

Dakota County, Minnesota

2018

Budget Overview

Volume I



A premier county in which to live and work.

Dakota
COUNTY

2018 Adopted Budget
Dakota County, Minnesota
For The Fiscal Year
Beginning January 1, 2018

This document is an overview of the 2018 Adopted Budget for Dakota County, Minnesota. We hope this document will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. The County’s purpose is to deliver the highest quality of services as efficiently, effectively, and responsively as possible. Dakota County aims to be a premier county in which to live and work. Thank you for the opportunity to serve you and to make Dakota County the best it can be.

Dakota County Board of Commissioners

1st District	Mike Slavik
2nd District	Kathleen Gaylord
3rd District	Thomas Egan
4th District	Joe Atkins
5th District	Liz Workman
6th District	Mary Liz Holberg
7th District	Chris Gerlach



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Dakota County

Minnesota

For the Fiscal Year Beginning

January 1, 2017

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to Dakota County, Minnesota for the adopted budget for the fiscal year beginning January 1, 2017. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. Dakota County believes our current budget continues to conform to all program requirements. As for nearly two decades, the 2018 Adopted Budget document for the fiscal year beginning January 1, 2018 will also be submitted to the GFOA for consideration.

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ORGANIZATION OF REPORT

2018 Adopted Budget Overview

The 2018 Adopted Budget Overview contains the following sections:

Dakota County Facts	Land use, demographic and economic trends
Dakota County Structure	Board of Commissioners and countywide, officials; Committees of the Whole; Citizen Advisory Committees; and overall organizational structure
Budget Summary	County goals and objectives; budget at a glance; budget highlights and challenges; property tax levy practices; and summaries of revenues and expenditures
2018 Adopted Budget Overview	Expenditures and revenues by major account group; expenditures and revenues by department; adopted budget highlights by department; budget development process; fund types and balance; and changes in fund balance
Debt	Debt management; debt ratio; long-term liabilities; and schedule of bond retirement
Capital Improvement Program (CIP)	Impacts on operating budget; Park CIP; Buildings CIP; and Transportation CIP
Financial Policies and Guidelines	Financial philosophy and guidelines; fund balance management; debt administration; investment policy; and budget compliance policy
Appendix, Glossary and Index	Property tax comparison; employee summary; and definition of terms

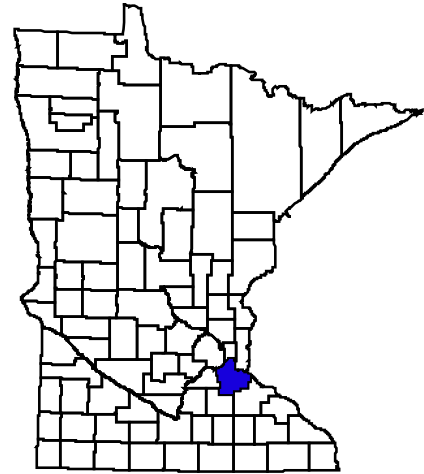
DAKOTA COUNTY FACTS

This Section provides information on the following:

- Location & History
- Land Use
- Demographic Trends
- Economic Trends

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 creation of Dakota County. Dakota County has an area of 593 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 2011 population estimates, the average population density is approximately 678 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 one percent in population, with the trend continuing in 2016. The American Community Survey's (ACS) estimate shows that in 2016, Dakota County population reached 417,486, which is a 0.7% (or 2,800 persons) increase from 2015.

Over the next 30 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 28.1% between 2010 and 2040, to a total population of more than 3.6 million residents. The Metropolitan Council projects the County will attain a population of about 514,050 people by the year 2040.

The estimated total number of households (including living alone) in Dakota County is 159,765, based on 2016 estimates. This represents an increase of 21.48% over 2000. During the same

time period, the increase in Dakota County's general population was 17%. Between 2010 and 2016, the number of population in Dakota County increased by 4.8%, while the number of household increased by 4.6%. The average household size is slowly decreasing, from 2.78 persons per household in 1990 to 2.69 in 2016. 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. In Dakota County, second-ring suburban cities Eagan (68,223) and Burnsville (61,849) are now the most populated cities. 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 27,500, 16,000, and 11,500 residents, respectively, between 2010 and 2040.

Dakota County Population 1970 to 2040							
1970	1980	1990	2000	2010	2020	2030	2040
139,808	194,279	275,186	355,904	398,552	435,870	474,670	514,050

**Metropolitan Council Community Profile, 2015*

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 2016 about 20.8% of the population identified themselves as members of a racial minority group. Between 2016 and 2035, the non-white population in Dakota County is projected to grow by almost 56%, from a count of 86,803 non-white residents in 2016 to some 135,570 by 2035. Hispanic/Latino, Asian and African American are the largest non-white population groups.
- Student diversity is also increasing. During the 2016-2017 school year, 33.4% (24,474) of students in grades kindergarten through 12th grade were of racial and ethnic minority groups, more than doubled since 1995. More than 115 different languages other than English 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 2016 it was 37.6. The number of people over the age of 65 in Dakota County is expected to increase 141% between 2015 and 2035. According to the Minnesota State Demographic Center's estimate, by 2025, seniors age 65 and older will surpass the number of school aged children (5-19).
- People in Dakota County are well-educated. In 2016, 94.3% of the population (over the age of 25) had a high school degree or higher; 42% had a bachelor's degree or higher. Minnesota numbers, themselves higher than the national numbers, were 92.9% (high school degree or higher) and 34.8% (bachelor's degree or higher) in 2016.

Economic Trends

Recent economic conditions have resulted in challenges for many residents of Dakota County. Between 2010 and 2017, the unemployment rate in Dakota County has generally decreased. At the end of 2017, the state's unemployment rate was 3.6%, the national unemployment rate was 4.4% and Dakota County's unemployment rate was 3.1%.

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 50% of the total workforce in Dakota County in 2017. The Minnesota Department of Employment and Economic Development projects that profession in the health care and social assistance fields will have the highest growth rate during 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 74% between 2000 and 2016. According to the Minneapolis Area Association of Realtors, between 2002 and 2012, the median sale price of residential property in Dakota County peaked in 2006 at \$234,000 and has been decreasing since. In 2017 median sale price was \$252,200, which is a 5.1% increase from 2016. In 2016, 42% of the renter households and 19% of those who own homes (with mortgage) were cost burdened. Cost burdened means that if the household spends more than 30% of their gross income on housing and related costs.

Annual average wages in Dakota County have risen from \$33,456 in 2000 to \$50,223 in 2016. For 2016, the median household income was \$78,662 in Dakota County compared to the State of Minnesota's median income amount of \$65,599.

The labor force in Dakota County has grown over the last decade. In 2016, the number of residents who were eligible to be considered part of the labor force was 244,657, an 11.5% increase compared to 219,431 in 2000.

Rates of poverty among Dakota County residents remain below state and national averages. According to the 2016 American Community Survey, 5.4% of the Dakota County population is below the federal poverty level. The state and national poverty rate are 9.9% and 14%, respectively.

DAKOTA COUNTY STRUCTURE

This Section provides information on the following:

- Dakota County Board of Commissioners
- Dakota County Countywide, Elected Officials
- Committees of the Whole
- Citizen Advisory Committees & Commissions
- Dakota County Organizational Structure

Dakota County Board of Commissioners

Dakota County (County) is governed by a seven member Board of Commissioners (Board) individually elected from seven separate districts. The County Board adopts by resolution a schedule of regular county board and committee meetings each year. Generally, the board meets twice a month in regular meetings, which are recorded for distribution to cable television companies for broadcast and also can be viewed live on the county's website. Each committee generally meets once each month and meetings are not recorded for broadcast and are not available for live streaming.

Dakota County Board of Commissioners			
District	Name	Begin Term	End Term
1st	Mike Slavik	2013	2018
2nd	Kathleen Gaylord (Chair)	2003	2018
3rd	Thomas Egan	2005	2020
4th	Joe Atkins	2017	2020
5th	Liz Workman	2009	2020
6th	Mary Liz Holberg	2015	2018
7th	Chris Gerlach	2013	2020

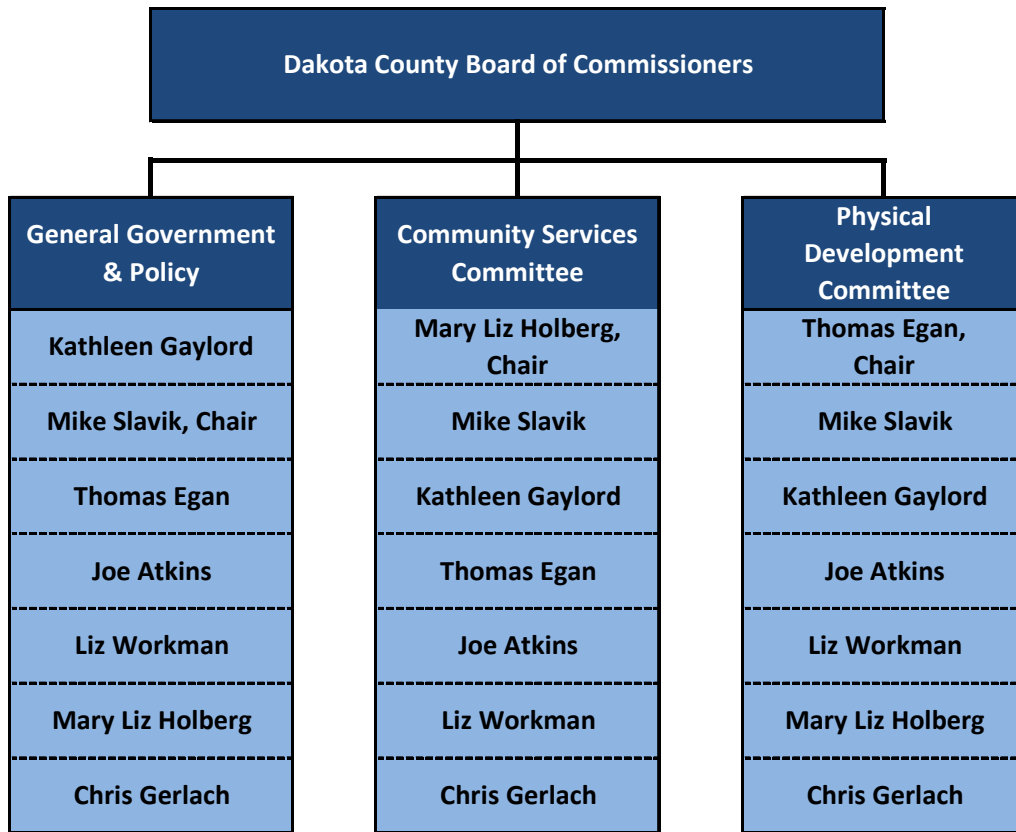
Countywide, Elected Officials

Dakota County also elects two countywide officers for the discharge of public safety duties: the County Attorney and County Sheriff. These officials each serve a four year term upon election.

Countywide, Elected Officials			
Office	Name	Begin Term	End Term
County Attorney	James Backstrom	1987	2018
County Sheriff	Tim Leslie	2015	2018

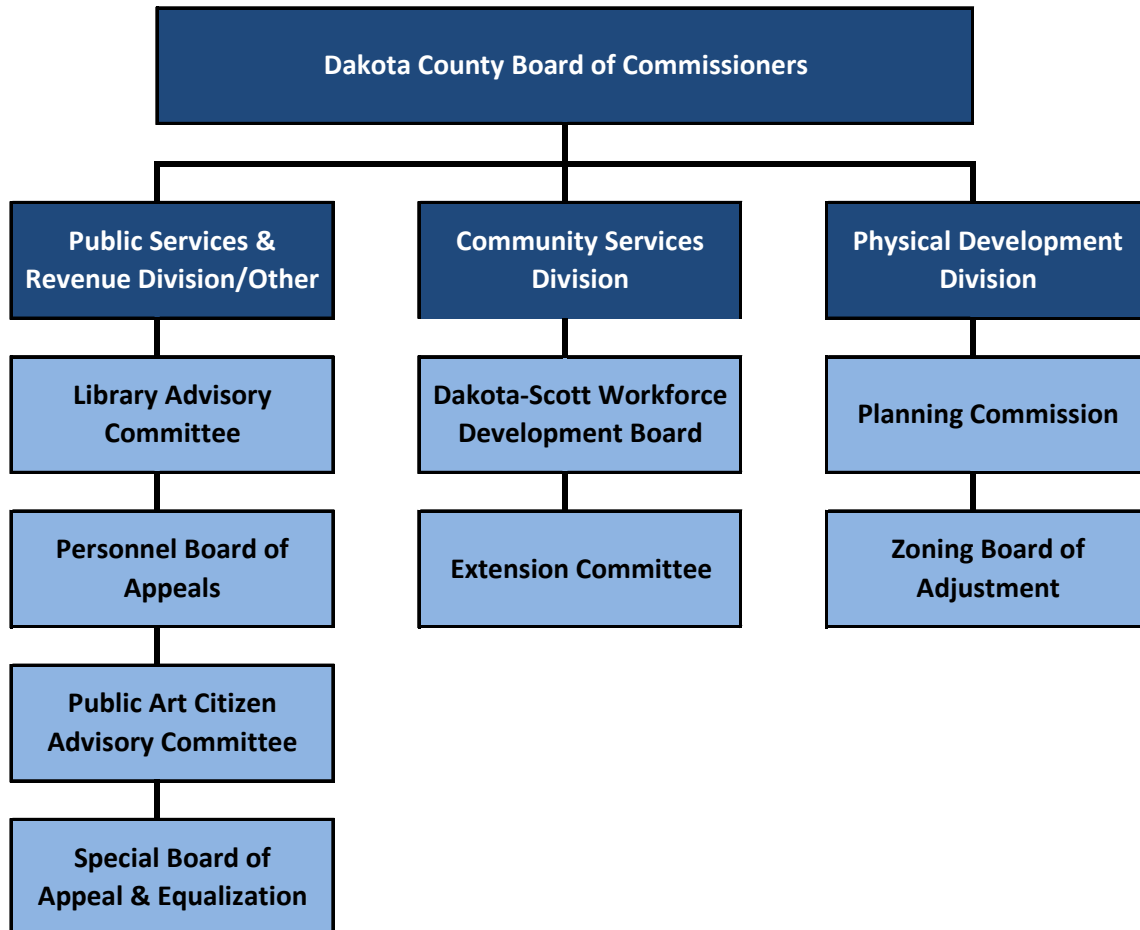
Committees of the Whole

There are three Committees of the Whole, which all Board members serve on: General Government & Policy Committee of the Whole; Community Services Committee of the Whole; and Physical Development Committee of the Whole.



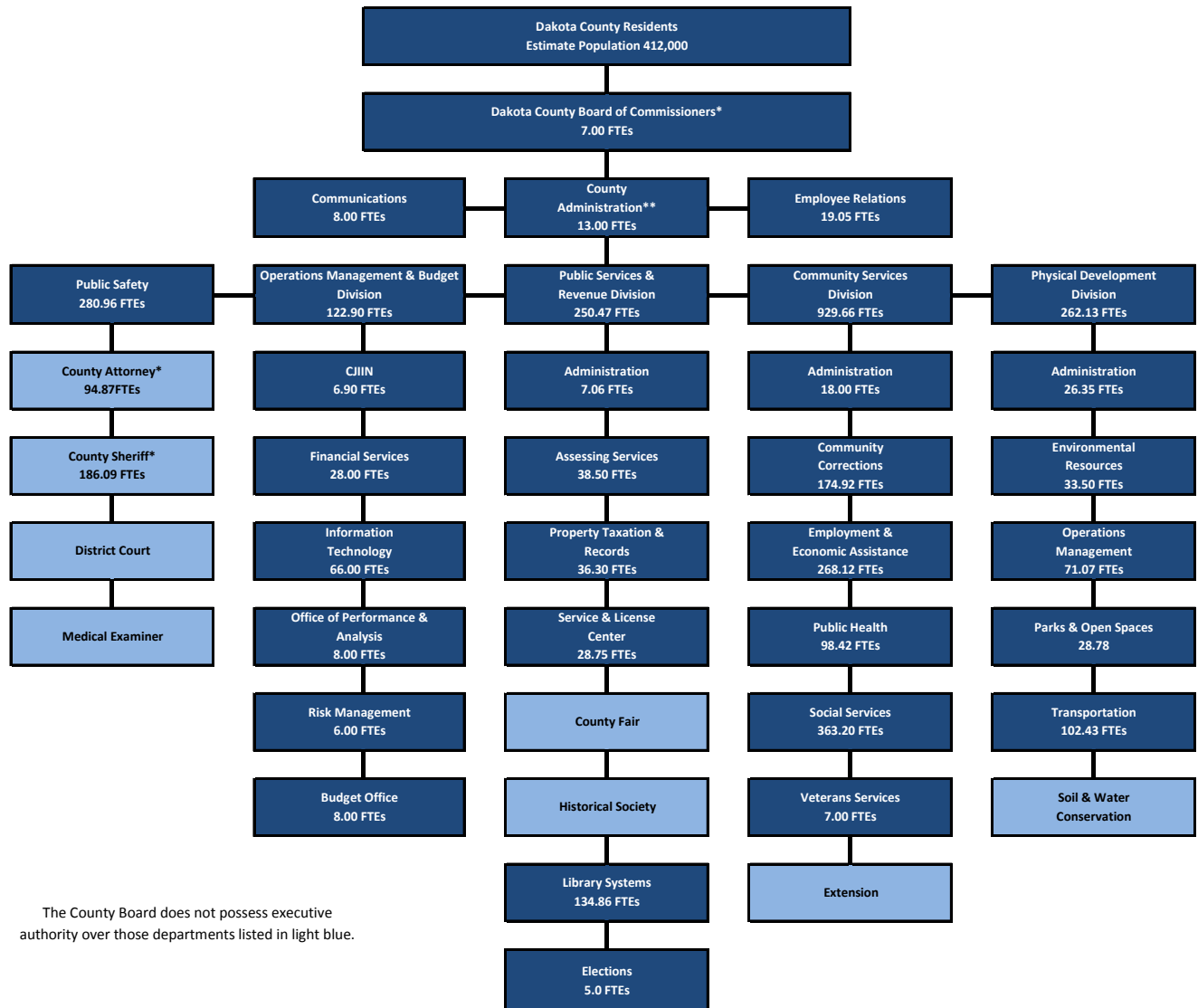
Citizen Advisory Committees and Commissions

The Board also appoints a number of individuals from the community to serve on Citizen Advisory Committees. Each of these advisory groups receives direction from the Board in the form of work plans. These various committees, commissions and boards provide advice and insight for the Board when it renders decisions on germane topics.



Dakota County Organizational Structure

The 2018 Adopted Budget authorizes funding for 1,893.17 Full Time Equivalent (FTE) employees. The following organizational chart outlines the allocation of FTEs among the various County departments as well as the County’s reporting relationships. For the description of the County’s organization units please refer to the Appendix Item 7.



The County Board does not possess executive authority over those departments listed in light blue.

The Board enjoys direct executive control over all other departments, which are listed in dark blue.

*Elected Officials

**2.00 FTE in County Administration are being held for future use in other departments.

BUDGET SUMMARY

This section provides information on the following:

- County Goals and Strategies for the Upcoming Fiscal Year
- 2018 Adopted Budget at a Glance
- 2018 Adopted Budget Highlights
- Challenges Facing the County
- Property Tax Levy Practices
- Overview of Expenditures
- Overview of Revenues

County Goals & Objectives

Dakota County works diligently to manage strategically by using important tools such as a countywide strategic plan with relevant performance indicators, regular cross-departmental meetings to evaluate improvement on performance indicators, ongoing monitoring of community indicators to provide context for our work, and a routine residential survey to gather public opinion.

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 has been engaged in this work for several decades. In 2017, the Board adopted a new strategic plan, which affirmed the existing vision and mission (above) and identified four goals and 15 strategies to achieve both. Each year, the Board also adopts a set of annual strategic priorities, to emphasize timely initiatives used to meet its longer-term goals. The goals for Dakota County include:

1. A great place to live
2. A healthy environment with quality natural areas
3. A successful place for business and jobs
4. Excellence in public service

In alignment with the strategic plan, other efforts further the use of strategy and data to inform policy and budget decisions, such as:

- Thirty-eight performance measures have been identified and align with the goals and strategies in the strategic plan. These measures represent the County's base business operations and intended intermediate outcomes.
- Quarterly meetings are held with County Administration, internal services, and all departments involved in the outcome of strategic plan performance measures. The meetings provide an opportunity for departments to talk about operational issues and processes, as well as resource needs, in a format that focuses on data and allows for collaborative problem-solving across the organization.
- Annual Budget Summaries produced by the divisions and departments document not only budget requests, but achievements and challenges supported by performance indicators and linked to the strategic plan.
- Ongoing monitoring of community indicators provides timely data and analysis on external socioeconomic, demographic, and other trends in the County and informs future strategic direction and policies.
- A statistically valid residential survey is conducted every two to three years. The County conducted such a survey in the spring of 2016. The survey provides valuable information on the priorities and concerns of County residents. This information helps the Board achieve its responsibilities as a policymaking body.

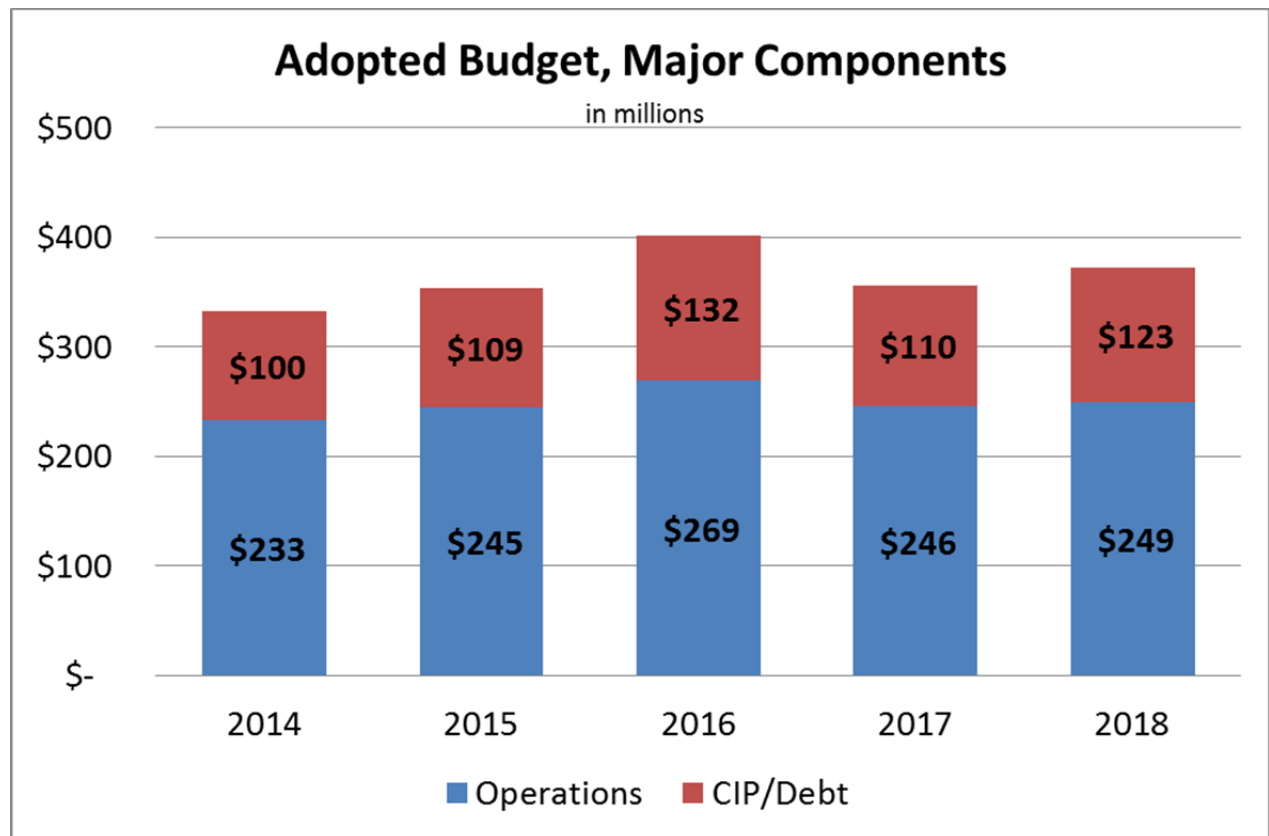
To view more on Dakota County's strategic plan please refer to the County's external website:<https://www.co.dakota.mn.us/Government/Analysis/StrategicPlan/Pages/default.asp>

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Budget at a Glance

The Adopted Budget for the upcoming 2018 fiscal year totals \$371.6 million. As compared to the previous year, this budget increased total budgeted spending by \$14.8 million, an increase of 4.1%. Under the 2018 Adopted Budget (Adopted Budget), Dakota County increased total operating spending by \$2.1 million as well as by \$12.6 million for the Capital Improvement Program, or increases of 0.9% and 11.4% respectively as compared to the previous fiscal year. These increases coupled with the increases in state and federal revenues as well as the use of fund balance allowed the County to increase the Certified Property Tax Levy (Levy) by only \$3.9 million or 2.9% for the upcoming fiscal year. As such, the total Levy for the 2017 Adopted Budget is \$136.7 million.

The chart below outlines the two major components of the previous five years of adopted budgets. As indicated by the chart, expenditures in both the operating and capital budgets decreased for 2018.



Budget Highlights

- Reflects strong efforts to right size budget to eliminate or minimize future variances
- Redirects landfill revenues for long-term environmental investment as directed by the board
- Maintains disciplined spending and levy growth
- Meeting the challenges of a competitive workforce with increases in employee compensation
- Includes strong investment in our roads, parks, equipment, and technology
- Great Recession and aftermath led to smaller budget, reaffirmed priorities, and long-term planning
- Sound fiscal management principles continue to apply: levy and fund balance management
- Controlled growth as local economy and state budget have gradually improved
- Funds operating cost pressures through internal reallocations and savings and a 2.9% levy increase
 - Using Fund Balance for one-time items and debt retirement creates future savings
 - 32.57 Full-Time Equivalent (FTE) employees added for 2018 funded mainly from additional State & Federal revenues and with internal reallocating of expenses
 - Since 2009, net workforce increased by 37.22 FTEs
 - Adopted 2018 levy is \$3,851,216 higher than 2017
 - Median-priced home will see about \$16 increase in County taxes
- Sound long-term financial plan supports future budget and service stability
 - Budget is structurally balanced—ongoing costs funded with reliable revenue sources
 - County reserve levels and state and federal revenue reliance are prudent and recognize continuing long-term economic and budget uncertainty

Challenges Facing the County

- Maintaining fiscal health during economic and policy uncertainty
- Providing services for all residents

Maintaining Fiscal Health

The 2018 Adopted Budget recognizes the uncertainty and risk present in both the State of Minnesota and Federal Government budgets. As in previous years, the County assigns general purpose aid revenue from the State of Minnesota to the County Improvement Program (CIP) as opposed to the operating budget. Given the volatility and therefore inherent risk of this funding source, the County prefers to delay or modify the construction of capital projects as opposed to upsetting regular County operations. The County will continue this strategy for the foreseeable future.

