

Dakota County
Board of Commissioners
Meeting

Dakota
COUNTY

TOUCH SCREEN TO RETURN

CRESTRON

2012

BUDGET IN BRIEF

Dakota County, Minnesota

Dakota
COUNTY

Dakota County Government For The Fiscal Year Beginning January 1, 2012

Budget in Brief

This document is a 'brief' look at the 2012 adopted 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 (Vice Chair) | Kathleen A. Gaylord |
| 3rd District | Thomas A. Egan |
| 4th District (Chair) | Nancy Schouweiler |
| 5th District | Liz Workman |
| 6th District | Paul Krause |
| 7th District | Willis E. Branning |

A comprehensive overview of the Dakota County 2012 adopted budget, the *2012 Adopted Budget Overview* is available by contacting:

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

www.dakotacounty.us

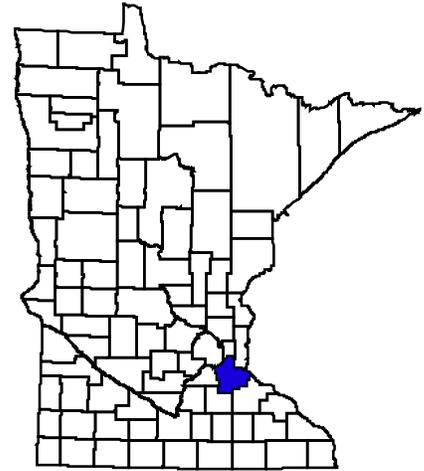
Table of Contents

| | |
|--|-----------|
| ORGANIZATION OF REPORT | 1 |
| Dakota County Facts..... | 1 |
| Location and History..... | 1 |
| Land Use..... | 1 |
| Demographic Trends..... | 2 |
| Economic Development..... | 3 |
| Property Taxes..... | 3 |
| Recreation Opportunities-Parks and Libraries..... | 4 |
| ORGANIZATIONAL OVERVIEW | 4 |
| Dakota County Board of Commissioners..... | 5 |
| Committees of the Whole..... | 5 |
| Citizen Advisory Committees and Commissions..... | 5 |
| County Divisions..... | 5 |
| Elected Officials..... | 5 |
| Board of Commissioners – Structure and Committees..... | 6 |
| Dakota County Organizational Structure..... | 7 |
| Dakota County Goals and Objectives..... | 8 |
| 2012 ADOPTED BUDGET AT A GLANCE | 10 |
| Expenditures and Revenues by Major Account Groups and by Major Funds..... | 13 |
| Total Expenditures..... | 14 |
| Personnel Expenditures..... | 14 |
| Purchased Support Expenditures..... | 15 |
| Travel and Training Expenditures..... | 15 |
| Client Services and Materials Expenditures..... | 15 |
| Capital Expenditures (including equipment and capital improvement projects)..... | 15 |
| Budget Incentive Program Expenditures..... | 16 |
| Total Revenue..... | 17 |
| Property Tax..... | 17 |
| Licenses, Fines & Charges..... | 17 |
| Other Revenues..... | 17 |
| Federal Revenues..... | 17 |
| State Revenues..... | 18 |
| Other Intergovernmental Revenues..... | 18 |
| Fund Balance..... | 19 |
| OTHER INFORMATION | 20 |
| Item 1 - Metropolitan Counties Property Taxes on \$200,000 Home..... | 20 |
| Metropolitan Counties Per Capita Property Tax Levies..... | 21 |
| Dakota County Property Tax Amounts from 2007-2012..... | 21 |

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.

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 65% of Dakota County's total land area is agricultural and undeveloped. Based on 2010 population estimates, the average population density is approximately 679 people per square mile.

Demographic Trends

Dakota County is the third most populous county in Minnesota, with an estimated population of 398,552 based on 2010 census data. Between 2000 and 2010, Dakota County's population increased by 12%, adding 42,648 people. According to Census estimates, 2008 was the first year since 1977 that Dakota County gained less than 1 percent in population, with the trend continuing in 2010.

Over the next 20 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 36.5% between 2000 and 2030, to a total population of more than 3.6 million residents. The Metropolitan Council projects the county will attain a population of about 525,275 people by the year 2030.

The estimated total number of households in Dakota County is 152,060, based on 2010 estimates. This represents an increase of 15.9% 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 2.78 persons per household in 1990 to 2.6 in 2010. Single-person households (both under and over age 65)

2012 Budget – Dakota County, Minnesota

Budget in Brief – Dakota County Facts

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. In Dakota County, second-ring suburban cities Eagan and Burnsville are now the most populated cities (estimated 67,600 in Eagan and 61,400 in Burnsville in 2010). 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. The Metropolitan Council expects Lakeville, Rosemount and Farmington to lead this growth with an additional 28,000, 19,000, and 12,000 residents between 2010 and 2030.

| Dakota County Population, 1970 to 2030 | | | | | | |
|---|-------------|-------------|-------------|--------------|--------------|--------------|
| <i>1970</i> | <i>1980</i> | <i>1990</i> | <i>2000</i> | <i>2010*</i> | <i>2020*</i> | <i>2030*</i> |
| 139,808 | 194,279 | 275,186 | 355,904 | 422,860 | 484,175 | 525,275 |

**Metropolitan Council projections as of January 1, 2012*

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 2010 about 17.7% 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 2010, 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. Between 2001 and 2011, the unemployment rate in Dakota County has generally increased, largely in line with both state and national unemployment trends. At the end of 2011, the state's unemployment rate was 5.7%, the national unemployment rate was 8.3% and Dakota County's unemployment rate reached fell from 6.3% in 2010 to 5.2% by December 2011.

Generally, Dakota County is considered to have an economically healthy mix of industry types. Five industries (retail trade, manufacturing, health care and social assistance, educational services, and accommodation and food services) employed 51% of the total workforce in Dakota County in 2011. 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 declined slightly from 78% to 77% between 2000 and 2010. Median housing value between 2006 and 2010 was slightly higher at \$243,700 compared to the median housing value between 2008 and 2010 at \$240,300. 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.

Annual average wages in Dakota County have risen from \$33,456 in 2000 to \$46,391 in 2011. For 2010, the median household income was \$69,688 in Dakota County compared to the State of Minnesota's median income amount of \$55,422.

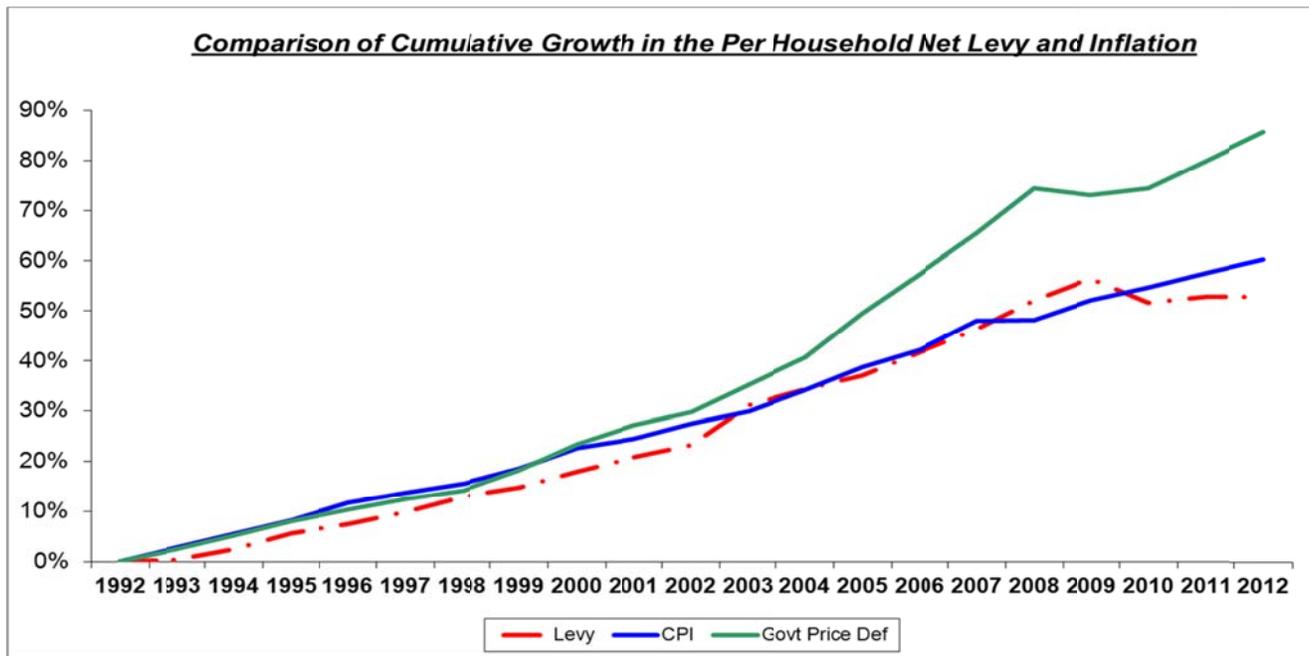
The labor force in has grown over the last decade. In December 2011, the number of residents who were eligible to be considered part of the labor force was 229,293, a 4.4% increase compared to 219,431 in December 2000.

Rates of poverty among Dakota County families remain below state and national averages. According to census data, 5.9% of the Dakota County population is below the federal poverty level. The national poverty rate is around 15.1%.

