

**1999 Budget Data  
For Minnesota Counties  
Together With  
1998 Revised Budgets**



**May 12, 1999**

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# Minnesota County Budget Data for 1999

## 1999 Budgeted Governmental Revenues

Minnesota counties proposed revenues of \$3.61 billion in their 1999 budgets, excluding proceeds from the sale of bonds and transfers from other funds. This represents an increase of 3.8 percent over revenues budgeted in 1998. Intergovernmental revenues represent the largest source of revenue in the 1999 county budgets.

The principal sources of revenues in 1999 county budgets were: intergovernmental revenues, which accounted for 41.5 percent of revenues; property taxes, which accounted for 37.5 percent of revenues; and charges for services, which accounted for 9.4 percent of revenues. Property taxes and charges for services accounted for a larger share of 1999 budgets than in 1998. In contrast, intergovernmental revenues accounted for a smaller share of total revenues in 1999 budgets than in 1998.

! **Intergovernmental Revenues.** Counties budgeted intergovernmental revenues of \$1.5 billion for 1999. This represents an increase of 1.9 percent over the amount budgeted in 1998.

**State Categorical Aid.** The largest source of intergovernmental revenues for counties was state categorical aid. Counties budgeted state categorical aid revenues of \$854.6 million for 1999. This represents an increase of 1.3 percent over the level budgeted for 1998. 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 \$414.4 million for 1999. This represents an increase of 3.2 percent over the level budgeted in 1998. Federal grants accounted for 11.5 percent of total revenues budgeted in 1999.

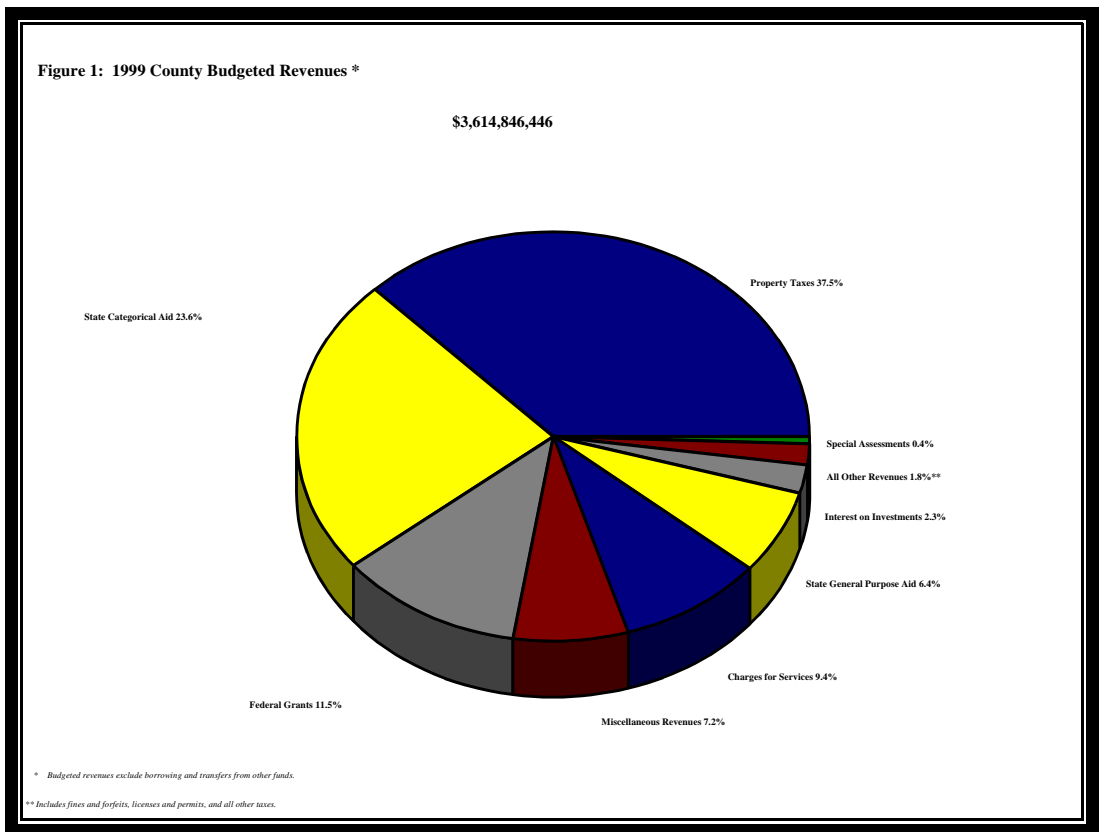
**State General Purpose Aid.** Counties budgeted state general purpose aid of \$232.8 million for 1999. State general purpose aid increased 1.8 percent between 1998 and 1999 budgets. This category of revenues includes Homestead and Agricultural Credit Aid (HACA) and other state aid that is not designated by the state for a specific project or activity.