Providing services for all residents

Many of the services provided by the County are for citizens with specific needs. However, the County provides many services that are intended for the general population--services such as transportation, parks, and libraries. Increasing demand for services for individual citizens having specific needs makes it difficult to provide additional funding to meet the growing needs of the general population.

Long-Term Financial Forecast

Dakota County practices a long-term financial budget forecast utilizing the following assumptions:

- Total annual operating cost growth: 3.1% (cost growth impact on levy ~5.4% annually)
- All Countywide set-asides used or reallocated by 2020.
- Amount of 2018 CPA budgeted in operations: 85%
- Future labor contracts renegotiated at rates similar to current contracts.
- No debt—cash for capital projects
- Stable state budget
- Maintain structural balance in operations

The following possible significant changes to the outlook have been identified:

- National economic trends
- The labor market
- Federal policy changes
- State budget, mandates and systems performance
- Transportation funding policy decisions

Other long-term issues not currently built into current planning models:

- Medical Examiner contract
- Potential housing and self-sufficiency initiatives
- Parks natural resource and visitor services planning implications
- Space planning study results
- Historical Society facility

The following chart illustrates how Dakota County is utilizing forecasting to manage levy changes over the next several years. A Levy Management Account (LMA) was created using set-asides and reallocations of budgets since 2016. By drawing down on the LMA Dakota County is projected to keep the levy increase at 2.9% through 2020 assuming standard inflationary growth, along with modest increases in revenues and new additions to the budget. Based on these assumptions it is projected that the 2021 levy will have to increase 5.5%.

Potential Funding Strategy

2018 Levy increase: 2.9%

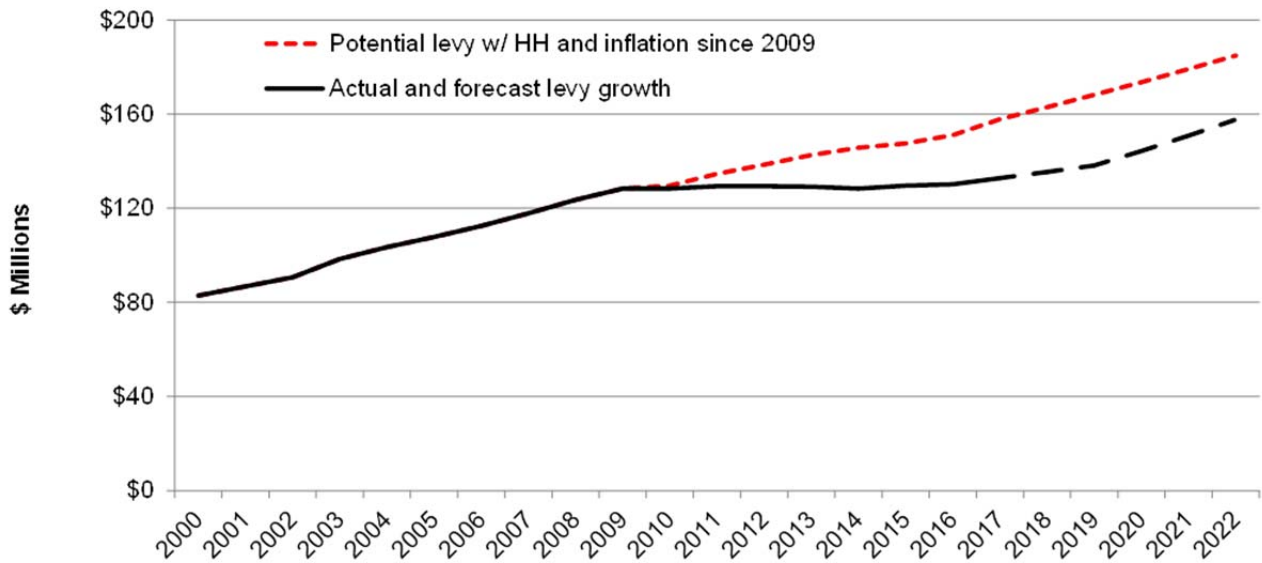
(in millions)

	2017	2018	2019	2020	2021	2022
Available Levy Management Account (LMA)	11.42	6.47	5.57	2.23	(1.28)	0.00
Overall Planning Base Inflation Adjustment (3.1%/yr)	132.80	139.56	143.64	147.73	152.02	160.38
Departmental Budget Right Sizing Adjustments		(0.30)	(0.20)	(0.10)	-	-
New Non-Levy Revenues		(1.35)	(1.40)	(1.43)	(1.48)	(1.56)
Adjusted Net Levy Costs		137.91	142.04	146.20	150.54	158.82
Total New Requests (Levy only)		3.55				
Assumes Funding Half of Requests		1.77	1.86	1.95	2.05	2.16
Total Requested Levy		139.68	143.90	148.15	152.60	160.98
Total Requested Levy (% increase)		5.2%	5.3%	5.4%	5.5%	5.5%
Less: Use of LMA (Total used through 2020 \$16.53M)	(5.95)	(3.05)	(3.34)	(3.51)	-	-
Total Adjusted Levy		136.63	140.56	144.64	152.60	160.98
Total Adjusted Levy (% increase)		2.0%	2.9%	2.9%	2.9%	5.5%

Property Tax Levy Practice

Since 1989, Dakota County has had the practice of limiting the change in property taxes to the same rate as population growth plus inflation. The County calls this taxing practice “Same Price per Citizen” (SP/C). In 2016, the County maintained the third lowest per household property tax rate in the State of Minnesota and the lowest property taxes among the seven metropolitan counties. The County is committed to maintaining a low property tax levy, while providing cost efficient, highly effective, and customer-friendly services.

Growth in County tax levy compared to household growth and inflation
Balancing affordable taxes with cost and demand growth



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

The above chart compares the actual and forecasted levy growth through 2022 to the potential levy per household with inflation since 2009. This chart indicates that the per household levy increase has generally reflected inflation, but has been lower than inflationary increases in recent years. It is projected that this trend will continue into the future. In other words, the price of operating the Dakota County government is considerably less than the average.

Summary of Expenditures

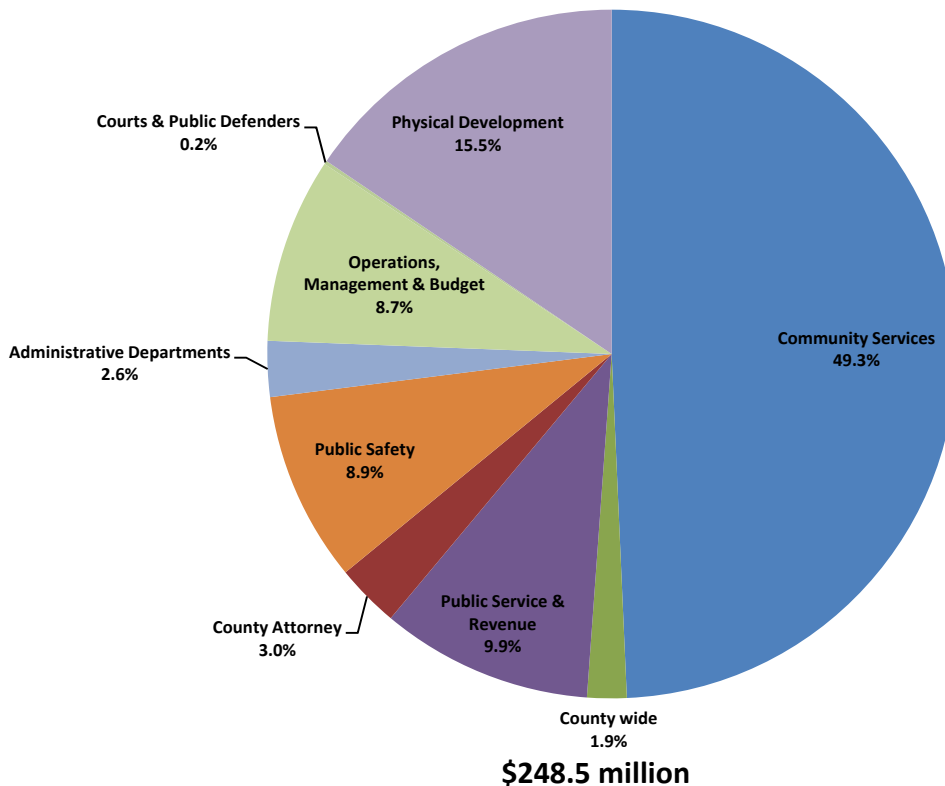
The 2018 Adopted Budget authorizes a total of \$371.6 million in expenditures. As mentioned above, the amount represents a 4.1% increase as compared to the 2017 Adopted Budget.

Operations

Total spending for operations (including Capital Equipment) increased from 2017 to 2018. The 2018 Adopted Budget authorizes operating expenditures totaling \$248.5 million, an increase of \$2.2 million or 0.9%.

The chart below summarizes the authorized expenditures by division. As with past years, Community Services, the County’s largest division, consume slightly less than a majority of the operating budget.

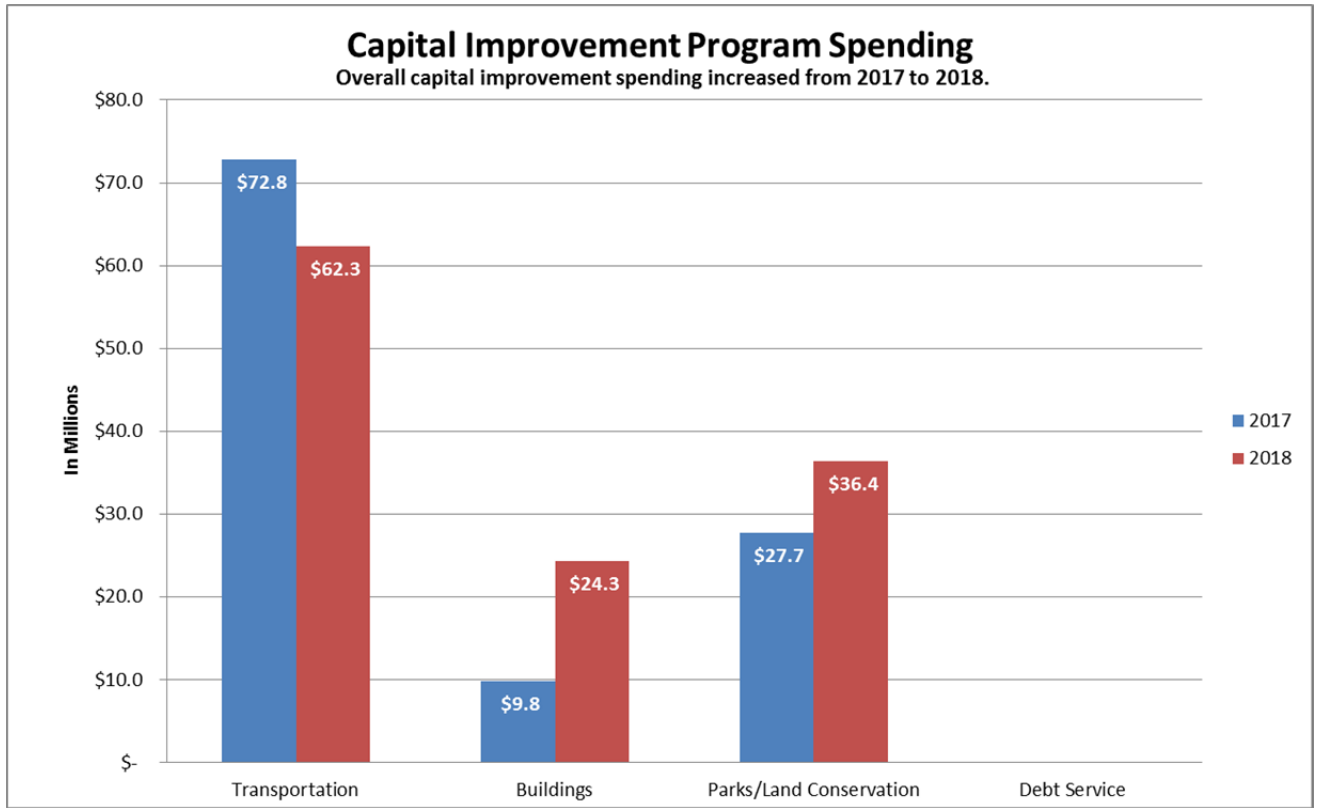
2018 Adopted Operating Budget by Division



Capital Improvement Program & Debt Service

The 2018 Adopted Budget for the Capital Improvement Program (CIP) is \$123.0 million, an increase of \$12.6 million or 11.4%. Generally, the CIP includes the funding for all transportation, buildings and parks projects. The content of each of these categories is discussed in greater detail beginning on page 58.

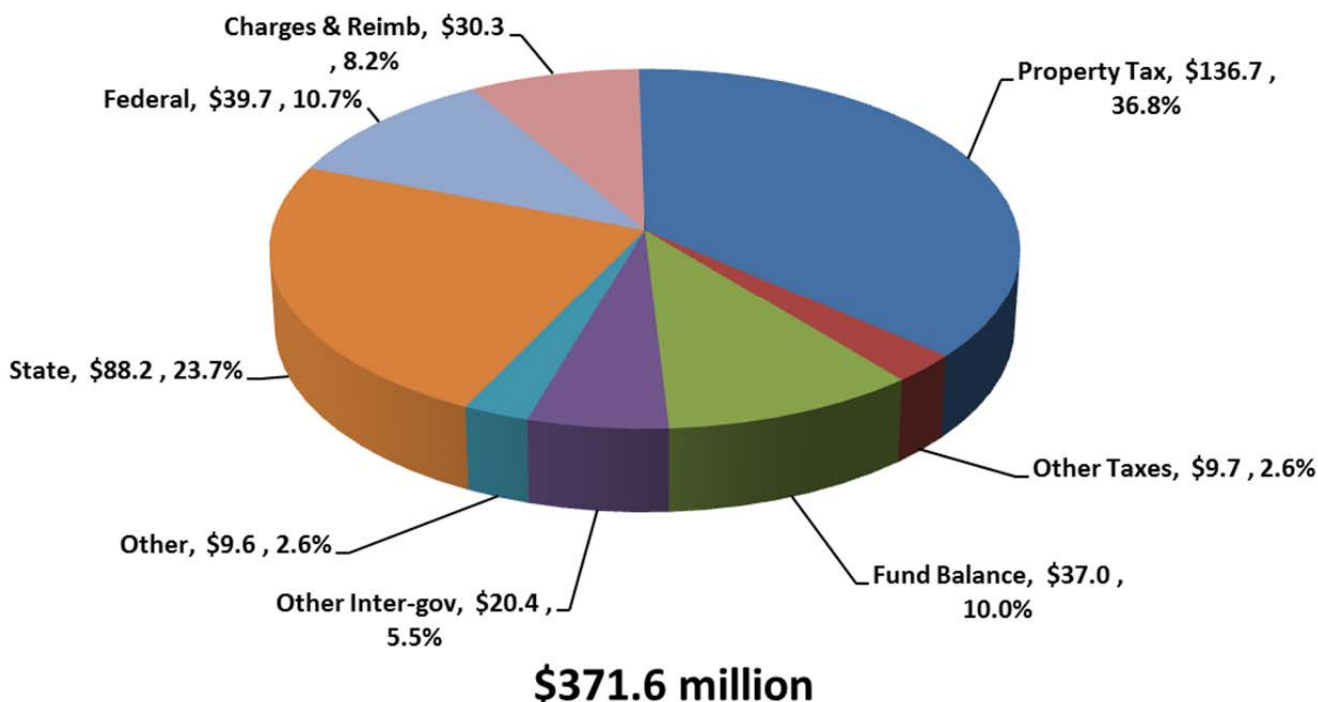
Dakota County will not have any outstanding bond debt in 2018. As with the CIP, debt service is discussed in greater detail beginning on page 54. The following chart provides a comparison of the current and previous year’s budgets for both CIP and debt service.



Summary of Revenue

The relative mix of funding sources has remained fairly constant over the past several years with the greatest fluctuations typically occurring in Other Revenue and often in the capital budget, resulting from bond proceeds and revenue from Other Governments including revenue from cities for road construction. Variances in the proportion of State and Federal funding will also more frequently occur in capital projects.

2018 Adopted Budget by Funding Source



Property tax dollars fund a significant portion of the County’s budget: 36.8% for 2018 Adopted Budget. The County’s property tax is the largest and most stable source of funding. In recent years, the proportion of the County’s budget derived from the property tax has either stayed the same or slightly increased. The property tax levy is set annually by the County Board and cannot be adjusted during the year per State law.

State, Federal, and other intergovernmental revenue (e.g., Metropolitan Council and cities) combined fund 40.1% of the total 2017 Adopted Budget. In total, revenues from these three sources increased from \$143.0 million in 2017 to \$148.3 million in 2018, an increase of \$5.3 million or 3.7%.

Fund balance use also funds a portion of the County’s annual expenditures, \$37.0 million for the 2018 Adopted Budget. Environmental Resources is funded by a special revenue fund. The County’s practice has been to offset the entire cost of their operation with a budgeted use of fund balance to ensure the costs are covered by non-property tax sources. It is important to note, however, that the source of revenue for their operating fund is general revenue, and the expenditures from that fund do not exceed the revenues on an ongoing basis.

2018 Adopted Budget Overview

This section provides information on the following:

- Expenditures and Revenues by Major Account Groups
- Expenditures and Revenues by Divisions/Departments
- Adopted Budget Highlights by Department
- Budget Development Process
 - Budget Schedule
 - Planning Base Development
 - Changes to Planning Base
 - Final Budget Adoption
 - Budget Compliance Policy
 - Basis of Budgeting
- Fund Types
- Explanation of Reserved and Designated Fund Balance
- Changes in Fund Balances

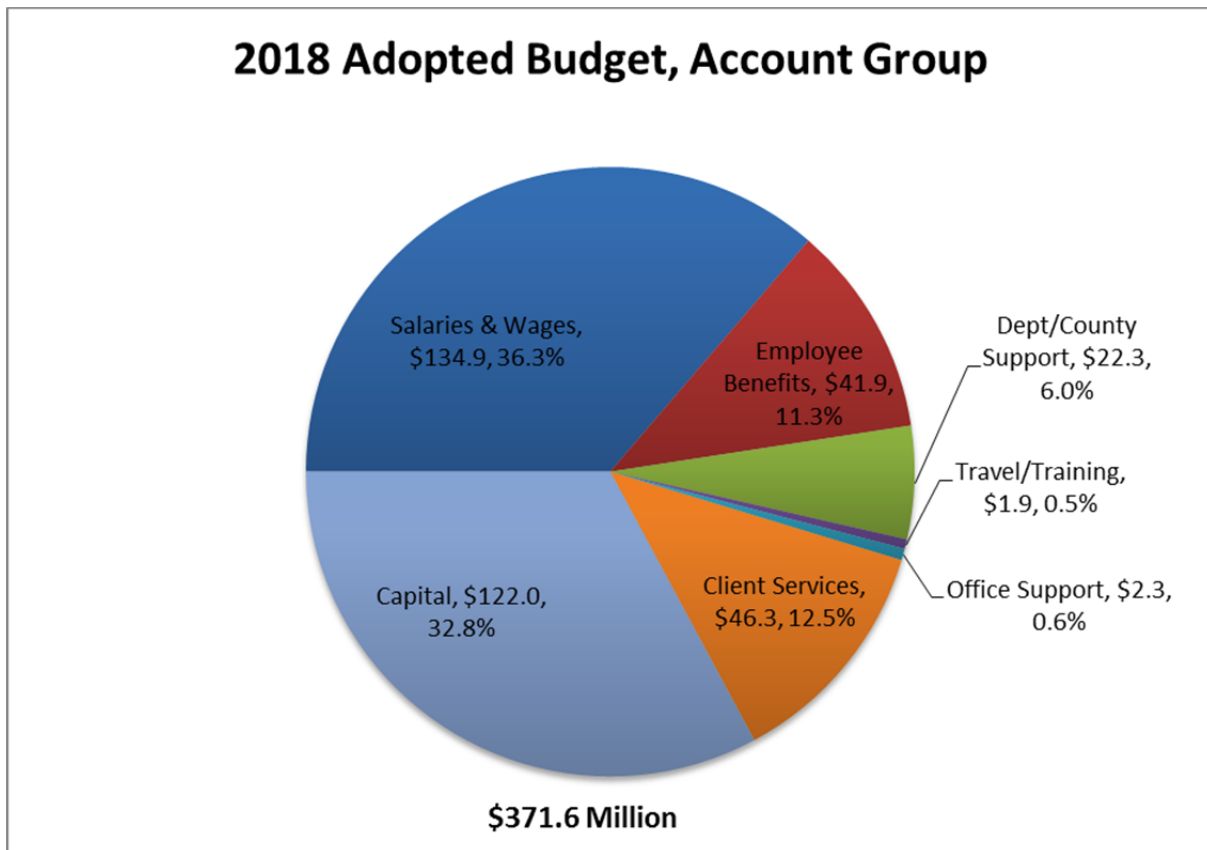
Expenditures & Revenues by Major Account Groups

This section provides an overview of revenues and expenditures for the 2018 Adopted Budget by account group. The chart below provides a general summary of the various revenues and expenditures for the 2018 Adopted Budget as well as a summary of the historical data used to inform this budget.

Dakota County Financial Summary						
Expenditures	2015 Actual	2016 Actual	2017	2018	2018	% Change
			Adopted Budget	Planning Base	Adopted Budget	2017 to 2018
Full-Time Equivalents (FTE)			1860.6	1863.57	1893.17	1.8%
Salaries & Wages	110,537,954	117,335,882	128,029,147	132,926,810	134,850,487	5.3%
Employee Benefits	34,591,273	35,082,082	39,551,230	41,253,432	41,910,879	6.0%
Department & County Support	21,205,077	21,008,168	26,109,085	22,894,124	22,295,241	-14.6%
Travel & Training	1,516,132	1,695,483	1,897,264	1,855,110	1,877,105	-1.1%
Office Support Costs	2,085,592	1,714,602	2,111,215	2,250,859	2,267,267	7.4%
Client Services & Materials	43,438,136	43,682,167	42,650,653	44,539,876	46,324,558	8.6%
Capital	88,295,146	104,478,479	111,091,824	116,007,708	120,867,619	8.8%
Budget Incentive Program (BIP)	1,431,337	567,329	5,373,878	1,171,360	1,171,360	-78.2%
Transfers to Other County Funds	54,923,533	29,095,096	0	0	0	0.0%
Total Expenditures	358,024,180	354,659,288	356,814,296	362,899,279	371,564,516	4.1%
Revenues						
Property Tax	135,566,183	135,671,897	132,800,558	136,651,774	136,651,774	2.9%
Licenses, Fines & Charges	31,816,273	32,205,736	29,567,977	29,840,303	30,375,360	2.7%
Other Revenue	8,426,630	10,327,355	13,214,021	16,328,223	15,307,389	15.8%
Federal Revenue	38,796,649	37,401,918	43,548,634	39,463,445	39,657,040	-8.9%
State Revenue	59,065,544	64,448,383	74,584,121	79,937,427	88,178,712	18.2%
Other Intergovernmental Revenue	19,912,552	14,174,512	24,917,473	19,578,408	20,386,953	-18.2%
Transfer from Other County Funds	19,195,191	28,499,496	0	0	0	0.0%
Total Revenue	312,779,022	322,729,297	318,632,784	321,799,580	330,557,228	3.7%
Fund Balance						
Fund Balance	45,245,158	31,929,991	38,181,512	41,099,699	41,007,288	7.4%
Total Source of Funds	358,024,180	354,659,288	356,814,296	362,899,279	371,564,516	4.1%

Total Expenditures

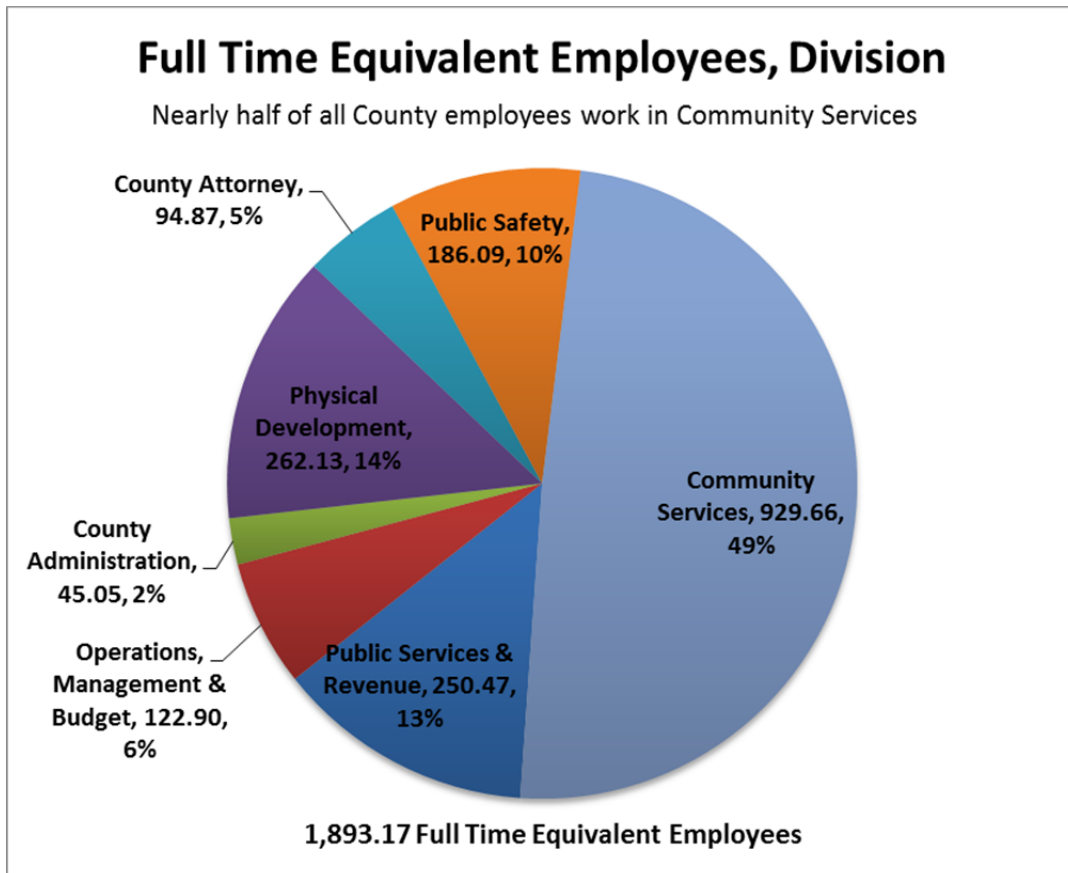
At \$371.6 million, the 2018 Adopted Budget reflects a 4.1% increase in total spending as compared to the 2017 Adopted Budget. As seen in the graph below, the County spends approximately 48.1% of the total budget on wages, benefits, and travel and training. The remaining portions of the County’s expenditures are divided among capital and departmental activities, which include client services and department support. The Other Support category includes office materials and supplies, and other purchased support services.



