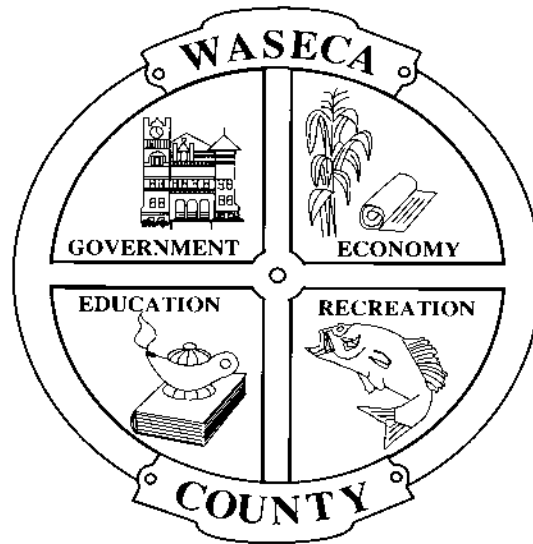


WASECA COUNTY



2012 Budget Overview

Commissioners

District 1: James Peterson

District 2: Michael Hintz

District 3: Blair Nelson

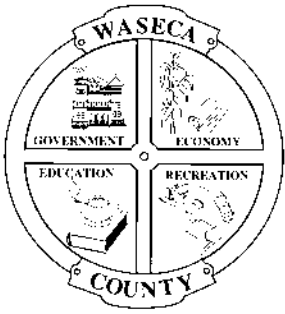
District 4: Richard Androli

District 5: Dan Kuhns

County Administrator

Laura Elvebak

The Mission of Waseca County is to effectively provide services for the health, safety, and general welfare of the public.



COUNTY ADMINISTRATOR

Waseca County Courthouse
307 North State Street
Waseca, MN 56093
Phone: (507) 835-0630
Fax: (507) 835-0633
www.co.waseca.mn.us

December 8, 2011

Waseca County Board of Commissioners
307 North State Street
Waseca, MN 56093

Honorable Board of Commissioners,

I am pleased to present you the 2012 preliminary Waseca County budget for discussion and consideration.

Currently, the preliminary budget is \$23,234,893 and a net property tax levy of \$11,857,350. This is an overall proposed budget increase of 11.3% compared to the adopted 2011 budget and a 14% increase in the net property levy.

The preliminary 2012 budget was developed during a time of nearly unprecedented uncertainty about state funding for local government. After a three-week state shutdown, local governments were informed of major changes to county funding structures. In addition, the final resolution of the state's budget impasse did not resolve the basic structural issues relating to the state's finances. As a result, future state actions may require us to revisit the adopted 2012 budget during the year and make adjustments accordingly.

Waseca County's 2012 preliminary budget and tax levy were established in early fall 2011. The action sets a maximum amount for the final levy – it cannot exceed the preliminary amount.

At the November 15, 2011 Board of Commissioner work session, the County Board and staff identified several reductions across most funds and made recommendations for the use of reserves to reduce the expenditure increase.

Waseca County believes it will fulfill its mission if it strives to maintain:

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

Since 2007, expenditures have remained between \$24,000,000 and \$27,000,000, while the County's County Program Aid (CPA) payments were reduced. Over the last several

years, the County Board has implemented a series of service delivery changes, spending freezes, personnel cost reductions and slight levy increases to offset CPA reductions.

A more prominent change that will impact local property taxes is the Governor and state legislatures' decision to eliminate the Homestead Market Value Credit in favor of property tax exclusion.

This property tax exclusion attempted to mitigate the homestead property tax increase resulting from the elimination of the Homestead Market Value Credit by excluding from taxation a portion of the value of homes that received the credit. However, this exclusion causes the tax base of local governments to shrink, which in turn causes local property tax rates to increase, even if local governments do not increase their levies. As a result, the vast majority of homeowners and other property owners will see property tax increases as a result of the elimination of the Homestead Market Value Credit and the creation of the Homestead Market Value Exclusion.

Although the recession may technically be over, Waseca County is receiving less revenue and will need to make budget adjustments to respond to these losses. The Proposed 2012 Budget balances community needs with taxpayer ability to pay, and continues the longstanding Waseca County tradition of responsible spending. Residents expect high-quality County services delivered cost-effectively. State revenue continues to lag behind costs; so, to keep the property tax levy manageable, we must continually refocus resources on essential and mandated services.

