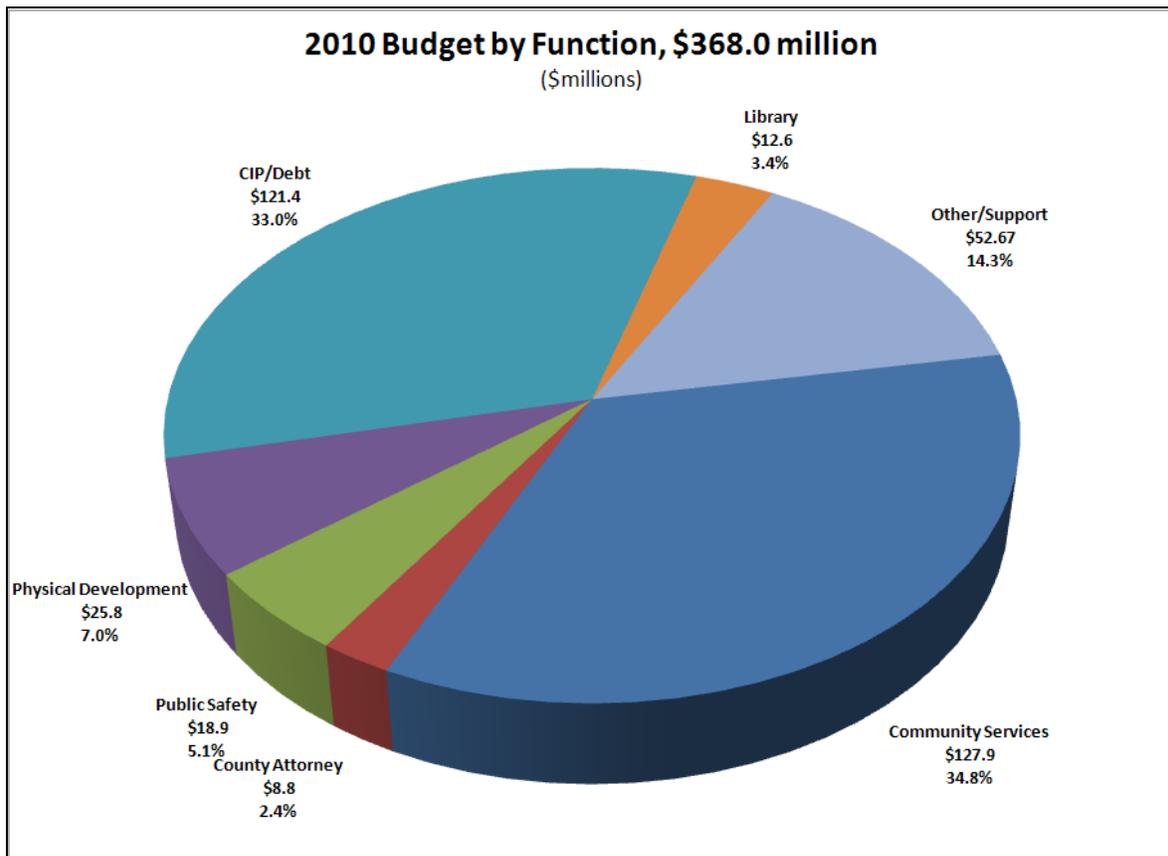
The 2010 Dakota County budgeted revenues and expenditures are balanced at \$368.0 million. This amount reflects an increase of 6.7% compared to the 2009 adopted budget. The 2010 budget includes no increase in property taxes.

Figure 2 provides a comparison of 2007-2010 adopted budgets broken down by spending on operations and the Capital Improvement Program (CIP).



Expenditures and Revenues by Major Function

Figure 2, below, shows the budgeted expenditures by function. The table on page eleven provides property tax, other revenue, and total spending authority for 2009 and 2010 budgets by department and division – in addition to 2009 full time equivalents (FTE's). Other revenue includes all revenue except property tax revenue, which is shown separately. Rather than budgeting by fund type, Dakota County budgets by major function and department. For purposes of the Annual Financial Statement, the financial information is provided by fund.