Salaries and Wages

The 2018 Adopted Budget increased Full-Time Equivalents (FTEs) from 1,860.60 in FY2017 to 1,893.17 in FY2018, or an increase of 1.8%. However, since 2009, the total County workforce has increased by 37.22 FTEs. Additionally, the County also maintains the lowest number of employees per 1,000 residents in the seven metropolitan county area.

The chart below provides a breakdown of the County’s workforce by division. The small increase in the number of FTEs, coupled with a modest increase in salaries, bring total budgeted expenditures for salaries and wages increase from \$128.0 million in 2017 to \$134.9 million in 2018, or an increase of 5.4%.



Employee Benefits

In 2012, the County released Request for Proposals for the entire suite of employee benefits, including health, dental and life insurance. During this process, the County decided to utilize a self-insured health insurance model. This change was effective on January 1, 2013. Consequently, this new financing strategy allows the County to realize considerable savings and slow the ever-increasing cost of healthcare. In total, the Employee benefits budgets increased from \$39.6 in 2017 to \$41.9 million in 2018, or a 5.8% change.

Public Employment Retirement Association

By Minnesota state law the County contributes a percentage of each employee's gross wages to the Public Employment Retirement Association (PERA). Given the County's increase level of FTEs, the 2018 Adopted Budget PERA budget increased proportionally.

Department/County Support

Department & County Support expenditures are used for the purchase of services, project support or activities related to the general support of County operations. The expenditures decreased from \$26.1 million in 2017 to \$22.3 million in 2018, a decrease of \$3.8 million or 14.6%.

Office Support

Office Support expenditures are used to record administrative costs common to most departments, such as office supplies, postage, printing cost and phone services. The expenditures increased from \$2.1 million in 2017 to \$2.3 million in 2018, an increase of \$0.2 million or 9.5%.

Travel & Training Expenditures

Travel and Training expenditures account for those activities related to the general travel of employees while performing their duties (e.g. commuting to an offsite location for client services) and those costs incurred during employee related training, such as conferences and seminars. The most common expense in this category is mileage reimbursement.

The 2018 Adopted Budget for travel and training remained constant from \$1.9 million in 2017 to \$1.9 million in 2018, or 0%.

Client Services & Materials Expenditures

Client Services and Material expenditures include costs for both direct materials and supplies for County services generally and for citizen and client services specifically. Direct material and supplies are used to record the cost of materials that directly benefit citizens or clients. Citizen and client services are used to record the cost of purchasing services for citizen or clients, such as payment to vendors, which offer specific or unique services on behalf of the County. 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.

For the 2018 Adopted Budget, the client services and material costs are budgeted at \$46.3 million, an increase of \$3.6 million or 8.4% when compared to the 2017 Adopted Budget.

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 (BIP) 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, the funds, which were set aside, were reallocated in the 2009 budget process to the Library department.

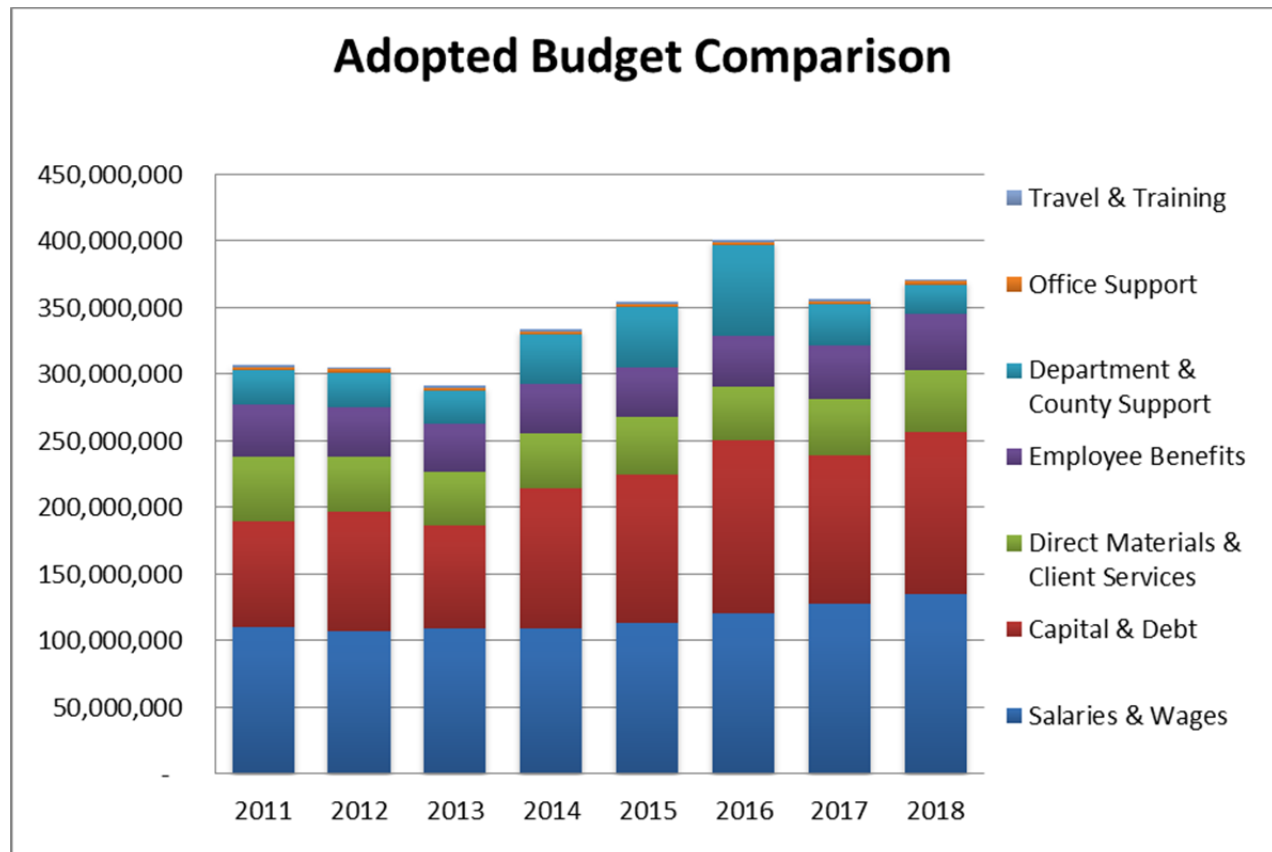
Total capital spending (including Debt Service) will increase from \$111.1 million in 2017 to \$120.6 million in 2018, a \$9.5 million increase, or 8.6%. These year-to-year changes reflect the inclusion of large one-time projects budgeted in 2018. The largest components of the CIP (Building, Parks and Transportation) are discussed in greater detail in the CIP section of the budget.

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, which is approved by County Administration. For the 2018 Adopted Budget, total BIP expenditures are budgeted at \$1.2 million, a 29.4% decrease as compared to the previous years adopted budget of \$1.7 million.

Summary

The graph below provides a general summary of the previous seven years of adopted budget expenditures.



Total Revenue

For the 2018 Adopted Budget revenues are expected to increase significantly from \$356.8 million in 2017 to \$371.6 million, a increase of \$14.8 million or 4.1%. The increase in revenues from 2017 to 2018 is primarily attributed to interest on investments, state revenues, and an increase use of fund balance.

Property Tax

The Property Tax Levy is the County's largest, most flexible and most stable source of funding. Given the County's commitment to reallocate internal resources and rely upon fund balance to fund one-time or time-limited expenditures, the County was able to increase the 2018 Certified Property Tax Levy from \$132.8 million in 2017 to \$136.7 million, an increase of \$3,851,216 or 2.9%. As in previous years, the County assumes and strives for either no or modest changes in the Property Tax Levy.

Licenses, Fines & Charges

Licenses, Fine and Charges account for revenues derived from fees charged for County services. In order to budget for these revenues, the County relies on a five year average to understand the overall trend. Additionally, the County performs regular fee studies to ensure that charges in this category are recovering the costs of performing the service in question. In some case, however, fees are in fact set by State law or regulation and not subject to modification. In that case, the County assumes the fees will remain flat.

Under these assumptions, the total budget for Licenses, Fines and Charges increased from \$29.6 million in 2017 to \$30.4 million in 2018, an increase of 2.7%.

Other Revenues

Generally, Other Revenues include a variety of revenue sources, including: property taxes (not collected through the Property Tax Levy), penalties and miscellaneous revenue. The 2018 Adopted Budget assumes Other Revenues to total \$15.3 million, an increase of \$2.1 million or 16.0%. Like Licenses, Fines and Charges, these revenues are calculated with a five year average and, as reflected in previous budgets and actuals, they remain a volatile source of revenue.

Federal Revenues

Federal Revenue accounts for aid and other funding received from the federal government, such as monies to support federal entitlement programs. These revenues are adjusted using a five year average as well as an analysis of the current grant awards maintained by the County. Federal revenues decreased from \$43.5 million in 2017 to \$39.6 million in 2018, a change of \$3.9 million or -9.0%. The first chart on the following page summarizes the major changes in Federal Revenues by department.

Changes in Federal Revenue			
Department	2018 Adopted Budget	% of Expenditures	Change from 2017
Employment & Economic Assistance	17,545,873	55.3%	340,244
Social Services	8,357,909	14.7%	232,967
Transportation CIP	7,980,700	13.9%	(1,300)
Parks & Open Space CIP	0	0.0%	(4,680,675)
Countywide Operations	2,485,804	53.9%	0
Public Health	2,607,249	25.0%	(6,575)
Office of Risk Management	131,200	3.3%	131,200
County Sheriff	180,105	0.9%	67,545
Community Corrections	60,000	0.3%	0
County Attorney	48,000	0.6%	0
Community Services Administration	235,200	7.8%	0
Fleet-CEP	25,000	1.3%	
Total County	39,657,040	10.7%	-3,916,594

State Revenues

State revenues account for direct aid and other funding obtained from the State of Minnesota, such as County Program Aid (CPA), which the 2018 Adopted Budget allocates to both CIP for the construction of buildings, parks and transportation projects and operations. As with Federal Revenue, the County uses levels of certified aid as well as an analysis of grant awards to adjust the annual County budget. Under these assumptions, the State Revenues for the 2018 Adopted Budget total \$88.2 million, an increase of \$13.6 million or 18.2% compared with 2017 Adopted Budget. The chart below outlines the major changes in State Revenues by division.

Changes in State Revenue			
Department	2018 Adopted Budget	% of Expenditures	Change from 2017
Capital Improvement Program	43,185,462	35.1%	6,204,507
Community Services	21,332,724	17.4%	635,361
Physical Development	6,138,147	15.9%	124,487
Public Safety	746,750	3.5%	-62,545
Countywide Operations	15,982,461	346.3%	6,205,201
Public Services & Revenue	387,580	1.6%	237,580
County Attorney	355,588	4.8%	200,000
Administration	-	0.0%	-
Operations, Management & Budget	50,000	0.2%	50,000
District Courts	-	0.0%	-
Total County	88,178,712	23.7%	13,594,591

Other Intergovernmental Revenues

Other Intergovernmental Revenues account for the revenues received from external governmental organizations, such as the Metropolitan Council. These revenue assumptions reflect the commitment made by both external organizations and the County in various contracts and Joint Powers Agreements (JPAs). Intergovernmental Revenues are expected to decrease in 2018. In the 2018 Adopted Budget, these revenues total \$20.4 million, a decrease of \$4.5 million or -18.1% compared to the 2017 Adopted Budget.

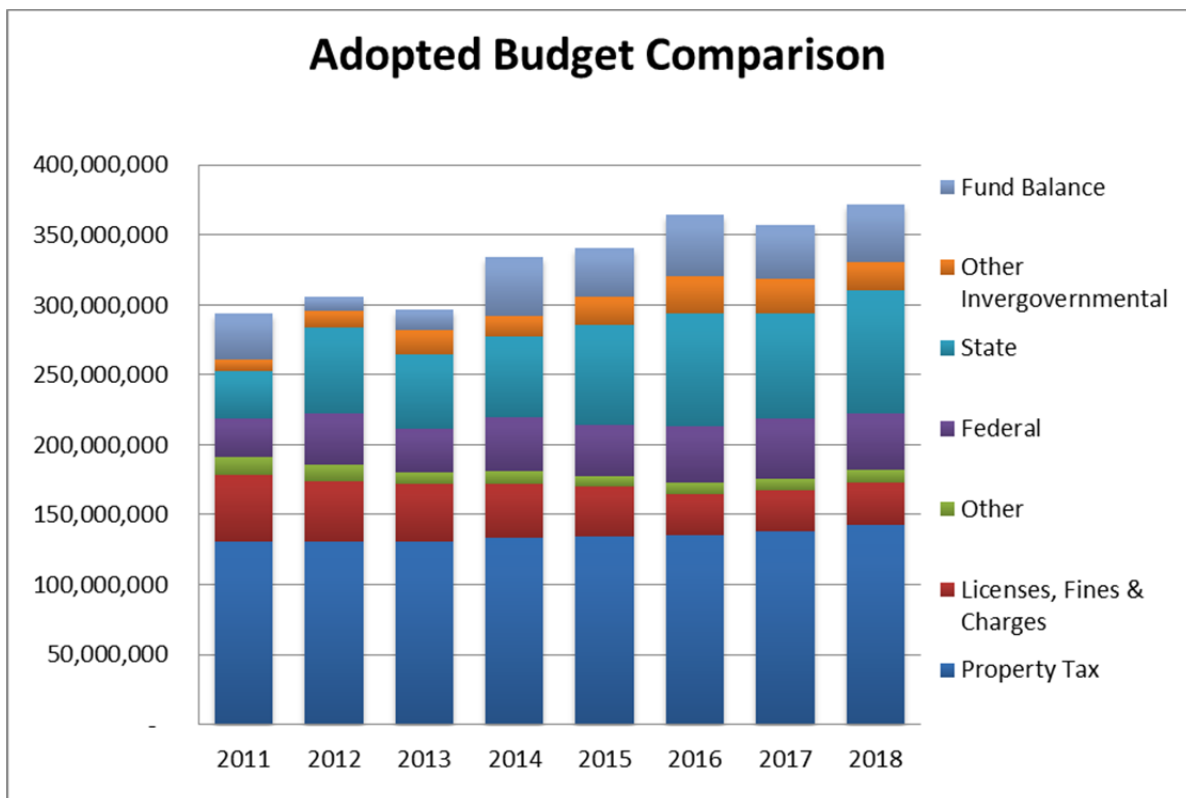
Fund Balance

Fund Balance, or monies held in reserve usually from positive budget variances from previous years, supports \$41.0 million of the \$371.6 million Adopted Budget. The amount of Fund Balance supporting the Adopted Budget increased from \$38.2 million in 2017 to \$41.0 million in 2018. As mentioned above, this represents a 7.3% increase in the use of Fund Balance for 2018.

As a matter of policy, the County does not use Fund Balance to support County operations; rather it is used for one-time or time-limited expenditures. Identified in the CIP as a five year projection, the use of Fund Balance is best understood as the projected difference between intergovernmental, federal, property tax and state revenues and the estimated cost of project construction. The County’s approach to managing fund balance is discussed in greater detail in later sections.

Summary

The graph below provides a general summary of the previous seven years of adopted budget revenues. As reflected in the graph, County revenues continue to decline.



Budget Highlights by Department

The following provides a brief summary of the 2018 Adopted Budget changes by County department arranged by division.

Department	Major Adopted Budget Changes
Countywide Funding	Increased interest on investment income based on projections.
County Administration	Standard inflationary increases
County Attorney	Added 1.0 FTE Criminal Legal Assistant to support criminal prosecutors. Added 1.0 FTE Attorney II to help meet rising caseloads. Added .5 FTE Child Protection Attorney to meet increased caseload. Added .5 FTE Civil Attorney to meet rising caseloads related to County infrastructure projects. Added .5 Civil Paralegal to meet rising caseloads related to County Infrastructure projects.
County Board	Standard inflationary increases
County Communications	Standard inflationary increases
County Sheriff	Added .5 FTE Program Services Assistant. Added 1.0 FTE Correctional Deputy.
Employee Relations	Increased Tuition Reimbursement.
Medical Examiner	Standard Inflationary Increases.

Community Services Division

Community Corrections	Added 1.0 FTE Cognitive Behavioral Group (COG) Coordinator to coordinate and facilitate cognitive behavioral groups in both the juvenile and adult sections, leading, directing and conducting related activities. Added 1.0 FTE Probation Officer to focus on conditional release services and supervision for jail inmates being released on pre-trial status.
Community Services Administration	Added program expense and revenues for Birth To Eight Grant.
Employment & Economic Assistance	Added 1.0 FTE Program Operations Manager to provide managerial operations support for the Deputy Director.
Extension	Standard Inflationary Increases.
Public Health	Added 3.0 FTE for PHN for the Family Home Visiting program for high risk first time parents that are not currently being served. Increased a current PHN by .2 to increase outreach to children eligible for Medical Assistance from newborn to age 20. Added 1.0 FTE for a Community Health Worker who would conduct outreach and education for hard to reach, diverse communities. Restored .2 FTE to a Senior Program Associate position that was reduced by .2 FTE in 2010 to support the Extension Office.

Social Services	Added 1.0 FTE Program Supervisor for Substance Use Disorder (SUD)/Mental Health to relieve workload of current supervisor. Added 1.0 FTE Administrative Specialist to build infrastructure to maintain mandated services. Added 1.0 FTE Program Operations Manager to manage front end work and associated personnel, systems, workflows, policies and communications.
Veteran Services	A budget was created to support the Beyond the Yellow Ribbon program, which consists of nine networks within Dakota County that support requests by veterans, military members, and their families. These funds will be distributed annually to networks which will allow them to purchase items for operation, including software, office supplies, outreach items, and lastly to support small service request needs from clients.

Operations Management & Budget Division

Criminal Justice Network (CJN)	Standard Inflationary Increases
Budget Office	Department was created in 2017. Movement of 7 FTE from Finance to the Budget Office. In 2018 added 1.0 FTE for a Transportation analyst.
Financial Services	Budget reduced due to movement of Budget Office staff (7 FTE) during 2017.
Information Technology	Added 1.0 FTE Senior IT Business Intelligence Analyst. Funding for security audit, social media archiving, ArcGIS Image Extension, and high quality audio and video streaming for Board meetings.
Office of Planning & Analysis	Standard Inflationary Increases.
Office of Risk Management	Added budget for Capital Equipment for 800 MHz project.

Physical Development Division

Parks and Open Space	Added 1.0 FTE Natural Resource Specialist to assist in delivery of initiatives in the Natural Resources Management Plan. Added 1.7 Natural Resource Temps to assist in delivery of initiatives in the Natural Resources Management Plan. Added 1.0 FTE Outreach and Engagement Coordinator tasked to create a community outreach and engagement program.
Environmental Resources	Increased Land Conservation contract
Operations Management	Standard inflationary increases.
Physical Development Administration	Standard inflationary increases.
Soil & Water Conservations District	Standard inflationary increases.
Transportation	Added 4 FTE – Senior Project Manager, Design Supervisor, Principle Engineering Specialist and Right of Way Specialist. Positions will be charged back to the Transportation CIP.

Public Services & Revenue Division

Assessing Services	Standard inflationary increases.
County Fair	Standard inflationary increases.

Elections	Creation of new department under Public Service & Revenue Division utilizing FTEs from Property Taxation & Records. Purchase of E-pollbooks.
Historical Society	Standard inflationary increases.
Library	Purchase of iLab equipment and security gates for Galaxy Library. Increase support for Ebooks and Eaudio Books.
Property Taxation & Records	Standard inflationary increases.
Public Services & Revenue Administration	Standard inflationary increases.
Service & License Centers	Standard inflationary increases.

Budget Development Process

The Budget Office Department is responsible for developing and managing the budget process for the County, including the coordination of the five-year CIP. The Budget Office works closely with the various County departments, the County Manager as well as the Board to develop the annual budget.

As the lead department in the budget process, Budget Office is also responsible for assuring that budget policies are followed and that the information presented is accurate and complete. This is accomplished through budget review meetings with departments, reconciliation of changes from one budget year to the next and careful monitoring of current year projections.

The County continues to strive to develop a budget process focused around outcome measurement and strategic planning by utilizing both a balance scorecard for identifying objectives and using performance measures to ensure each department is adhering to the County's Strategic Plan. The Department Summary (a performance report prepared by all county departments for the budget) has a separate section for select department objectives that include performance measurement indicators and typically indicate challenges and responses for each specific strategic objective.

The County Board, on a majority vote, adopts the budget for the following year. The budget may be amended by a majority vote of the Board or as authorized by the Budget Compliance Policy.

Process Planning Phase (January – March)

1. Consider financial conditions, primarily external factors that will affect revenues or property tax considerations.
2. Review prior year process to help improve the process for the coming budget year.
2. Develop plan for improving the reporting process for the budget. For instance, format improvements to budget reports and budget instruction enhancements.
3. Develop timeline for budget development and schedule future meeting dates.

County Board/County Manager Initial Budget Direction Phase (March – August)

1. Complete reports needed for initial meeting with County Manager to aid in evaluation of programs. The information needed is department mission, major goals, outcome indicators, and challenges/strategies.
2. Present programmatic information, including requests for additional resources to the County Manager at department meetings or targets for resource reductions.
3. Develop visions for the organization units (divisions, and elected officials) to aid in preparing for the Board budget workshop.
4. Prepare material to be presented to the Board at budget workshops.
5. Present programmatic and fiscal challenges to the Board at budget workshops.
6. Present county management staff with direction provided by Board at budget workshops.

Financial Form Completion Phase (June – August)

1. Develop estimates for planning base expenditures and revenues for each department.
2. Review planning base expenditures and revenues at a joint meeting with Budget Office and each department.

3. Identify capital improvement projects for five-year time-frame for review by division directors and ranking by Capital Planning & Project Management Unit.

Review Phase (July – August)

1. Review planning base at joint meetings between Budget Office and each department.
2. Present programmatic changes, including requests for additional resources or recommended reductions, and financial information to the County Manager at department meetings.
3. Review tax impact of planning base with County Manager.
4. Finalize capital improvement project requests.
5. Develop the County Manager's preliminary recommendation for funding priorities and proposed property tax levy change (if any) in preparation for Board Budget Workshop.

Proposed Levy Phase (August – September)

1. Hold a County Board Budget Workshop to seek Board input on funding priorities and proposed property tax levy.
2. Adopt the proposed maximum levy by the Board as required by state law.

Recommendation Phase (September – November)

1. Present draft capital improvement project plan to the Board for review.
2. Submit capital improvement project plan to other local governments (cities and townships) for review.
3. Develop and finalize a County Manager budget recommendation for the Board.

Presentation and Adoption Phase (September – December)

1. Prepare for budget presentations to the Board.
2. Present County Manager's budget recommendations and individual division budgets to the Board at budget hearings.
3. Hold public hearing for public to comment on Capital Improvement Program.
4. Present capital improvement project plan to the Board for final adoption.
5. Receive to public comment on the budget at Truth in Taxation (TNT) hearing.
6. Adoption of the budget by the Board.

Planning Base Development

Identifying a “Planning Base” cost is the first step in budget development. Planning base (previously known in Dakota County as the “current level”) is the starting point of budget development, and it is intended to reflect prior year funding levels and updated revenue estimates. In prior years, Dakota County budget development was much more of a “current services” approach, in which prior year funding was adjusted to reflect the cost of providing the same amount of service in the coming year as in the current year, with the exception of categorical revenue changes. This approach created a “Current Level” instead of a planning base. Given the significant declines in revenues from 2010 and 2012, this Current Level approach was modified. Because the budget could not support the cost of continuing the prior year’s level of services, there was no attempt to define it as the current level. County departments and Budget Office complete planning base development jointly.

Expenditures

Expenditure amounts in the planning base generally assumed a 1.5% inflationary increase from 2016 levels, with some notable exceptions. Salary and benefit budgets were adjusted upward to reflect existing contractual obligations, and most of the impact of this was from modest increases in employee salaries and the expansion of the County’s pay banding system.

Revenue

In a typical year, revenue budgets are set in a variety of methods such as using the amount from grant award letters, estimated as a function of expenditure, following the historical pattern, a calculated amount or other estimate. While most expenditure lines were adjusted by inflation or for changes in compensation, Budget Office and County department staff paid particular attention to establishing current revenue estimates as part of the 2018 planning base. Accurate estimates of external revenue are of great importance in determining what costs remain to be borne by the property tax levy.

Changes to the Planning Base

After the Planning Base is developed, the next step is to prepare the County Manager’s recommendation for changes to this base. In prior years, changes often included new or enhanced services or service reductions. These changes would include changes in staffing complement, or other operational enhancements. The County Manager’s recommended budget included changes to the planning base resulting in a \$3,851,216 increase in the Levy per Board instruction.