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 has declined over the last ten years.

The chart on the following page 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, but has been lower than inflationary changes in recent 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 8.

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 page 9.

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.

Elected Officials

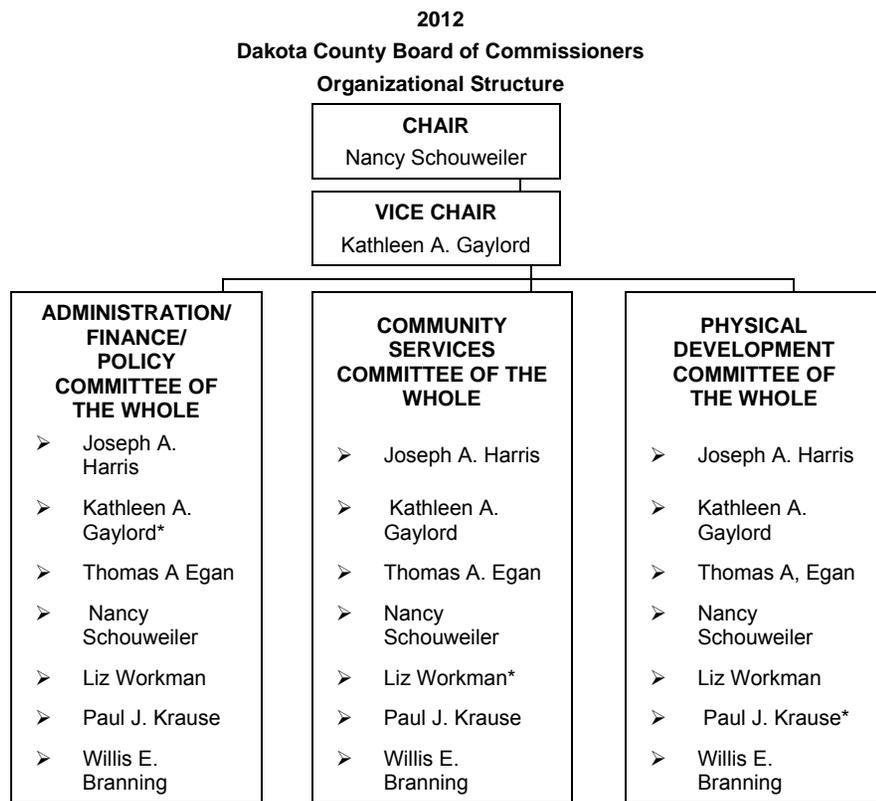
Below is a listing of the County Board of Commissioners and the other two elected officials for Dakota County Government.

| <u>Office</u> | <u>Name</u> | <u>Entered Office</u> | <u>Term-End</u> |
|--|---------------------|-----------------------|-----------------|
| <u>Dakota County Board of Commissioners</u> | | | |
| 1 st District | Joseph A. Harris | Jan. 1981 | Dec. 2012 |
| 2 nd District (Vice Chair) | Kathleen A. Gaylord | Jan. 2003 | Dec. 2014 |
| 3 rd District | Thomas A. Egan | Jan. 2005 | Dec. 2012 |
| 4 th District (Chair) | Nancy Schouweiler | Jan. 1999 | Dec. 2014 |
| 5 th District | Liz Workman | Jan. 2009 | Dec. 2012 |
| 6 th District | Paul Krause | Jan. 1995 | Dec. 2014 |
| 7 th District | Willis E. Branning | Jan. 1997 | Dec. 2012 |
| <u>Elected Officials</u> | | | |
| County Attorney | James C. Backstrom | Sep. 1987 | Dec. 2014 |
| County Sheriff | David Bellows | March 2010 | Dec. 2014 |

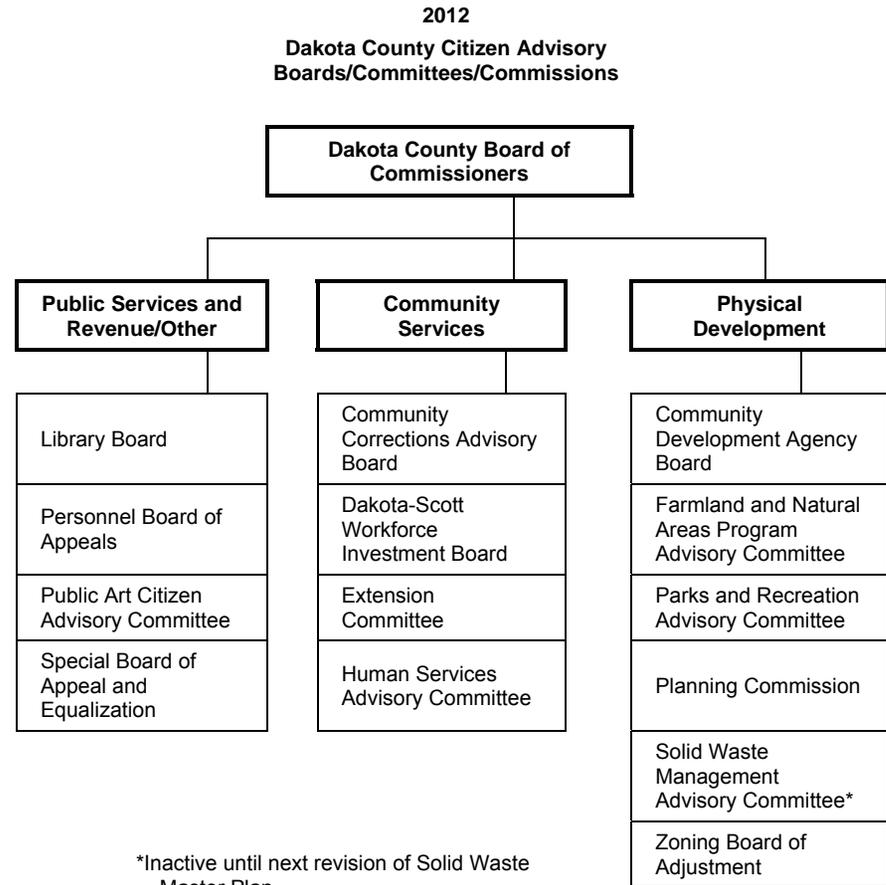
2012 Budget – Dakota County, Minnesota

Budget in Brief – Organizational Overview

Board of Commissioners – Structure and Committees

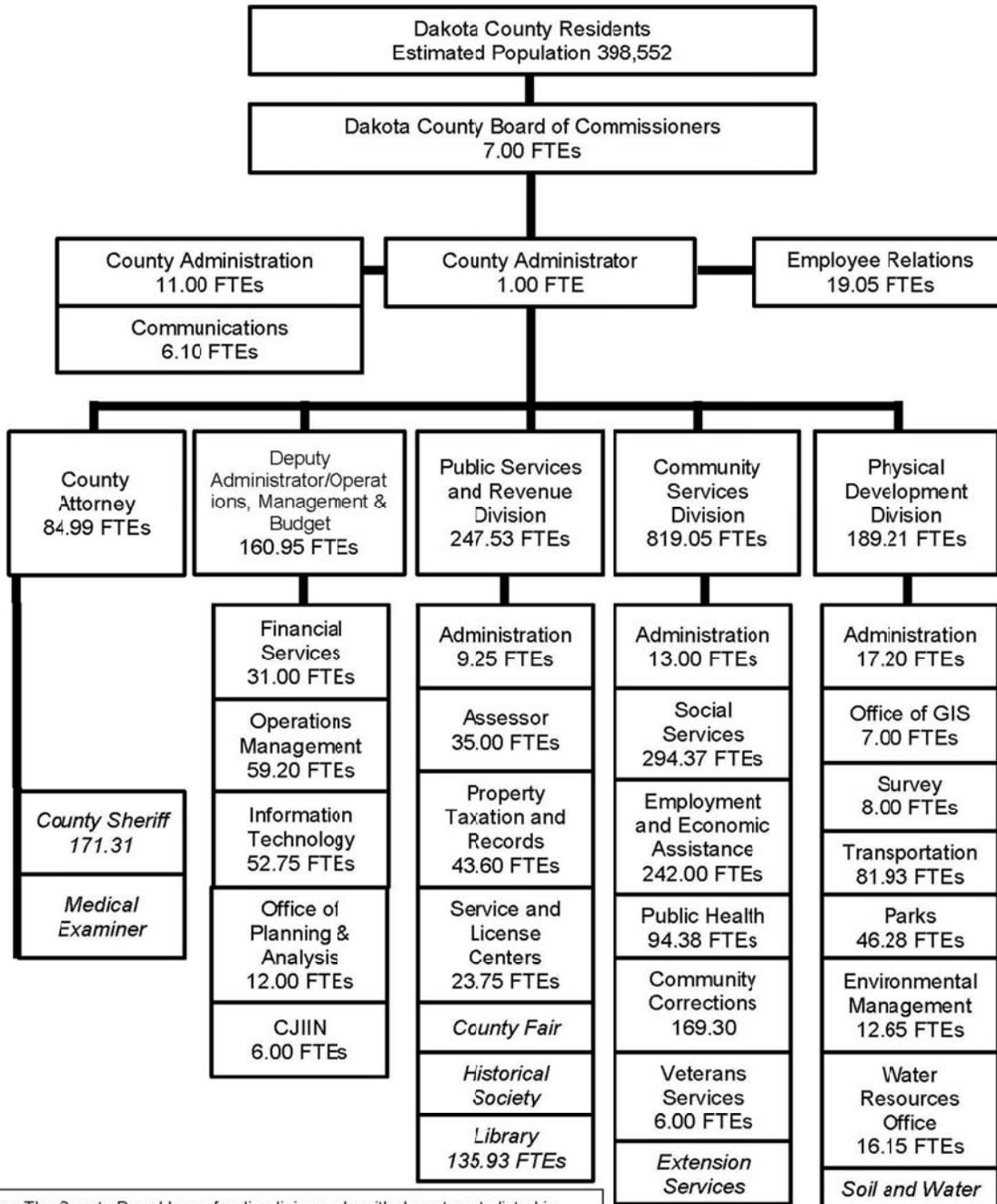


* Committee of the Whole Chair



*Inactive until next revision of Solid Waste Master Plan

Dakota County Organizational Structure
2012 Adopted Budget Full Time Equivalents (FTE's) = 1,719.19



Notes: The County Board has a funding liaison role with departments listed in italics. The County Board has direct administrative control over all others.