2010 Budget – Dakota County, Minnesota

Budget in Brief – Budget Highlights

2010 Dakota County Budget Summary by Department

Department/Division	2009 Adopted Budget			2010 Adopted Budget			2010 vs 2009 Percent change			FTE's
	Property Tax	Other Revenue	Total	Property Tax	Other Revenue	Total	Property Tax	Other Rev.	Total	
COUNTY-WIDE	(24,563,300)	25,468,040	904,740	(13,786,426)	4,891,495	4,891,495	-43.9%	-80.8%	440.7%	-
PUBLIC SERVICE & REVENUE ADMIN	918,331	99,307	1,017,638	829,062	65,098	894,160	-9.7%	-34.4%	-12.1%	10.25
ASSESSING SERVICES	3,529,526	27,395	3,556,921	3,317,562	3,200	3,320,762	-6.0%	-88.3%	-6.6%	36.00
PROPERTY TAXATION AND RECORDS	352,719	3,995,635	4,348,354	686,592	3,537,800	4,224,392	94.7%	-11.5%	-2.9%	48.10
SERVICE & LICENSE CENTERS	26,468	1,803,709	1,830,177	198,066	1,554,883	1,752,949	648.3%	-13.8%	-4.2%	22.75
COUNTY FAIR	135,285		135,285	128,521	0	128,521	-5.0%		-5.0%	-
HISTORICAL SOCIETY	118,036	20,000	138,036	112,134	0	112,134	-5.0%	-100.0%	-18.8%	-
LIBRARY	11,359,834	2,120,204	13,480,038	11,368,331	1,207,304	12,575,635	0.1%	-43.1%	-6.7%	150.93
PUBLIC SERVICE & REVENUE DIV	16,440,199	8,066,250	24,506,449	16,640,268	6,368,285	23,008,553	1.2%	-21.1%	-6.1%	268.03
OPERATIONS MGMT SERVICES	13,050,667	3,653,633	16,704,300	14,043,411	3,015,739	17,059,150	7.6%	-17.5%	2.1%	61.05
INFORMATION TECHNOLOGY	8,246,138	1,272,903	9,519,041	9,037,360	126,000	9,163,360	9.6%	-90.1%	-3.7%	58.25
OMB DIV ADMIN	744,347	267,951	757,298	508,529	1,099	509,628	-31.7%	-99.6%	-32.7%	4.00
OFFICE OF PLANNING & ANALYSIS	1,177,337	149,477	1,326,814	1,216,133	117,300	1,333,433	3.3%	-21.5%	0.5%	13.80
NTWRK	420,042	255,000	675,042	412,484	255,000	667,484	-1.8%	0.0%	-1.1%	5.00
OMB DIVISION	23,218,489	5,343,964	28,982,495	25,217,917	3,515,138	28,733,055	8.6%	-34.2%	-0.9%	142.10
COUNTY ADMINISTRATION	1,385,268	36,667	1,421,935	1,343,426	41,318	1,384,744	-3.0%	12.7%	-2.6%	735.00
COUNTY BOARD	740,085	9,390	749,475	724,480	0	724,480	-2.1%	-100.0%	-3.3%	7.00
FINANCIAL SERVICES	2,817,116	37,303	2,854,419	2,715,187	0	2,715,187	-3.6%	-100.0%	-4.9%	29.00
COUNTY COMMUNICATIONS	823,904	148,286	972,190	786,478	145,913	932,391	-4.5%	-1.6%	-4.1%	7.60
EMPLOYEE RELATIONS	2,540,301	154,382	2,694,683	2,474,679	120,000	2,594,679	-2.6%	-22.3%	-3.7%	20.70
ADMINISTRATION	8,306,674	386,028	8,692,702	8,044,250	307,231	8,351,481	-3.2%	-20.4%	-3.9%	799.30
COMMUNITY SERVICES ADMIN	(124,126)	1,846,491	1,722,365	1,646,845	0	1,646,845	nm	-100.0%	-4.4%	13.00
SOCIAL SERVICES	29,790,268	36,868,987	66,659,255	25,670,347	37,770,920	63,441,267	-13.8%	2.4%	-4.8%	279.50
EMPLOYMENT & ECONOMIC ASST	6,819,965	32,798,364	39,618,329	6,831,916	21,092,775	27,924,691	0.2%	-35.7%	-29.5%	252.70
PUBLIC HEALTH	4,564,243	10,431,791	14,996,034	3,764,809	11,606,304	15,371,113	-17.5%	11.3%	2.5%	144.84
VETERANS SERVICES	562,733	75,914	638,647	580,253	72,124	652,377	3.1%	-5.0%	2.1%	8.00
COMMUNITY CORRECTIONS	11,465,457	7,731,624	19,197,081	11,214,719	7,285,165	18,499,884	-2.2%	-5.8%	-3.6%	174.64
EXTENSION	348,616	40,520	389,136	335,703	47,520	383,223	-3.7%	17.3%	-1.5%	-
COMMUNITY SERVICES	53,427,156	89,793,691	143,220,847	50,044,592	77,874,808	127,919,400	-6.3%	-13.3%	-10.7%	872.68
SHERIFF	16,298,231	2,489,799	18,788,030	16,107,821	2,238,440	18,346,261	-1.2%	-10.1%	-2.4%	173.31
MEDICAL EXAMINER	494,382		494,382	517,571	0	517,571	4.7%		4.7%	-
PUBLIC SAFETY	16,792,613	2,489,799	19,282,412	16,625,392	2,238,440	18,863,832	-1.0%	-10.1%	-2.2%	173.31
COUNTY ATTORNEY	5,347,394	3,716,269	9,063,663	5,248,239	3,554,289	8,802,528	-1.9%	-4.4%	-2.9%	82.49
DISTRICT COURT	229,733		229,733	260,733	0	260,733	13.5%		13.5%	
GIS	816,994	210,678	1,027,672	798,324	190,678	989,002	-2.3%	-9.5%	-3.8%	8.00
PHYSICAL DEVELOPMENT ADMIN	1,089,641	979,896	2,069,537	1,209,060	439,884	1,648,944	11.0%	-55.1%	-20.3%	16.85
TRANSPORTATION DEPARTMENT	2,926,705	5,870,978	8,797,683	2,589,953	6,414,753	9,004,706	-11.5%	9.3%	2.4%	83.69
PARKS AND OPEN SPACES	3,074,774	761,279	3,836,053	2,781,759	817,037	3,598,796	-9.5%	7.3%	-6.2%	48.28
WATER RESOURCES OFFICE	0	2,178,001	2,178,001	0	2,275,944	2,275,944		4.5%	4.5%	17.60
SOIL & WATER	297,222		297,222	282,361	0	282,361	-5.0%		-5.0%	-
ENVIRONMENTAL MANAGEMENT	0	6,348,131	6,348,131	0	7,285,680	7,285,680		14.8%	14.8%	13.35
SURVEY	536,981	325,000	861,981	537,839	150,000	687,839	0.2%	-53.8%	-20.2%	8.00
PHYSICAL DEVELOPMENT	8,742,317	16,673,963	25,416,280	8,199,296	17,573,976	25,773,272	-6.2%	5.4%	1.4%	195.77
COUNTY OPERATIONS	108,361,317	151,938,004	260,299,321	116,494,261	130,110,088	246,604,349	7.5%	-14.4%	-5.3%	1,806.18
DEBT SERVICES	2,000,000	15,184,486	17,184,486	8,000,000	15,184,486	12,767,158	300.0%	0.0%	-25.7%	-
CIP-TRANSPORTATION DEPT	9,337,861	34,294,219	43,632,080	3,016,415	34,294,219	72,738,656	-67.7%	0.0%	66.7%	-
CIP-PARKS	939,708	1,836,374	2,776,082	303,555	1,836,374	19,547,878	-67.7%	0.0%	604.2%	-
COUNTY BUILDINGS	7,736,187	13,206,015	20,942,202	560,842	13,206,015	16,242,086	-92.8%	0.0%	-22.4%	-
CIP-OPEN SPACE ACQUISITION	0	140,032	140,032	0	140,032	140,032		0.0%	0.0%	-
CAPITAL IMPROVEMENTS (CIP)	20,013,756	64,661,126	84,674,882	11,880,812	64,661,126	121,435,810	-40.6%	0.0%	43.4%	
COUNTY GRAND TOTAL	128,375,073	216,599,130	344,974,203	128,375,073	194,771,214	368,040,159	0.0%	-10.1%	6.7%	1,806.18