Final Budget Adoption

In preparation for the final budget adoption, all County departments prepare presentations for the County Board of Commissioners. Presentations include a discussion of department mission, goals, performance measurements, as well as a review of Planning Base costs and any changes to the Planning Base. The County Board of Commissioners adopts a final budget for the County, usually at the last County Board meeting of the calendar year.

Budget Compliance Policy

Compliance to budgets is essential for the County to maintain its sound financial condition. Authority for County staff to spend and amend the adopted budget is identified in the Budget Compliance Policy. The Budget Compliance Policy, which was created and adopted in 1996, and revised in 2001, sets forth varying levels of

The Budget Compliance Policy is described in detail on page 87.

authority for staff to amend the budget without County Board approval.

Budget Accountability Points are specified accounting levels (i.e., objects or keys) to which staff is accountable for meeting set budget amounts. This allows managers authority to mix and match spending below Budget Accountability Points to help achieve their desired outcomes.

Basis of Budgeting (Accounting Perspective)

The basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of budgeting relates to the timing of the measurements made regardless of the measurement focus applied.

All Governmental Funds and the Geographic Information Systems Enterprise Fund for which budgets are adopted are budgeted and reported on the modified accrual basis of accounting; all other funds have no budget. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. The current period is generally considered 60 days, although exceptions are made for intergovernmental revenues that are received within 90 days. Revenues are generally budgeted on an accrual basis, meaning that the revenue necessary to support the expense is budgeted in the same period, regardless as to whether it is receivable in the current period. Depreciation is not budgeted; however expenditures for capital outlays are budgeted. Encumbrances and capital reserves are recognized on a budgetary basis. Encumbrances outstanding at year-end are reported as reservations of fund balances and provide authority for the carry-over of appropriations to the subsequent year in order to complete these transactions.

Ad valorem property tax revenue is reported when it becomes available. Available means when due; past due and receivable within the current period and collected within the current period; or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

In applying the "susceptible to accrual" concept to intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project. Therefore, revenues are generally reported based upon the expenditures recorded. If the revenue is not received in the current period, it is then reported as deferred-not available. In the other type, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable (i.e., revocable only for failure to comply with prescribed requirements). These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability. Intergovernmental revenues received but not earned are reported as deferred revenue. Other revenues susceptible to accrual are investment earnings and charges for services.

Licenses and permits, fines and forfeits, penalties, gifts and contributions, and miscellaneous other revenues are reported as revenues when received in cash because they are generally not measurable until actually received.

Fund Types

The accounts of Dakota County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Type

Governmental funds are reported and accounted for on a "spending" or "financial flow" measurement focus. This means that the operating statements report increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available spendable or appropriable resources. Only current assets and current liabilities are generally included on their governmental fund balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered available spendable resources, since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables is deferred until they become available.

Fund Types (\$ millions)	
Fund Type	Fund Balance as of 12/31/2016
Governmental	270.30
General	178.36
Special Revenue	90.79
Capital Projects	1.15
Debt Service	0
Proprietary	25.32
Business-type	11.67
Internal Service*	13.65
Fiduciary	0.58
Trust and Agency*	0.58
Long Term Assets-Net	752.60
Capital Assets	792.54
Long-Term Assets-deferred	79.41
Long-Term Liabilities	(173.50)
Total County Fund Balance 12/31/2015	270.30
Total County Net Assets 12/31/2015	1014.90
Fund Balance 12/31/2014	299.93

* Indicates the funds for which the County does not budget because of the nature of the fund and its resources.

Governmental fund types include:

- The General Fund is the general operating fund of the County. It is used to account for all financial resources except those accounted for in another fund.
- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt. Governmental funds may be either major or non-major, depending upon their proportion of the total entity.

Major Funds

Dakota County reports the following major funds:

- General Fund is the general operating fund of the County. It is used to account for all financial resources except those accounted for in another fund. The Environmental Management Special Revenue Fund was moved in to the General Fund during the 2016 Budget process. The fund accounts for environmental management activities within the county including waste reduction, planning, administration, regulation, and education.
- Highway Special Revenue Fund accounts for all costs for maintenance and construction of streets and highways. Financing comes primarily from an annual property tax levy and intergovernmental revenue from local, State and Federal Governments.
- Regional Rail Special Revenue Fund is used to account for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail and other transit alternatives within the County.
- Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- Debt Service Fund is used to account for the accumulation or resources for, and the payment of, principal, interest, and related costs of general long-term debt.
- Environmental Legacy Fund was established to protect, preserve, or enhance the environment.

Proprietary Fund Type

Proprietary funds are accounted for on an "income determination" or "cost of services" measurement focus (similar to commercial/industrial "for profit" organizations). Therefore, the operating statements report increases (revenues) and decreases (expenses) in economic net worth, and the fund equity on the balance sheet provides an indication of the economic net worth. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

- Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County has one enterprise funds, the Geographic Information System (GIS) Fund, to account for the sale of GIS data/maps and updating the GIS database.
- Internal Service Funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursed basis. The

County has one internal service fund, the Employee Services Reserve Fund, to account for services provided by employees, including compensated absences.

Other Fund Types

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund categories currently used by Dakota County are private-purpose trust funds and agency funds.

- Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.
- Private Purpose Trust Funds are used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Organization Structure

Dakota County prepares and presents its budget by organization structure versus by fund type. The County adopts a budget for all funds reported in the *Comprehensive Annual Financial Report (CAFR)* with the exception of the Internal Service Fund and Trust and Agency Funds¹. The table below, lists the fund type where expenditures and revenues for each county department and division². The table is organized by division.

Fund Type to Account for Department Budgets			
Division/Department	Fund Type	Division/Department	Fund Type
County Administration		Operations, Management, & Budget	
County Administration	General Revenue Fund	Office of Risk Management	General Revenue Fund
County Board	General Revenue Fund	Information Technology	General Revenue Fund
County Communications	General Revenue Fund	Financial Services	General Revenue Fund
Employee Relations	General Revenue Fund	OMB Division Administration	General Revenue Fund
		Office of Planning & Analysis	General Revenue Fund
		Criminal Justice Network	General Revenue Fund
Public Services and Revenue		GIS	Enterprise Fund
Public Services & Rev Admin	General Revenue Fund	Budget Office	General Revenue Fund
Assessor	General Revenue Fund	Physical Development Division	
Property Taxation and Records	General Revenue Fund	Physical Development Admin	General Revenue Fund
Service & License Centers	General Revenue Fund	Transportation	Special Revenue Fund
County Fair	General Revenue Fund	Parks	Special Revenue Fund
Historical Society	General Revenue Fund	Environmental Legacy	General Revenue Fund
Library	Special Revenue Fund	Soil & Water Conservation Dist.	General Revenue Fund
Elections	General Revenue Fund		
Community Services Division			
Comm. Svcs. Admin.	General Revenue Fund	Public Safety	
Social Services	General Revenue Fund	County Sheriff	General Revenue Fund
Employ. & Econ. Asst.	General Revenue Fund	Medical Examiner	General Revenue Fund
Public Health	General Revenue Fund	County Attorney	
Veteran's Services	General Revenue Fund		General Revenue Fund
Community Corrections	General Revenue Fund	County Operations	
Extension Services	General Revenue Fund		General Revenue Fund
Capital Improvement Programs			
Data Networks CIP	General Revenue Fund	Debt Service	Debt Service Fund
Transportation CIP	Special Revenue Fund	District Court	
Parks CIP	Special Revenue Fund		General Revenue Fund
Building CIP	Capital Project	Regional Rail Authority	
Environmental Resources CIP	General Revenue Fund		Special Revenue Fund

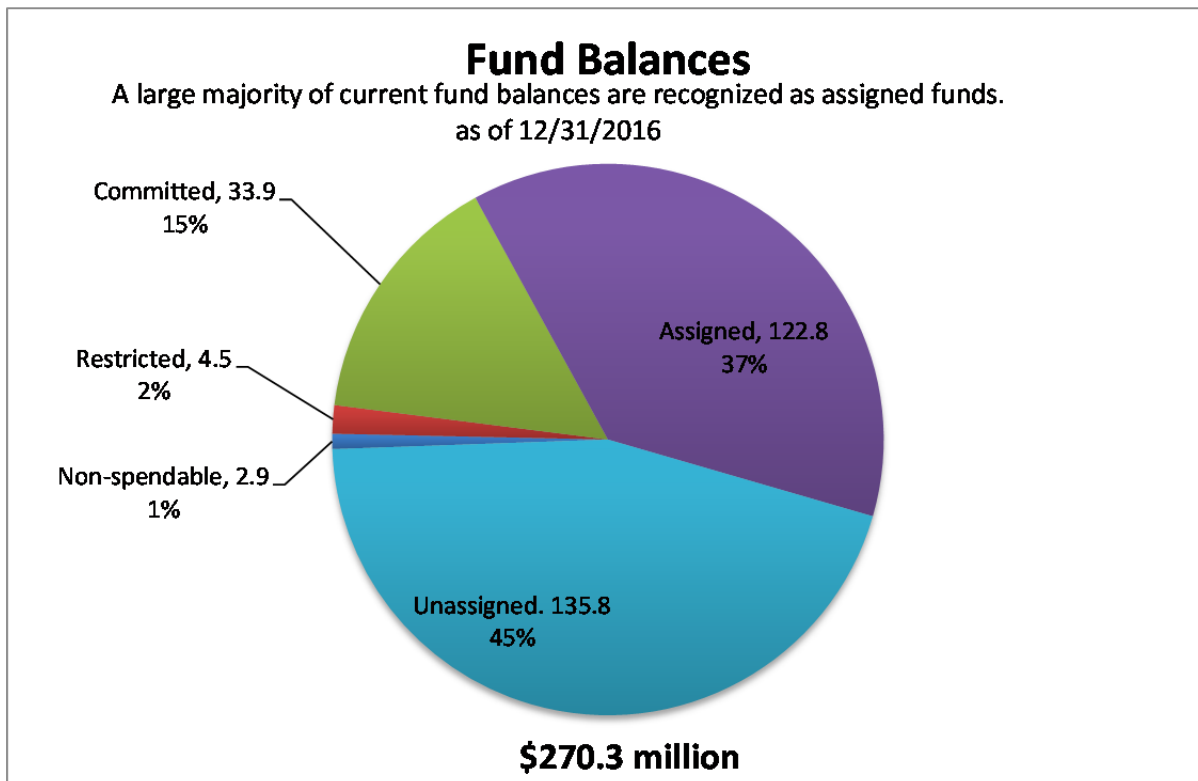
¹ The Dakota County Comprehensive Annual Financial Report also presents financial information for two discrete component units, the Dakota County Community Development Agency (CDA) and the Vermillion River Watershed. Neither is included in Dakota County's annual budgeting process; therefore, they are not subject to appropriation or included as part of this document.

²The budget for the Dakota County Regional Rail Authority is adopted by a legally separate board. Budgeted amounts for the Regional Rail are not included in this report. The activities of the Regional Rail are, however, recorded as a special revenue fund in the CAFR and are, therefore, included in the fund balance.

Reserved and Designated Fund Balance

In 2011, the County implemented the requirements of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires retroactive restatement of fund balance for the reclassifications made to conform to this statement. Total fund balance did not change.

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:



Non-spendable

The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. Inventories, prepaids, and advances to other funds fall into this category for the County in its 2016 audited financial statement. For 2016, non-spendable fund balance totaled \$2.4 million.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. This category is comprised of debt service, Recorder’s equipment purchases, Spring Lake Park, victim witness, Sheriff 911, early retirement reinsurance program, election-HAVA, boat and water, Attorney-diversion, Sheriff-alcohol compliance and criminal forfeitures. For 2016, restricted fund balance totaled \$4.5 million.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. The Board committed fund balance to the Farmland and Natural Area Program and investigation and remediation of waste sites in 2013. For 2016, committed fund balance totaled \$40.6 million.

Assigned

Amounts in the assigned fund balance classification the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the Financial Services Director who has been delegated that authority by Board resolution. In addition to the governmental fund assignments, the assigned classification includes; insurance, budget incentive program, capital equipment, petty cash, and other post-employment benefits. For 2016, assigned fund balance totaled \$101.3 million.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed. For 2015, unassigned fund balance totaled \$121.5 million.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Fund Balance Changes

Summary of Fund Balance Changes – Major Funds

General Fund

The General Fund is the chief operating fund of Dakota County. At the end of 2016, the General Fund's fund balance was \$178,354,474 of which \$174,341,336 was committed, assigned or unassigned. At the end of 2015, the County Board approved a change in reporting for the Community Services Fund. At the end of 2015, the County Board approved a change in reporting for the Environmental Management Fund. This fund is now combined with the General Fund, and comprises 23.3% of the total General Fund fund balance. As a measure of the General Fund's liquidity, it may be useful to compare committed, assigned and unassigned fund balance and total fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 84.0% of total General Fund expenditures of \$207,522,761, while total fund balance represents 82.4% of total expenditures.

Highway Fund

The Highway Fund had total fund balance of \$63,720,886 at the end of 2016. The fund balance of the Highway Fund decreased by \$8,721,828, this can be attributed to larger complex projects and construction costs.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$1,151,776. The fund balance for the Capital Projects Fund decreased by \$5,660,510 from 2015, this is due to judicial center renovations, energy equipment replacements, Law Enforcement Center Security Improvements and other capital improvements.

Environmental Legacy Fund

At the end of 2015, the County Board approved a change in reporting for the Environmental Legacy Fund. This fund is now combined with the General Fund, The Environmental Legacy Fund had a total fund balance of \$41,724,562 at the end of 2016.

Bond Fund

As of February 2016 the County is debt free.

Summary of Fund Balance Changes – Non-Major Funds

Dakota County's non-major governmental funds include the following special revenue funds: Library, Parks, Regional Rail, Law Library, and the Attorney Forfeiture Fund. The projected total amount of fund balance associated with non-major funds for 2016 is \$27.1 million versus \$30.7 million for 2015.

Summary of Net Assets

Total net assets increased from \$989.4 million in 2015 to \$1,014.9 million in 2016, or a \$25.5 million increase.

Net Capital Assets

The value of land; buildings, improvements; machinery and equipment; and construction in progress make up the fixed assets fund balance. The value of the capital assets offset by accumulated depreciation is \$792.54 million at the end of 2016 compared to the 2015 balance of \$752.63 million. Net capital assets increased by \$39.91 million.

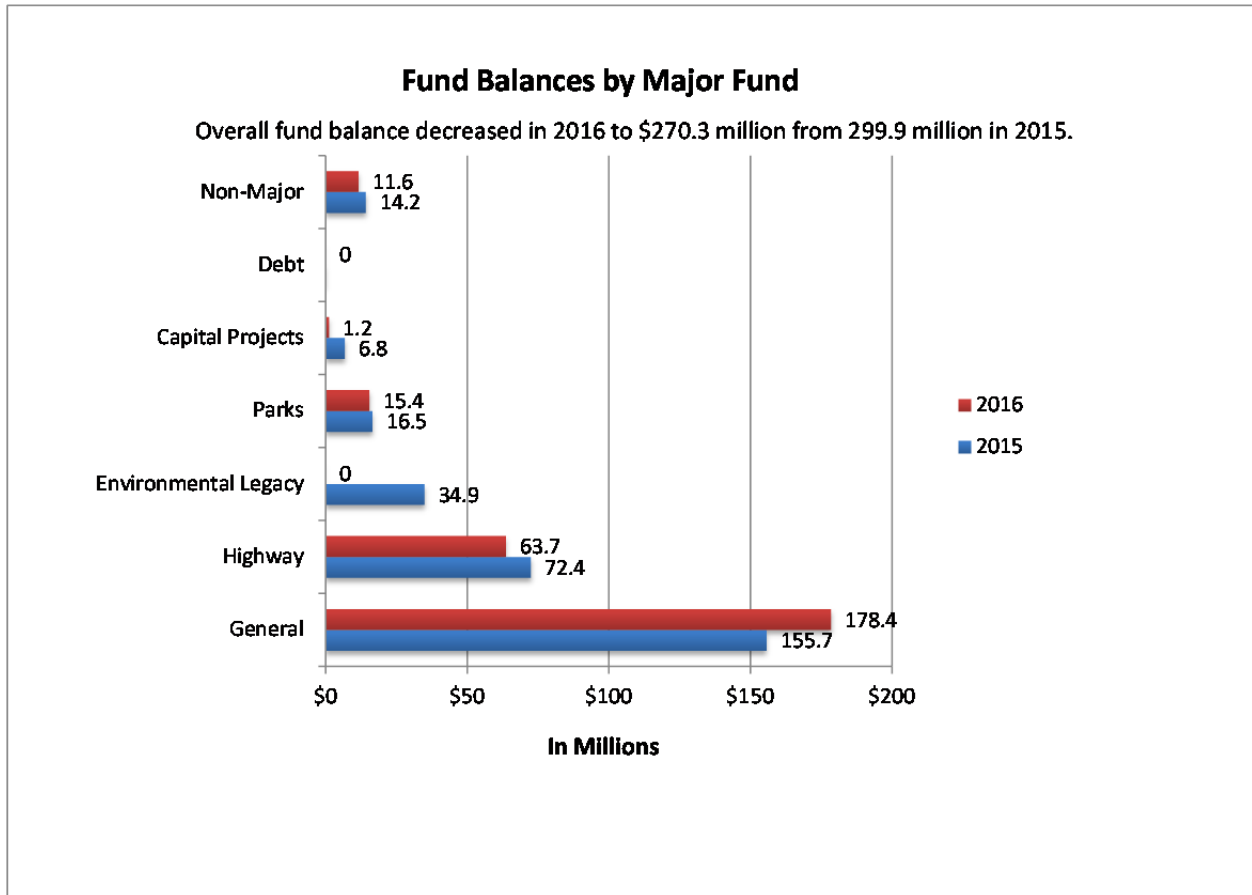
Long Term Assets

Long-term assets, such as funds receivable, are considered long term in nature if they are not received within 60 days (90 days for state and Federal revenues). Therefore, long term assets are deducted from the current available fund balance of the governmental funds by deferring as unavailable revenue.

Long Term Liabilities

Long-term liabilities decreased from \$44.2 million to \$20.8 million.

For comparison purposes, the following table compares various, audited fund balances or 2015 and 2016.



Additionally, the table on the following page compares total net assets as well as recent designations and reserved funds from 2011 through the 2016 audited financial statements.

Net Assets						
	2011	2012	2013	2014	2015	2016
Net Capital Assets	633,146,205	658,324,508	681,421,614	710,553,961	752,630,922	792,539,417
Other Long Term Assets-						
Deferred	16,893,633	12,043,379	22,780,357	16,803,694	23,332,988	29,787,754
Internal Service Fund		4,819,965	10,993,241	12,728,724	14,369,892	13,648,705
Long-Term Liabilities	(60,720,667)	(54,718,722)	(49,752,487)	(37,316,056)	(116,747,378)	(166,169,833)
Fund Balances						
Reserved						
Unreserved						
Nonspendable	3,532,451	3,908,677	3,868,238	3,990,040	2,869,924	2,438,162
Restricted	12,124,268	12,189,502	9,949,459	7,869,550	4,528,680	4,475,863
Committed	19,980,168	17,309,796	17,092,387	17,818,120	33,903,045	40,601,526
Assigned	171,752,360	210,577,360	220,517,021	240,684,631	122,840,819	101,266,957
Unassigned	29,176,838	33,158,235	31,174,973	37,407,381	135,788,225	121,527,661
Net Assets - Business-Type Activity	2,127,270	2,063,341	2,666,664	7,955,705	11,140,914	11,676,027
Total Net Assets	828,012,526	899,676,041	950,711,467	1,018,495,750	984,658,031	951,792,239

Summary of Beginning & Ending Fund Balances						
	2011	2012	2013	2014	2015	
Beginning Fund Balance	225,599,386	236,566,085	277,143,570	282,602,078	307,769,722	299,930,693
Ending Fund Balance	236,566,085	277,143,570	282,602,078	307,769,722	299,930,693	270,300,169

Fund Balance History and Projection

The table below shows recent and projected changes in fund balance by fund.

Fund Balance History						
Fund	Type	2013	2014	2015	2016	2017 Projected
General	Major	149,752,859	160,508,548	155,706,928	136,629,912	150,948,463
Highway	Major	56,274,343	71,315,062	72,442,714	63,720,886	69,159,554
Environmental Legacy	Non-Major	34,494,573	36,738,260	34,858,127	41,724,562	37,773,650
Parks	Non-Major	8,319,540	14,155,313	16,540,074	11,620,888	14,105,425
Library	Non-Major	1,936,077	1,691,498	1,793,125	1,685,239	1,723,287
Capital Projects	Major	17,180,684	11,983,519	6,812,286	1,151,776	6,649,194
Debt Service	Major	5,838,954	832,407	-596,278	-	78,710
Regional Rail	Major	7,432,469	9,230,030	11,212,462	12,713,559	11,052,017
Law Library	Non-Major	950,374	871,925	774,702	718,059	788,229
Attorney Forfeiture	Non-Major	422,205	443,160	386,553	335,288	388,334
Total*	Total***	282,602,078	307,769,722	299,930,693	270,300,169	292,666,861

*The total does not include net assets for the business-type activity of the GIS and CIIN Enterprise Funds.

The 2017 fund balance amount is an estimate. The most recent audited financial statement is for 2016.

DEBT

Debt Management

Dakota County's Debt Service is part of the overall Capital Improvement Program (CIP). Annual debt service payments for debt associated with buildings are funded through property tax levy, Debt Service Fund fund balance, and transfers from the General Fund. Debt Service has infrequently been used for Transportation projects and in the past has also been funded through a transfer from the Highway Fund.

In the 2016 Budget, \$23.9 million of General Fund fund balance was used for debt payments, including all outstanding principal payments due. The County utilizes its Debt Service Policy to guide its debt decisions.

Future Bonding

Dakota County will have no outstanding debt in 2018.

Ratio of Net Bonded Debt to Tax Capacity

The ratio of *net* bonded debt to tax capacity and the amount of bonded debt per capita are useful indicators of the County's debt position for County management, citizens and investors. Due to the fact that all debt was defeased in 2016, the ratio of debt to tax capacity is 0% with a debt per capita of \$0 for both 2016 and 2017.

Dakota County Ratios		
	2016	2017
Net Bond Debt	0	0
Ratio of Net Debt to Tax Capacity	0.00%	0.00%
Deb per Capita	0	0

Long-Term Liabilities – Bonds Payable

The table below provides a list of changes in the long-term bonded debt for the year ending 2017. The figures below indicate principal only. The figures below have not been audited. The 2017 financial audit conducted by the Office of the State Auditor will not be finalized until the second quarter of 2018.

General Obligation Bonds (in millions)			
	Capital Improvement Projects (net of escrow)	Refunding	Total General Obligation Bonds
Payable on December 31, 2016	0	0	0.00
Bonds Issued in 2017			
Payoff and Interest less Escrow Income			
Bonds Retired in 2017	0.00	0.00	0.00
Payable on December 31, 2017	0	0	0

Summary of Bonds Payable

Dakota County currently has no bonds payable.

Computation of Legal Debt Margin

State statute (Minn. Stat. Section 475.53 subd. 1) requires that no municipality, except school districts or a city of the first class may incur or be subject to a net debt in excess of three percent of the estimated market value, except as provided in Minn. Stat. Sections 475.51 to 475.75.

Debt margin is determined by comparing market value to total debt applicable to debt limit. Applicable debt is the difference between total bonded debt and amount available in Debt Service funds. For 2016 year-end, the legal debt margin is \$1.236 billion. At the end of 2016, the total bonded debt amount is adjusted by the amount in Debt Service Fund balance of \$0 for a bonded debt applicable to debt limit of \$0.

Computation of Legal Debt Margin as of December 31, 2016 (unaudited)	
Estimated Market Value	41.198 Billion
Debt Limit (3% of Estimated Market Value)	1.236 Billion
Total Bond Debt (Net)	0
Legal Debt Margin	1.236 Billion

Debt Expenditures Ratio

The amount of debt paid as a proportion of total expenditures gives an idea of the debt burden in a year. The table below shows a comparison of the annual debt service expenditure compared to the total general governmental expenditures projected through 2017.

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Government Expenditures					
Year	Principal	Interest	Total Paid	Total General Gov. Expenditure	Ratio
2008	14,155,000	5,103,037	19,258,037	347,029,843	5.55%
2009	12,650,000	4,519,421	17,169,421	303,611,115	5.66%
2010	8,715,000	4,052,158	12,767,158	276,174,012	4.62%
2011	31,180,000	3,122,794	34,302,794	297,778,525	11.52%
2012	31,180,000	3,122,794	34,302,794	263,699,334	13.01%
2013	5,855,000	2,023,009	7,878,009	274,352,743	2.87%
2014	12,825,000	1,658,381	14,483,381	287,155,834	5.04%
2015	10,155,000	1,174,596	11,329,596	353,791,496	3.20%
2016	23,420,000	481,834	23,901,834	354,659,290	6.74%
2017 proj	0	0	0	0	0.00%
2018 est	0	0	0	0	0.00%

Schedule for Bond Retirement

As of February 2016, the County is debt free.

CAPITAL IMPROVEMENT PROGRAM

Introduction

The Capital Improvement Program (CIP) is a five-year plan that is reviewed, updated, and adopted annually in conjunction with the operating budget for the County. It serves as a blueprint for the growth and development of Dakota County. There are three major funds included in the CIP: Parks Fund, Transportation Fund, and Building Fund. A detail of the five-year expenditures and funding is available later in this section.

Three Main Parts of the CIP

- Parks
- Transportation
- Building

The Parks CIP serves as the plan for parkland acquisition and development within the existing park system. The Transportation CIP is a plan for major improvement and construction of County Roads. The Building CIP is a plan for major improvements to existing County property and construction of new facilities.

The CIP also includes sections on the County's Environmental Resources Program, Transportation Sales and Use Tax Program, Byllesby Dam Program and Data Networks Program. Although it is adopted through a separate resolution, the Dakota County Regional Railroad Authority's (RRA) capital improvement program is included in this document as well.

The CIP does not include capital equipment purchased directly by departments such as vehicles, computers and furniture. Department capital equipment purchases exceeding \$20,000 are identified in the operating budgets of the departments. Capital equipment purchases less than \$20,000 are not specifically identified during the budget process but rather are part of the Budget Incentive Program.