County Goals and Objectives

Dakota County takes a comprehensive approach to developing, deploying, and measuring its performance. Among its most important tools are a strategic plan, a balanced scorecard framework, community indicators, and a residential survey.

To be most effective, organizations should develop long-term goals and objectives, document and communicate performance toward the goals and objectives, and use that information to manage the organization and plan for the future. In 2003, Dakota County implemented a *balanced scorecard* system to align day-to-day operations with its mission and vision, and to encourage communication and improvement of performance. In 2009 and 2010, the County evaluated and prioritized its programs and services, using 31 identified objectives serving four broad goals. In 2012, the County Board will adopt a formal strategic plan. Each year, the Board of Commissioners also adopts a set of annual strategic priorities, to emphasize timely strategies used to meet its goals.

Annual Budget Summaries produced by the divisions and departments document not only budget requests, but achievements and challenges.

Ongoing reporting or community indicators provide timely data and analysis on external socioeconomic, demographic, and other trends in the County. The purpose of this analysis is to support future strategic direction and policies.

Dakota County also conducts a statistically valid residential survey, most recently completed in 2011. The survey provides valuable information on the priorities and concerns of County residents. To help frame budget decisions and establish priorities, the County Board considers community indicators and the residential survey results. Together, this information helps the County Board achieve its responsibilities as a policymaking body.

The Board of Commissioners believes that Dakota County will achieve its vision and fulfill its mission if it can accomplish its goals and objectives. Its current goals include:

1. Healthy, safe citizens;
2. Quality physical environment;
3. Vital, prosperous community and economy; and
4. Efficient, effective, responsive government.

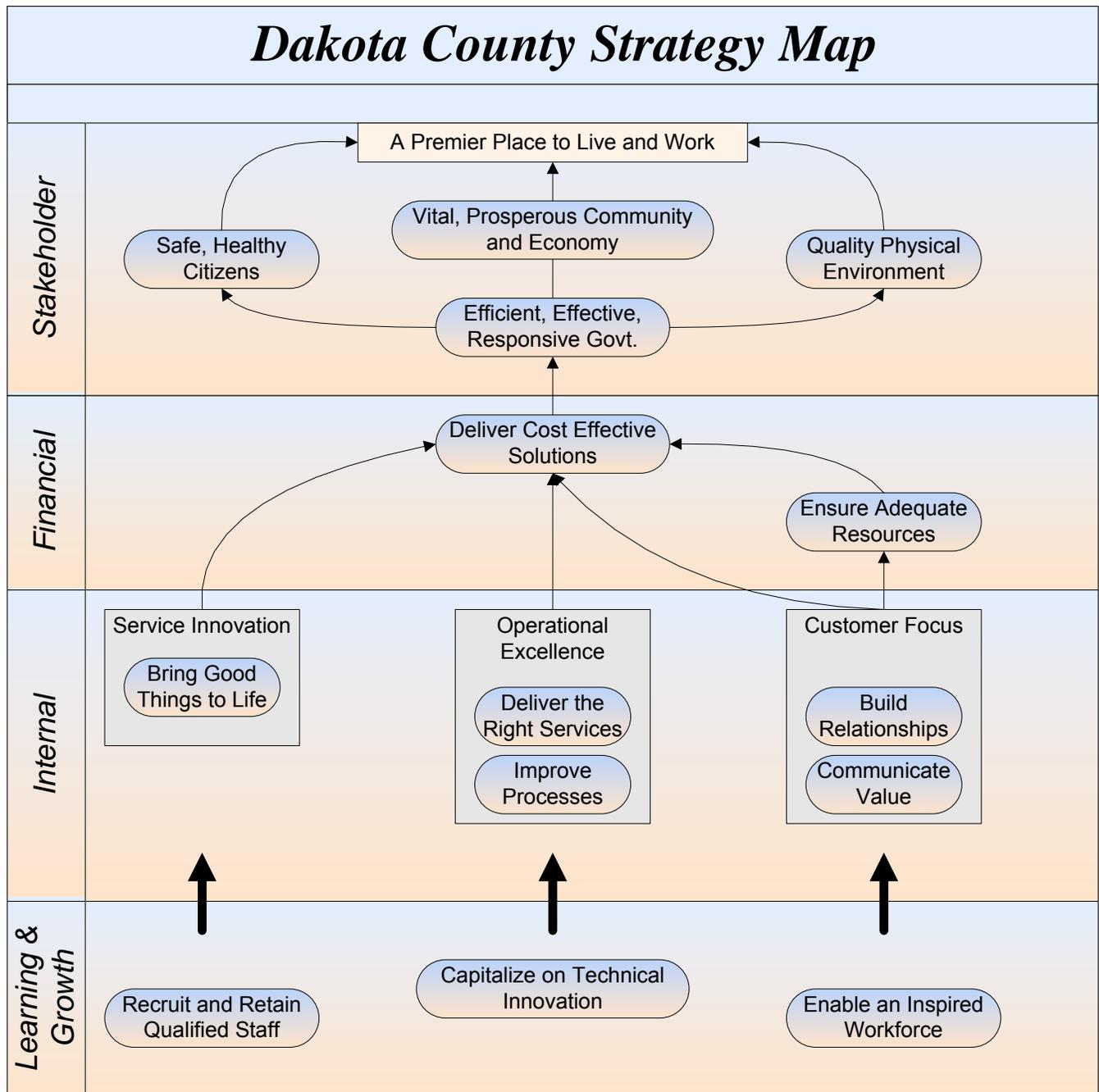
In addition, the balanced scorecard provides the framework for four perspectives to ensure that the County uses a diverse set of measures to analyze its performance and align its strategy. These include the stakeholder, financial, internal, and learning and growth perspective.

The “strategy maps” on the following pages illustrate the current overarching County strategy, along with the specific Balanced Scorecard framework, used to demonstrate and influence how the County meets its goals and objectives.

Dakota County’s vision is to be a premier place in which to live and work.

Dakota County’s mission is to provide efficient, effective, and responsive government.

Dakota County Strategy Map



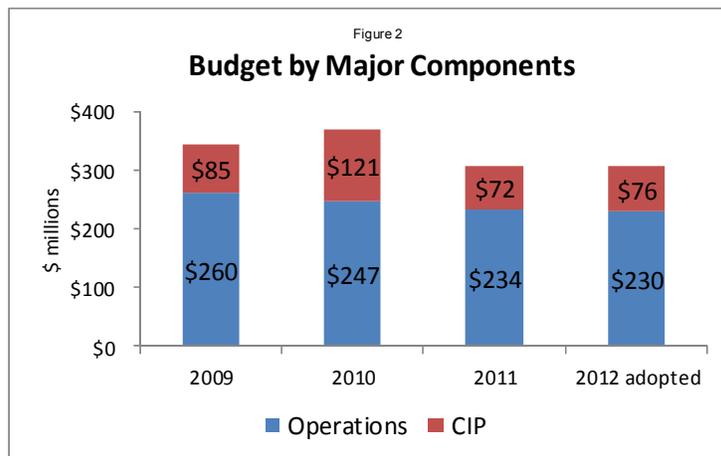
Budget Highlights

- **Stable, hold the line approach**
 - Limits tax burden with zero increase in property tax levy
 - No service cuts or closings
- **Adapts to Lower Revenue**
 - Recognizes lower external revenue and reduces spending to match
 - 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
- **Protect priority services and projects**
 - Reprioritizing existing staff to address growing caseloads