2010 Budget – Dakota County, Minnesota

Budget in Brief – Budget Highlights

Expenditures and Revenues By Major Account Groups

The table below provides a detailed overview of changes in expenditures and revenue from 2009 adopted budget to 2010 budget by account group, as well as historical information for 2007 and 2008.

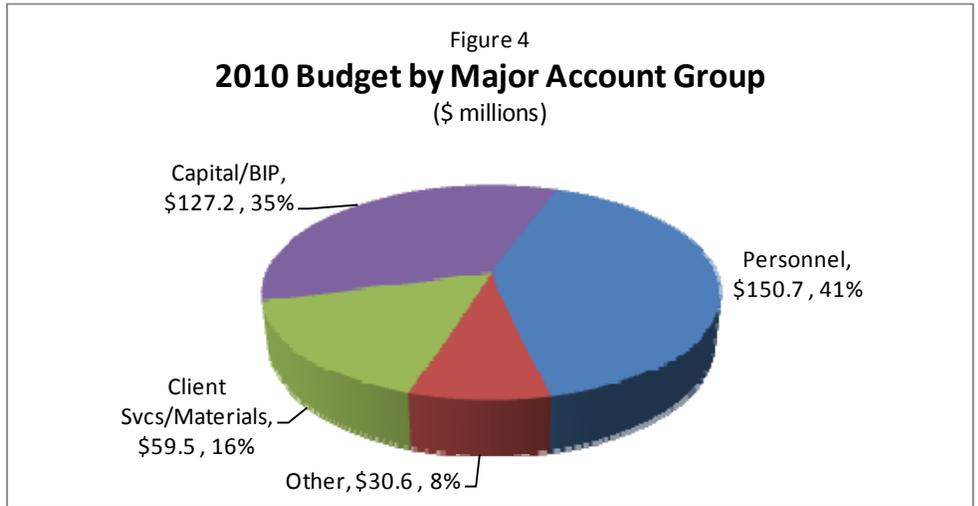
2010 DAKOTA COUNTY BUDGET FINANCIAL SUMMARY Total County

	2007 ACTUAL	2008 ACTUAL	2009 AMENDED	2010 PLAN BASE	2010 ADOPTED	2010 > 2009
FULL-TIME EQUIVALENTS (FTES)			1,867.70	1,861.42	1,806.18	-3.3%
SALARIES & WAGES	99,208,321	109,624,401	118,626,438	116,572,489	113,301,179	-4.5%
EMPLOYEE BENEFITS	32,226,407	34,477,918	38,044,230	38,795,860	37,378,858	-1.7%
DEPT/COUNTY SUPPORT	21,897,095	22,992,188	25,054,216	25,140,329	26,023,005	3.9%
TRAVEL/TRAINING	1,603,577	1,722,008	2,348,439	1,974,838	1,976,803	-15.8%
OFFICE SUPPORT COSTS	2,501,523	2,583,963	2,707,087	2,713,581	2,697,277	-0.4%
CLIENT SERVICES/MATERIALS	77,044,174	70,104,176	72,371,576	59,682,413	59,502,154	-17.8%
CAPITAL	88,297,624	125,857,813	146,001,420	124,694,244	124,952,867	-14.4%
BUDGET INCENTIVE (BIP)	1,742,263	2,186,183	10,008,752	2,208,016	2,208,016	-77.9%
TOTAL EXPENDITURES	324,520,983	369,548,651	415,162,158	371,781,770	368,040,159	-11.4%
PROPERTY TAX	122,595,340	137,202,907	134,044,694	134,786,892	128,375,073	-4.2%
LICENSES, FINES & CHARGES	75,385,154	75,977,381	67,581,275	55,356,168	55,394,224	-18.0%
OTHER REVENUES	68,707,598	33,416,511	33,064,249	18,486,984	18,710,990	-43.4%
FEDERAL REVENUE	21,050,116	24,092,182	38,274,647	53,443,999	53,659,372	40.2%
STATE REVENUE	57,939,152	41,662,730	83,401,623	54,811,122	54,796,740	-34.3%
OTHER INTERGOVT REVENUE	9,072,573	23,039,528	27,803,714	38,108,624	38,373,716	38.0%
TOTAL REVENUE	354,749,933	335,391,238	384,170,202	354,993,789	349,310,115	-9.1%
FUND BALANCE	(30,228,950)	34,157,413	30,991,956	16,787,981	18,730,044	-39.6%
TOTAL SOURCE OF FUNDS	324,520,983	369,548,651	415,162,158	371,781,770	368,040,159	-11.4%