Evaluation of Project Needs

The CIP is based on numerous long range planning documents that are updated periodically and on projected capital needs as identified by County staff, cities and townships. The CIP is the primary tool for implementing the Board's goals regarding the future of the County's infrastructure.

CIP Budget Process

The Budget Office coordinates the CIP process. Early in the budget process, the Budget Office provides direction as to the total estimated amount of CIP resources available as guidance to the individual departments preparing the CIP. Transportation and Parks departments are responsible for preparing their CIP and submitting it to the Budget Office. The Building CIP is prepared by the Capital Project Management Department. At several times during the process, cities and townships within the County are provided opportunities to comment on elements of the CIP and request that projects be included. Once the projects have been defined, the Budget Office incorporates the CIP into the County budget in the fall.

Funding Sources

The Transportation CIP receives funding from cities and townships, State and Federal governments, and property taxes. The Parks CIP is funded mostly from revenue from the Metropolitan Council, property taxes, and general purpose state aid. The Building CIP is funded mostly by property taxes, general purpose state aid, and occasionally bond proceeds. In order to help manage the risk of additional losses of state revenue, \$8.9 million of general purpose state aid is budgeted across the capital programs in 2018. The combined amounts of levy and general purpose state aid (County Program Aid or CPA) for the 2018-2022 CIP are indicated below.

2018 - 2022 CIP (County Property Tax Levy & CPA)				
Year	Transportation	Parks	Buildings	Total
2018	4,626,346	3,095,993	1,115,683	8,838,022
2019	4,672,609	2,400,028	1,826,097	8,898,734
2020	4,719,336	2,142,322	2,098,394	8,960,052
2021	4,766,529	2,007,002	2,248,452	9,021,983
2022	4,814,194	3,109,355	1,160,984	9,084,533
Total	23,599,014	12,754,700	8,449,610	44,803,324

Impact on Operating Budget

Completed CIP Projects

The operating budget is impacted by changes in maintenance and utility costs for additional or improved buildings, parks, bikeways and highways. Depending on the project, there are also other aspects of the operating budget that may be impacted by the CIP that are not known until incurred. Therefore, in most cases, the full impact of the project on operations is not recognized until the year following project completion. The exception to this is when a project is projected to have a significant impact on operations or an impact is easily identifiable before project completion (i.e. construction of major new facilities).

Anticipated Operational Costs Associated with CIP Projects

Dakota County recognizes the correlation between the CIP and the operating budget. An example is that in 2006 the County Board approved the construction of a new library to open in 2009 with budgeted total costs of \$6,440,000. 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 has been gradually set-aside each year there was no increase in the 2009 Adopted Budget related to the opening of the library, above the amount set-aside, nor is there a greater-than-average increase in the 2009 budget. Rather, these funds that have 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. The additional operating costs incurred for the new library were approximately \$995,050. While no similarly sized projects are currently planned, this practice is long-standing in Dakota County.

In the case of capital improvement projects that are not anticipated to have a major impact on the operating budget, the budget base is adjusted in the year in which the improvement is completed.

One area in which additional operational costs have not been quantified, however, has been in the Transportation area. The cost to maintain lane miles is not specifically budgeted in conjunction with the construction. However, in the process of preparing the operating budget for the Transportation department, the number of road miles requiring maintenance is considered, as well as the rating of the quality of the existing infrastructure. An industry standard is applied and the Construction Cost Index is applied when reviewing inflationary costs associated with the road maintenance.

Parks Capital Improvement Program

Mission

The Operations Management Department – Parks mission is to enrich lives by providing high quality recreation and education opportunities in harmony with natural resource preservation and stewardship.

The Dakota County Parks System includes and operates 3 regional parks, 2 park reserves, 1 county park and 5 regional greenways:

- Lake Byllesby Regional Park (LBRP)
- Lebanon Hills Regional Park (LHRP)
- Whitetail Woods Regional Park (WWRP)
- Spring Lake Park Reserve (SLPR)
- Miesville Ravine Park Reserve (MRPR)
- Thompson County Park (TCP)
- Big Rivers Regional Greenway (BRRT)
- Mississippi River Regional Trail (MRRT)
- Minnesota River Greenway Regional Trail (MnRGW)
- River to River Regional Greenway Trail (RRGW)
- North Creek Greenway Regional Trail (NCGW)

Dakota County parks and greenways are part of the seven-County Regional Park System and offer diverse and year-round natural resource recreation and education. Recreation opportunities include: hiking, biking, camping, picnicking, swimming, boating, fishing, archery, cross-country skiing, mountain biking, snowshoeing and horseback riding, among other activities.

Park System Plan

The 2008 Dakota County Parks System Plan (PSP) provides the foundation for the strategies guiding the 2018-2022 Capital Improvement Program (CIP). The PSP created a system vision, with 10 year development priorities.

The PSP vision includes a park and greenway system that results in:

1. Great Places: More For Visitors To See and Do
 - All parks are full service and year-round designations providing recreation that the public expects and desires.
 - Fill service gaps adding the most popular nature-based recreation to all parks such as looped paved trails and picnicking.
 - Add signature activities such as water play areas, winter use areas, and special events.

2. Connected Places: Bring Parks To People

- Collaborate to interconnect parks with community places via a network of 200 miles of regional greenways.

3. Protected Places: Protecting Green Infrastructure

- Provide stewardship strategically protecting, improving and managing the park lands and natural resources.
- Restore 500 acres of landscapes near visitor use areas.
- Improve landscape on 1,200 acres, converting cropland within parks and restoring prairies and savannas.
- Protect 170 acres of natural and diverse sites.

2018 - 2022 Parks CIP

The Parks CIP is formatted to reflect the categories of capital projects the Parks department pursues. These categories are:

- Planning
- Acquisition
- Natural Resources
- Greenway Development
- Park Development
- General

The 2018 – 2022 capital projects focuses on:

- Planning – preparing contemporary plans that strategically guide the use, improvement and management of the park system.
- Acquisition – acquiring key inholdings to advance protection of natural resources and providing recreation opportunities.
- Natural Resources – advancing natural resource protection and restoration of the park and greenway system.
- Greenway Development – delivering the greenway vision by leveraging non-County funds and promoting partnerships with the cities and other agencies.
- Park Development - constructing full service and year-round parks that provide the recreation that the public expects and desires.
- General – implementing projects that serve the multiple or all park and greenway locations, or yet-to-be determined sites.

Strategies to Accomplish the 2017 – 2021 Parks CIP

Park Planning

The 2018 – 2022 CIP results in all parks having updated master plans and natural resource management plans. Approved master plans are required for Metropolitan Council and State funding and increase competitiveness for grants. The natural resource management plans will direct stewardship, protection and enhancement of the natural resources of parks and greenways. These updated plans will guide project priority and investment in future CIP budgets. The 2018 CIP provides for a LHRP campground improvement study, LHRP wildlife evaluation study, SLPR program and interpretation plan for the Reis Site, and miscellaneous feasibility studies that refine project design and cost estimates.

Planning activities totaling \$470,000 is derived from the Environmental Legacy Fund and represents 2.3% of the 2018 CIP.

Park/Greenway Acquisition

Acquisition is necessary to realize the vision of parks and greenways per approved master plans by protecting lands and natural resources and providing for recreation.

The 2018 – 2022 CIP includes annual parks and greenway acquisition funding of \$4,533,333 using Metropolitan Council Park Acquisition Opportunity Fund (AOF) grants at 75% matched with 25% Dakota County funds. If acquisition expenses exceed budgeted revenue, the County Board may consider a CIP budget amendment using other County funds and asking the Metropolitan Council for eligibility for future reimbursement.

Acquisition expenses totaling \$4,533,333 is derived 12.5% from external funds and represents approximately 31.0% of the 2018 CIP.

Park Development

In order to advance the 2008 Park System Plan goal of filling recreation gaps and providing full service parks, the CIP includes annual funding to advance park improvements based on the priorities within the approved park master plans. A comprehensive evaluation of these approved high priorities established the park projects listed within the 2018 – 2022 CIP. High priority park development occurs after the updating and approval of the park master and natural resource management plans. This approach provides the delivery of projects based on the most contemporary vision and information. While park development activities may focus predominantly on recreation improvements, most projects also include natural resource improvements.

The 2018 – 2022 CIP will advance park improvements in all County parks. Park development expenses totaling \$7,146,685 are derived 44.7% from external funding and represent 35.4% of the 2018 CIP.

Greenway Development

The 2018 – 2022 CIP will advance 12 trail segments, 3 trailheads, and at least 2 grade separated crossings on regional greenways. While greenway development may focus on greenway trails and amenities, a majority of these projects also include associated natural resource improvements.

Greenway development activities totaling \$6,274,000 is derived 12.5% from external funding and represents 31.0% of the 2018 CIP.

Natural Resources

In 2014, the County Board tripled the annual Natural Resource base funding from \$150,000 to \$511,000 and the reorganization of the Operations Management – Parks Department doubled natural resource staff from two to four resulting in a robust program that protects and enhances natural resources with the park and greenway system. In 2017, the Board adopted the Natural Resource Management System Plan and continued growth of the program through the addition of one additional full-time staff.

The 2018 – 2022 advances natural resource management by protecting and managing current ecological gains of the existing 1,240 acres of restored and stabilized parkland and the 1,040 acres currently undergoing restoration. The 2018 - 2022 CIP further leverages \$5,106,015 of external grants and in-kind assistance matched by \$5,221,190 of County funds restoring an

additional 956 acres. Additional grants will be pursued during the 2018 – 2022 CIP based on the current trending could result in up to 2,732 acres restored and managed throughout the park and greenway system by the end of 2022.

Natural resource program base funding in the 2018 – 2022 CIP increases from \$863,805 in 2018 to \$1,150,646 in 2022 to protect the ecological gains of the increased acres actively managed. The Environmental Legacy Fund (ELF) will be the primary funding source for natural resource base funding.

Natural resources funding totaling \$863,805 are derived 64.7% from the Environmental Legacy Fund and represent 4.3% of the 2018 CIP.

2018-2022 Parks CIP Summaries

The following two charts summarize first the various funding sources for the Parks CIP and second the expenditure categories those revenues are committed to.

Overall Revenue Sources

Funding Source	Amount	% of Total CIP
Federal Transportation	1,000,000	1.0%
State	3,837,000	5.0%
Metropolitan Council	28,434,978	38.0%
County	41,708,884	55.0%
Other	0	0.0%
Total 5-Year Revenue	74,980,862	

Funding Distribution by Category

Category	Amount	% of Total CIP
Acquisition	22,666,665	31.0%
Parks Development	18,458,139	25.0%
Greenway Development	20,890,020	27.0%
Natural Resources	5,221,190	7.0%
General	6,209,848	8.0%
Planning	1,535,000	2.0%
Total 5-Year Expenses	74,980,862	

Major CIP Projects Summary

Planning

2018 Projects:

- Whitetail Woods Regional Park Natural Resource Management Plan
- Thompson County Park Master Plan Update
- Thompson County Park Natural Resource Management Plan
- Lebanon Hills Regional Park Wildlife Evaluation Study
- Lebanon Hills Regional Park Campground Improvement Study
- Spring Lake Park Reserve Reis Site Program & Interpretation Plan

- Trail and Greenway Design and Feasibility Studies:
 - o Lake Marion Greenway – Sunset Part to Murphy Hanrehan
 - o North Creek Greenway Regional Trail – Johnny Cake Ridge Road
 - o Flint Hills Feasibility Study
 - o Rose Bluffs Final Design

2019-2022 Projects:

- Spring Lake Park Master and Natural Resource Plans
- Miesville Ravine Park and Natural Resource Plans
- Mississippi River Regional Trail Master Plan Update
- Lebanon Hills Regional Park Connector Trail and Sustainable Trails Studies
- Park System Plan Update

Park/Regional Greenway Acquisition**2018 - 2022 Projects:**

- Acquire inholdings per approved master plans

Park Development**2018 Projects:**

- Whitetail Woods Regional Park Empire Lake Dike Improvements
- Whitetail Woods Regional Park Master Plan Improvements
- Lake Byllesby Regional Park Master Plan Improvements
- Miscellaneous park enhancement projects.

2019 - 2022 Projects:

- Thompson County Park Master Plan Improvements
- Spring Lake Park Reserve Master Plan Improvements
- Miesville Ravine Park Reserve Master Plan Improvements
- Miscellaneous park enhancement projects

Greenway Development**2018 Projects:**

- Mississippi River Regional Trail – Rosemount East
- Mississippi River Regional Trail – St Paul
- Big Rivers Regional Trail – St Paul
- Big Rivers Regional Trail – Trailhead
- Minnesota River Greenway Regional Trail – Ft Snelling
- Greenway Collaborative Partnership projects
- Miscellaneous Greenway enhancement projects

2019-2022 Projects:

- Lake Marion Greenway – Burnsville
- Pine Bend Bluff Historical Marker Restoration
- River to River Greenway – Dodd Underpass
- Greenway Collaborative Partnership projects
- Miscellaneous greenway enhancement projects

General**2018 – 2022 Projects:**

- Natural Resource, Greenway, and Park Improvement Grant Match
- Systemwide Pavement Reconstruction
- Park Greenway Master Plan Improvements (specific projects to be determined per planning outcomes)

Natural Resources

2018 - 2022 Projects:

- Thompson Lake Water Quality Improvement
- Spring Lake Park Reserve – Plateau Prairie (99 acres)
- Spring Lake Park Reserve – South Archery Course Ecological Restoration (15 acres)
- Lebanon Hills Regional Park – Buck Pond (175 acres)
- Lebanon Hills Regional Park – Star Pond (75 acres)
- Lebanon Hills Regional Park – Jensen Lake (112 acres)
- Lebanon Hills Regional Park – Dakota Lake (65 acres)
- Lebanon Hills Regional Park – Tamarack Swamp (24 acres)
- Whitetail Woods Regional Park – Park-wide natural resource restoration (325 acres)
- Miesville Ravine Park Reserve – Phase 1 enhancements (94 acres)
- Miesville Ravine Park Reserve – Phase 2 enhancements (131 acres)
- Miscellaneous prairie enhancements and rain garden management at County facilities

Transportation Capital Improvement Program

The Dakota County Transportation Department is responsible for the planning, design, construction, operation, and maintenance of roads, bridges and traffic control devices on the County highway system.

The existing County highway system has a total of 424 centerline miles of which approximately 353 miles are bituminous surface, 3 miles are concrete surface and 56 miles are gravel surface. There are 1,080 lane miles in the system. The highway system also has approximately 83 bridges, 250 traffic signals, and 25,000 signs.

In providing for pedestrians and bicyclists, the County has a policy to construct off-highway bikeways in conjunction with all County highway projects whenever appropriate. The County has provided more than 92 miles of bikeways.

Long range planning for road improvement and expansion projects are identified in the *Dakota County 2030 Transportation Plan* (Plan). The Plan focuses on six goals with desired outcomes, products, or services.

Transportation Plan Vision

The purpose of the transportation system in Dakota County is to move people and goods in the safest and most efficient manner possible. The Dakota County Board of Commissioners envisions the transportation system as a critical element of the quality of life for its citizens. Transportation systems must safely, efficiently and effectively allow citizens to travel to work and to conduct their personal lives. Transportation systems must further provide for the efficient movement of goods to markets to support the County's economic vitality. Multiple transportation options should work in coordination to minimize congestion. Additionally, transportation decisions should carefully consider and reflect environmental and community concerns.

Plan Goals & Programming Strategies

Projects programmed in the Transportation CIP implement policies, strategies and investment levels identified in the Dakota County 2030 Transportation Plan. Additional projects may be programmed to address emerging needs.

The Plan includes ten overarching principles that apply to all Plan goals. These included five guiding principles identified in *DC 2030: Planning for the Future* (Dakota County Comprehensive Plan) and five principles specific to transportation. All of these principles together guide the Plan policies and strategies, and help in forming the basis for decision-making and priority determination.

The County will incorporate the following principles into all aspects of transportation system development and operations. Each principle is supported by strategies and policies to implement the principle objective.

- **Sustainability:** Living comfortably in a friendly, clean and healthy community and growing without placing environmental, economic and social burdens on current and future generations. Sustainable transportation is characterized by a transportation system that links people to activity centers through modes of transportation that reduce our use of natural resources and energy.

- **Connectedness:** Land use patterns and multimodal transportation networks that allow people to easily move between neighborhoods, providing jobs near housing, convenient shopping and services.
- **Collaboration:** Coordinating the efforts of public agencies and private entities toward maximizing transportation infrastructure, services and resources. Transportation corridors and transit services should provide access and mobility to business and residential communities. Collaboration is especially important as resources cannot keep pace with increasing transportation needs.
- **Economic Vitality:** Identifies transportation and technology infrastructure playing a large role in attracting high-paying employers in growth industries that are situated to help the region compete nationally and internationally. Interrelationships between transportation investment, telecommunications systems and other public infrastructure are recognized and coordinated with economic development goals.
- **Growing and Nurturing People:** Providing a variety of transportation choices to meet the needs of people of all ages, abilities, incomes and backgrounds. A safe and efficient transportation system exists to provide opportunities for people to accommodate a positive quality of life
- **Transportation Planning:** Activities include the development of plans and studies that identify potential solutions to transportation issues. A travel demand model is used to forecast future traffic projections to assist with transportation plans and studies. Dakota County participates with state, regional and local jurisdictions in transportation planning activities. Transportation planning activities also include the continual monitoring of land use development integration with the County transportation system and the identification of methods to integrate transit and other transportation modes within the overall transportation system.
- **Transportation Safety:** This is a critical factor underlying all transportation services and projects provided by the County. Safety of the traveling public is the priority on the County transportation system. This principle refers to system development and operations pertaining to all goals. Notable activities include design standards, traffic control devices, shoulders, trails, speed limits and intersection lighting with consideration for all modes of transportation.
- **Social, Economic, and Environmental Impacts (SEE):** This principle identifies activities that result in avoiding, minimizing or mitigating impacts associated with the transportation system. Also identified are ways to address air pollution, erosion, noise, wetlands, storm sewers and waste management within the transportation system. Federal and state requirements pertaining to this principle will be followed. In recent years, the importance of transportation design that is sensitive to the surrounding environment has received increasing attention. The growing emphasis on aesthetically pleasing and environmentally sensitive projects has been exhibited at both the federal and state level through funding and design policies. Local governments are increasingly interested in inclusion of aesthetic elements with transportation improvements. Limited investment of transportation funds is supported to enhance the aesthetic character of highway corridors on major transportation improvement projects.
- **Public and Agency Involvement:** Activities resulting in opportunities for residents and agencies to contribute to transportation plans, studies and projects. Examples include open houses, workshops, surveys, publications, web site information and e-mail. In

addition, staff will frequently meet with staff from local County communities and Mn/DOT regarding transportation planning documents, studies and projects.

- **Context Sensitive Design and Complete Streets:** Roadway standards and development practices that are flexible and sensitive to community values allows roadway designs to better balance economic, social and environmental objectives. The complete streets principle seeks to accommodate all transportation system users safely and efficiently in appropriate contexts. Complete streets are defined as roadways designed and operated to enable safe, attractive and comfortable access and travel for all users including pedestrians, bicyclists, motorists and public transport users of all ages and abilities. Context varies by road segment, but can generally be described as rural, suburban and urban. Higher attention should be paid to more intense areas where higher pedestrian and bicyclist use is expected or desired

The *Dakota County 2030 Transportation Plan* focuses on six goals with desired outcomes, products, or services.

Goal 1 Limited Resources are Directed to the Highest Priority Needs of the Transportation System.

The County will develop the best transportation system to provide for safe movement of people and goods within financial constraints.

Goal 2 Transit and Integration of Transportation Modes

Dakota County will develop and integrate comprehensive transit systems, bicycle and pedestrian networks; and other non-automobile modes for people and freight to maximize the efficiency of the transportation system by providing safe, timely, and efficient connections between communities, activity generators and employment centers.

Goal 3 Preservation of the Existing System

The most effective way to protect the County's transportation system investments is to continually evaluate and maintain the existing system to reduce unnecessary or premature replacement investments while maintaining safety and mobility.

Goal 4 Management to Increase Transportation System Efficiency, Improve Safety and Maximize Existing Highway Capacity

Safe travel on routes with minimal congestion is an integral part of the County's vision for its transportation system. Fiscal, social and environmental constraints limit the ability for an accelerated road construction program to achieve this vision alone. Management strategies that optimize the capacity and safety of the existing transportation system must be pursued.

Goal 5 Replace Deficient Elements of the System

Transportation system elements such as pavement and bridges deteriorate over time. Even with proactive preservation over the life of the transportation system, replacement eventually becomes the most effective approach. Additionally, standards and practices change, affecting system safety and operation to maintain safe and efficient movement of people and goods. The County will replace deficient elements of the transportation system as they become structurally or functionally obsolete.

Goal 6 *Improvement and Expansion of Transportation Corridors*

The County will improve the existing transportation system to address emerging deficiencies and capacity needs to best provide efficient connections for people to travel to work, to shop and to one another by safe travel on routes with minimal congestion.

Proposed Investments for the 2018 - 2022 Capital Improvement Program

Goal 1 in the *Dakota County 2030 Transportation Plan* is: Limited Resources are directed to the Highest Priority Needs of the Transportation System. Specific investment categories in Goals 2 through 6 of the *Dakota County 2030 Transportation Plan* are:

Goal	Investment Categories
Transit and Integration of Transportation Modes	<ul style="list-style-type: none"> • Cedar Avenue Transitway (Bus Rapid Transit) • Interstate 35W Transitway (Bus Rapid Transit) • Red Rock Transitway (Commuter Rail) • Robert Street Transitway • Transit Services • Integrating Pedestrian and Bicycling Modes
Preservation	<ul style="list-style-type: none"> • Highway Surface – Bituminous • Highway Surface – Gravel • Bridge Rehabilitation • Traffic Safety and Operation • Transit, Pedestrian and Bicycle Facilities • Storm Sewer Maintenance
Management	<ul style="list-style-type: none"> • Access Spacing • 10-Ton County Highway System • Functional Classification • Jurisdictional Classification • Traffic Control Devices • Roundabouts • Safety and Management • Traffic Signal Projects • Right-of-Way Preservation & Management
Replacement	<ul style="list-style-type: none"> • Highway Replacement & Reconstruction • Bridge Replacement • Gravel Road Paving • Traffic Signal Replacement
Improvement and Expansion	<ul style="list-style-type: none"> • Lane Additions/Expansion • Future County Highway Alignments • Interchanges and Overpasses • Future Studies

This is the sixth year that the Transportation CIP is guided by the *Dakota County 2030 Transportation Plan*.

The chart below shows a comparison of the recommended category funding in the *Dakota County 2030 Transportation Plan* and the 2017-2021 CIP.

2030 Transportation Plan Targets vs. Amount Budgeted in CIP			
	Proposed 5- Year Plan Target	Proposed 5-Year CIP Actual	Target to Actual (%)
Resources	\$ 19,000,000	\$ 42,230,953	222%
Preservation	24,100,000	49,485,980	205%
Management	38,600,000	62,178,250	161%
Replacement	70,700,000	157,179,200	222%
Improve and Expansion	164,300,000	28,675,800	17%
Total	\$ 316,700,000	\$ 339,750,183	

The Expansion category does not meet the 5-Year Target goal established in the *Dakota County 2030 Transportation Plan*. It should be noted that projects typically include elements in more than one project type category. The Expansion category includes projects that do not have all funding identified at this time but the projects are included in the CIP to assist with the pursuit of additional funding.

The "Resources" category is used to include elements in the CIP that are not directly outlined in the *Dakota County 2030 Transportation Plan Goals 1-6*. "Resources" consists of Township Road Distribution and CIP Reimbursement for operations, staffing and Attorney costs. This is the sixth year of the CIP to include the full cost of all staff necessary to support implementation of the CIP (\$11 - \$6 million/year).

The *Dakota County 2030 Transportation Plan* determined that over \$1.253 billion would be required to meet Dakota County transportation needs over the 20-year plan period.

The current 2018 - 2022 Transportation CIP totals approximately \$339 million.

The 2018 - 2022 Transportation CIP format is organized by which revenue sources are used to support each project. Projects in this CIP that are fully funded through County funds are shown first, projects fully funded with State Aid funds second, and projects funded through a combination of County funds and State Aid funds last for each year. In a time where County funds available for Transportation CIP projects are changing, this format allows for easy identification of projects by funding source.

Highlighted Highway Projects

Goal 1: Limited Resources are directed to the Highest Priority Needs of the Transportation System

The CIP includes projects submitted through the Regional process for Federal funding:

- CSAH 26 at Trunk Highway 3 in Inver Grove Heights, and
- CSAH 8 at CSAH 73 construction of a roundabout in West St Paul (programmed in 2016 CIP), and
- Intersections at various locations for Highway Safety Improvement Program (HSIP) funding

Estimates of revenues for Wheelage Tax and Leased Motor Vehicle Sales Tax are included in the CIP. New revenue is expected to grow over the life of the CIP. Factors such as fuel consumption and vehicle sales may reduce actual revenues from estimated amounts.

Goal 2: Transit and Integration of Transportation Modes

Transportation modes will be integrated and provide alternatives that maximize the efficiency of the transportation system.

Bike/Pedestrian Trail Rehabilitation and Transit Infrastructure are included in the Transportation section of the CIP.

Separated bike and pedestrian ways are an important element of a safe and efficient transportation system to serve all modes and users.

A system of bikeways will form a framework to serve countywide needs (e.g. access to major County facilities, activity centers, employment centers, and post-secondary schools) and provide connections between municipalities and to adjacent counties.

The CIP includes funding for Transit Infrastructure projects such as: bus shelters, bus pull-outs, pilot projects for transit improvements and preservation of right of way.

Goal 3: Preservation of the Existing System

Highway Surface – Bituminous

The County will program projects for bituminous milling, overlays and pavement recycling at various locations throughout the County. These projects will repair roadway deterioration and restore the asphalt surface, prolong the life of the roadway, and improve travel comfort and riding quality.

Potential bituminous resurfacing projects for consideration in 2018 are listed below. Final project selection will be determined based on a review of the roadways and pavement ratings and in coordination with the cities involved.