Spending Overview

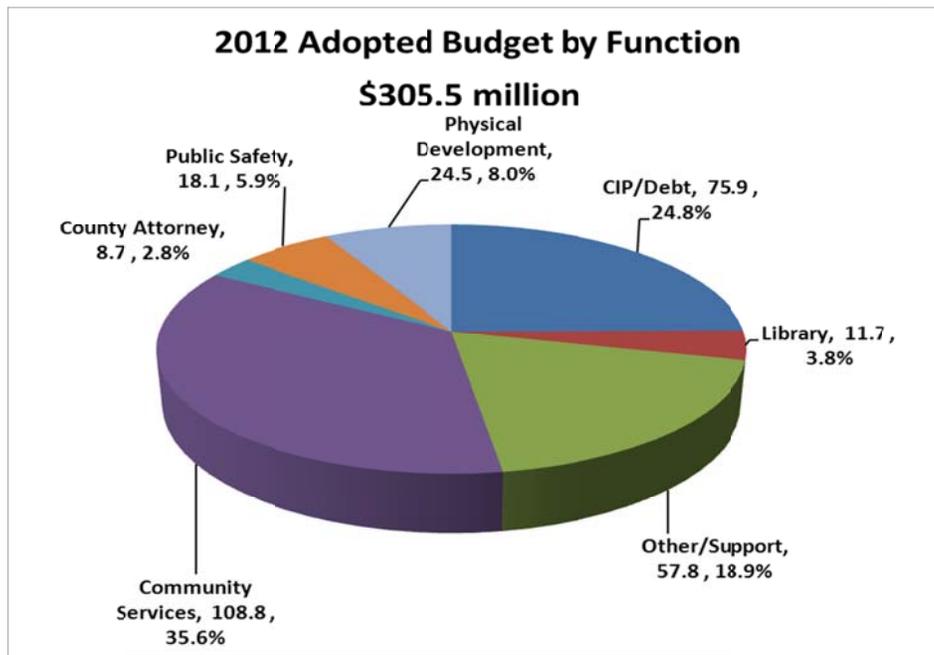
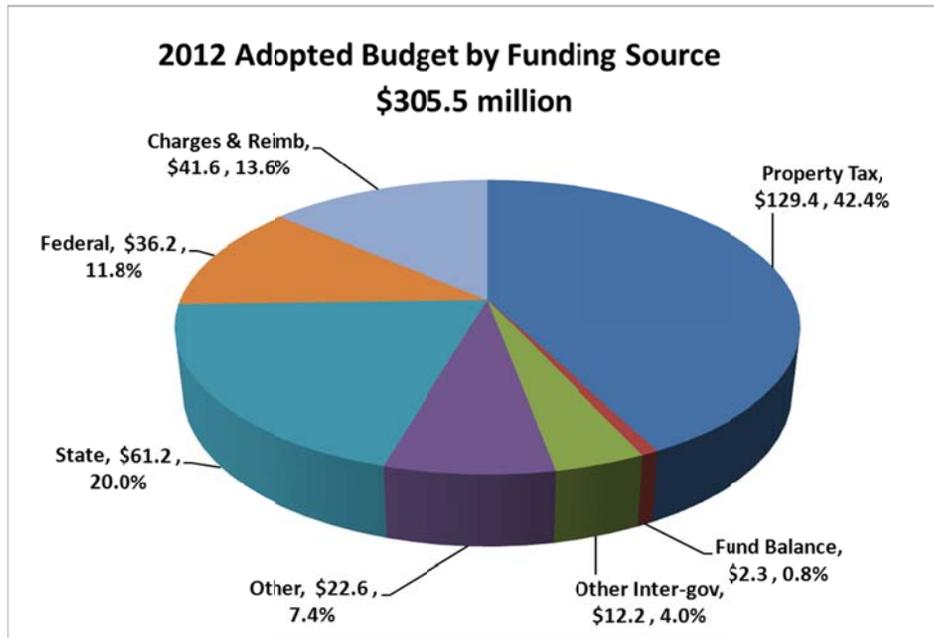
The 2012 adopted Dakota County budgeted revenues and expenditures are balanced at \$305.5 million. This amount reflects a decrease of 0.6% from 2011.

Figure 2 provides a comparison of 2009-2012 adopted budgets broken down by spending on operations and the Capital Improvement Program (CIP).



2012 ADOPTED BUDGET AT A GLANCE

The 2012 adopted budget is \$305.5 million, compared to the 2011 adopted budget of \$307.5 million. The operating budget for the county is adopted at \$229.7 million versus the operating budget of \$234.6 million in 2011, representing a 2.1% decrease. Property tax revenue to finance the budget remained at \$129.4 million. The charts below provide a breakdown of the 2012 adopted budget by funding source and function.



