

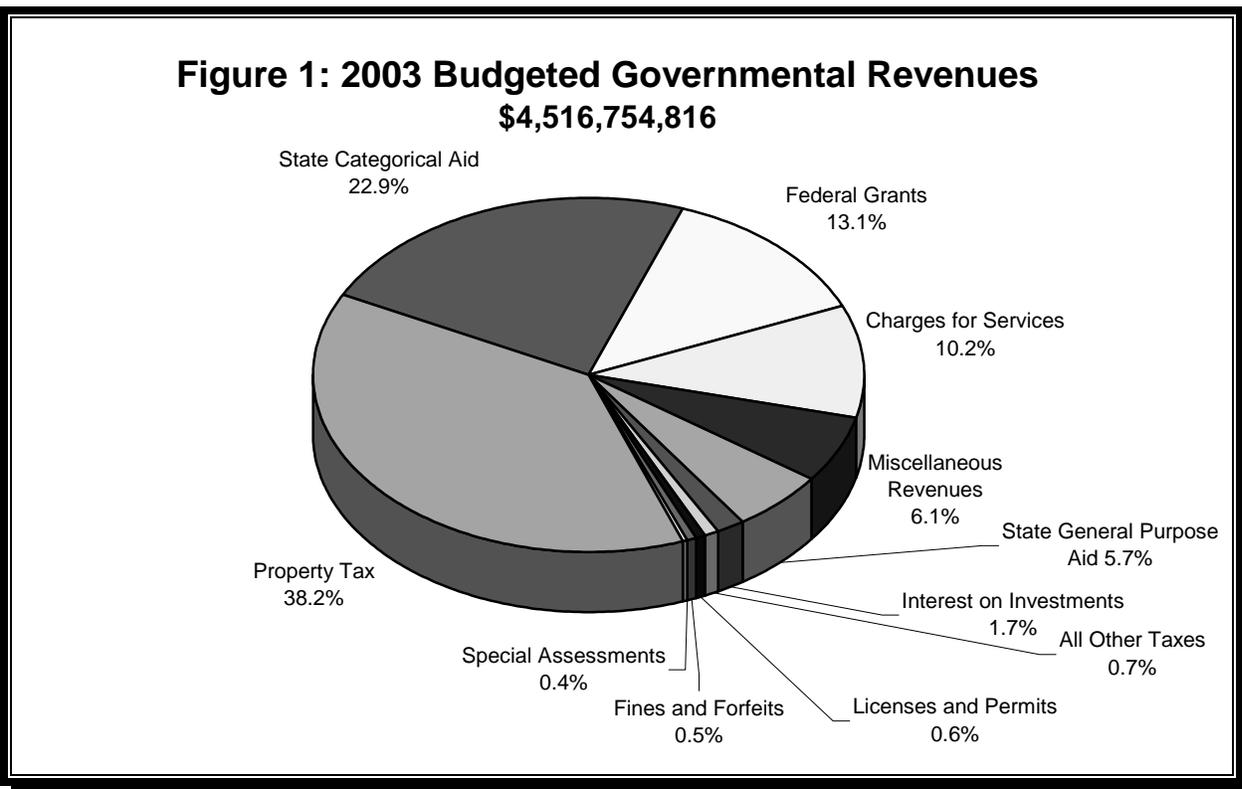
Overview

2003 Budgeted Governmental Revenues

Minnesota's 82 reporting counties budgeted governmental revenues of approximately \$4.5 billion in their 2003 budgets. This represents a 3.4 percent increase from 2002. Intergovernmental revenue, property taxes, and charges for services continue to be the primary sources of revenue for county budgets in 2003. Intergovernmental revenue (state categorical aid, state general-purpose aid, and federal grants) represents 41.7 percent of current revenues, the same percentage as in 2002. Property taxes represent 38.2 percent of 2002 revenue, and its total indicates a 5.9 percent increase in revenue over the previous year. Charges for services (user charges exclusive of revenues from proprietary funds, such as sanitation) represent 10.2 percent of current revenues, which is a 7 percent revenue increase from the previous year.

Miscellaneous revenue and interest on investments revenue show the biggest decreases, at 10.1 percent and 14.2 percent respectively. Twenty-four counties with interest earnings reported a greater than 25 percent decrease in interest revenue over the last year. Only 13 reported either no loss, or a slight increase in revenue.

Figure 1 shows the relative shares of budgeted county revenues.²



² Excludes borrowing, transfers from other funds and Enterprise Funds.