- CSAH 28 from TH 13 to Federal Drive in Eagan
- CSAH 31 from CSAH 42 to CSAH 33 in Apple Valley
- CSAH 31 from 190th St to 170th St in Farmington & Lakeville
- CR 4 from CSAH 63 to Robert Street in West St Paul
- CSAH 42 from 145th St to CSAH 71 (Blaine Ave) in Rosemount
- CSAH 46 from CR 48 to TH 61 in cities of Rosemount, Coates, & Hastings; and Vermillion, Nininger & Marshan Townships

Highway Surface – Gravel

The County will program gravel resurfacing projects at various locations throughout the County. These projects will repair deteriorated surfaces with a gravel surface, prolong the life of the roadway, and improve travel and ride quality.

- CR 93 (Orlando Ave) from 260th St to TH 61 in Douglas Twp
- CR 91 (Michael Ave/Miesville Tr) from 280th St to Nicolai Ave in Douglas Twp
- CR 89 (Inga/220th St/Joan) from TH 50 to CSAH 62 in Hampton, Douglas, and Marshan Twp
- CR 76 (230th St) from CR 89 to CSAH 91 in Douglas Twp

To control dust, magnesium chloride will be applied on Dakota County gravel roads. In 2018, all County gravel roadways will receive dust control and minor repair work.

Goal 4: Management to Increase System Efficiency and Maximize Existing Highway Capacity**Access and Management Projects**

- CP 26-47 Roundabout construction at Trunk Highway 3 will improve intersection operations and traffic flow in Inver Grove Heights. Construction is scheduled for 2018. This project includes \$2,120,000 in Federal Funds.
- CP 31-87 Signal Revisions and fiber interconnection between CSAH 46 from Kenrick Ave to CSAH 31; and CSAH 31 from 170th St to CSAH 38 will improve intersection operations and traffic flow along CSAH 46 (160th St) and CSAH 31 (Pilot Knob Rd) in Lakeville and Apple Valley. Construction is scheduled for 2018. This project includes \$1,075,900 in Federal Funds.

Goal 5: Replace Deficient Elements of the System**Bridge Replacement**

The Bridge Replacement Program recommends replacing deficient bridges. The projects are funded with federal, county, state, and local funds.

A potential bridge replacement project for consideration in 2018 is listed below. Final project selection will be determined based upon availability of bridge bonds or state funding.

- Township Bridge L3249 in Marshan Township

Roadway Replacement Projects

CSAH 86 (280th St) roadway replacement from Trunk Highway 3 to west of CSAH 47 (Northfield Blvd) in Castle Rock, Waterford, and Sciota Townships.

Goal 6: Improvement and Expansion of Transportation Corridors**Future Studies/Professional Services**

- CP 66-16 CSAH 66 at Trunk Highway 52 Interchange Study in Vermillion Township. This study programmed in 2018 will identify the long-term footprint for an interchange in the area of CSAH 66/TH 52. This is one of the recommendations from the Trunk Highway 52 Interregional Corridor (IRC) Study.

Buildings Capital Improvement Program

Background

Dakota County manages approximately 1,600,000 square feet in office buildings, libraries, correctional facilities, museum, dispatch, parks, maintenance, and storage facilities. Most of the County's facilities are relatively new, being built or renovated within the past 20 years. As buildings age, the need for mechanical and electrical system replacements increase, placing greater stress on the County's Building and Maintenance Funds.

Over the next 10 to 20 years the ongoing challenge facing the County will be to provide sufficient and suitable space to accommodate the service needs of a growing population. Metropolitan Council Population Forecast shows Dakota County's population increasing 19% from 398,552 in 2010 to 475,370 in 2030. The pace and location of growth will be a primary focus in planning improvements to County facilities.

Planning Considerations

Major projects in the Buildings CIP follow the recommendations approved by the County Board in the Long Range Facilities Plan. Other projects including system replacements and miscellaneous projects are submitted by facilities and building staff. All projects contained in the Building CIP are evaluated and scored based upon the following:

- Health and Safety (1 to 5 points)
- Asset Protection (1 to 5 points)
- Reduction in Operating Costs (1 to 5 points)
- Improve User Productivity (1 to 5 points)
- Strategic Objective (1 to 3 points)
- Ability to Postpone Project (1 to 3 points)
- Synergy Opportunities (1 to 3 points)

Higher score indicates higher County priority.

2018 - 2022 Capital Improvement Program Highlights

This 2018 – 2022 CIP is a continuation of the previous 2017-2021 CIP, except for the following:

New Projects for 2018:

- Various fire alarm panel replacements
- Northern Service Center building automation system replacement
- Parks building automation system installation
- Juvenile Service Center boiler replacement
- Northern Service Center cooling unit replacements
- Security video management system upgrade
- Card access reader replacements
- Juvenile Service Center condenser replacement
- Western Service Center water softener replacement
- Northern Service Center boiler tube replacement
- Judicial Center tunnel waterproofing
- Wescott Library parapet cap replacement

- Law Enforcement Center housing unit maintenance allocation
- Empire site facility additions design
- Public Safety Facility land acquisition, design and construction
- Law Enforcement Center Security improvements
- Open office sound masking
- Additional security camera installations
- Countywide exterior wayfinding signage installation
- Countywide ADA assessment and implementation plan
- Parks building space needs assessment
- Judicial Center courtroom security upgrades
- Law Enforcement Center office and conference space reconfiguration – 1st floor
- Judicial Center County Attorney's Office noise mitigation plan
- Countywide security enhancements
- Law Enforcement Center ICCR holding cell modifications

Projects for 2019 include:

- Dakota Communications Center programmed equipment replacement
- Juvenile Service Center laundry upgrade
- Judicial Center restroom renovation
- Judicial Center and Administration Center railing code modifications

Projects for 2020 include:

- Recycling Center design and construction
- Heritage Library cooling unit replacement
- Wentworth Library boiler replacement
- Western Service Center and Judicial Center loading dock modifications
- County Museum ADA improvements

Projects for 2021 include:

- Security camera replacements

Projects for 2022 include:

- Wentworth Library design and renovation
- Robert Trail Library needs assessment
- Wescott Library needs assessment

Recommended Funding Level:

2018 - \$21,983,208

2019 - \$25,802,183

2020 - \$11,893,720

2021 - \$7,157,948

2022 - \$8,491,286

Building Fund					
Year	Annual Cost	State	County Funds	Environmental Legacy Fund	Other
2018	21,983,208	774,000	21,209,208	-	-
2019	25,802,183	3,160,000	20,473,258	2,000,000	168,925
2020	11,893,720	2,690,000	7,911,300	1,292,420	-
2021	7,157,948	-	2,550,500	4,607,448	-
2022	8,491,286	-	4,923,413	3,455,888	111,985
Total	75,328,345	6,624,000	57,067,679	11,355,756	280,910

Environmental Resources Capital Improvement Program

Mission

Protect, preserve and enhance the environment for the health, enjoyment and benefit of current and future generations.

Plan Goals/Programming Strategies

- Development of comprehensive County Land Conservation Plan in 2018
- Additional analysis of potential sites for larger-scale wetland restoration and water retention basins

The anticipated 2018-2022 Environmental Resources Department capital projects are guided by:

- The County Board Goal of “A healthy environment with quality natural areas” and the associated strategies of “Connect and Protect Precious Places” and “Ensure a Clean and Plentiful Water Supply”
- Shoreland protection and management/restoration
- High quality natural area protection and management/restoration
- Greater emphasis on wetland restoration and water retention
- Easement acquisition of productive agricultural land only in association with other land conservation goals.

Strategies to Accomplish the 2018-2022 CIP

- Partner with internal and external entities to achieve multiple environmental benefits and mutually compatible goals and objectives
- Use the principles and processes included in the approved Vermillion River Corridor Plan to guide implementation of capital acquisition and improvement projects along rivers, streams and undeveloped lakeshore that provide combined water quality, wildlife habitat and outdoor recreational benefits
- Protect high-quality natural areas and shoreland
- Protect agricultural lands associated with shoreland, natural areas and wetland protection and restoration

Environmental Resources CIP			
Year	Annual Cost	State	Environmental Legacy Fund
2018	3,150,666	2,288,000	862,666
2019	7,634,334	5,922,000	1,712,334
2020	-	-	-
2021	3,000,000	2,250,000	750,000
2022	-	-	-
Total	13,785,000	10,460,000	3,325,000

Transportation Sales and Use Tax Capital Improvement Program

The Dakota County Transportation Sales and Use Tax Program focuses on regional highway and transit investment as part of the broader county transportation system.

In 2008 Dakota County executed a joint powers agreement with Anoka, Hennepin, Ramsey and Washington counties to form the Counties Transit Improvement Board (CTIB). CTIB provided capital and operating funds for regional transitways including the Cedar Ave METRO Red Lind Bus Rapid Transit (BRT) and I-35W METRO Orange Line BRT. Dakota County and other County members also enacted a one-quarter (.25%) percent sales and use tax and an excise tax of \$20 per motor vehicle authorized under Minn. Stat. §297A.992 to finance CTIB.

In May, 2017 the five counties that comprise CTIB approved termination of their Joint Powers Agreement effective September 30, 2017. Following the CTIB dissolution, Dakota County was eligible to enact the Greater Minnesota Transportation Sales and Use Tax authorized under Minn. Stat. §297A.993 for counties not included in CTIB.

The Sales and Use Tax enables up to one half of one percent sales and use tax, an excise tax of \$20 per motor vehicle. This tax can be enacted by a Board resolution following a public hearing and can be used for statutorily defined transportation and transit projects. In accordance with the statute, proceeds of the Sales and Use Tax must be dedicated exclusively to:

- Payment of the capital cost of a specific transportation project or improvement
- Payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement
- Payment of the capital costs of a safe routes to school program
- Payment of transit operating costs

Dakota County Transportation Sales and Use Tax Transportation Improvement Program - Eligible Projects 2018-2027	
Project / Investment Description	Estimated Cost
REGIONAL TRANSITWAY CAPITAL AND OPERATION COSTS	
1. METRO Red Line (Cedar Avenue Bus Rapid Transit) capital costs	\$17.3 million
2. Assumption of CTIB 2017 Operating Grant Agreement for the METRO Red Line Service (Cedar Avenue Bus Rapid Transit) with the Metropolitan Council (#06-2017-01)	
3. METRO Orange Line (I-35 Bus Rapid Transit) capital and operating costs	\$6.8 million
4. METRO Orange Line Extension (I-35 Bus Rapid Transit) capital and operating costs	\$10.9 million
5. Assumption of 14% of the remaining balance of CTIB's full funding commitment to the capital costs of Phase 1 of the I-35W South BRT (METRO Orange Line) project, 14% of the remaining balance of the State's share of the capital costs of the project (recognizing any reductions for additional legislative contributions), and 14% of the CTIB Share of net operating costs (for reference see CTIB Resolution #41-2016 as amended by Resolution #18-2017).	
6. Consistent with CTIB Resolution #55-2014: 14% of the remaining balance of CTIB's Project Development commitment to the capital costs of Phase 1 of the I-35W South BRT (METRO Orange Line) project.	
7. Assumption of 2017 Operating Grant Agreement for the Cedar Avenue Express Service with the Metropolitan Council (#07-2017-01)	
8. Assumption of 2017 Operating Grant Agreement for the I-35W South Express Service with the Metropolitan Council (#10-2017-01)	
REGIONAL COUNTY HIGHWAY PROJECTS	
9. CSAH 70 2 to 4 lane expansion from I-35 to CSAH 23 in Lakeville	\$25 million
10. CSAH 46 2 to 4 lane expansion from TH 3 to TH 52 in Rosemount and Empire Township	\$24 million
11. CSAH 42 4 to 6 lane expansion from I-35E east to city border in Burnsville	\$19 million
TRUNK HIGHWAY PROJECTS	
12. TH 77: Managed lane/MnPASS expansion in Apple Valley and Eagan	\$48 million
13. TH 3: 2 to 4 lane expansion from 55th Street to TH 55 in Inver Grove Heights	\$24 million
14. TH 3: 2 to 4 lane expansion from TH 149 to downtown Rosemount in Eagan, Inver Grove Heights, and Rosemount	\$42 million
15. TH 55: 2 to 4 lane expansion from CSAH 42 to Hastings in Rosemount and Nininger Township	\$48 million
16. TH 52 and CSAH 66 interchange in Vermillion Township	\$24 million
17. I-35 Managed lane/MnPASS extension to CSAH 50 in Burnsville and Lakeville including I-35 and CSAH 50 interchange reconstruction in Lakeville	\$100 million
TRANSIT SERVICE EXPANSION CAPITAL AND OPERATING COSTS	
18. Up to \$1 million annually for non-transitway transit service expansion capital and operating costs	\$10 million
REGIONAL TRAIL PROJECTS TO MATCH FEDERAL TRANSPORTATION FUNDS	
19. Up to \$1 million annually to match federal aid transportation funds received for regional trails	\$10 million
TOTAL	\$409 million

Byllesby Dam Capital Improvement Program

Mission

As per the Dakota County Comprehensive Plan, it is our goal to maintain and improve hydroelectric power productivity of the Byllesby Dam with energy policies that incorporate sustainable renewable energy into Dakota County operations and support sustainable, efficient energy supply infrastructure in the County.

Issues/Responsibilities

Dakota County is the sole owner and operator of the Byllesby Dam, located on the Cannon River approximately one mile upstream of the city of Cannon Falls. The hydroelectric facility is regulated by the federal government through the Federal Energy Regulatory Commission and is considered a high hazard project. The primary issues at the dam include:

- Properly meeting Federal Energy Regulatory Commission (FERC) dam safety requirements and responsibilities
- Compliance with water management plan and permit requirements set by the Minnesota Department of Natural Resources, including maintaining “run-of-river” status for the Cannon River, maintaining summer and winter operating pool elevations and responding efficiently to high water events
- Respond effectively to FERC mandates, including the development, maintenance and implementation of the Supporting Technical Information Document, the Owner’s Dam Safety Program, the Dam Safety and Surveillance Monitoring Report, the Emergency Action Plan, the Dam Security Plan, and the Operations and Maintenance Manual. All these requirements are to ensure dam safety
- Produce hydroelectric-generated revenue to finance our annual operating budget and advance payback of past capital improvements, with the goal of not impacting Dakota County taxpayers

Byllesby Dam CIP			
Year	Annual Cost	State	General Fund
2018	12,311,000	6,000,000	6,311,000
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Total	12,311,000	6,000,000	6,311,000

Data Networks Capital Improvement Program

Vision

Data networks, using broadband technology to provide internet access, are essential for County business and other public institutions. In Dakota County, the Information Technology (I.T.) department is responsible for development and maintenance of the Capital Improvement Program (CIP) for data networks. Information Technology will lead the County’s strategic development of broadband infrastructure to connect County buildings with high speed data

networks and for connecting the County to other institutional or commercial networks as appropriate and beneficial.

The Dakota County Network is further broken down into three tiers:

Core

- Networks to and from the County’s internet service provider (State of Minnesota) and all principle Dakota County facilities, and networks connecting principle Dakota County facilities to one another. Examples of locations serviced by core networks:
 - Administration Center
 - Western Service Center
 - Northern Service Center
 - Judicial Center
 - Juvenile Service Center
 - Law Enforcement Center

Satellite

- Networks provided by Dakota County for County staff at facilities other than those serviced by core networks. Examples of locations serviced by satellite networks:
 - Historic sites and museums
 - Soil and Water Conservation District
 - Extension and Conservation Center
 - Empire Transportation Facility
 - Community Development Agency
 - Drug Task Force
 - All libraries
 - All license centers
 - All parks and trails

Remote

- Networks provided by Dakota County to non-staffed County locations.

Data Networks CIP		
Year	Annual Cost	County Funds
2018	2,380,000	2,380,000
2019	400,000	400,000
2020	400,000	400,000
2021	400,000	400,000
2022	400,000	400,000
Total	3,980,000	3,980,000

Regional Railroad Authority's Capital Improvement Program

In 1987, the Dakota County Regional Railroad Authority (Authority) was formed under Minnesota Statutes, Chapter 398A, which allows broad powers for the Authority to plan, acquire, and construct railroads, including light rail transit (LRT). Minnesota Statutes 398A.04, authorizes the Regional Railroad Authority to plan, establish, acquire, develop, purchase, enlarge, extend, improve, maintain, equip, regulate and protect; and pay costs of construction and operation of a bus rapid transit system located within it's county on transitways included in and approved by the Metropolitan Council's 2030 Transportation Policy Plan.

Within the powers granted by statutes, the Authority evaluates modes of transportation for their application to reduce congestion, improve mobility and provide alternative forms of transportation. Many of the initiatives supported by the local Authority are funded by a combination of federal, state, Dakota County, local agencies and Authority funds.

Regional Railroad Authority CIP								
Year	Annual Cost	City	Federal	State	Metropolitan Council	MVTA	Transportation Sales & Use Tax	Authority Funds
2018	3,586,000	-	-	-	-	-	-	3,586,000
2019	2,816,084	20,000	-	-	-	112,500	-	2,683,584
2020	10,348,360	-	7,000,000	1,050,000	-	-	-	2,298,360
2021	3,908,900	-	1,733,440	1,045,260	433,360	-	696,840	-
2022	2,456,728	24,585	-	1,045,260	348,420	-	1,038,463	-
Total	23,116,072	44,585	8,733,440	3,140,520	781,780	112,500	1,735,303	8,567,944

FINANCIAL POLICIES AND **GUIDELINES**

The purpose of this section is to provide an understanding of the following:

- Financial philosophy that guides Dakota County's financial operation
- Long-range financial policies
- Fund balance management plan and practices
- Debt Administration
- Investment Policy
- Budget Compliance Policy

Financial Philosophy

The basic principles that drive the development of financial policies and guidelines for Dakota County are to:

- Maintain a clear definition of accountability and spending authority
- Maintain a long-term financial approach for responding to both current and future issues
Examples of this approach include multi-year outlooks for budget planning as well as balancing the budgeting of tenuous state revenues between the operating and capital budgets. Additionally, as a matter of practice, the county begins budgeting for the operating costs of capital at the time major projects are approved to begin, ensuring resources are in place when the project is complete.
- Maintain appropriate levels of fund balance by:
 - utilizing fund balance for time-limited projects or services
 - fully funding all plans and obligations
 - enhancing funding for building projects

Long-Range Financial Policies

Dakota County has a number of policies and practices that are long-term in scope, but there is no one stated long-range financial policy. For example, the County has a fund balance plan that advocates prudent use of fund balance to promote long-term budget stability. Fund balance is used to smooth the impact of one-time expenditures or revenue shortfalls. Additionally, Dakota County designates a portion of its fund balance for budget stabilization to account for unforeseen disruptions in revenue. Budget planning starting in 2012 has explicitly moved beyond single year budgeting for operations and has considered the longer term environment for revenue as well as likely cost pressures.

Dakota County also engages in long-term facilities planning. The Capital Project Management Department, in cooperation with other County departments has created a Long Range Facilities Plan. This plan was last updated in 2017 and looks at the County's facilities needs for the next fifteen years. The Long Range Facilities Plan is a planning document only. However, capital costs of future projects are quantified to allow for fiscal planning. In addition to the capital costs, the cost of operating these facilities is considered. Dakota County has a practice of building up operating funds when new facilities are planned to open. This longer-term planning for operating costs allows for a gradual increase in the amount of funding necessary to staff and run the facilities without causing an unusually high increase in property taxes in the years in which the facilities open.

In terms of long range financial planning, Dakota County utilizes a long-term approach to strategic planning and goal setting. For budget planning the County compiles a 5 year projection by applying an estimated inflation rate and making assumptions about future FTE growth.

Fund Balance Management

Background

When reviewing fund balance it is important to understand how it is built and used. Dakota County's fund balance management practices have grown and evolved significantly over time. In the 1980's, planned sources and uses of fund balance were very limited. Throughout the 1990's, these practices have become much better defined and have evolved into the current

practices evident in the 2017 budget. Our practices and policies help to assure an appropriate level of fund balance and allow for the planned use of fund balance for defined purposes, including property tax relief and service and building improvements. As we face a more challenging economic environment, our fund balance practices will again warrant review as we manage risks and continue our transition to a future of lower revenue.

Our financial strengths are affirmed by the current bond ratings by both Moody's and Standard & Poor's indicating Dakota County's strong capacity to meet its financial obligations. The County's strong financial condition was recognized by the AA+ bond rating by Standard and Poor's and Aaa bond rating by Moody's.

Current Bond Ratings	
Moody's Municipal:	Aaa
Standard & Poor's:	AA+

The County plans to be able to maintain long-term appropriate fund balance amounts. It is our desire to maintain an appropriate fund balance level, which allows the County sufficient lead time and resources to respond to budget deficits arising from revenue losses or expenditure increases.

The proper amount of fund balance and budget surplus is a very difficult issue. We believe the proper amount of fund balance varies for every county. Our belief is supported by there being no widely accepted guidelines for proper fund balance amounts. We also believe that each county's fund balance needs vary from year-to-year. Dakota County's fund balance needs increase when planning for major capital expenditures or when we fear declining revenue. Nevertheless, Dakota County does not plan to utilize fund balance for on-going expenditures, but rather for one-time items such as capital purchases or improvements. The major issue related to fund balance is not the amount but rather that we understand our financial condition, have a solid financial plan, and review our plan on a regular basis.

Dakota County’s Fund Balance Plan

Fund Balance Plan	
Components of Fund Balance Plan	Demonstration of Achievement of Plan
Maintain and possibly grow fund balance to meet obligations	<ul style="list-style-type: none"> • Cash flow requirements fully designated • IBNR fully designated • Compensated absences increases fully covered (annual transfer to Internal Service Fund)
Maintain flexibility to cover unforeseen	<ul style="list-style-type: none"> • Contingency funds • Losses in external funding

Explanation of Fund Balance Plan Components

Maintain and possibly grow fund balance to meet obligations. Dakota County currently has fund balance fully sufficient to cover all cash flow requirements and incurred but not recognized (IBNR) items.

Maintain flexibility to cover unforeseen costs. Dakota County manages its fund balance to insure that unforeseen expenditure increases or revenue losses can be covered in the short-term, thereby allowing the County Board and management sufficient lead time to respond to the financial situation. An unforeseen and untimely loss of revenue occurred at the end of 2008, when the Governor “unallotted” state aids to cities and counties on December 24th, just days before the close of the fiscal year (a state law allows the Governor to reduce state payments when in a state budget shortfall). This resulted in a loss of revenue of \$2.3 million. The County’s fund balance was necessary in this case, as there was no way to reduce expenses by this amount in that short of time period.

Debt Administration Policy

Dakota County has established debt administration guidelines. While the guidelines have not been formally adopted as a policy by the Board, they nevertheless provide guidance for debt administration. The purposes of the guidelines are to: maintain a high credit standing, preserve debt capacity for future capital needs, acquire capital at the lowest-possible borrowing cost and administer obligations in an efficient manner. Several key policy issues form the framework for the County’s debt procedures. A listing of the key issues follows:

- Competitive and open bonding processes will be the standard.
- Communications with the investor and the national bond rating communities will be given high priority.
- Complete and full disclosure of all financial and economic operations will be met through the timely distribution of information.
- Compliance with the terms, conditions, and covenants of all outstanding bond or lease transactions will be monitored.
- Complex financial transactions requiring county limited or unlimited may be publicly sold through negotiation with a syndicate of investment banks with proper oversight.

- Determination of type and level of security of debt should be made based upon: direct and indirect beneficiaries of the project, time pattern of the stream and the project's useful life, and ability of a project to fund itself through use fees.
- Refunding and advance refunding opportunities will be monitored and the target level of a minimum of four percent Net Present Value debt service savings.
- General obligation bond proceeds will not be employed to fund general operation of the County.

The County policy on debt administration also addresses several guidelines to promote balance. The guidelines outline a variety of factors to consider when issuing debt is presented as a funding option. Samples of the guidelines are listed below:

- Debt service for general obligation (GO) property tax-supported debt and capital leases will not exceed seven percent (7%) of general fund and special revenue expenditures.
- Direct GO debt and capital leases will not exceed 0.65% of indicated Market Value of taxable property.
- Direct GO debt and capital leases will not exceed \$300 per capita.
- Direct GO property tax-supported debt and capital leases will not exceed two percent (2%) of aggregate household income.
- The minimum debt capacity to be preserved for future projects and contingencies will be seventy percent (70%).
- Average life of county GO property tax-supported bonds should not exceed 10 years.
- Variable rate debt will not make up more than twenty percent (20%) of the combined debt portfolio of the County.

Investment Policy

While funds are in the custody of the County, the funds shall be invested prudently and in accordance with Minn. Stat. § 118A to assure the preservation of principal, provide needed liquidity for daily cash requirements, and provide an acceptable rate of return.

The portfolio is established to preserve financial assets for future operating and capital expenses. The portfolio will be actively invested to achieve growth of capital through appreciation of securities held and through the accumulation and reinvestment of interest income.

The Dakota County Financial Services Director is the fiduciary agent of the Portfolio. The responsibility for conducting investment transactions involving public funds of the County reside with the Cash Management Unit of the Financial Services Department under the direction of the Deputy Finance Director, or as designated by the Dakota County Financial Services Director. In the management and investment of the Portfolio, an employee must act in accordance with the standards of the prudent person rule. All transactions shall be made in good faith with the degree of judgment and care, under the circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs.

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program or that could impair their ability to make impartial decisions. Employees shall disclose any material direct interests in financial institutions with which the County conducts business. They shall further disclose any personal financial and investment positions that could be related to the performance of the investment portfolio. Related party disclosures will be made during the

annual audit for related party transactions. Employees acting in accordance with written procedures associated with this Investment Policy and exercising due diligence shall be relieved of personal liability in managing the portfolio.

The objectives for investing the Portfolio shall be, in order of priority:

1. **Legality.** Investments will be made in accordance with Minn. Stat. § 118A governing the investment of public funds, and in conformance with the County's Investment Policy. Prior to completing an initial transaction with a broker, Dakota County shall obtain a fully executed "Notification to Broker and Certification by Broker" form, and annually thereafter as applicable.
2. **Safety of Principal.** Investments shall be made in a manner that seeks to ensure the preservation of principal in the overall portfolio whether from security defaults or fluctuations in market value, and to mitigate market risks. The County recognizes that occasional measured losses are inevitable and should be considered as part of the context of the entire portfolio.
 - a. **Credit Risk** - The risk of loss due to the failure of the security issuer or backer will be minimized by:
 - i. Pre-screening and authorizing financial institutions, broker or dealers, contractual investment managers, and intermediaries with which Dakota County will do business.
 - ii. Diversifying the portfolio through a variety of approved securities, maturities, and issuers.
 - iii. Requiring safekeeping, insurance and collateral to ensure return of capital.
 - b. **Interest Rate Risk** - The risk that the market value of securities in the portfolio will change due to variability in the markets. Interest rates risk will be managed by:
 - i. Diversifying purchases of securities by staggering or laddering the portfolio so that securities are limited in length by maturity periods, while meeting cash requirements for daily operations.
 - ii. Avoiding undue concentration of assets in any one maturity or market sector by balancing investments between short and long-term periods.
 - iii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

All investment securities purchased by the County shall be held in safekeeping by a third-party designated institution (the "custodian") as agent for the County. All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution, separate from a brokerage firm.. Cash, certificates of deposit and other depository accounts shall be collateralized by pledged securities as specified in Minn. Stat. § 118A. Dakota County requires that all pledged collateral be placed in safekeeping at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral. Custodial and collateral holdings will be monitored cash management staff, at least monthly, for compliance.