2012 Budget – Dakota County, Minnesota

Budget in Brief – Budget Highlights

Table 2: 2012 Dakota County Budget Summary by Department

| Department/Division | 2011 Adopted Budget | | | 2012 Adopted Budget | | | 2012 vs 2011 Percent change | | | FTEs |
|---|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|-----------------------------|---------------|--------------|-----------------|
| | Property Tax | Other Revenue | Total | Property Tax | Other Revenue | Total | Property Tax | Other Rev. | Total | |
| COUNTY-WIDE | (5,899,215) | 15,077,307 | 9,178,092 | (3,315,067) | 15,486,707 | 12,171,640 | -43.8% | 2.7% | 32.6% | 3.00 |
| PUBLIC SERVICE & REVENUE ADMIN | 734,773 | 40,500 | 775,273 | 722,177 | 93,000 | 815,177 | -1.7% | 129.6% | 5.1% | 9.25 |
| ASSESSING SERVICES | 3,252,044 | 58,047 | 3,310,091 | 3,247,941 | 3,200 | 3,251,141 | -0.1% | -94.5% | -1.8% | 35.00 |
| PROPERTY TAXATION AND RECORDS | 1,101,410 | 3,238,940 | 4,340,350 | 539,961 | 3,152,100 | 3,692,061 | -51.0% | -2.7% | -14.9% | 43.60 |
| SERVICE & LICENSE CENTERS | 277,958 | 1,441,658 | 1,719,616 | 364,327 | 0 | 1,745,452 | 31.1% | -100.0% | 1.5% | 23.75 |
| COUNTY FAIR | 115,000 | 0 | 115,000 | 115,000 | 0 | 115,000 | 0.0% | 0.0% | 0.0% | |
| HISTORICAL SOCIETY | 100,000 | 0 | 100,000 | 100,000 | 0 | 100,000 | 0.0% | 0.0% | 0.0% | |
| LIBRARY | 10,988,913 | 1,828,371 | 12,817,284 | 10,863,817 | 827,300 | 11,691,117 | -1.1% | -54.8% | -8.8% | 135.93 |
| PUBLIC SERVICE & REVENUE DIV | 16,570,098 | 6,607,516 | 23,177,614 | 15,953,223 | 4,075,600 | 21,409,948 | -3.7% | -38.3% | -7.6% | 247.53 |
| OPERATIONS MGMT SERVICES | 13,166,660 | 3,081,302 | 16,247,962 | 13,794,386 | 3,580,367 | 17,374,753 | 4.8% | 16.2% | 6.9% | 59.20 |
| INFORMATION TECHNOLOGY | 8,636,988 | 182,283 | 8,819,271 | 7,845,854 | 170,000 | 8,015,854 | -9.2% | -6.7% | -9.1% | 52.75 |
| FINANCIAL SERVICES | 2,603,971 | 39,291 | 2,643,262 | 2,971,435 | 0 | 2,971,435 | 14.1% | -100.0% | 12.4% | 31.00 |
| OFFICE OF PLANNING & ANALYSIS | 1,065,927 | 125,000 | 1,190,927 | 1,087,820 | 0 | 1,087,820 | 2.1% | -100.0% | -8.7% | 12.00 |
| CRIM JUSTICE INFO INTEGRATION | 319,833 | 425,796 | 745,629 | 328,931 | 458,859 | 787,790 | 2.8% | 7.8% | 5.7% | 6.00 |
| OMB DIVISION | 25,793,379 | 3,853,672 | 29,647,051 | 26,028,426 | 4,209,226 | 30,237,652 | 0.9% | 9.2% | 2.0% | 160.95 |
| COUNTY ADMINISTRATION | 1,540,031 | 42,417 | 1,582,448 | 1,563,284 | 42,417 | 1,605,701 | 1.5% | 0.0% | 1.5% | 11.00 |
| COUNTY BOARD | 692,480 | 8,000 | 700,480 | 706,261 | 2,000 | 708,261 | 2.0% | -75.0% | 1.1% | 7.00 |
| COUNTY COMMUNICATIONS | 638,397 | 244,084 | 882,481 | 649,476 | 145,913 | 795,389 | 1.7% | -40.2% | -9.9% | 6.10 |
| EMPLOYEE RELATIONS | 2,280,979 | 115,000 | 2,395,979 | 2,259,561 | 115,000 | 2,374,561 | -0.9% | 0.0% | -0.9% | 19.05 |
| ADMINISTRATION | 5,151,887 | 409,501 | 5,561,388 | 5,178,582 | 305,330 | 5,483,912 | 0.5% | -25.4% | -1.4% | 43.15 |
| COMMUNITY SERVICES ADMIN | 1,339,343 | 0 | 1,339,343 | 1,468,511 | 0 | 1,468,511 | 9.6% | | 9.6% | 13.00 |
| SOCIAL SERVICES | 24,973,650 | 28,306,852 | 53,280,502 | 24,601,074 | 27,033,622 | 51,634,696 | -1.5% | -4.5% | -3.1% | 294.37 |
| EMPLOYMENT & ECONOMIC ASST | 7,370,694 | 20,341,732 | 27,712,426 | 7,145,013 | 21,093,258 | 28,238,271 | -3.1% | 3.7% | 1.9% | 242.00 |
| PUBLIC HEALTH | 4,045,599 | 10,869,496 | 14,915,095 | 3,499,782 | 5,490,989 | 8,990,771 | -13.5% | -49.5% | -39.7% | 94.38 |
| VETERANS SERVICES | 523,775 | 0 | 523,775 | 534,175 | 0 | 534,175 | 2.0% | 0.0% | 2.0% | 6.00 |
| COMMUNITY CORRECTIONS | 10,519,355 | 7,290,909 | 17,810,264 | 10,445,700 | 7,178,786 | 17,624,486 | -0.7% | -1.5% | -1.0% | 169.30 |
| EXTENSION | 295,611 | 66,000 | 361,611 | 294,910 | 44,388 | 339,298 | -0.2% | -32.7% | -6.2% | |
| COMMUNITY SERVICES | 49,068,027 | 66,874,989 | 115,943,016 | 47,989,165 | 60,841,043 | 108,830,208 | -2.2% | -9.0% | -6.1% | 819.05 |
| SHERIFF | 15,444,075 | 2,369,774 | 17,813,849 | 15,160,589 | 2,374,634 | 17,535,223 | -1.8% | 0.2% | -1.6% | 171.31 |
| MEDICAL EXAMINER | 559,359 | 0 | 559,359 | 559,359 | 0 | 559,359 | 0.0% | 0.0% | 0.0% | |
| PUBLIC SAFETY | 16,003,434 | 2,369,774 | 18,373,208 | 15,719,948 | 2,374,634 | 18,094,582 | -1.8% | 0.2% | -1.5% | 171.31 |
| COUNTY ATTORNEY | 5,065,428 | 3,667,607 | 8,733,035 | 4,883,913 | 3,816,725 | 8,700,638 | -3.6% | 4.1% | -0.4% | 84.99 |
| DISTRICT COURT | 260,733 | 0 | 260,733 | 260,733 | 0 | 260,733 | 0.0% | 0.0% | 0.0% | |
| GIS | 718,519 | 190,678 | 909,197 | 727,602 | 190,678 | 918,280 | 1.3% | 0.0% | 1.0% | 7.00 |
| PHYSICAL DEVELOPMENT ADMIN | 1,052,644 | 439,884 | 1,492,528 | 1,009,162 | 479,175 | 1,488,337 | -4.1% | 8.9% | -0.3% | 17.20 |
| TRANSPORTATION DEPARTMENT | 263,311 | 8,632,116 | 8,895,427 | 309,622 | 8,782,291 | 9,091,913 | 17.6% | 1.7% | 2.2% | 81.93 |
| PARKS AND OPEN SPACES | 2,543,444 | 893,157 | 3,436,601 | 2,527,379 | 927,697 | 3,455,076 | -0.6% | 3.9% | 0.5% | 46.28 |
| WATER RESOURCES OFFICE | | 2,021,873 | 2,021,873 | | 1,979,960 | 1,979,960 | 0.0% | -2.1% | -2.1% | 16.15 |
| SOIL & WATER | 263,482 | 0 | 263,482 | 263,482 | 0 | 263,482 | 0.0% | 0.0% | 0.0% | |
| ENVIRONMENTAL MANAGEMENT | | 6,033,576 | 6,033,576 | 500,000 | 6,044,920 | 6,544,920 | 0.0% | 0.2% | 8.5% | 12.65 |
| SURVEY | 566,090 | 135,000 | 701,090 | 584,155 | 135,000 | 719,155 | 3.2% | 0.0% | 2.6% | 8.00 |
| PHYSICAL DEVELOPMENT | 5,407,490 | 18,346,284 | 23,753,774 | 5,921,402 | 18,539,721 | 24,461,123 | 9.5% | 1.1% | 3.0% | 189.21 |
| COUNTY OPERATIONS | 117,421,261 | 117,206,650 | 234,627,911 | 118,620,325 | 109,648,986 | 229,650,436 | 1.0% | -6.4% | -2.1% | 1,719.19 |
| DEBT SERVICES | 6,000,000 | 28,302,826 | 34,302,826 | 5,318,778 | 2,576,672 | 7,895,450 | -11.4% | -90.9% | -77.0% | |
| CIP-TRANSPORTATION DEPT | 5,116,415 | 19,976,125 | 25,092,540 | 4,572,970 | 46,928,249 | 51,501,219 | -10.6% | 134.9% | 105.2% | |
| CIP-PARKS | 303,555 | 8,623,778 | 8,927,333 | 310,000 | 10,761,266 | 11,071,266 | 2.1% | 24.8% | 24.0% | |
| COUNTY BUILDINGS | 560,842 | 3,830,158 | 4,391,000 | 580,000 | 4,643,000 | 5,223,000 | 3.4% | 21.2% | 18.9% | |
| CIP-OPEN SPACE ACQUISITION | | 129,944 | 129,944 | 0 | 163,827 | 163,827 | 0.0% | 26.1% | 26.1% | |
| CAPITAL IMPROVEMENTS (CIP) | 11,980,812 | 60,862,831 | 72,843,643 | 10,781,748 | 65,073,014 | 75,854,762 | -10.0% | 6.9% | 4.1% | |
| COUNTY GRAND TOTAL | 129,402,073 | 178,069,481 | 307,471,554 | 129,402,073 | 174,722,000 | 305,505,198 | 0.0% | -0.6% | 0.0% | 1,719.19 |

Expenditures and Revenues by Major Account Groups and by Major Funds

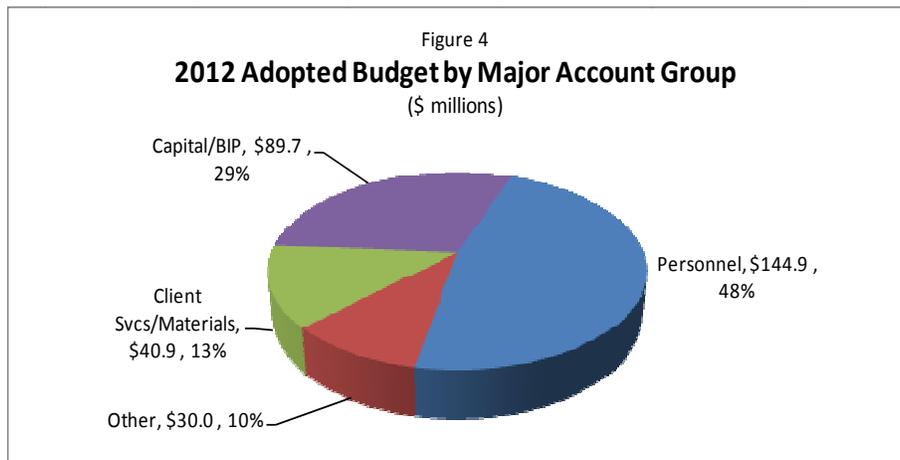
This section provides an overview of expenditures and revenues for the 2011 and 2012 adopted budgets by account group, as well as historical information for 2009 and 2010.

| 2012 DAKOTA COUNTY BUDGET | | | | | | | | | |
|------------------------------|----------------|-----------------|-----------------|-------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | General Fund | | | Community Services Fund | | | Other Funds | | |
| | 2010 Actual | 2011 Amended | 2012 Adopted | 2010 Actual | 2011 Amended | 2012 Adopted | 2010 Actual | 2011 Amended | 2012 Adopted |
| Full-Time Equivalents (FTEs) | - | 611.70 | 607.20 | - | 836.67 | 819.95 | - | 300.19 | 292.94 |
| Revenue | | | | | | | | | |
| Property Tax | 45,292,421 | 52,661,224 | 56,430,342 | 50,511,409 | 50,225,023 | 47,989,155 | 28,930,741 | 26,515,826 | 24,982,566 |
| Licenses, Fines & Charges | 11,694,213 | 11,308,759 | 11,542,883 | 21,805,140 | 24,919,930 | 19,674,729 | 12,358,720 | 12,296,631 | 11,488,736 |
| Other Revenues | 5,210,170 | 11,397,332 | 11,019,484 | 2,374,889 | 1,885,929 | 1,707,951 | 8,361,774 | 4,639,137 | 8,800,870 |
| FEDERAL REVENUE | 5,093,627 | 5,339,355 | 3,449,854 | 27,028,181 | 26,877,295 | 24,454,912 | 4,439,906 | 31,811,864 | 8,289,200 |
| STATE REVENUE | 5,865,985 | 1,378,397 | 1,101,611 | 17,788,158 | 17,429,013 | 14,020,301 | 13,081,331 | 37,158,014 | 46,056,558 |
| OTHER INTERGOVT REVENUE | 2,434,690 | 2,354,455 | 2,313,201 | 643,350 | 756,053 | 802,737 | 6,949,435 | 44,015,591 | 9,085,759 |
| | 77,591,106 | 84,440,322 | 85,857,375 | 120,151,128 | 122,093,243 | 108,649,735 | 74,121,907 | 156,437,063 | 108,703,689 |
| Expense | | | | | | | | | |
| SALARIES & WAGES | 37,835,277 | 40,530,360 | 41,450,313 | 50,919,616 | 52,081,709 | 49,222,433 | 16,588,700 | 17,246,192 | 16,429,228 |
| EMPLOYEE BENEFITS | 14,199,341 | 14,803,347 | 14,506,030 | 16,555,590 | 18,280,881 | 17,740,803 | 8,584,766 | 5,689,391 | 5,566,586 |
| DEPT/COUNTY SUPPORT | 14,567,773 | 19,951,363 | 18,710,438 | 3,648,243 | 4,107,699 | 4,216,659 | 3,938,628 | 3,464,576 | 2,730,200 |
| TRAVEL/TRAINING | 338,293 | 589,320 | 610,018 | 887,318 | 1,141,128 | 1,120,607 | 85,418 | 129,469 | 109,506 |
| OFFICE SUPPORT COSTS | 1,020,621 | 1,031,389 | 1,042,138 | 991,836 | 1,205,520 | 1,205,520 | 254,446 | 274,265 | 274,265 |
| Client Services/Materials | 4,614,001 | 2,377,322 | (1,119,255) | 38,090,582 | 45,484,318 | 35,324,136 | 7,140,942 | 7,614,456 | 6,683,385 |
| Capital | 7,483,384 | 19,985,166 | 11,525,106 | 143,151 | 7,734 | - | 49,714,434 | 156,851,673 | 76,743,346 |
| | 80,058,689 | 99,270,467 | 86,724,788 | 111,236,337 | 122,308,989 | 108,830,208 | 86,307,333 | 191,270,022 | 108,536,516 |
| Budget Incentive (BIP) | 991,662 | 7,320,357 | 1,413,686 | 523,831 | 1,823,598 | - | 15,690 | 197,707 | - |
| Fund Balance | 3,459,244 | 22,150,102 | 2,281,099 | (8,390,960) | 2,039,344 | 180,413 | 12,201,116 | 35,030,666 | (167,173) |