Total Dakota County Expense and Revenue Overview

Total Expenditures

At \$368.0 million, the 2010 budget reflects a 6.7% increase in total spending as compared to the 2009 adopted budget. The 2010 budget has no increase in property taxes. The increase in total budget is driven entirely by a \$36.8 million increase in the Capital Improvement Program, which more than offsets the \$13.7 million decline in the operating budget. As seen in Figure 4, Dakota County spends approximately forty-one percent of its total budget on personnel, one-sixth on direct client services and materials, and just over one-third on Capital (including Budget Incentive Program expenditures). The Other category includes support costs including travel/training, office materials and supplies, and other purchased support services. Figure 6 on page 16 shows the six-year trend for budgeted expenditures by major account categories.



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.).

Salaries and Wages. The number of full time equivalents (FTEs) decreased from 1854.45 to 1,806.18 from 2009 to 2010 adopted budgets, a drop of approximately 2.6%. Reductions occurred throughout the County, as the overall budget strategy was to reduce budgeted positions to reflect lower available revenue.

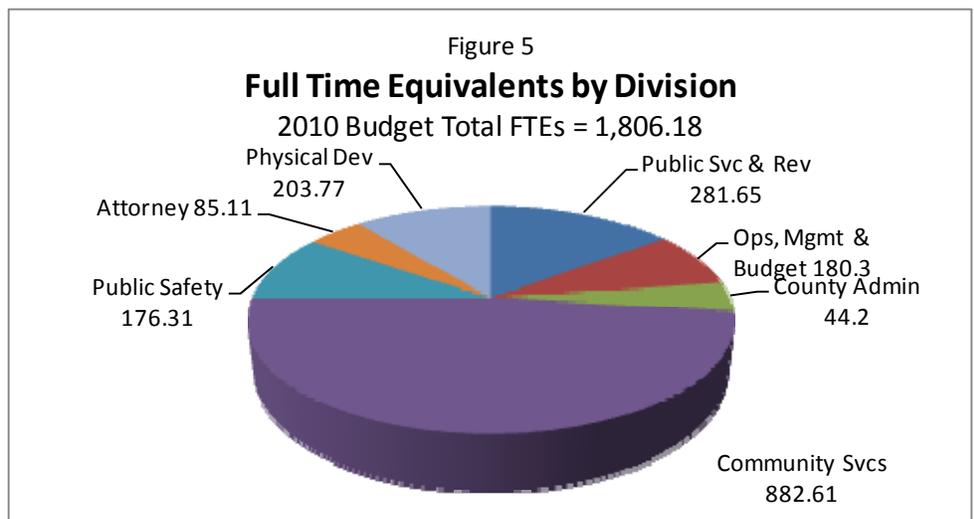


Figure 5 provides a breakdown of Dakota County’s labor force by division. As a result of decreases in the number of budgeted positions, salaries and wages budget decreased from \$118.6 million in 2009 to \$113.3 million in 2010 – a decrease of 4.5%.

2010 Budget – Dakota County, Minnesota

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Health Insurance. Despite fewer budgeted positions, in total, the County health insurance budget increased slightly from \$20.1 million to \$20.2 million, an increase of just under 1%. The higher cost of premiums for employees more than offset the decline in FTEs.

Medicare and Social Security (FICA). The average cost budgeted for Medicare and FICA is 7.65% of salaries. The decrease of \$0.3 million is roughly proportional to the change in salaries and wages.

Public Employment Retirement Association. By State law the County contributes a percentage of each employee's gross wages to the Public Employment Retirement Association (PERA). The rate of contribution increased beginning in 2006 and continued to increase incrementally until 2010. The County had previously budgeted for the rate increase, however, so PERA funding in the budget drops in proportion to the number of FTE.

Other Employee Benefits. Other Employee Benefits, which include dental, life and unemployment insurances, are budgeted at approximately \$0.62 million for 2010. Other Employee Benefits are estimated at 0.55% of salaries and wages for 2010.

Purchased Support Expenditures

Purchased Support includes the account categories Department/County Support and Office Support.

Department/County Support. Department/County Support is used for expenditures of purchased services, projects, or activities related to the overall support of the County, department, division or staff center. Department/County Support budget increased from \$24.1 million in 2009 to \$26.0 million in the 2010 budget, an increase of 7.8% or \$1.9 million. Much of this change reflects a change in the budgeting of items previously in different categories.

General 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 General Office Support budget is \$2.7 million for 2010, virtually unchanged from 2009.

Travel and Training Expenditures

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. In line with the reduction in resources for the 2010 budget, this account category has been reduced from 2009 levels.

Mileage budgets were reduced from \$1.5 million in 2009 to \$1.3 million in 2010. The County is continuing its efforts to reduce employee driving, particularly for meetings, and the 2010 reduction in the IRS mileage rate should also help departments operate with lower mileage budgets.