3. **Liquidity.** The liquidity of the portfolio should be sufficient to meet all County cash flow requirements. A reasonable portion of the investments should be liquid, with a secondary or

resale market (dynamic liquidity) and maturities should be laddered over time and structured to meet cash flow requirements to the extent possible (static liquidity). Additionally, a liquidity buffer of at least 10% should be maintained. A portion of the portfolio may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term investments. Securities may be liquidated to meet unanticipated cash requirements or to purchase other investments deemed more attractive in meeting the portfolio objectives.

4. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

Securities shall generally be held until maturity with the following exceptions:

- a. Liquidity needs of the portfolio require that a security be sold
- b. A security swap would improve the quality, yield or duration in the portfolio.
- c. A security with declining credit may be sold early to minimize loss of principal

Budget Compliance Policy

The Board annually adopts a budget, which is the spending and funding plan for the County. The budget is balanced with revenues equaling expenditures. The County Board expects that funds will be spent and earned in compliance with the budget. Budget compliance requires expenditures to be equal or less than and the revenues to equal or exceed the budget amount. A projected budget deficit exists when expenditures estimates exceed authorized spending levels or when projected revenues are lower than budgeted. A projected deficit requires either a plan of action to reduce spending or a budget amendment. A budget amendment might reallocate resources or modify revenue levels to bring each deficit activity back into balance.

The chief purposes of the Budget Compliance Policy (BCP) are to:

- Identify clearly staff's authority to amend the budget;
- Identify clearly where staff is held accountable;
- Provide staff with authority to resolve most projected budget deficits;
- Expect staff to resolve most projected budget deficits.

Budget compliance is measured at budget accountability points. A budget accountability point is the identified level used to evaluate each account group for budget compliance. Budget accountability points are at differing levels. Reasons for differing levels of budget accountability points include: external and internal reporting needs; county policies and practices; and varying levels of desired flexibility.

The BCP identifies the circumstances under which staff may amend the budget without Board action. In most cases, the authority has been granted to the County Manager, who has then designated authority to lower levels. The following authorities have been granted to amend the budget:

- Transfer spending authority within a program or department;
- Transfer spending authority between or among programs/department within a division;
- Transfer spending authority between or among divisions;
- Reduce spending authority or increase other revenue budgets related to deficits;
- Expand spending authority related to new or increased categorical revenue sources;

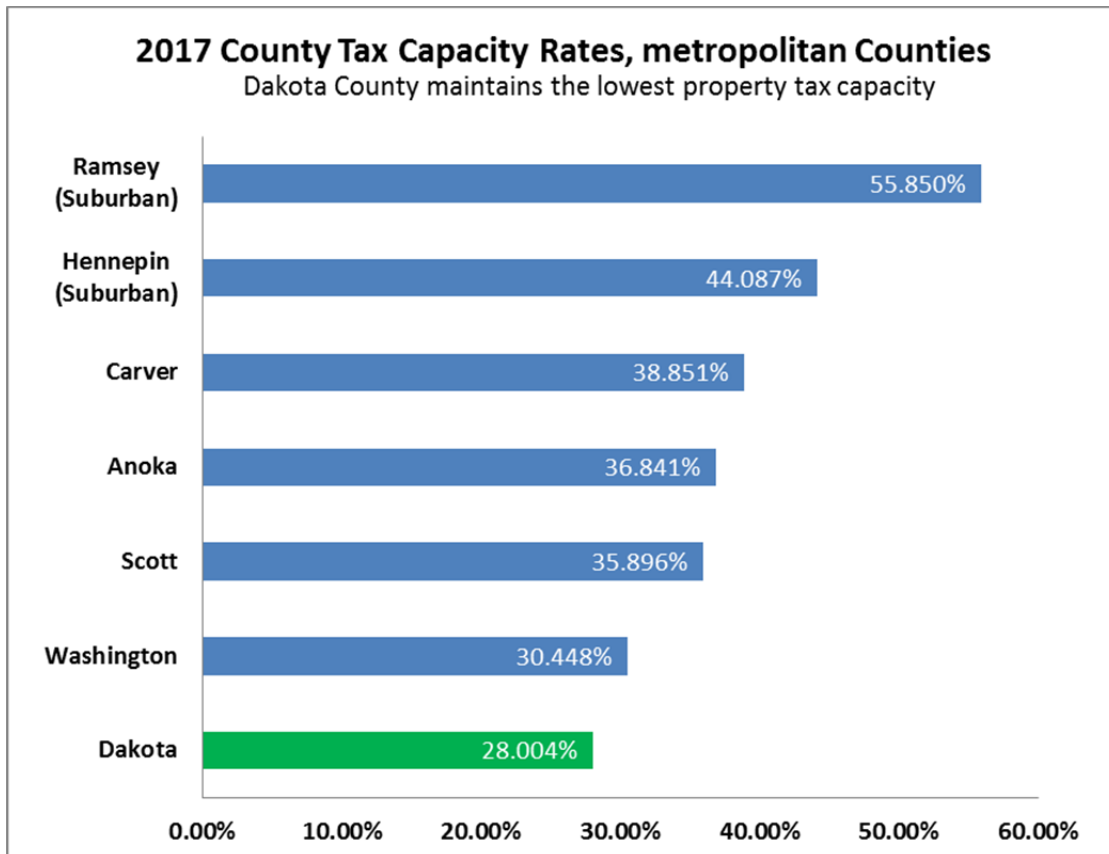
- Transfer spending authority below the budget accountability point;
- Make budget corrections or amendments falling under the authority of other policies.

Budget amendments are required as soon as budget deficits are projected. All other budget amendments are required prior to implementing spending changes.

APPENDIX

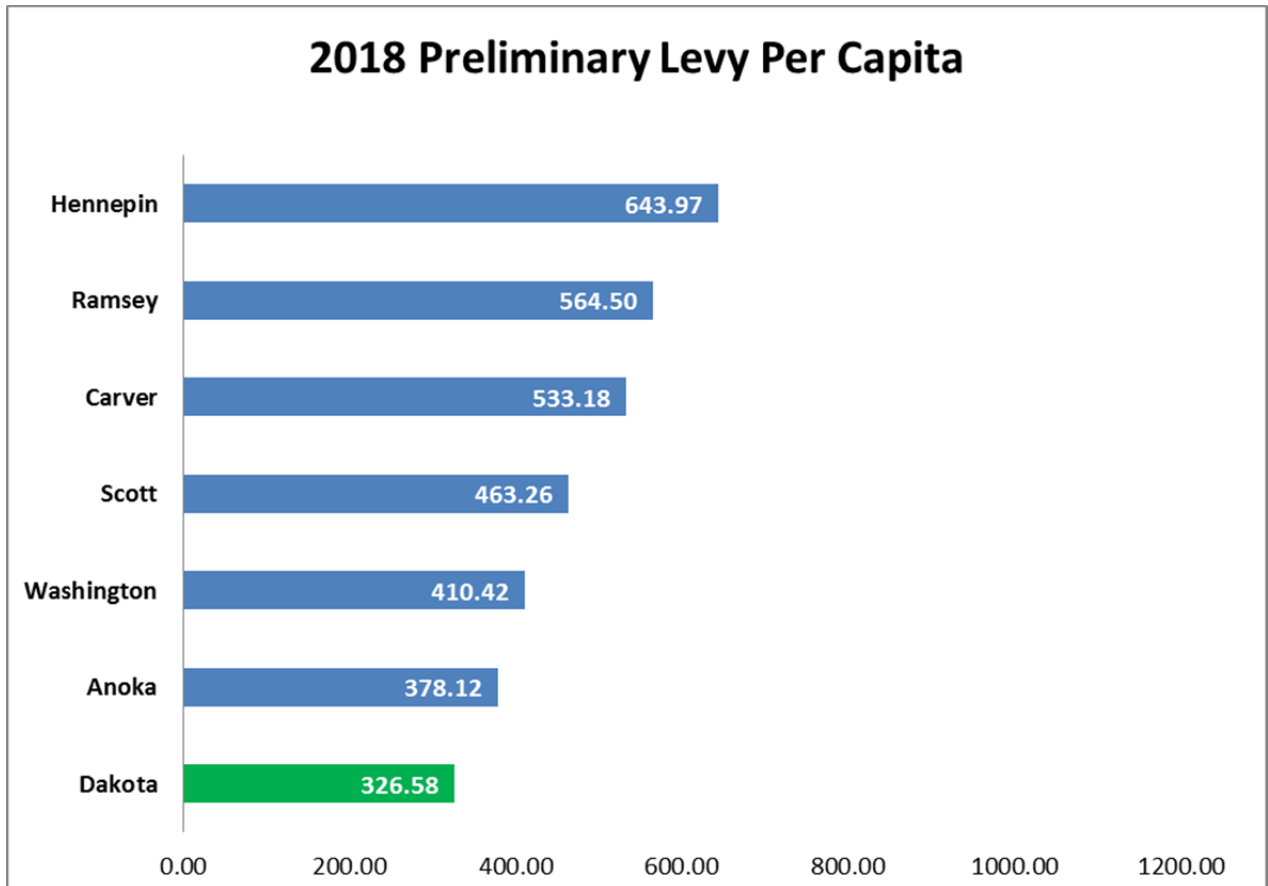
Item 1: Metropolitan Counties Property Tax Rates

Dakota County has the lowest property tax rate of all the seven metropolitan counties, as well as one of the lowest in the entire state.



Item 2: Metropolitan Counties Per Capita Property Tax

Dakota County has the lowest per capita net property tax of the seven metropolitan counties.

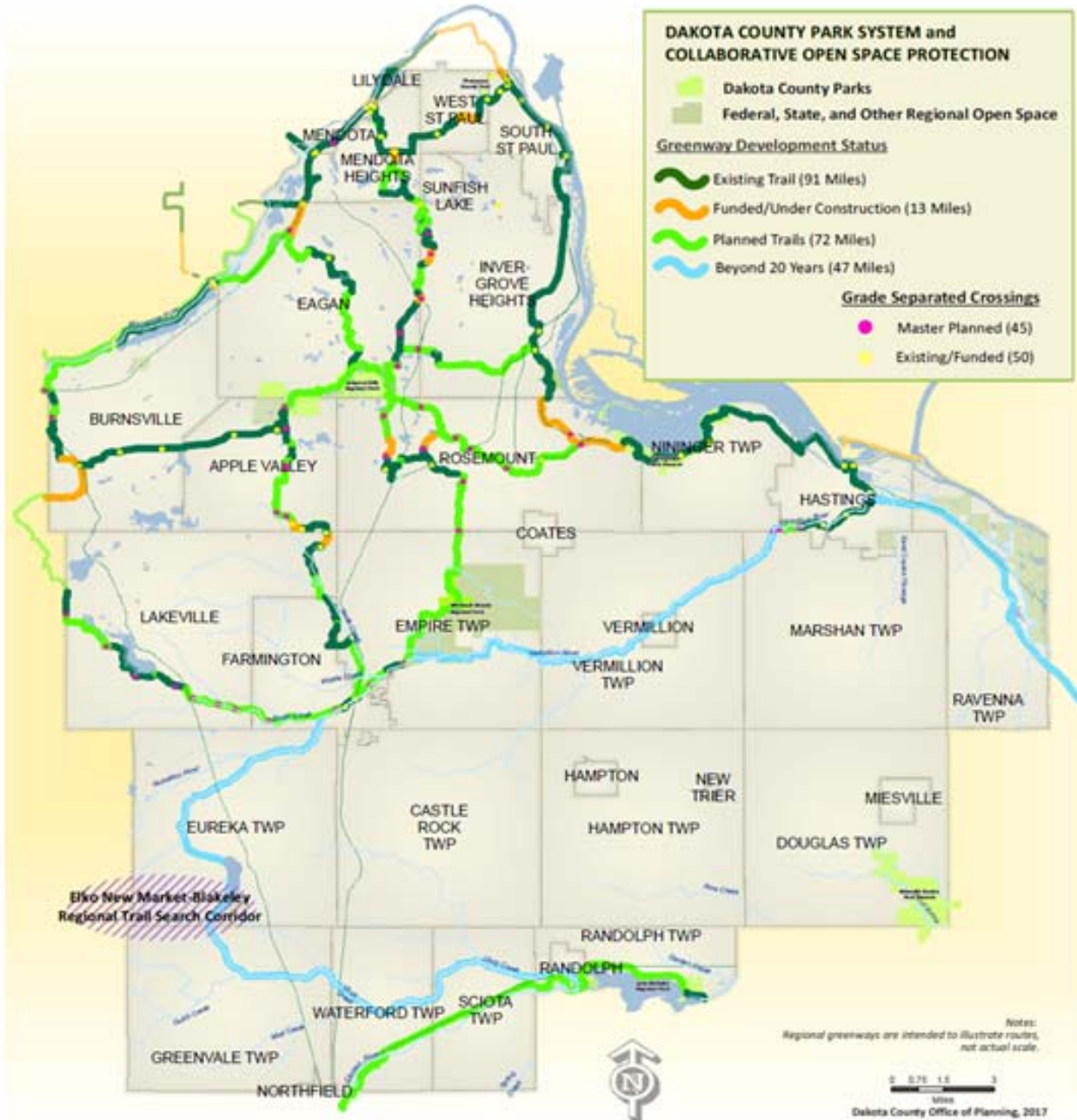


Item 3: Dakota County Full Time Equivalents (FTEs) by Department

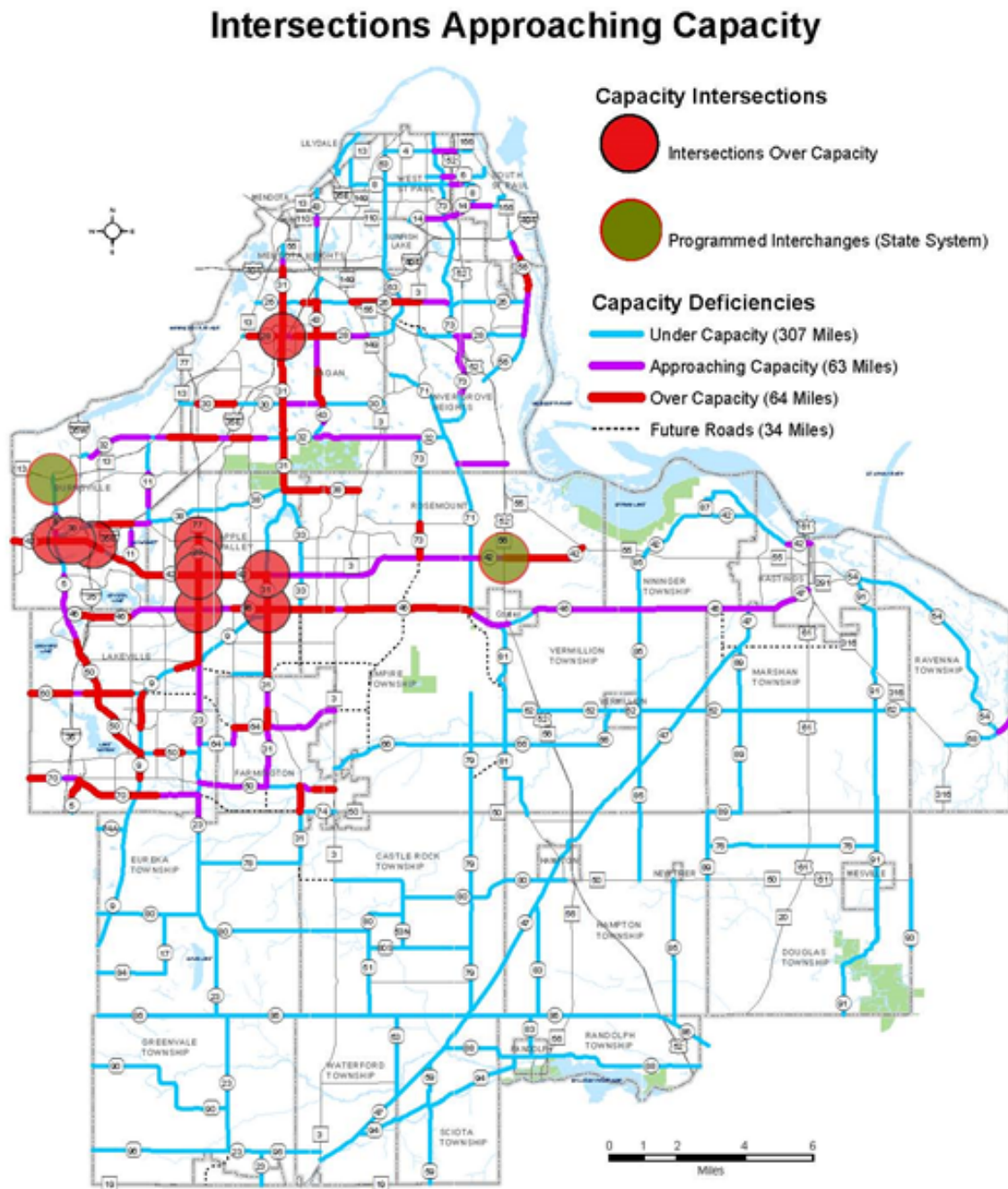
A Full-Time Equivalent (1.0 FTE) employee totals 2,088 hours per year. Departments are authorized a specific number of FTEs under the Adopted Budget. Generally, changes to FTEs must be authorized by the County Board. Under certain circumstances, County staff has the authority to adjust the number of FTEs. These exceptions are outlined in the Position Control Policy, Budget Compliance Policy and the Innovative Program Policy. Each of these policies allow for certain modifications in FTEs, including: adding limited-term position and temporary positions; and eliminating FTEs if funding for the position has been reduced or eliminated. The table below outlines the number of FTEs by County department and division.

Department	2015	2016	2017	2018
Countywide	3.00	2.00	2.00	2.00
Public Services & Revenue Administration	9.25	8.56	7.00	7.06
Assessing Services	37.00	38.00	38.50	38.50
Property Taxation & Records	44.50	44.80	45.30	36.30
Service & License Centers	23.75	23.75	24.81	28.75
Library	135.93	135.92	134.86	134.86
Elections	0.00	0.00	0.00	5.00
Public Services & Revenue Division	250.43	251.03	250.47	250.47
Risk Management	7.00	7.00	6.00	6.00
Information Technology	65.00	65.00	65.00	66.00
Financial Services	35.00	35.00	35.00	28.00
Office of Planning & Analysis	8.00	8.00	8.00	8.00
Criminal Justice Network	6.90	6.90	6.90	6.90
Budget Office	0.00	0.00	0.00	8.00
Operation Management & Budget Division	121.90	121.90	120.90	122.90
County Administration	11.00	11.00	11.00	11.00
County Board	7.00	7.00	7.00	7.00
County Communications	7.00	7.00	8.00	8.00
Employee Relations	19.05	19.05	19.05	19.05
Total County Administration	44.05	44.05	45.05	45.05
Community Services Administration	17.00	17.00	18.00	18.00
Social Services	313.52	333.52	355.20	363.20
Employment & Economic Assistance	248.10	254.10	267.15	268.12
Public Health	91.52	93.12	94.02	98.42
Veterans Services	6.00	6.00	7.00	7.00
Community Corrections	171.22	171.52	173.92	174.92
Community Services Division	847.36	875.26	915.29	929.66
County Sheriff	174.09	179.09	182.59	186.09
County Attorney	88.99	87.87	90.87	94.87
Operations Management	93.65	93.15	96.15	99.85
Physical Development Administration	33.75	33.35	25.35	26.35
Transportation	87.43	90.43	98.43	102.43
Environmental Resources	32.50	33.60	33.50	33.50
Physical Development Division	247.33	250.53	253.43	262.13
Total County Full-Time Equivalents	1777.15	1811.73	1860.60	1893.17

Item 4: Dakota County Park System



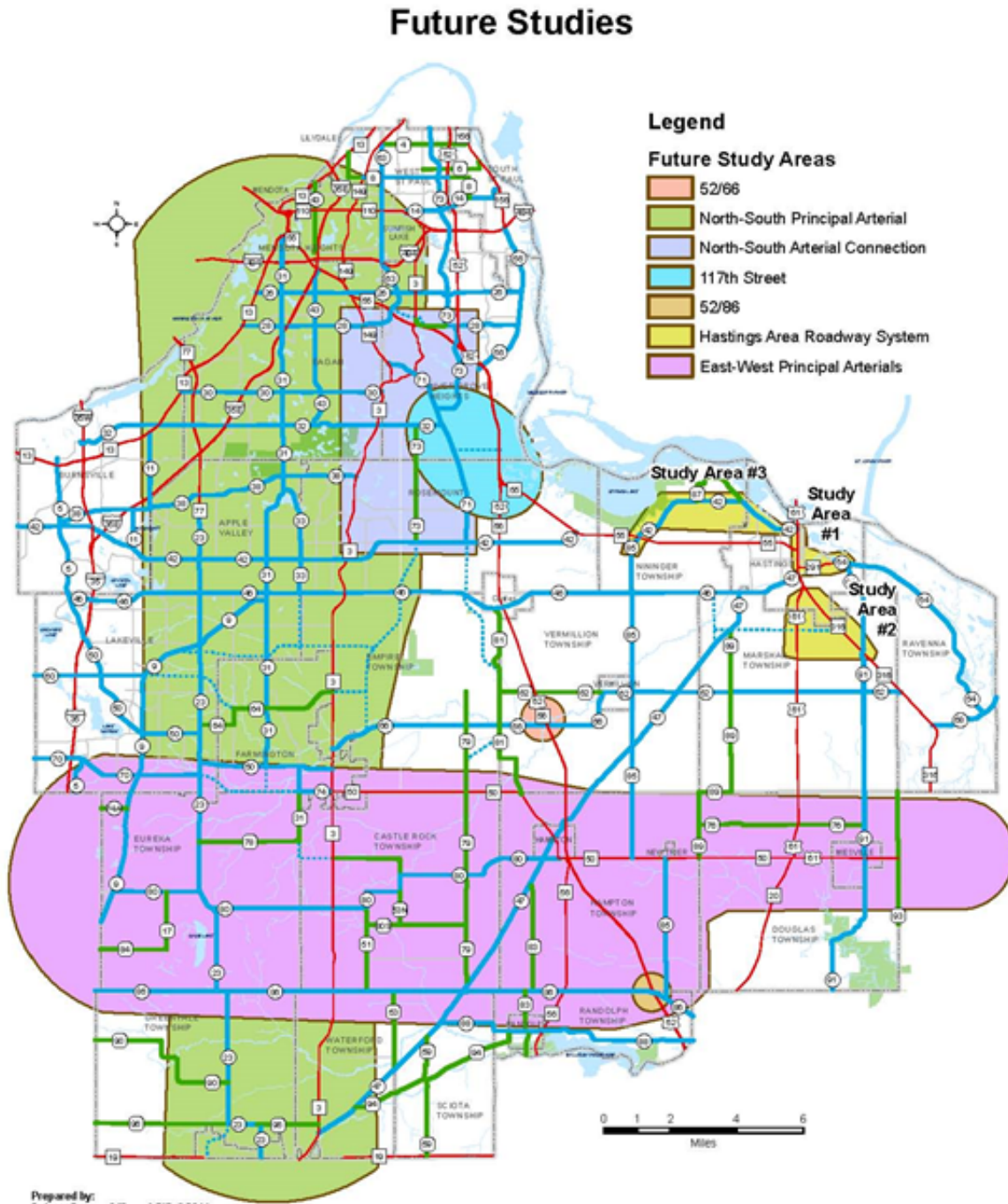
Item 5: Intersection Capacity Map



Prepared by:
Dakota County Office of GIS, 9/2011.

Dakota County 2030 Transportation Plan - Figure 45

Item 6: Future Studies Map



Dakota County 2030 Transportation Plan - Figure 46

Item 7: Organization Units

County Administration

County Administration is responsible for the executive leadership of the County, including budget development and financial planning, staff leadership, and implementation of tools to support County functions. Administration is also responsible for supporting the Board of Commissioners in their governance and policy-setting role, by developing Board agendas, supporting and maintaining Board correspondence, and managing citizen advisory committee membership. Finally, County Administration is responsible for intergovernmental relations, including the coordination of state and federal legislative activities, support for Board participation on intergovernmental bodies, and representation of the County to other government administrators.

County Board

The Board is responsible for adopting an annual budget, setting the annual property tax levy, adopting ordinances, setting staffing levels, compensation and benefits, developing annual priorities, representing the County in multijurisdictional organizations, providing direction and strategic planning for County services, approving plats, and approving design and development projects.

Communications

The Dakota County Communications Department was established in 2008. The staff of seven provides web development, media relations, publications, social media and other communications functions to County departments as well as the Dakota County Board of Commissioners, and they oversee the County's volunteer efforts. They also keep County residents informed about the functions of County government as well as the services and other resources provided by the County.

Employee Relations

In strategic partnership with County leadership and pursuant to Minnesota Statute § 383D, Employee Relations discharges functional responsibilities through five program delivery areas:

- **Recruitment and Selection** – Facilitate the recruitment of competent, diverse staff through open and competitive processes that provide County management and citizens with a workforce exhibiting the highest level of service, professionalism and integrity.
- **Compensation and Classification** – Develop, administer and promote a system that reflects external market conditions, internal pay equity considerations, and the County's merit philosophy.
- **Employee Benefits Administration** – Develop and administer employee benefit options that are market competitive, affordable and offer flexible choices for employees' needs.
- **Human Resource Development** – Design and implement integrated programming that fosters individual and organizational capacity to achieve strategic organizational objectives.
- **Labor Relations** – Promote positive, stable, labor relations through effective labor negotiation and dispute resolution.

