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# Minnesota County Budget Data for 1998

## **1998 Budgeted Governmental Revenues**

Minnesota counties proposed revenues of \$3.58 billion in their 1998 budgets, excluding proceeds from the sale of bonds and transfers from other funds. This represents an increase of 5.1 percent over revenues budgeted in 1997. All sources of revenues increased in 1998 budgets.

The principal sources of revenues in 1998 county budgets were: intergovernmental revenues, which accounted for 42.4 percent of revenues; property taxes, which accounted for 36.8 percent of revenues; and charges for services, which accounted for 8.4 percent of revenues. Intergovernmental revenues and charges for services accounted for a larger share of 1998 budgets than in 1997. In contrast, property tax revenues accounted for a smaller share of total revenues in 1998 budgets.

- ***Intergovernmental Revenues.*** Counties budgeted intergovernmental revenues of \$1.52 billion for 1998. This represents an increase of 5.1 percent over the amount budgeted in 1997.

***State Categorical Aid.*** The largest source of intergovernmental revenues for counties was state categorical aid. Counties budgeted state categorical aid revenues of \$872.8 million for 1998. This represents an increase of 5.0 percent over the level budgeted for 1997. The state provides categorical aid to counties for on-going services such as income maintenance and social service programs, as well as short-term or cyclical projects such as highway construction.

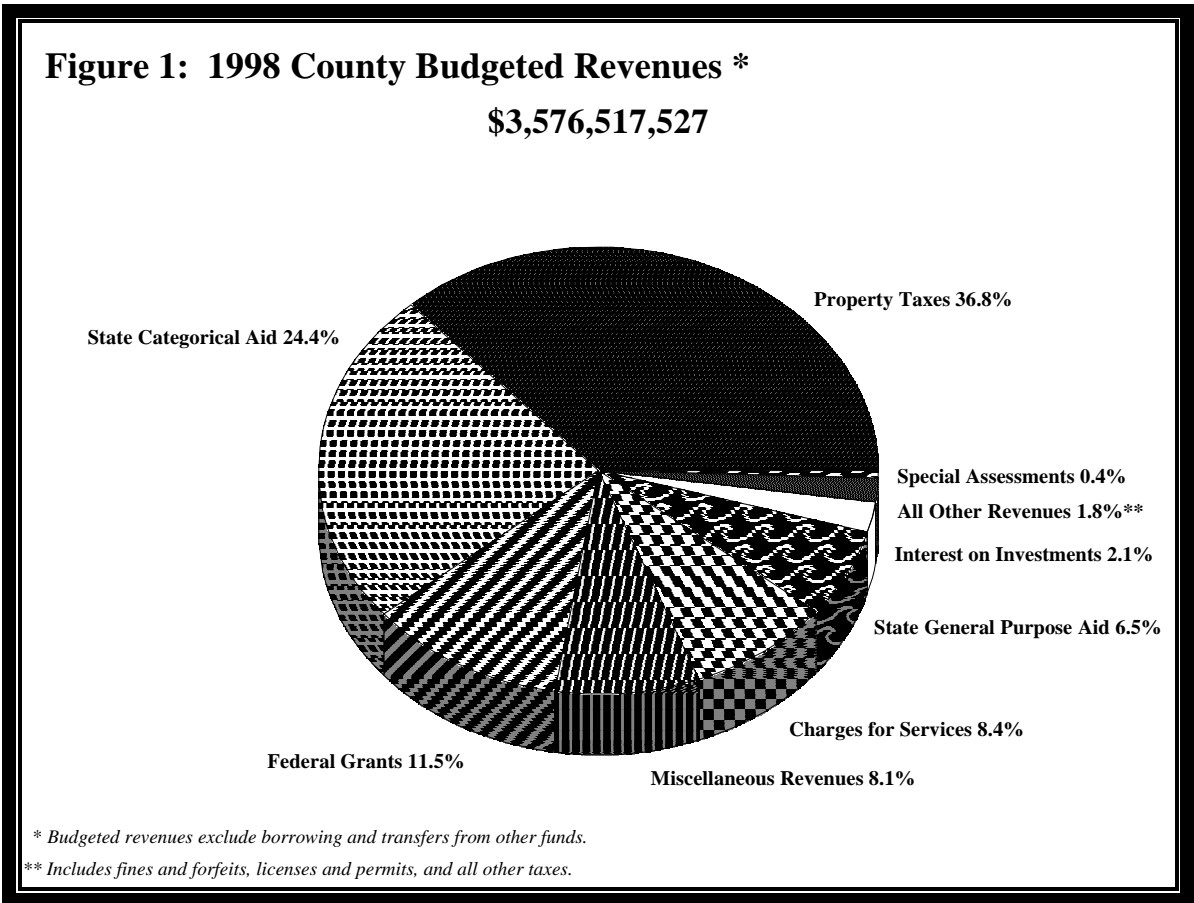
***Federal Grants.*** Counties proposed federal grant revenues of \$412.7 million for 1998. This represents an increase of 7.1 percent over the level budgeted in 1997. Federal grants accounted for 11.5 percent of total revenues budgeted in 1998.