! **Property Taxes.** Revenues derived from property taxes totaled \$1.35 billion in 1999 county budgets. This represents an increase of 5.5 percent over 1998 budgets. All counties but eight budgeted higher revenues from property taxes in their 1999 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 \$25.8 million for 1999. Counties proposed a decrease of 1.1 percent for this category of revenues which includes gravel taxes, deed taxes, and other taxes.

- ! **Charges for Services.** Counties proposed generating revenues of \$340.4 million from charges for services in 1999. This represents an increase of 15.5 percent over what was budgeted for 1998. 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). Dakota and Hennepin County account for a significant share of the increase in this category between 1998 and 1999. Hennepin County indicated that it expects increased fees to recoup court costs. Dakota County's large increase was the result of a reclassification of certain federal grants into charges for services. With guidance from the United States Office of Management and Budget (OMB), the counties audited by the Office of the State Auditor have been reclassifying certain federal grants as charges for services.
- ! **Special Assessments.** Counties proposed special assessment revenues totaling \$13.1 million for 1999. This represents a decrease of 2.9 percent from the level budgeted in 1998.
- ! **Miscellaneous Revenues.** Counties budgeted all other revenues of \$259.6 million for 1999. This represents a decrease of 6.6 percent from the level budgeted for 1998. This category of revenue includes such sources as local government contributions for projects, donations, and other revenue streams not accounted for in other categories.
- ! **Interest on Investments.** Counties budgeted revenues of \$82.1 million from interest earnings in 1999. This represents an increase of 8.5 percent over the level in 1998 budgets.

Figure 1 summarizes county budgeted revenues for 1999.



# **1999 Budgeted Governmental Expenditures**

## **Current Expenditures**

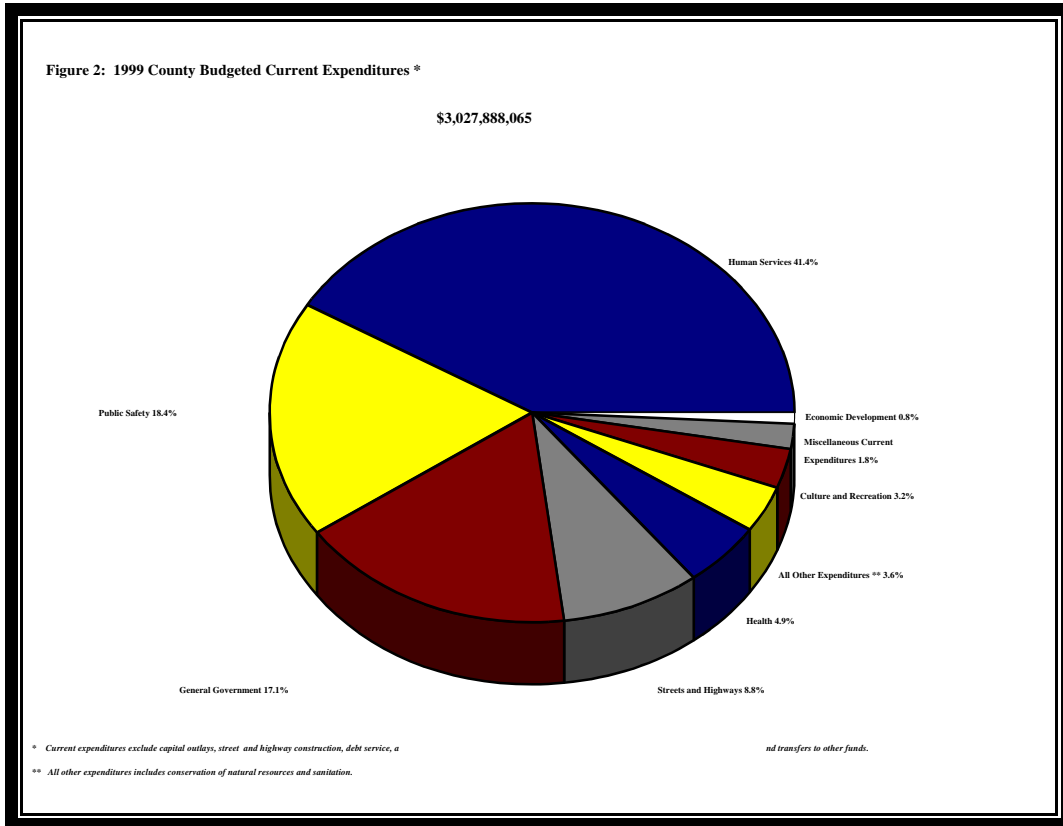
Minnesota counties proposed total current expenditures of \$3.03 billion for 1999. This represents an increase of 2.6 percent relative to the amount budgeted in 1998. Counties budgeted higher levels of current expenditures for all services except human services.