Public Safety Division

County Attorney

The county Attorney's Office promotes justice by prosecuting cases involving juveniles and all adult felony crimes that occur within the County. Victims and witnesses of crime receive information and referral services in addition to support for trial appearances. Legal counsel and representation is provided to the County Board and to County departments. The County Attorney's Office initiates legal actions to protect abused and neglected children and vulnerable adults, and to provide child support enforcement services. The County Attorney's Office is also involved in ongoing crime prevention initiatives that promote public safety.

Sheriff's Office

Services Provided:

- Patrol
- Investigations
- Civil Process
- Electronic Crime Unit
- Detention Services
- Inmate Programs
- MAAG and Crisis Negotiation Team
- Dive Team
- Canine Team
- Records and Warrants
- School Liaison
- Parks, Lakes, and Trails
- Narcotics (Dakota County Drug Task Force)
- Drug Enforcement Administration Task Force
- Dakota County Minnesota Joint Analysis Center (MNJAC) Liaison
- Prisoner Transport
- Emergency Preparedness
- Prescription Drug Drop Off
- Court Security and Point of Entry Screening
- Recruitment and Training
- Fit for Duty

Operations Management & Budget Division

Criminal Justice Network (CJN)

The Dakota County Criminal Justice Network is a partnership between Dakota County and the law enforcement agencies within the County that connects criminal justice agencies in and beyond Dakota County. Today, CJN includes over 40 agencies and over 3,000 police officers and criminal justice professionals. These partners utilize CJN applications for field based reporting, online roll call information, case management, officer and dispatcher scheduling, integration and sharing of information between criminal justice partners, and searching of multiple data bases and gun permit (both conceal carry and purchase) application processing.

CJN uses the latest technology to make information sharing and integration easier through consolidating forms, and leveraging knowledge, dollars and resources by promoting

conversation, discussion, and information sharing across jurisdictional boundaries. CJN makes timely, accurate, and relevant information available to the police offices, prosecutors, judges, and probation officers who work together to make our communities safer.

Financial Services

Financial services is responsible for the review and preparation of the annual operating and capital financial activity, legislative updates, cash management & investments, payroll processing, vendor and client payments, revenue collection and recognition, financial reporting, debt financing, general financial analysis, coordination of internal and external audits, grants recordkeeping and procurement management.

Information Technology

Dakota County IT is a complete IT service provider, they have 65 staff performing duties of IT infrastructure, Business Application Solutions, Portfolio and Project Management. The Hastings data center is a major hub for institutional networks inclusive of the State of MN. IT's mission statement has the acronym; ICE – Innovate, Collaborate, Empower. Dakota County IT was again named by the Center for Digital Government as “one fo the most technologically innovative counties in the nation!”

Office of Performance & Analysis

The office of Performance and Analysis serves Dakota County by developing, analyzing, and evaluating information to improve Dakota County's programs and services and provide data to support informed decision making. This includes performance measurement and continuous improvement efforts along with research, evaluation, and facilitation projects.

Risk Management

Risk Management identifies and evaluates organizational risks, develops and implements methods and programs that can reduce or eliminate such risks, and monitors programs to ensure they are effectively addressing the identified exposures. Risk Management provides direction and support in the following areas:

- Emergency Management
- 800 MHz Radio Support
- Insurance and Claims Management
- Loss Control
- Homeland Security Planning and Coordination
- Risk Analysis

Budget Office

The Budget Office is responsible for budget development and financial oversight of Dakota County.

Public Services and Revenue Division

Public Service and Revenue Administration

Work in partnership with citizens and communities, divisions and departments to provide efficient, reliable and high quality services.

The Public Services and Revenue Division has responsibility for:

- Quality, responsive and accessible land and property services

- Fair and representative elections
- Fair and equitable tax administration, Vital Records, Motor Vehicle and Passport Services
- County Public and Law Library Services
- Historical Society/Agricultural Society (Fair)

Assessing Services

Accurately and equitably value and classify all property in Dakota County and provide assistance with assessment data. The primary services provided include:

- Value and classify all property in the County as of January 2
- View and revalue 20% of the real estate parcels in the County annually
- Value all new construction
- Maintain a level of assessment between 90% and 105% on all property types
- Reach the best resolution possible on petitions filed with the Tax Court
- Provide assessment information to stakeholders

Property Taxation & Records

Deliver quality services to the residents that protect citizen's rights and meet state mandates. The primary services provide include:

- Property Taxation and Distribution
- Document recording
- Passports
- Tax forfeited properties
- Central phone
- Mail processing for the ADC

Service & License Centers

Offers residents and department's accurate, timely and courteous service. The primary services provided include:

- Property Tax collection
- Vital records
- Passport processing
- Motor Vehicle transactions and Driver's License
- DNR and Game/fish transactions
- Mail processing
- Absentee voting

Library

The Library offers books, music and movies in various formats for residents. Library staff assists customers with resources and provide educational programs and services for people of all ages. The Library provides technology such as 3D printers and other maker space equipment, computers, scanners and printers along with meeting and study rooms to meet community needs.

Community Services Division

Community Services Administration

Community Services Administration develops, communicates and ensures compliance with Dakota County and Community Services strategic direction, priorities, policies and operational processes. Community Services Administration has shared accountability with departments for business model development, advocacy, and stakeholder relations with the Dakota County Board of Commissioners, Administration, the legislature, and other partners and stakeholders. Core functions of Community Services Administration include:

- Strategic, Operational and Budget Planning and Oversight
- Administration and Support Services
- Contracts and Vendor Management
- Data Management
- Performance Measurement
- Project Management
- Transportation Coordination

Community Corrections

Dakota County is a Community Corrections Act (CCA) County, providing services to adult and juvenile clients under the authority of the First Judicial District. Dakota County Community Corrections (DCCC) provides a variety of services to our clients including pre-trial support and community supervision. Other programming includes community restoration programs such as Sentence to Service (STS) and Work Release, integrated service programs such as RAP, provide support for clients transitioning from jail or prison to the community, and diversion programs aiming to keep clients out of secured facilities. Safety for the community and clients is kept at the forefront of the work we do. Community Corrections provides bail evaluations, assessments, and presentence/ pre-disposition recommendations to the Court, sponsors the Adult and Juvenile Drug Courts, and facilitates and participates in several national initiatives including Juvenile Detention Alternatives Initiative (JDAI), and Adult Detention Alternatives Initiative (ADAI). DCCC is also responsible for managing the secured juvenile facility as well as the New Chance Day Treatment Program for youth.

Community Corrections is part of the Community Services Division and the Criminal Justice System in Dakota County. The Department uses an Integrated Services Delivery model and research based interventions and practice to facilitate change in clients. The Department's goal is to support individuals in choosing productive, positive, and stable lives preventing recidivism. The results of this work are safe communities and citizens. Staff members work with clients to determine why they engaged in criminal activity, identifying root causes or drivers, and determine how they can assist with change. Probation officers also work with clients on maintaining or developing pro-social skills and competencies. Probation officers supervise clients in the community where they live, work and attend school. They engage the client's family and friends to create stabilization for all. Community Corrections collaborates with local law enforcement, prosecutors, defense attorneys, the Courts, Community Services Departments, and community partners to ensure public safety and that the self-sufficiency needs of clients and their families are met.

Public Health

The mission of the Public Health Department is “Building healthy families and communities in Dakota County through partnerships to prevent disease, disability and injury; promote physical and mental health and safety; and protect health and the environment.”

The Public Health Department provides a broad range of services to individuals, families, and communities to promote and protect the health of the residents of Dakota County. The focus is on promoting healthy families and communities; working with community partners to create systems that support people with functional limitations to live independently; and responding to emerging diseases and health threats. Targeted at-risk individuals and families receive assessment, prevention, early intervention and case management services through home visits. Population-based prevention services target youth and communities to promote healthy behaviors. The department has 6 areas of responsibility that all local public health departments in Minnesota are required to provide:

- Assure an adequate local public health infrastructure
- Promote healthy communities and healthy behaviors
- Prevent the spread of infectious disease
- Protect against environmental health hazards
- Prepare for and respond to disasters and assist communities in recovery
- Assure the quality and accessibility of health services

The continued work on maintaining and establishing strong internal and external partnerships to prevent, promote and protect the health of the public is essential to meet the above responsibilities and to successfully address the social determinants of health and wellness.

Social Services

Children & Family Services

- Child Protection, Children’s Mental Health, Child Welfare, Child Care Licensing

Adult Services

- Adult Intake, Adult Protection, Adult Mental Health, Chemical Health, Pre-pretition Screening, Supportive Housing, Crisis Response

Community Living Services

- Adults and Children
 - Intellectual and Developmental Disabilities
 - Long Term Care Assessments (MnChoices)
 - Home & Community Based Waiver Services
 - Personal Care/Consumer Supports

Housing and Community Supports

- Housing Services and Coordinated Entry
- Resource Development, Foster Care Licensing

Administrative Operations and Quality Assurance

- Case Aide, Support, Central Reception, Systems Management, Information Technology Services, Data Entry, Service Arrangements, Accounts Payable, Accounts Receivable

Veterans’ Services

- Dakota County Veteran Services advocates for veterans, military members, dependents, and their families by providing connection to veteran benefits, resources, and programs
- Supports and promotes Integrated Service Delivery within the Community Service Division and other county stakeholders by providing outreach and education on veteran

benefits and programs to internal partners and stakeholders and working collaboratively to holistically serve veteran clients

- Serves as the primary community resource on veteran programs and services to external stakeholders and service providers and promotes coordinated service delivery to veteran clients
- Responds to the needs of current Active Duty, Reserve, and National Guard service members, their families, and communities by supporting their unique needs before, during, and after deployment
- Using a military cultural competency lens, supports veterans involved in the criminal justice system by providing support and resources to support client change and increase client access to veteran programs, resources, and services

Extension

Dakota County Extension is a component of University of Minnesota Extension's Central Region and includes educational outreach in the following program areas:

- 4-H Youth Development Programs
 - Positive youth development education
- Master Gardener Programs
 - Horticultural and environmental education
- Agriculture and Environmental Programs
 - Small farm, natural resources, urban farming and environmental education
- Health and Nutrition Programs
 - Food, nutrition, and health education
- Family Resiliency Programs
 - Financial education

Employment and Economic Assistance

Dakota County Employment and Economic Assistance Department manages public assistance programs, child support, workforce development, county fee collections, and fraud programs.

- Public assistance programs include: Medical Assistance, food, cash and childcare eligibility programs
- Child Support collects and disperses court-ordered financial support
- Workforce development supports people in poverty, youth, dislocated workers, and the general public with employment assistance
- County fee collections and fraud units assist in program compliance efforts

Physical Development Division

Physical Development Administration

The Physical Development Administration department is responsible for providing support services to various business needs of the departments within Physical Development Division. The department has three different units that include the Office of Planning, Administration Coordinating Services and Contract Services.

Operations Management (OM)

Parks

The Parks Department is responsible for the provision of natural resource-based recreation, education, and natural resource stewardship of County parks and greenways.

Fleet Management

The OM - Fleet Management Department is responsible for planning, monitoring, and developing the operations and personnel responsible for the management of all County fleet assets as well as outside agencies that have agreements for fleet services. There are over 747 units with a \$25 million dollar replacement value. The Department focuses on exceling at the eight disciplines of fleet management as identified by the Certified Automotive Fleet Manager (CAFM) program that include: 1) Asset Management 2) Business Management 3) Financial Management 4) Fleet Information Systems 5) Maintenance Management 6) Risk Management 7) Vehicle Fuel Management and 8) Professional Development. The Department manages a five-year capital replacement program, six fuel islands along with fuel credit cards, vendor contracts, parts management, factory recalls, safety recalls, remarketing strategy and regulatory compliance.

Facilities Management

Facilities Management provides management of the following:

- County infrastructure including facilities, grounds, parks and greenways
- Security systems
- Leases and use permits
- Planning and programming for all County facilities, including the five-year Building Capital Improvement Program and Long-Range Facilities Plan
- Design of new facilities and improvements to existing facilities
- Project management of all facility-related and park improvement projects.

Environmental Resources Department

The mission of the Environmental Resources Department is to “Protect, preserve and enhance the environment for the health, enjoyment and benefit of current and future generations.” The Department accomplishes this mission through a combination of regulatory and non-regulatory programs that address groundwater and surface water quality, solid waste management, hazardous waste management, brownfield and contaminated site assessment and redevelopment, land conservation, and the operation and maintenance of a hydro-electric dam located on Lake Byllesby. The Department also assists other departments within the Physical Development Division with water resources engineering, storm water management and land acquisition for parks and greenways; and is a key partner in the County’s Environmentally Preferable Purchasing (EPP) program.

The Department enforces the requirements of numerous county ordinances (Ordinance 50 Shoreland and Floodplain Management, Ordinance 110 Solid Waste Management, Ordinance 111 Hazardous Waste Regulation, Ordinance 113 Subsurface Sewage Treatment Systems, Ordinance 114 Well and Water Supply Management and Ordinance 132 Dakota County Storm Drain System) and administers the policies outlined in the Dakota County Solid Waste Master Plan and the Vermillion River Watershed Management Plan (for the Vermillion River Watershed Joint Powers Organization)

Transportation Department

The Transportation Department provides safe and efficient multi-modal transportation and survey services that are responsive to the needs of Dakota County. The services include planning, design, right-of-way acquisition, construction, maintenance, operation and administration of the County Transportation system.

Glossary

In some cases, definitions for common terms are adopted from other government reports.

Accrual Basis	The recording of financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.
Activity	A specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible.
Adopted Budget	The County budget for a fiscal year (January to December) as adopted by the County Board of Commissioners.
Advance Refunding	A transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date.
Agency Fund	One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).
Allotment	Portion of an annual or biennial budget appropriation allocated to an interim period.
Arbitrage	The reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities (GFOA).
Assessed Valuation	A value established for real property for use as a basis for levying property taxes.
Attorney Forfeiture Special Revenue Fund	To account for the 20 percent of the proceeds from the sale of forfeited property this is distributed to the County Attorney as a supplement to operating monies for prosecutorial purposes.
Available Fund Balance	The portion of fund balance not reserved for an existing obligation and could be used to finance appropriations.
Basic Financial Statements	The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.
Basis differences	Differences that arise through the employment of a basis of accounting for budgetary purposes that differs from the basis of accounting prescribed by GAAP for a given fund type.
Basis of Accounting	The timing of recognition, that is, when the effects of the transactions or events should be recognized for financial reporting purposes. Basis of accounting is an essential part of measurement focus because a particular timing of recognition is necessary to accomplish a particular measurement focus.
Budget	A comprehensive financial plan of operation for a specified period of time that matches all planned revenues and expenditures.
Budgetary Basis of Accounting	The method used to determine when revenues and expenditures are recognized for budgetary purposes.

Budgetary Guidelines	Recommendation on budgeting issued by the National Advisory Council on State and Local Budgeting (NACSLB). The NACSLB's budgetary guidelines are chiefly of interest to accountants because of the emphasis they place on performance measurement in the context of the budgetary process.
Budgetary Reporting	The requirement to present budget-to-actual comparisons in connection with general purpose external financial reporting. Budgetary reporting is required in connection with the basic financial statements for both the general fund and individual major special revenue funds with legally adopted annual budgets. Budgetary reporting also is required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.
Budget Compliance	The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.
Budget Compliance Points	The level at which spending in excess of budget and/or collecting revenue less than budget would be in violation of Dakota County's Budget Compliance Policy.
Budget Incentive Policy (BIP)	Dakota County policy whereby departments and divisions are able to receive a portion of their prior years' budget savings to purchase small capital items and supplement funding for short-lived or one-time projects.
Business-type Activities	One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.
Capital Expenditures	Expenditures resulting in the acquisition of or addition to the government's general fixed assets.
Capital Improvement	Major construction, repair of or addition to building, parks, roads and bridges, and bikeways.
Capital Improvements Budget	The schedule of project expenditures for the acquisition and construction of capital assets for the current fiscal year.
Capital Improvement Program	Five year plan for capital improvement projects.
Capital Projects Fund	Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).
Cash Basis of Accounting	Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.
Challenges	Anticipated tests to the departments or organization's abilities or resources in achieving stated goals or undertakings.
Class Rates	The percent of market value set by state law that establishes the property's tax capacity subject to the property tax.
Community Services Special Revenue Fund	To account for all costs for human services. Financing comes primarily from an annual property tax levy and intergovernmental revenue from the State and Federal Governments.

Countywide Operations Department	An accounting entity where expenditures and revenues are recorded that impact or benefit all county departments.
Community Indicators	These provide a “snap-shot” of the quality of life in a community or county. They report on crime levels, housing conditions, environmental pollution, child immunization rates, demographic trends, incidents of youth and domestic violence, household wealth, community voting rates, and other aspects of community life.
County Library Special Revenue Fund	To account for the operating cost of the Dakota County Library System. Financing is provided by an annual property tax levy.
County Parks Special Revenue Fund	To account for park acquisition, development, and operating costs. Financing is provided by an annual property tax levy and grants from the Metropolitan Council.
Debt Service Fund	A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
Deficit	(1) The excess of expenditures over revenues during an accounting period. (2) When actual revenue received is less than budgeted. (3) When actual expenditures are greater than budgeted.
Department	An organizational entity designated by the County Board of Commissioners as a department.
Designated Fund Balance	A portion of an unreserved fund balance that has been identified for a specific purpose. Designations are can be either required by state statute or other policy or resolution.
Effectiveness Indicators	Performance indicators that measure how well a particular service accomplishes the intended purpose and that is of direct importance to managers, clients, and the public. It may measure an intermediate outcome (an initial outcome that is expected to lead to the desired end, but is not an “end” in itself, or an end outcome (long-term results that are anticipated or desired.
Efficiency Indicators	Measures that indicate how well resources are being used. It is expressed as a ratio between the amount of input and the amount of output or outcome, and is often described as the cost per unit of output. It may be the cost per library material circulated or the cost per person hired. The input may also be expressed in staff time; such as the number of welfare applications processed per financial worker FTE or the number of inspections completed per assessor per hour.
Enterprise Fund	(1) A fund established to account for operations financed and operated in a manner similar to private business enterprises (e.g., airports, transit systems). In this case the governing body intends that costs (i.e., expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees. (2) A fund established because the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.
Environmental Management Special Revenue Fund	To account for environmental management activities within the county including waste reduction, planning, administration, regulation, and education.

Expenditure	Use of an appropriation to purchase goods and services (including services of employees) necessary to carry out the responsibilities of a department or organization.
Expenditure-driven Grants	Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as <i>reimbursement grants</i> .
Expenditures	Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays, and intergovernmental grants, entitlements and shared revenues.
Expenses	Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.
FTE	Full Time Equivalent. A full time employee works 2,088 hours per year. FTE's are calculated by dividing hours worked per year (or planned hours to be worked) by 2,088. For example, an employee working 1,044 hours per year divided by 2,088 equals 0.50 FTE.
Fiduciary Funds	Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.
Financial Resources	Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, instruments). Financial Resources also may include inventories and prepaid items (because they obviate the need to expend current available financial resources).
Fiscal Year	A 12-month period not necessarily corresponding to a calendar year.
Formula Grants	Government-mandated or voluntary non-exchange transactions involving the provision of resources based upon established criteria (e.g., number of full-time equivalent students) other than the incurrence of qualifying expenditures.
Function	A group of services aimed at accomplishing a defined purpose. Functions may cross-organizational boundaries.
Fund	An independent fiscal accounting entity with a self-balancing set of accounts. Examples are the General Fund, Special Revenue Funds, Capital Projects, Enterprise, and Internal Service Funds. Annual budgets may or may not be adopted for different funds.
Fund Balance	In accounting terms, it is the net fund assets minus fund liabilities. In simple non-accounting terms, ignoring such things as loans, designations, and reserves, fund balance can be considered the beginning fund balance + actual revenues – actual expenditures.
Fund Classifications	One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types.
Fund Type	Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

Funded Mandate	Also known as a government-mandated non-exchange transaction. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state of local governments are mandated to perform).
General Fund	To account for all financial resources not required to be accounted for in another fund.
General Obligation	A security backed by the full and faith and credit of a municipality.
General Revenue	All revenues that are not required under GASB 34 to be reported as program revenues, for example, taxes—even those that are levied for a specific purpose.
Goal	A broad statement of the desired outcome for a county, division, department, or program.
Governmental Activities	Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.
Homestead and Agricultural Aid (HACA)	A property tax relief program that replaced the former homestead agricultural credit program. HACA is tied to class rate reduction for certain classes of property. HACA is no longer recognized as tax revenue, but rather revenue from the State.
Incurred But Not Reported (IBNR) Claims	Term used in connection with risk financing. Claims for insured events that have occurred but have not yet been reported to the governmental entity, public entity risk pool, insurer, or reinsurer as the date of the financial statements. IBNR claims include (a) known loss events that are expected to be presented later as claims (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported.
Indirect Expenses	Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.
Input	A resource used to achieve a department goal. Examples include, staff, volunteers, facilities, equipment, and funding. Departments use inputs to support their activities, which are organized as services or programs.
Interfund Transfers	A transfer of moneys between two different funds.
Internal service funds	Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.
Intrafund Transfer	A transfer of moneys between departments in the same fund.
Investment Trust Funds	Fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government.
Legal Level of Budgetary Control	The level at which a government's management may not reallocated resources without special approval from the legislative body (<i>see Budget Compliance Points</i>).

Local Tax Rate	The rate used to compute most taxes for each parcel of property. Local tax rate is computed by dividing the certified levy (after reduction for fiscal disparities distribution levy, if applicable, and counting disparity reduction aid) by the taxable tax capacity.
MFIP	Minnesota Family Investment Program – State welfare-reform program that encourages and promotes employment by supporting families who do not earn enough to support themselves on their wages alone. The program has a 60-month lifetime limit. Federal TANF funds are used to help support this program.
Mission	A concise statement of the fundamental current and future purpose of a county, division, department, or program.
Modified Accrual Basis of Accounting	Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.
Net County Cost	The difference between budgeted appropriations (expenses) and departmental revenue. The total dollar difference is funded by property tax levy.
Net Interest Cost	Represents the average coupon rate of a bond issue, weighted to reflect the term adjusted for the premium or discount. It does not consider the time value of money, as does the true interest cost (TIC).
Objective	A broad statement of the desired outcome for a county, division, department, or program.
Overlapping Debt	The proportionate share of debt in addition to a community's own direct obligations, such as those by a county or school district in which it is located.
Outcome Claim	A general description of the relationship between what is expected (the outcomes), what means (program or service activities) will be used to achieve the desired outcome, and how it will be known that the outcomes have been achieved (by looking at indicators of effectiveness, efficiency, responsiveness). "If particular activities are completed, "then" what will result?"
Outcome Statement	A concrete statement of a specific outcome that contributes to an overall goal.
Output Indicators	These measure the product of activity, the completion of service or program "units." These track internal activity, the amount of work done within an organization, rather than the result, impact, or outcome of that activity. For example, they are the number of interviews completed, the number of brochures distributed, the number of users served, or the number of transactions logged. A program or service's outputs should produce desired outcomes for the program's participants.
Pass-through Grants	Grants and other financial assistance received by a governmental entity to transfer to or spend on behalf of a secondary recipient.
Planning Base	Starting point for budget development. Typically, this is prior-year budgeted expense and updated estimate of revenue.
Process Indicators	A measure of some factor critical to the successful implementation of a program. This kind of data does not fit into any of the other indicator category, but provides crucial management information. For example, they could be staff quality indicators (the percent of certified workers), or the percent of approved staff positions that are filled.

Program	Group activities, operations or organizational units directed to attaining specific purposes or objectives.
Program Aid	State aid program for local governments. This revenue source replaces the former HACA program.
Property Class	The classification assigned to each parcel based on the use of the property. For example, owner occupied residential property is classified as homestead.
Proprietary Funds	Funds that focus on the determination of operating income, changes in net assets (of cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.
Recommended Budget	The County budget for a fiscal year as proposed by the County Manager to the County Board of Commissioners, based on department requests.
Refunding	The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding).
Regional Rail Authority Special Revenue Fund	To account for revenues and expenditures of the Regional Rail Authority established by the Dakota County Board of Commissioners to plan and develop light rail transit within the County.
Reimbursement Grant	A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as <i>expenditure-driven grants</i> .
Reserved Fund Balance	The portion of a governmental fund's net assets that is not available for appropriation.
Responsiveness Indicators	These measure the customer's evaluation of a product or service. It captures the customer's level of satisfaction with the timelines, accuracy, or convenience of a service (in terms of its location, hours of operation, and staff availability). Customers may also provide valuable feedback regarding staff pleasantness, friendliness, and flexibility in adapting to and meeting client needs. Departments are being responsive when they use customer feedback from surveys, focus groups, feedback cards, or other sources to change and improve service or program activities.
Revenue	Income from taxes, fees, and other charges, Federal or State government, excluding interfund transfers, fund balance, or debt issuance proceeds.
Road and Bridge Special Revenue Fund	To account for all costs for maintenance and construction of streets and highways. Financing comes primarily from an annual property tax levy and intergovernmental revenue from local, State and Federal Governments. Also known as <i>Transportation Fund</i> .
Same Price Per Citizen	A term Dakota County uses to refer to the practice of charging taxes at the same rate as population growth plus inflation.
Service/Program	Departments provide an array of programs and services - basic units or functions of activity organized for management or cost accountability purposes. These activities are what a department does with its inputs to fulfill its mission. Activities result in outputs.

Special Revenue Fund	A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only requires the use of special revenue funds when legally mandated.
Strategies	Proposed continuation or modification of organizational activities and/or structures that will serve or appear to serve an important function in improving outcomes.
TANF	Temporary Assistance for Needy Families – Federal formula grant program to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.
Tax Capacity	The valuation of property based on market value and statutory class rates. The property tax for each parcel is based on its tax capacity.
True Interest Cost	A method of calculating interest cost while taking into account the time value of money.
Undesignated Unreserved Fund Balance	Available expendable financial resources in a governmental fund that are not the object of tentative managements (i.e., designations).
Use of Fund Balance	The amount of fund balance needed to fund current or budgeted expenditures.
Vision	A statement of an ideal future for an organization, or geographic location.
Wheelage Tax	A per vehicle fee of \$5 assessed by Dakota County at the time of license plate renewal to garner additional resources for transportation.

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