***State General Purpose Aid.*** Counties budgeted state general purpose aid of \$231.8 million for 1998. State general purpose aid increased 2.1 percent between 1997 and 1998 budgets. This category of revenues includes Homestead and Agricultural Credit Aid (HACA) and other state aid that is not designated by the state for a specific project or activity.

- ***Property Taxes.*** Revenues from property taxes totaled \$1.32 billion in 1998 county budgets. This represents an increase of 4.3 percent over 1997 budgets. All counties but three budgeted higher revenues from property taxes in their 1998 budgets. Those counties that budgeted fewer revenues from property taxes were able to keep their levies down by using other revenues such as transfers from other funds, service charges, and other tax sources.
- ***All Other Taxes.*** Counties budgeted all other tax revenues of \$24.8 million for 1998. Counties proposed an increase of 2.9 percent for this category of revenues which includes gravel taxes, deed taxes, and others.

- ***Charges for Services.*** Counties proposed generating revenues of \$300.7 million from charges for services in 1998. This represents an increase of 10.7 percent over what was budgeted for 1997. Counties collect fees for a variety of services such as recreational opportunities, county-offered health plans (Hennepin County), and the rent of prison cell space to other jurisdictions (Anoka County).
- ***Special Assessments.*** Counties proposed special assessment revenues totaling \$13.4 million for 1998. This represents an increase of 6.3 percent over the level budgeted in 1997.
- ***Miscellaneous Revenues.*** Counties budgeted all other revenues of \$288.5 million for 1998. This represents an increase of 2.6 percent over the level budgeted for 1997. This category of revenue includes such sources as other local government contributions for projects, donations, and other revenue streams not accounted for in other categories.
- ***Interest on Investments.*** Counties budgeted revenues of \$76.2 million from interest earnings in 1998. This represents an increase of 6.1 percent over 1997 budgeted interest on investments.

Figure 1 summarizes county budgeted revenues for 1998.