| 2012 DAKOTA COUNTY BUDGET FINANCIAL SUMMARY Total County | | | | | | | 3/1/2012 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|----------|
| | 2009 ACTUAL | 2010 ACTUAL | 2011 AMENDED | 2012 PLAN BASE | 2012 ADOPTED | 2012 > 2011 | |
| FULL-TIME EQUIVALENTS (FTE S) | | | 1,733.41 | 1,708.04 | 1,703.04 | -1.8% | |
| SALARIES & WAGE S | 113,124,247 | 104,251,327 | 108,737,957 | 106,227,270 | 105,987,934 | -2.5% | |
| EMPLOYEE BENEFITS | 36,121,123 | 38,985,796 | 38,413,744 | 37,634,735 | 37,478,793 | -2.4% | |
| DEPT/COUNTY SUPPORT | 20,651,365 | 22,034,644 | 27,467,271 | 25,807,048 | 25,600,630 | -6.8% | |
| TRAVEL/TRAINING | 1,462,193 | 1,299,850 | 1,844,216 | 1,825,789 | 1,825,964 | -1.0% | |
| OFFICE SUPPORT COSTS | 2,441,618 | 2,262,157 | 2,505,624 | 2,516,073 | 2,516,073 | 0.4% | |
| CLIENT SERVICES/MATERIALS | 61,974,920 | 49,567,325 | 54,472,525 | 40,275,833 | 40,433,706 | -25.8% | |
| CAPITAL | 75,868,920 | 57,340,969 | 176,844,573 | 86,593,242 | 88,268,452 | -50.1% | |
| BUDGET INCENTIVE (BIP) | 1,102,288 | 1,531,182 | 9,341,862 | 1,413,686 | 1,413,686 | -84.9% | |
| TOTAL EXPENDITURE S | 312,746,675 | 277,273,249 | 419,627,772 | 302,293,676 | 303,525,238 | -27.7% | |
| PROPERTY TAX | 133,481,224 | 125,765,148 | 129,402,073 | 129,402,073 | 129,402,073 | | |
| LICENSES, FINES & CHARGES | 59,091,630 | 45,605,506 | 48,283,260 | 41,930,583 | 42,464,288 | -12.1% | |
| OTHER REVENUES | 17,089,783 | 15,917,484 | 17,907,895 | 21,267,955 | 21,528,305 | 20.2% | |
| FEDERAL REVENUE | 33,529,349 | 36,561,715 | 63,629,014 | 36,223,102 | 36,193,966 | -43.1% | |
| STATE REVENUE | 70,706,040 | 37,651,552 | 55,878,629 | 61,156,914 | 61,156,914 | 9.4% | |
| OTHER INTERGOVT REVENUE | 10,052,713 | 9,662,475 | 46,567,973 | 11,441,481 | 11,672,892 | -74.9% | |
| TOTAL REVENUE | 323,950,740 | 271,163,880 | 361,668,844 | 301,422,108 | 302,418,438 | -16.4% | |
| FUND BALANCE | (11,204,065) | 6,109,369 | 57,958,928 | 871,568 | 1,106,800 | -96.1% | |
| TOTAL SOURCE OF FUNDS | 312,746,675 | 277,273,249 | 419,627,772 | 302,293,676 | 303,525,238 | -27.7% | |

Total Expenditures

At \$305.5 million, the 2012 adopted budget reflects a 0.6% decrease in total spending as compared to the 2011 adopted budget. As seen in Figure 4, Dakota County spends approximately 48% of its total budget on personnel, 13% on direct client services and materials, and 29% 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.



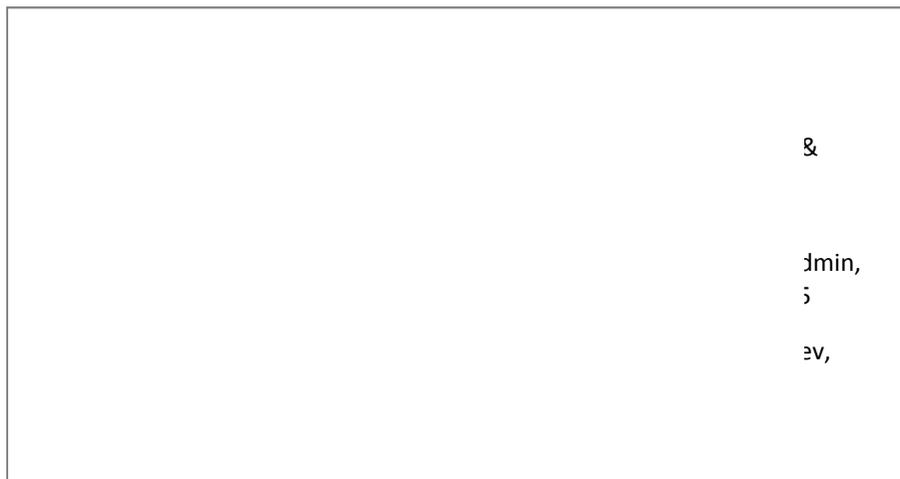
Personnel Expenditures

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) decreases from 1,751.80 in 2011 to 1,719.19 in 2012, a drop of approximately 1.9%. Reductions in state and federal dollars funding specific FTEs accounted for the majority of reductions.

Figure 5 provides a breakdown of Dakota County’s labor force by division. As a result of decreases in the number of positions, the salaries and wages budget will decrease from \$110.0 million in 2011 to \$107.3 million in 2012, representing a 2.5% decrease.



Health Insurance

The County health insurance budget decreased slightly from \$21.6 million to \$21.3 million.

The lower cost of premiums paid by the County for employees and reduction in FTEs accounted for the change.

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).

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. The 2012 Department/County Support budget remained the same as 2011 at \$25.7 million.

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 adopted budget is \$2.5 million for 2012.

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. The 2012 travel and training budget remained the same as 2011 at \$1.8 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. For the 2012 adopted budget, Citizen/Client Services and Materials is budgeted at \$40.9 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.

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) will increase from 72.8 million in 2011 to \$79.1 million in 2012, or a \$6.3 million increase. CIP budgets for Parks and Transportation show significant