The proposed budget addresses the following budgetary principles:

- ✓ Adjusting for major funding reductions in state program aid and categorical grants.
- ✓ Preserving the County's strong financial standing.
- ✓ Requiring difficult cost containment measures, program and service reductions and examining fee increases, but attempt to minimize the negative impacts.
- ✓ Keeping people safe and meeting basic needs, including food, clothing, shelter, health care and jobs.
- ✓ Keeping the interconnected public, private and non-profit community service delivery system as stable as possible.
- ✓ Continuing the County Board's commitment to providing services that achieve their primary goals.
- ✓ Investing in service delivery improvements that are supported by return on investment data.
- ✓ Prioritizing resources to provide direct services to the public rather than administrative overhead.
- ✓ Achieving long-term structural budget balance in all departments and funds.

Property taxes affect all Waseca County citizens, especially in difficult economic times. At the same time, the County needs sufficient funding to carry out their responsibilities. The budget depends increasingly on local tax revenue in place of state funding.

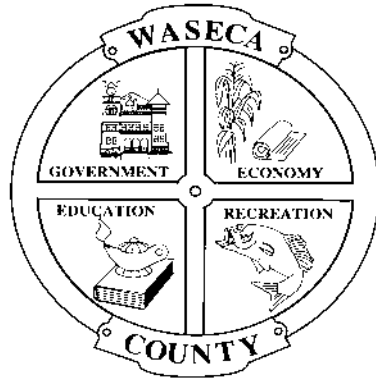
The 2012 budget may be adopted at the conclusion of this meeting, but may need to be reduced further based on potential reductions from the state and federal governments.

Sincerely,

A handwritten signature in black ink that reads "Laura Elvebak". The signature is written in a cursive style with a large initial "L".

Laura Elvebak
County Administrator

WASECA COUNTY



2012 Proposed Budget

Waseca County Profile

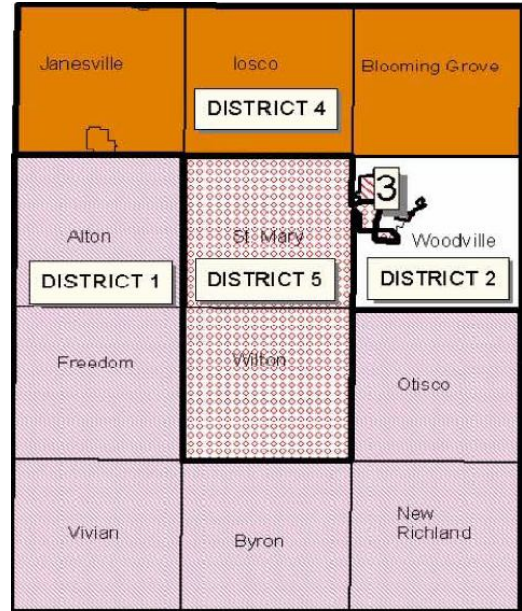
Government

A five-member Board of Commissioners elected by district for staggered four-year terms governs Waseca County. The County Board normally meets the first and third Tuesdays of the month. County Commissioners are responsible, among other things, for authorizing resolutions, adopting the annual budget, appointing committees, and hiring county employees, including the County Administrator. The County Administrator is responsible for carrying out the policies and resolutions of the Board of Commissioners, for overseeing the day-to-day operations of the County, and preparing an annual budget.

The County Attorney, Auditor/Treasurer, Recorder and Sheriff are also elected officials.

- 1st District Commissioner James Peterson
- 2nd District Commissioner Michael Hintz
- 3rd District Commissioner Blair Nelson
- 4th District Commissioner Richard Androli
- 5th District Commissioner Dan Kuhns

-
- County Attorney Paul Dressler
 - County Auditor/Treasurer Joyce Oliver
 - County Recorder Linda Karst
 - County Sheriff Brad Milbrath



Geography

Waseca County, named for the Dakota word meaning "rich," a reference to the fertile soil in the area, was established February 27, 1857, one year before Minnesota became a state. Located in the heart of the Southern Lakes Region of south-central Minnesota and covering 415 square miles, Waseca County is known for its rich, black soil producing record crops every year. The major industries are farming, printing, manufacturing and tourism. The population (2010 census) of 19,136 live in and around the communities of Janesville, New Richland, Waldorf and Waseca--the county seat.

Built in 1897, the Waseca County courthouse is on the National Register of Historic Places and houses most of the County Offices. Waseca County has an active historical society museum and research center, arts center, library, parks and recreation of all kinds--lakes, bike trails, excellent schools and sports activities.