Other non-mileage travel and training was also reduce from \$0.8 million to \$0.6 million.

Client Services and Materials Expenditures

Client Services and Materials include both Direct Materials and Supplies, and the Citizen/Client Services account categories. Direct Materials and Supplies is the account category used to record the cost of materials and supplies that directly benefit citizens or clients. Citizen/Client Services is the account category 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.

Direct Materials and Supplies. Direct Materials and Supplies budget is virtually unchanged from 2009, at \$2.9 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. Citizen/Client Services account category decreased by \$8.4 million for 2010, or 13%, for a total of \$54.3 million. This change, however, is largely a change in budgeted amounts, more than it is a reduction in services. During budget development for 2010, analysis revealed that a particular aspect of Social Services spending had been over-budgeted for spending and revenue. The realignment of these to better reflect current estimates causes most of this reduction, though the level of service delivered to clients is expected to be virtually unchanged from 2009 levels.

Capital Expenditures (including equipment and capital improvement projects)

Capital includes expenditures for the Capital Improvement Program (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 typically purchased with Budget Incentive Program funds.

Dakota County has a practice of planning for and funding the *operational* costs of building projects in advance. An example is that in 2006 the County Board approved the construction of a new library to open in 2009. Beginning with the 2005 budget year, the County began designating current property tax levy for future operating expenses associated with the new library. Because property tax levy had been gradually set-aside each year there was no increase in the County's budget in 2009 related to the opening of the library, above the amount set-aside, nor was there a greater-than-average increase in the 2009 budget. Rather, these funds that had been gradually grown over the past several years and set aside in the Countywide Operations department were reallocated in the 2009 budget process to the Library department for use in 2009.

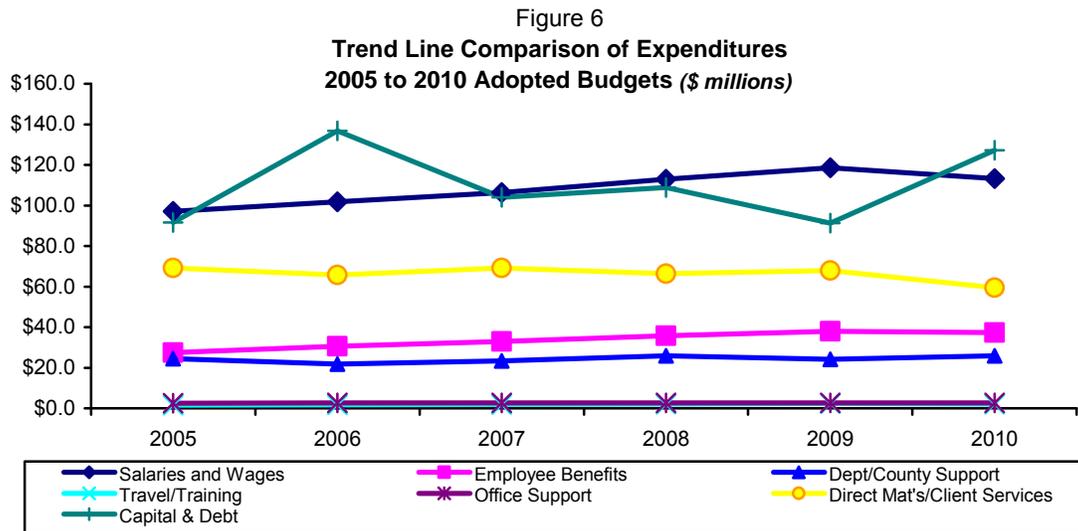
Total capital spending (including Debt Service) is budgeted to increase from \$84.7 million in 2009 to \$121.4 million in 2010 or a \$36.7 million increase. CIP budgets for Parks and Transportation show large budgeted increases in expenditures between 2009 and 2010, while Buildings is budgeted for lower spending. The increases in Parks and Transportation, discussed in more detail later in this document, are the result of significant large projects occurring in 2010, mainly funded with outside revenue. For example, the state's first bus rapid transit project that has been in the Transportation CIP planning horizon for a number of years will experience substantial activity in 2010 for right-of-way acquisition and utility relocation.

Budget Incentive Program Expenditures

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. For 2010, the base amount of BIP is budgeted at \$2.2 million, a reduction from \$2.4 million in 2009. The BIP policy also allows departments to carry forward 100% of unexpended BIP funds from year to year. Department BIP budgets are increased annually in March or April for carryover of unexpended balances. The estimated amount of unspent BIP from 2009 is \$8.3 million.

2010 Budget – Dakota County, Minnesota

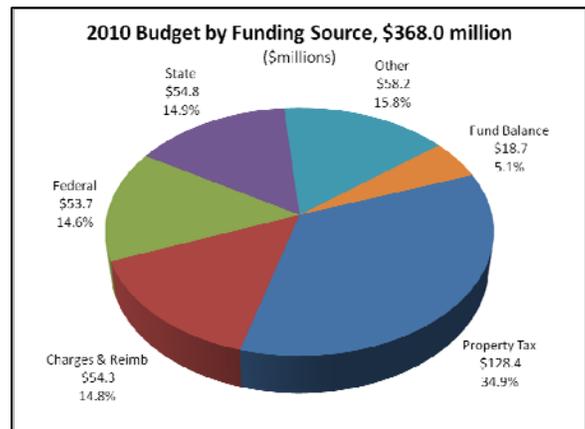
Budget in Brief – Budget Highlights



Total Revenue

There are significant changes in a number of revenue categories in 2010, and the reasons for this vary. The primary changes in revenue are a loss of state aid in the operating budget, a reduction in investment income, and re-categorization among Charges for Service and Federal revenue.