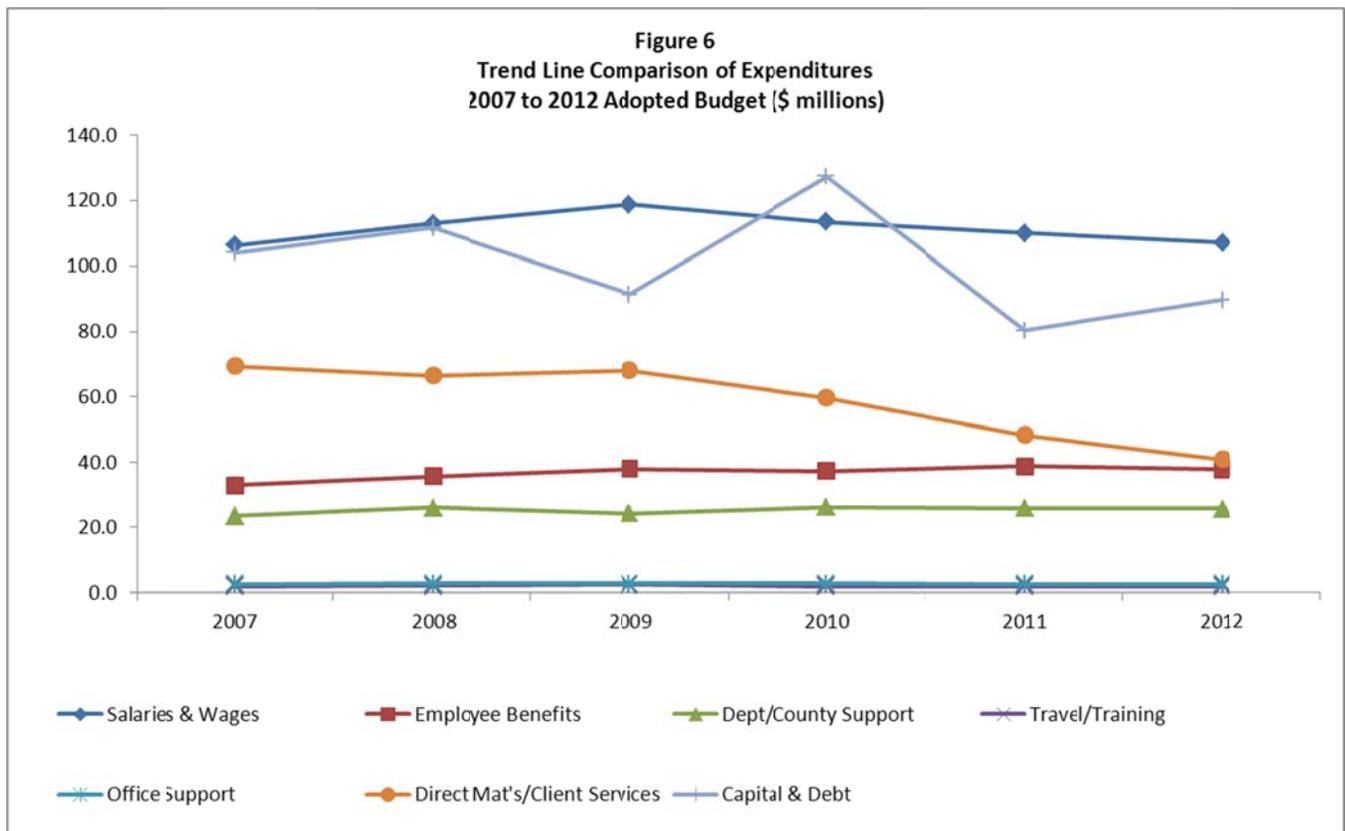
2012 Budget – Dakota County, Minnesota

Budget in Brief – Budget Highlights

increases between 2011 and 2012, along with Buildings which will also increase. These year-to-year changes reflect the inclusion of large one-time projects budgeted in 2012, making the 2012 CIP budget unusually large.

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. The adopted amount of BIP is budgeted at \$1,413,686 for 2012.

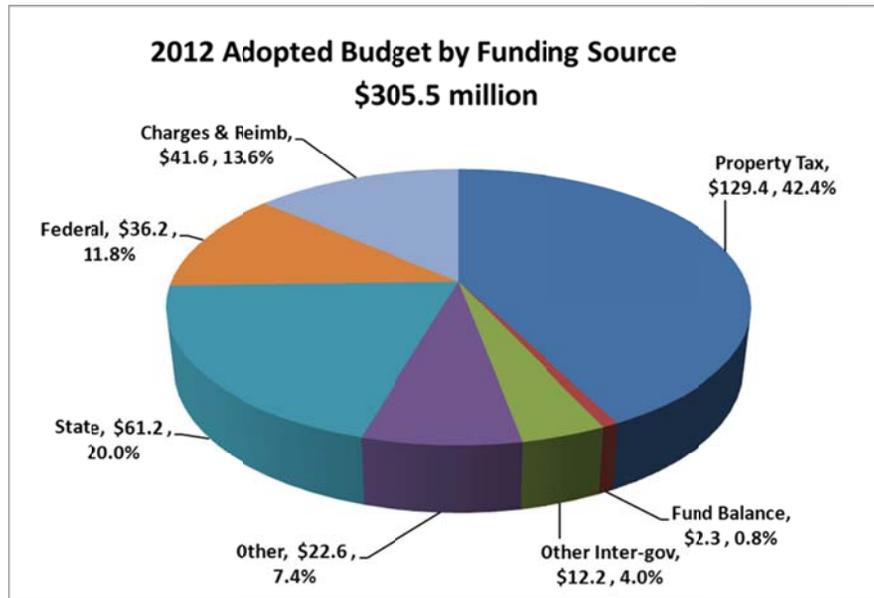


Total Revenue

In the \$229.7 million operating budget, revenues are expected to be lower in 2012 than in 2011. The primary changes in revenue are an anticipated loss of state and federal waiver dollars.

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.

The discussion below pertains to all budgeted revenues in both the operating and capital budgets:



Property Tax

The property tax levy of \$129,402,073 accounts for 42.4% of all budgeted revenues for 2012. The property tax is Dakota County's largest and most flexible source of funding. This is a 0.0% increase from the 2011 level.

Licenses, Fines & Charges

Revenues in these categories decreased from \$46.0 million in 2011 to \$41.6 million for 2012, a decrease of 9.6%.

Other Revenues

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

Other Revenue increased by \$4.2 million for the 2012 adopted budget.

Federal Revenues

Federal revenues increased from \$28.5 million to \$36.2 million between 2011 and 2012. This increase is the result of one time federal money in 2012 for CIP projects.

2012 Budget – Dakota County, Minnesota

Budget in Brief – Budget Highlights

| Department | Budgeted 2012 Federal Revenue | % of Dept Expenditures | Change from 2011 |
|----------------------------|----------------------------------|---------------------------|---------------------|
| EMPLOYMENT & ECONOMIC ASST | 17,005,192 | 60.2% | 727,527 |
| CIP-TRANSPORTATION DEPT | 6,267,600 | 12.2% | 6,267,600 |
| SOCIAL SERVICES | 5,466,900 | 10.6% | -446,334 |
| COUNTYWIDE OPERATIONS | 2,564,000 | 28.5% | 500,957 |
| CIP-PARKS | 2,021,600 | 11.5% | 312,600 |
| PUBLIC HEALTH | 1,904,945 | 11.0% | -94,442 |
| OPERATIONS MGMT SERVICES | 550,522 | 6.3% | 399,442 |
| SHERIFF | 255,000 | 2.1% | 6,000 |
| COUNTY ATTORNEY | 80,332 | 0.5% | 2,872 |
| COMMUNITY CORRECTIONS | 77,875 | 0.7% | -22,125 |
| Total County | 36,193,966 | 16.1% | 7,654,097 |

State Revenues

State revenues increased from \$38.8 million in 2011 to \$61.2 million in 2012, an increase of 20%. Following is a breakdown of State revenues. The chart assumes one time increases for CIP projects.

| Division | Budgeted 2012 State Revenue | % of Division Expenses | Increase/Decrease from 2011 |
|-----------------------------------|--------------------------------|---------------------------|--------------------------------|
| Capital Improvement Program | \$ 40,094,860 | 52.9% | \$ 23,273,980 |
| Community Services | \$ 14,020,301 | 12.9% | \$ (871,989) |
| Physical Development | \$ 5,862,698 | 24.0% | \$ 230,696 |
| Public Safety | \$ 697,860 | 3.9% | \$ 22,860 |
| COUNTY-WIDE | \$ 333,927 | 2.8% | \$ (276,000) |
| Public Services and Revenue | \$ 100,000 | 0.5% | \$ - |
| County Attorney | \$ 68,824 | 1.2% | \$ 4,920 |
| Administration | \$ - | 0.0% | \$ - |
| Operations, Management and Budget | \$ - | 0.0% | \$ - |
| District Courts | \$ - | 0.0% | \$ - |
| Total County | \$ 61,178,470 | 20.6% | \$ 22,384,467 |

Other Intergovernmental Revenues

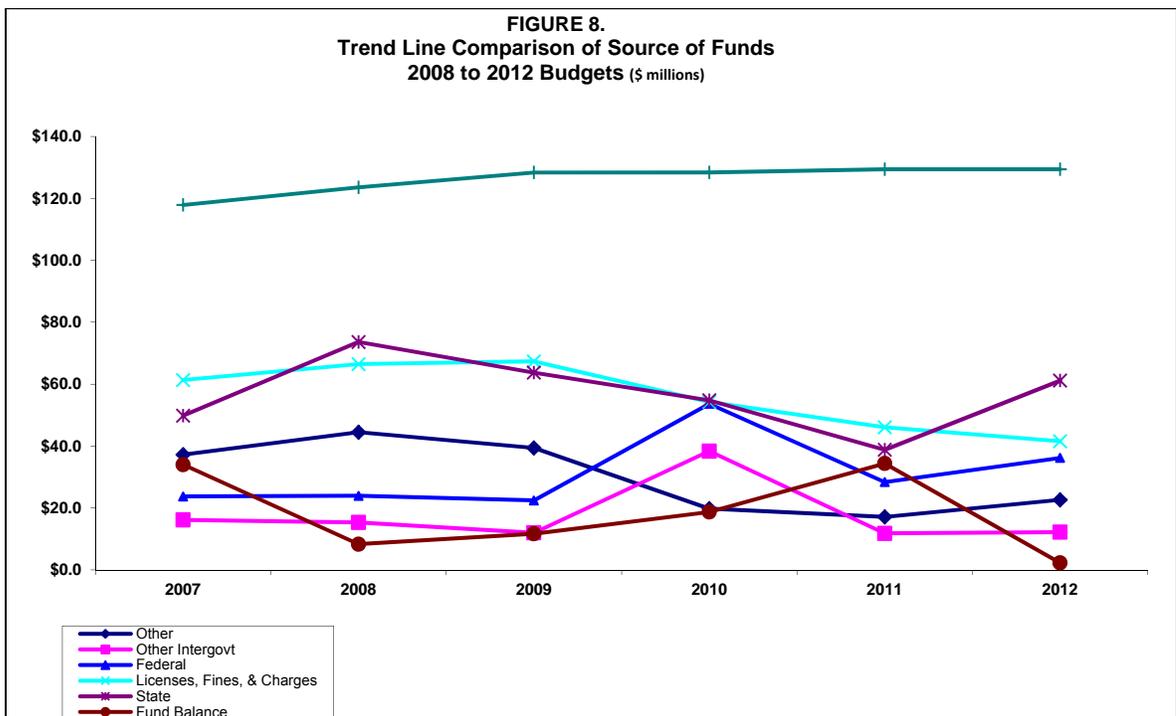
Other Intergovernmental Revenues include revenues received from other government agencies. Other Intergovernmental Revenue increased from \$11.8 million for 2011 to \$12.2 million in 2012.