# **1998 Budgeted Governmental Expenditures**

## **Current Expenditures**

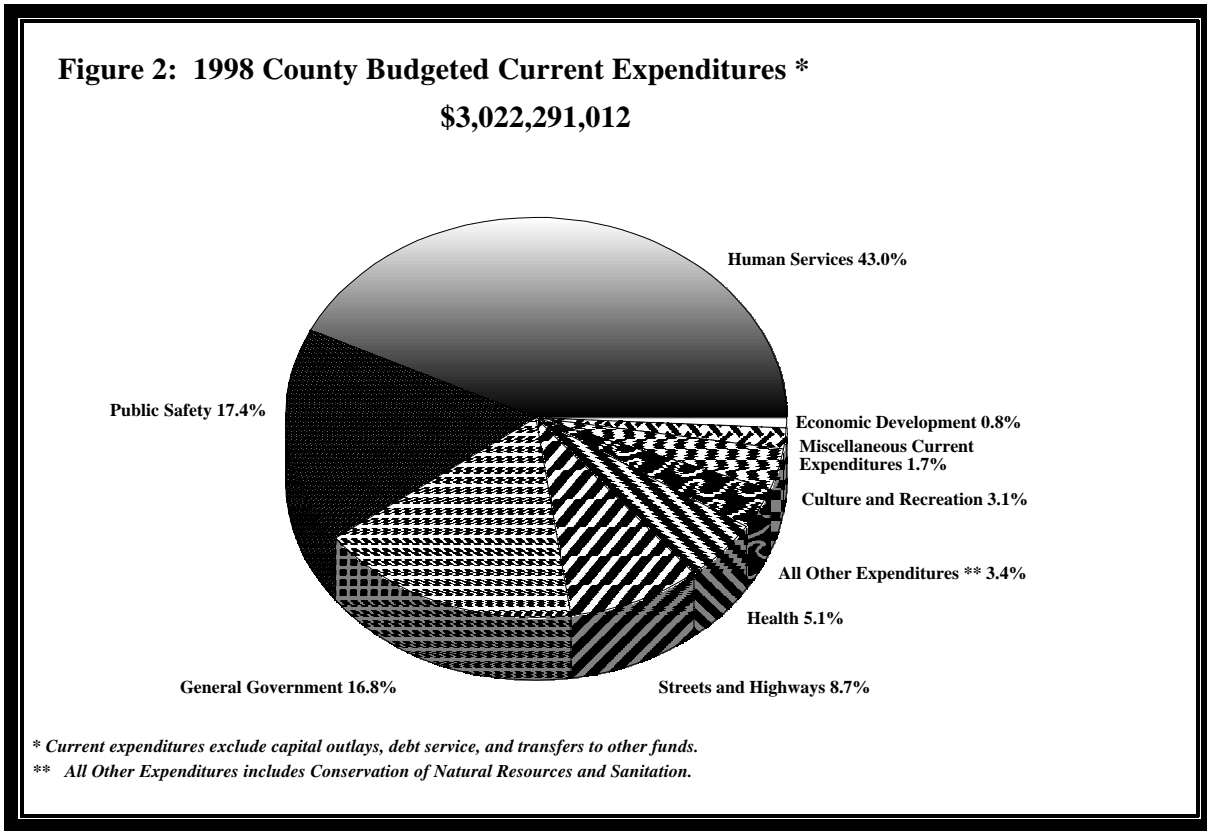
Minnesota counties proposed total current expenditures of \$3.02 billion for 1998. This represents an increase of 4.6 percent relative to the amount budgeted in 1997. Counties budgeted higher levels of current expenditures for all services except sanitation and economic development.

The three activities that represent the largest share of current expenditures in 1998 county budgets were: human services, which accounted for 43.0 percent; public safety, which accounted for 17.4 percent; and general government, which accounted for 16.8 percent.

- ***Human Services.*** Counties proposed human services current expenditures of \$1.30 billion for 1998. This represents an increase of 2.1 percent over the level budgeted in 1997. While counties budgeted an increase for human services activities, the share of total current expenditures represented by human services is smaller than in 1997. Human services current expenditures as a percentage of total current expenditures have declined throughout the past decade. This decline reflects changes in funding formulas for human services programs as well as declining caseloads for certain programs. Changes in funding formulas have resulted in the State assuming a greater part of the administrative functions of human services activities.
- ***Public Safety.*** Public safety budgets jumped 6.6 percent between 1997 and 1998. Counties proposed public safety expenditures of \$526.8 million for 1998. Public safety represented the second largest current expenditure proposed for 1998. Only nine proposed higher public safety expenditures for 1998.
- ***General Government.*** Counties set general government budgets at \$507.7 million for 1998. This represents an increase of 9.4 percent over 1997 budgeted general government expenditures.
- ***Streets and Highways.*** Counties proposed street and highway current expenditures of \$262.5 million for 1998. This represents an increase of 5.5 percent over the amount budgeted in 1997. This category of expenditures includes street maintenance, engineering, and lighting expenditures, but does not include construction or capital purchases. Counties proposed to spend an additional \$336.2 million on street and highway construction in 1998. This represents an increase of 9.5 percent over the level budgeted for 1997.
- ***Health.*** Counties proposed health current expenditures of \$153.5 million for 1998. This represents an increase of 12.6 percent over health expenditures budgeted in 1997. The large increase in health expenditures reflects, in part, the merging of services between Ramsey County and the City of St. Paul. Ramsey County assumed most of the health activities of St. Paul. The city reimburses the county for these costs.