The overall increase in revenue is due to planned projects in the Capital Improvement Program (CIP), and in particular, a pair of transportation projects largely funded from non-county sources. Large annual changes in revenues can be the norm for the CIP due to the one-time nature of many of the program's costs. The CIP is where the construction and development costs for county buildings, parks and roads are budgeted.



In the \$246.6 million operating budget, revenues are expected to be \$13.7 million lower in 2010 than 2009. Major changes include a reduction in budgeted investment income from \$10.0 million in 2009 to \$5.0 million in 2010 due to the extremely low interest rate environment. Additionally, half of the County's general purpose state aid has been shifted out of the operating budget and into the CIP in 2010, swapping this revenue for property tax levy. The amount of general purpose state aid, however, is budgeted to be \$2.3 million lower in 2010 than 2009

The adopted budget does not include budget carryovers. The County Board will approve carryovers in the spring of 2010. Most budget carryovers are either carryovers of unspent prior year projects, Budget Incentive or Capital Equipment funds.

Figure 8 on page 19 shows the revenue trends by source for 2005 through 2010. The discussion below pertains to all budgeted revenues in both the operating and capital budgets:

Property Tax

The property tax levy of \$128,375,073 (unchanged from 2009) accounts for 34.9% of all budgeted revenues for 2010. The property tax is Dakota County's largest and most flexible source of funding.

Licenses, Fines & Charges

Revenues in these categories decreased from \$67.4 million in 2009 to \$54.3 million for 2010, a decrease of 19.4%. While most fees and charges were unchanged from 2009, this reduction reflects a re-categorization of items previously treated as Charges for Services and are now treated as Federal revenue. As a general policy, if not restricted by state law, fees are set at a level that is intended to cover costs associated with the activity.

Other Revenues

Other Revenues includes Property Taxes and Penalties (not including current year property tax levy), Other Revenue, and other Financing Sources.

Other Revenue decreased by \$0.2 million (from \$21.4 million in 2008 to \$21.2 million for 2009).

Federal Revenues

Federal revenues increased from \$22.4 million to \$53.7 million between 2009 and 2010, or 139.1%. However, this change is almost entirely due to the re-categorization of federal reimbursements from Charges for Services to Federal revenue.

Federal revenue amounts are listed in descending order by amount on the following table.

Department	Budgeted 2010 Federal Revenue	% of Dept Expenditures	Change from 2009
CIP Transportation	\$25,906,000	35.6%	\$17,665,500
Employment & Econ Assistance	17,015,590	60.9%	7,722,013
Social Services	5,119,023	8.1%	2,249,576
Countywide Operations	2,066,543	42.2%	2,066,543
Public Health	1,991,408	13.0%	441,977
CIP Parks	943,312	4.8%	943,312
Sheriff	189,000	1.0%	(61,787)
Operations Mgmt Svcs	184,775	1.1%	91,511
Community Corrections	96,247	0.5%	96,247
County Attorney	77,460	0.9%	1,593
Transportation	70,014	0.8%	-
Total County	\$53,659,372	14.6%	\$31,216,485

Aside from the re-categorization noted above, major causes for change in federal revenue from the 2009 to 2010 include the following:

- Significantly higher funding in the Transportation CIP due to two major projects that combined will account for \$23 million of federal funding.
- Reinstatement of \$2.5 million federal funding for targeted case management services in Social Services.

2010 Budget – Dakota County, Minnesota

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State Revenues

State revenues decreased from \$63.7 million in 2009 to \$54.8 million in 2010, a decrease of 14.0%. Among the contributors to this decrease was a reduction in general purpose state aid (in Countywide Operations), a reduction in budgeted Social Services client revenues, and a loss of revenue in Employment and Economic Assistance. Additionally, the overall decrease is in part due to one-time reimbursement from the state for bonding the county had done previously for a transportation improvement project which was received in 2009.

Following is a breakdown of State revenues in descending order by amount.

Department	Budgeted 2010 State Revenue	% of Dept Expenditures	Change from 2009
CIP Transportation	\$12,541,591	17.2%	(\$2,147,495)
CIP Parks	11,653,697	59.6%	11,653,697
Social Services	6,538,500	10.3%	(1,189,575)
Countywide Operations	6,129,927	N/A	(8,253,618)
Community Corrections	5,312,184	28.7%	(101,116)
Transportation	4,265,100	47.4%	321,100
Public Health	3,212,517	20.9%	1,099,495
Employment & Econ Assistance	1,755,851	6.3%	(5,982,625)
Environmental Management	1,137,000	15.6%	17,000
CIP Buildings	914,917	5.6%	914,917
Sheriff	611,000	3.3%	(20,000)
Library	579,000	4.6%	(714,030)
Veterans Services	72,124	11.1%	-
County Attorney	59,422	0.7%	(145,554)
Water Resources	12,910	0.6%	(69)
Property Taxation & Records	1,000	0.0%	1,000
Debt Service	-		(4,382,801)
Total County	\$54,796,740	14.9%	(\$8,929,674)

Other Intergovernmental Revenues

Other Intergovernmental Revenues include revenues received from other government agencies. For example, the Transportation Department receives Intergovernmental Revenue from the cities resulting from a cost-sharing formula for road projects. Other Intergovernmental Revenue increased from \$12.0 million in 2009 to \$38.3 million for 2010, an increase of 220.2%, or \$26.4 million. This is almost entirely due to a Transportation CIP project, which will receive revenue from the Counties Transit Improvement Board, a consortium of metropolitan Twin Cities counties that have levied a one-quarter percent sales tax to support transit.