Fund Balance

Fund balance supports \$2.3 million of the \$305.5 million adopted budget for 2012.

As the chart below illustrates, fund balance use, as a funding source for expenditures, will decrease by \$32.0 million from 2011 to 2012. Dakota County does not use fund balance to support on-going costs.

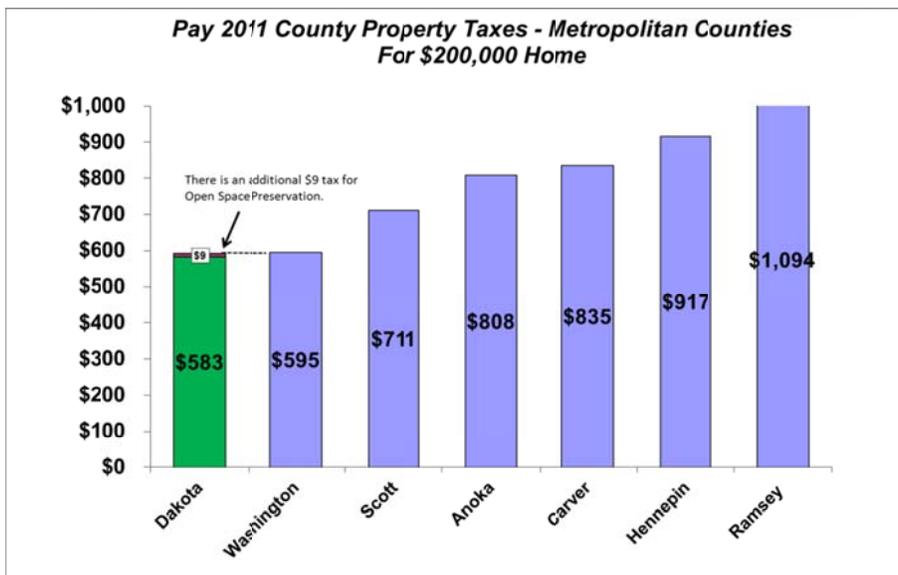
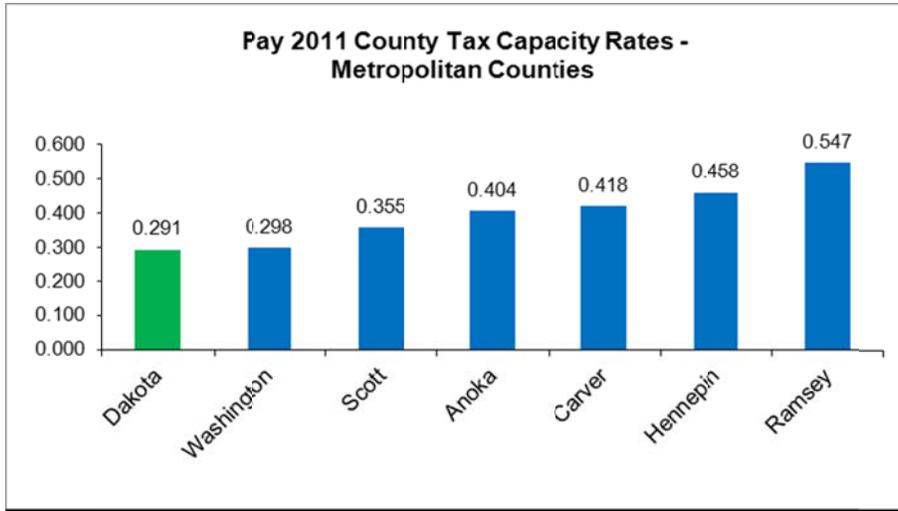
Debt service is \$7.9 million in the 2012 adopted budget, a decrease of \$26.4 million from the adopted 2011 budget. This is the result of an advanced debt refunding completed in 2011 which was funded from fund balance, as the advanced refunding resources had been held in escrow to be paid in 2011. This action accounts for both the decrease in debt service as well as the decrease in budgeted use of fund balance.



OTHER INFORMATION

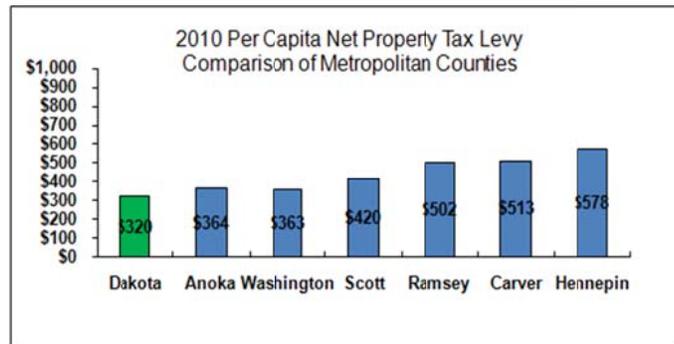
Item 1 - Metropolitan Counties Property Taxes on \$200,000 Home

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 2011.



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 \$37 million.



Dakota County Property Tax Amounts from 2007-2011

| | 2007 | 2008 | 2009 | 2010 | 2011 | | |
|--|-------------|-------------|-------------|-------------|-------------|----------|-------------|
| | | | | | | % Change | Change Amt |
| Property Tax Levy | 115,797,237 | 121,561,877 | 126,375,073 | 126,375,073 | 127,402,073 | .81% | 1,027,000 |
| Market Value Levy * | 2,100,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 0% | 0 |
| Total Net Levy | 117,897,237 | 123,561,877 | 128,375,073 | 128,375,073 | 129,402,073 | .80% | 1,027,000 |
| FD Distr | 10,936,946 | 11,871,255 | 13,914,281 | 14,938,013 | 15,904,768 | 6.47% | 966,755 |
| Net Levy After FD | 106,960,291 | 111,690,622 | 114,460,792 | 113,437,060 | 113,497,305 | .05% | 60,245 |
| Net Levy W/O MV | 104,860,291 | 109,690,622 | 112,460,792 | 111,437,060 | 111,497,305 | .05% | 60,245 |
| Tax Capacity * | 477,431,817 | 501,670,371 | 506,462,333 | 481,924,289 | 450,463,353 | -6.53% | -31,460,936 |
| Less: FD Contrib. | 38,247,755 | 44,153,762 | 48,459,664 | 52,294,436 | 52,609,165 | .6% | 314,729 |
| Tax Increment | 20,473,450 | 20,545,498 | 20,951,729 | 19,503,108 | 14,033,855 | -28.04% | -5,469,253 |
| Net Tax Capacity | 418,710,612 | 436,971,111 | 437,050,940 | 410,126,745 | 383,820,333 | -6.41% | -26,306,412 |
| Taxes Paid on Individual Properties | | | | | | | |
| Market Value Residential ** | | | | | | | |
| 150,000 | 377 | 378 | 387 | 417 | 455 | 6.77% | 28 |
| 200,000 | 503 | 504 | 516 | 555 | 594 | 6.97% | 39 |
| 250,000 | 628 | 630 | 646 | 694 | 742 | 6.93% | 48 |
| 300,000 | 754 | 756 | 775 | 833 | 890 | 6.90% | 57 |
| 400,000 | 1005 | 1007 | 1033 | 1,111 | 1,187 | 6.87% | 76 |
| Apartments | | | | | | | |
| 60,000 | 188 | 189 | 194 | 207 | 222 | 7.16% | 15 |
| 100,000 | 314 | 315 | 323 | 346 | 370 | 6.85% | 24 |
| 150,000 | 471 | 472 | 484 | 519 | 555 | 6.85% | 36 |
| 250,000 | 785 | 787 | 807 | 865 | 924 | 6.85% | 59 |
| 500,000 | 1570 | 1574 | 1614 | 1,729 | 1,848 | 6.91% | 119 |
| Commercial*** | | | | | | | |
| 50,000 | 188 | 189 | 194 | 207 | 221 | 6.90% | 14 |
| 150,000 | 565 | 567 | 581 | 621 | 664 | 6.90% | 43 |
| 300,000 | 1319 | 1322 | 1356 | 1,446 | 1,546 | 6.93% | 100 |
| 500,000 | 2324 | 2330 | 2388 | 2,547 | 2,723 | 6.90% | 176 |
| 1,000,000 | 4837 | 4848 | 4971 | 5,299 | 5,664 | 6.89% | 365 |

* 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.