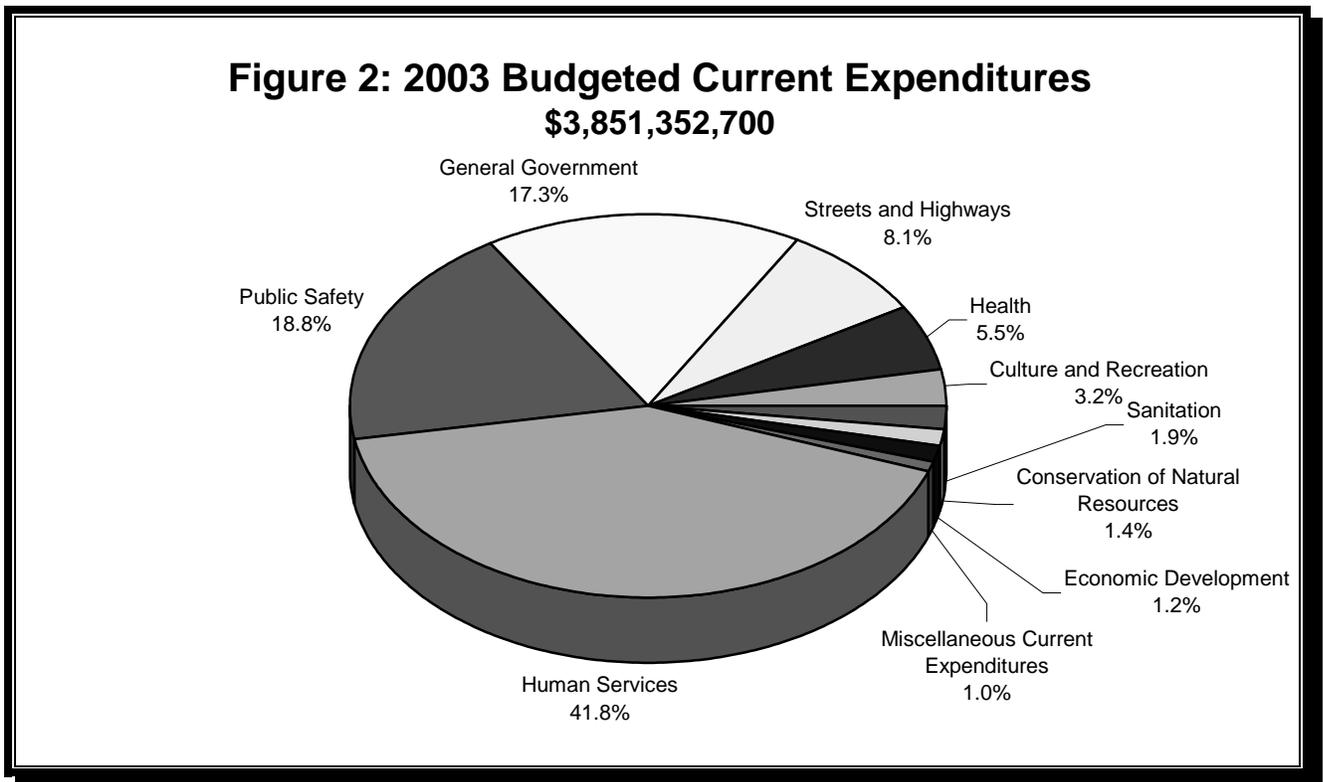
2003 Budgeted Governmental Expenditures

Minnesota's 82 reporting counties budgeted total government expenditures of \$4.7 billion for 2003. This is a 3.6 percent increase over last year. Overall, there was an increase of 4.0 percent for current expenditures, 5.5 percent for debt service, and a 0.9 percent decrease in capital outlay expenditure.

Current Expenditures

Human Services, General Government, and Public Safety comprise the largest amount of expenditures. The Human services category represents 41.8 percent of current expenditures, about the same level as 2002. Some counties combine health expenditures with human services, which may explain the size of the percentage of current expenditures in this category relative to the others. General Government represents 17.3 percent of expenditures, and its total indicates a 3.8 percent expenditure increase over last year. Public Safety represents 18.8 percent, an expenditure increase of 2.3 percent over last year.

Figure 2 shows the relative shares of budgeted 2003 county current expenditures.³



³ Excludes capital outlays, debt service, and transfers to other funds.

Debt Service

Minnesota counties budgeted debt service payments of \$160.9 million for 2003. This shows an increase of 5.5 percent from the previous year. Debt service is comprised of two elements, principal payments and interest and fiscal charges. These payments account for 3.4 percent of total government expenditures in county budgets. Principal payments account for 64.5 percent of debt service, and 2.2 percent of overall expenditures. It has increased 7.2 percent over last year's budget. Interest and fiscal charges increased 2.4 percent over last year's budget.

Capital Outlay Expenditures

Counties budgeted total capital outlay expenditures of \$671 million for 2003, which is a decrease of 0.9 percent from the previous year. It accounts for 14.2 percent of total expenditures. Total capital outlay contains two categories, capital outlay and streets and highway construction. Streets and highways construction accounts for 63.4 percent of total capital outlay and 9 percent of total expenditures. Counties proposed a 4.4 percent increase in road construction for 2003. Capital outlay accounts for 5.2 percent of total expenditures. Counties budgeted for an 8.9 percent decrease in capital outlay for 2003.

Fund Balances and Investment Performance

Counties proposed decreasing their 2003 fund balances by \$79 million below the 2002 level. When reporting summary budget data, counties are not required to indicate what they expect their fund balance to be at the end of the year, only the amount they expect the fund to increase or decrease. Counties also do not specify whether the amount of money retained or spent in the fund is reserved or unreserved.

Counties budgeted a net unrealized gain of \$7.4 million from investments in 2003.