The three activities that represented the largest share of current expenditures in 1999 county budgets were: human services, which accounted for 41.4 percent; public safety, which accounted for 18.4 percent; and general government, which accounted for 17.1 percent.

- ! **Human Services.** Counties proposed human services current expenditures of \$1.25 billion for 1999. This represents a decrease of 1.5 percent from the level budgeted in 1998. The share of total current expenditures represented by human services is smaller than in 1998. 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 8.6 percent between 1998 and 1999. Counties proposed public safety expenditures of \$557.7 million for 1999. Public safety represented the second largest current expenditure proposed for 1999. Only seven counties proposed lower public safety expenditures for 1999.
- ! **General Government.** Counties set general government budgets at \$517.6 million for 1999. This represents an increase of 5.1 percent over 1998 budgeted general government expenditures.
- ! **Streets and Highways.** Counties proposed street and highway current expenditures of \$265.9 million for 1999. This represents an increase of 4.6 percent over the amount budgeted in 1998. This category of expenditures includes street maintenance, engineering, and lighting expenditures, but does not include construction or capital purchases. This represents an increase of 12.1 percent over the level budgeted for 1998.
- ! **Health.** Counties proposed health current expenditures of \$149.8 million for 1999. This represents an increase of 0.2 percent over health expenditures budgeted in 1998.
- ! **Culture and Recreation.** Counties budgeted culture and recreation current expenditures of \$95.8 million for 1999. This represents an increase of 5.2 percent over the amount budgeted in 1998. 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 \$23.9 million for economic development projects in 1999. This is an increase of 6.1 percent from the amount budgeted in 1998.

Figure 2 summarizes 1999 county budgeted current expenditures.



## Total Governmental Expenditures

Counties proposed total expenditures of \$3.77 billion for 1999. This represents an increase of 3.7 percent over the amount budgeted in 1998. Total expenditures include current expenditures, street and highway expenditures, capital outlays, and debt service, but exclude transfers to other funds. Additional expenditures include:

! **Street and Highway Construction.** Counties budgeted expenditures of \$363.8 million in 1999 for projects related to road construction. This represents an increase of 12.1 percent over 1998 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 \$258.2 million for 1999. This represents an increase of \$59.8 million or 30.1 percent over the level budgeted in 1998. The significant increase in capital outlays is largely attributable to Anoka and Hennepin counties which have a number of capital projects planned for 1999. In both Anoka and Ramsey counties, public safety and library projects account for a significant

share of the non-transportation capital outlays. Although we separate street and highway construction from other capital outlays in this report, their combined total reflects the true amount budgeted for capital projects in 1999. When street and highway construction is added, proposed capital outlays total \$622.0 million.

! **Debt Service.** Counties budgeted 1999 debt service payments of \$116.2 million. This represents a decrease of 25.6 percent from the amount budgeted in 1998. Counties budgeted a decrease of 34.2 percent in principal payments and a decrease of 2.6 percent in interest and fiscal charges. The large decrease in principal payments reflects a \$32.5 million decrease by Dakota County. The county had issued Capital Improvement (CIP) Refunding Bonds to pay off existing CIP bonds in 1998. This payment will not be duplicated in 1999.

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

Counties proposed lowering their fund balances by \$86.2 million in 1999. Of the 81 counties that submitted 1999 budgets, fifty-six counties reported a change in their fund balance. Nineteen counties proposed increasing their fund balances; thirty-seven counties proposed decreasing their fund balances. Counties lowered their fund balances for a number of reasons. Some 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 81 counties that submitted 1999 budgets, 61 did report any information relating to gains or losses on their investments. Eight counties reported a gain or loss on their investments. Twelve reported no gain or loss on their investments.

Of the eight counties that reported information on their investments, three reported losses and five 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 \$664,049.

## **Methodology and Caveats**

Budget data used in this report reflect unaudited revenues and expenditures reported by counties to the Office of the State Auditor (hereinafter the OSA). 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) The failure of six counties to comply with Minn Stat. § 6.745, subd. 2, which requires counties to provide summary budget data to the OSA no later than December 31<sup>st</sup>. The counties of Dodge, Isanti, LeSueur, Mower, Red Lake and Wright failed to comply with this statute. While these counties failed to report in time for this publication, their data will be included in the database available on the State Auditor's website if they later report to the OSA. The web address for the OSA is [www.osa.state.mn.us](http://www.osa.state.mn.us).