Fund Balance

Fund balance supports 5.1% or \$18.7 million of the \$368.0 million budget for 2010.

Fund balance use, as a funding source for expenditures, increased by \$7.1 million from 2009 to 2010. Dakota County does not use fund balance to support on-going costs. The increased projected use of fund balance for

2010 is largely related to increases in funding for the Buildings CIP, which draws on the Building fund for construction and maintenance activity during the year. Just over \$5.3 million of the increase is due to the decision to use cash instead of debt financing for a new vehicle storage building.

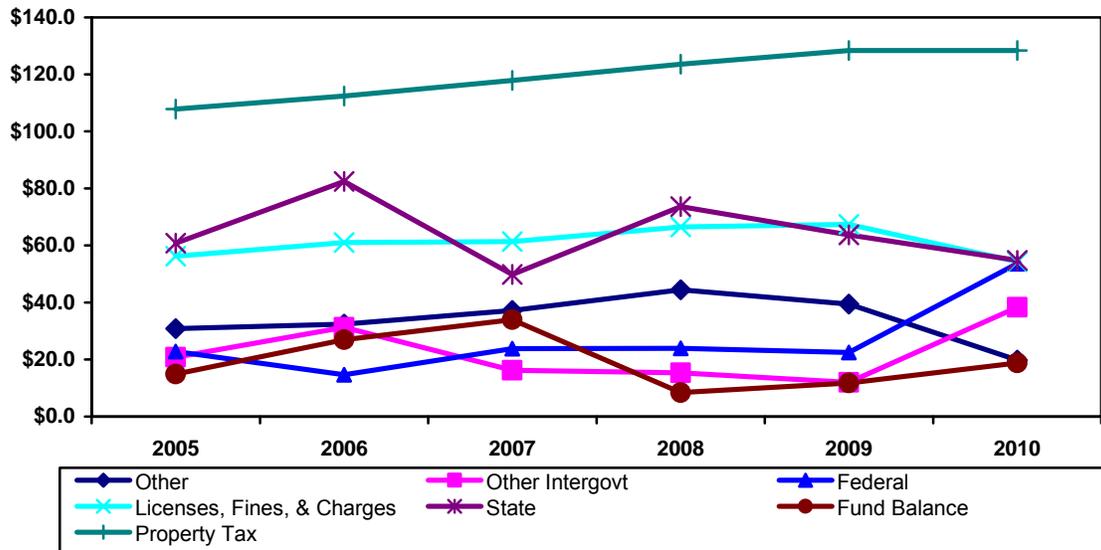
Use of fund balance for the 2010 budget breaks down as follows:

Operations*	\$ 1.8
Capital Improvement Projects	\$ 16.9
Total	\$18.7

* Other operations use of fund balance includes \$1.7 million in Environmental Management and Water Resources, which are funded from a special revenue fund. Budgeted use of fund balance as a revenue source ensures that no property tax is need for these departments' operations.

The chart below shows revenue trends by source for the years 2005 through 2010:

FIGURE 8.
Trend Line Comparison of Source of Funds
2005 to 2010 Budget (\$ millions)

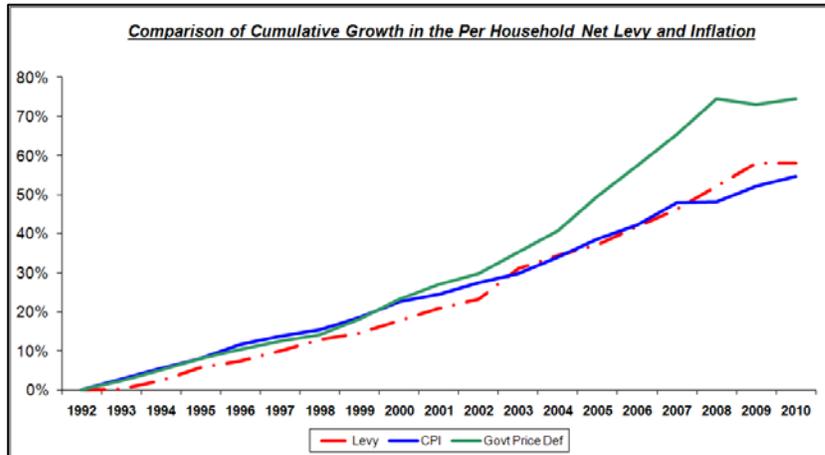


Other Information

Dakota County Property Tax Levy Practice

Since 1989 Dakota County has had the practice of limiting the change in taxes to the same rate as population growth plus inflation. Dakota County labeled this taxing practice ‘Same Price per Citizen’ (SP/C).