- Culture and Recreation.*** Counties budgeted culture and recreation current expenditures of \$93.0 million for 1998. This represents an increase of 5.4 percent over the amount budgeted in 1997. This is a category of discretionary spending to which counties have dedicated a greater share of resources for several years.
- Economic Development.*** Counties budgeted expenditures of \$23.3 million for economic development projects in 1998. This is a decrease of 24.8 percent from the amount budgeted in 1997. It represents the largest decrease for any category of current expenditures. St. Louis County and Ramsey County were largely responsible for this decrease.

Figure 2 summarizes 1998 county budgeted current expenditures.



### **Total Governmental Expenditures**

Counties proposed total expenditures of \$3.72 billion for 1998. This represents an increase of 5.9 percent over the amount budgeted in 1997. Total expenditures include current expenditures, capital outlays and debt service, but exclude transfers to other funds. Additional expenditures include:

- Street and Highway Construction.*** Counties budgeted expenditures of \$336.2 million in 1998 for projects related to road construction. This represents an increase of 9.5 percent over 1997 budgets. Street and highway construction represents the fourth largest category of expenditure for counties.

- **Capital Outlays.** Counties proposed capital outlays (excluding street and highway construction) of \$202.2 million for 1998. This represents an increase of \$1.4 million over the level budgeted in 1997. When street and highway construction is added, budgeted capital outlays total \$538.3 million.
- **Debt Service.** Counties budgeted 1998 debt service payments of \$163.1 million. This represents an increase of 37.4 percent over the amount budgeted in 1997. Counties budgeted an increase of 50.2 percent in principal payments and an increase of 14.9 percent in interest and fiscal charges. The large jump in principal payments reflects a \$32.0 million increase by Dakota County. The county issued Capital Improvement (CIP) Refunding Bonds to pay off existing CIP bonds. This allowed the county to receive a lower interest rate.

### **Increase or Decrease in Fund Balances**

Counties proposed lowering their fund balances by \$96.5 million in 1998. Of the 85 counties that submitted 1998 budgets, sixty-six counties indicated a change in their fund balance. Twenty-nine counties proposed increasing their fund balances; thirty-seven counties proposed decreasing their fund balances. Counties lowered their fund balances for a number of reasons. Certain counties, such as Dakota, used reserves to pay off existing debt. Other counties reduced their fund balances to lower tax levies. Still others used their reserves to cover excess expenditures.

### **Net Unrealized Gain or Loss from Investments**

Of the 85 counties that submitted 1998 budgets, only nine reported any gain or loss on their investments. Thirteen reported no gain or loss on their investments.

Of the nine counties that reported information on their investments, three reported losses and six reported gains. The gains of those that reported investment information were greater than those that reported losses. The statewide net gain reported from investments was \$2.6 million.

### **Methodology and Caveats**

Budget data used in this report reflect unaudited revenues and expenditures reported by counties to the Office of the State Auditor. Budgeted amounts of revenues and expenditures may differ from actual revenues and expenditures that year. The reported data do not represent all county revenues and spending for three reasons. (1) Counties reported budget data for all funds for which the county had adopted annual budgets. Counties with funds for which annual budgets were not adopted could have more revenues and expenditures than reported here. (2) The revenues and expenditures of county public service enterprises are not included. The inclusion of enterprise funds could significantly alter the revenue and expenditure trends of counties. (3) Two counties, Dodge and Mower, failed to submit budgets.