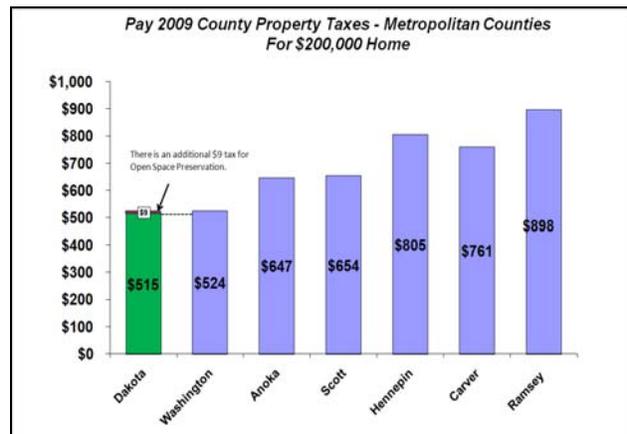
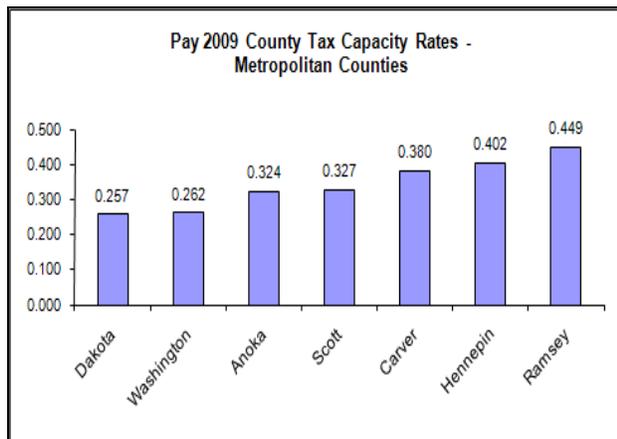
Dakota County has continued the Same Price per Citizen practice through 2009 and will for 2010. Figure 9 compares the increase in per capita net levy to the Government Price Deflator and Consumer Price Index. This chart indicates that the per capita levy increase has generally reflected inflation.



Dakota County property taxes remain low relative to the other six Twin Cities metropolitan counties. Dakota County maintains the lowest property tax capacity rate and the lowest per capita property tax levy of the seven metropolitan counties. Dakota County is committed to maintaining a low per capita property tax levy, while providing cost efficient, highly effective, and customer-friendly services.

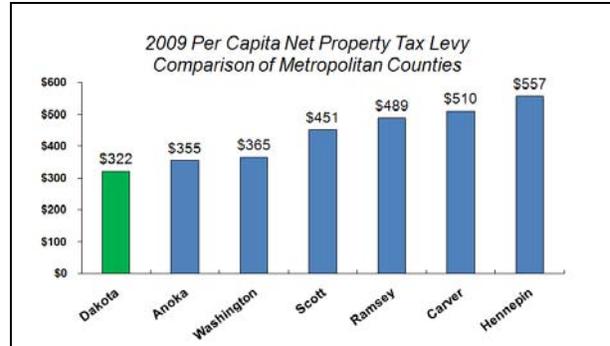
Metropolitan Counties Property Taxes on \$200,000 Home

Dakota County has the lowest property tax rate of all the seven metropolitan counties, as well as in the entire state. The amount of County property taxes paid on a \$200,000 home is the lowest of the metropolitan counties for taxes payable in 2009 and is expected to be among the lowest for 2010 when final comparisons are available mid-2010.



Metropolitan Counties Per Capita Property Tax Levies

Dakota County has the lowest per capita net property tax (for pay 2009) of the seven metropolitan counties. If Dakota County taxed at the average of the other six counties, its levy would raise an additional \$53 million.



Dakota County Property Tax Amounts from 2005-2009

	2006	2007	2008	2009	2010		
						% Change	Change Amt
Property Tax Levy	110,227,346	115,797,237	121,561,877	126,375,073	126,375,073	0.00%	0
Market Value Levy *	2,200,000	2,100,000	2,000,000	2,000,000	2,000,000	0.00%	0
Total Net Levy	112,427,346	117,897,237	123,561,877	128,375,073	128,375,073	0.00%	0
FD Distr	10,608,195	10,936,946	11,871,255	13,914,281	14,938,013	7.36%	1,023,732
Net Levy After FD	101,819,151	106,960,291	111,690,622	114,460,792	113,437,060	-0.89%	(1,023,732)
Net Levy W/O MV	99,619,151	104,860,291	109,690,622	112,460,792	111,437,060	-0.91%	(1,023,732)
Tax Capacity *	433,008,298	477,431,817	501,670,371	506,462,333	481,924,289	-4.84%	(24,538,044)
Less: FD Contrib	34,998,157	38,247,755	44,153,762	48,459,664	19,503,108	-59.75%	(28,956,556)
Tax Increment	18,249,776	20,473,450	20,545,498	20,951,729	52,294,436	149.59%	31,342,707
Net Tax Capacity	379,760,365	418,710,612	436,971,111	437,050,940	410,126,745	-6.16%	(26,924,195)
Residential Property Value **				Taxes Paid on Individual Properties			
150,000		377	378	387	417	7.75%	30
200,000		503	504	516	555	7.56%	39
250,000		628	630	646	694	7.43%	48
300,000		754	756	775	833	7.48%	58
400,000		1005	1007	1033	1,111	7.55%	78
Apartments Property Value							
60,000		188	189	194	207	6.70%	13
100,000		314	315	323	346	7.12%	23
150,000		471	472	484	519	7.23%	35
250,000		785	787	807	865	7.19%	58
500,000		1570	1574	1614	1,729	7.13%	115
Commercial Property Value***							
50,000		188	189	194	207	6.70%	13
150,000		565	567	581	621	6.88%	40
300,000		1319	1322	1356	1,446	6.64%	90
500,000		2324	2330	2388	2,547	6.66%	159
1,000,000		4837	4848	4971	5,299	6.61%	328

* Market value levy for the voter approved Farmland and Natural Area Program (FNAP) Bond Referendum.

**A \$222,400 home in 2010 (median value) would have taxes of \$618. Excludes tax credits.

***Excluding Fiscal Disparities calculations