Organizational Structure

Waseca County is divided into 17 Departments which include:

- Administrator's Office
- Assessor
- Auditor-Treasurer's Office
- Building Maintenance
- County Attorney's Office
- Court Services
- Extension
- Highway
- Human Services
- Information Technology
- License Bureau
- Planning and Zoning
- Public Health
- Recorder's Office
- Sheriff's Office
- Solid Waste
- Veteran's Services/Emergency Management

Population

In 2010, Waseca County has a population of 19,136, which is a reduction of 2.0% from the population in 2000. The City of Waseca is the County seat and also the largest of 4 cities within the County.

Income

A median household income of \$51,100 is slightly below the Minnesota median household income of \$55,621. In 2009, 8.5% of persons were below the poverty level, while the state of Minnesota had 10.9% below the poverty level.

Education

The high school graduation rate of 91.6% is almost identical to the state of Minnesota rate of 91.1%. The number of persons with a bachelor's degree or higher (18.7%) for persons aged 25+ is below the state of Minnesota (31.2%).

Jobs

In September 2011, Waseca County had a 5.4% unemployment rate. This is slightly lower than the state of Minnesota which had an unemployment rate of 5.9% (6.9% seasonally adjusted).

Sources: U.S. Census and Positively Minnesota

Introduction

Waseca County's 2012 Preliminary Budget and Tax Levy were approved September 6, 2011. The action set the maximum amount for the final levy and the final budget levy can not exceed the preliminary levy amount. The 2012 Preliminary Budget equals **\$23,234,893**; up 11.3% from the 2011 amount of **\$20,875,315**. The 2012 Preliminary Tax Levy is **\$11,857,350**; up 14% from the 2011 amount of **\$10,401,184**.

As always, the County's goal is to bring the total levy down to the minimum amount necessary. Setting the budget and tax levy is one of the most important policy decisions made by the Board each year. It is the process of finding the amount necessary to fund identified needs and maintain financial stability while keeping taxes at the lowest possible level.

General Revenue Fund

Projected General Revenue Fund expenditures, prior to adjustments, for 2012 are at \$10,143,556. The revenues are estimated at \$3,545,262. This results in a budget deficit of \$6,598,294.

Challenges to Waseca County

In addition to revenue reductions, some of the identified budget challenges included:

- ✓ Negotiations of four (4) union contracts
- ✓ Road/bridge construction, maintenance and equipment needs
- ✓ Information technology upgrades and maintenance
- ✓ Public safety equipment maintenance and upgrades

Although the Great Recession is said to be over, the continuing effects of a wobbly economy linger. This economic recovery has not followed past patterns; instead, the housing market remains weak, foreclosures are still prevalent, the job market has not substantially improved, and personal and business finances are under duress. The recession has hit everyone hard.

Demand for government services is not going down, but resources are dwindling and costs continue to increase.

During an economic recession, more people have trouble meeting basic needs and turn to the County for assistance with food, clothing, shelter, health care and jobs, often on an emergency basis. At the same time, counties find it difficult to meet this increased need because of declining revenues. The aging and increasingly racially and ethnically diverse population places further demand on service delivery. Waseca County has been and continues to work to find creative ways to meet these challenges.

Waseca County is continually refocusing resources on services that make the most difference or what would be considered core services, which is particularly important during tough economic times. The goal of this budget is to ensure that residents receive the best value for their tax dollars.

Departmental Activities Have Significant Budget Impacts

General Fund

License Bureau

- The License Bureau levy request is significantly reduced due to an increase of \$1.50 on motor vehicle licenses. The will increase the amount of revenue from \$163,000 (2011) to \$193,200 (2012).

Information Technology

- Information Technology expenses have increased from \$431,105 (2011) to \$623,372 (2012) due to software and hardware updates and licenses, website enhancements, laptop replacements, and router usage changes.

Central Services

- Central Services expenses increased from \$254,166 (2011) to \$282,971 (2012) due to retiree health insurance expenses being listed and auditing cost increases.

Elections

- Election expenses have increased from \$13,300 (2011) to \$49,100 (2012) due to a general election in 2012.

County Recorder

- County Recorder expenses increased from \$195,272 (2011) to \$199,253 (2012) due to decreases in fees related to services due to the economic downturn.

Buildings

- Building expenses have increased due to expected increases in utilities.
- The County continues to install more energy-efficient technologies where appropriate.
- The HS/PHS Center Building Maintenance revenues have significantly decreased due to the lack of rents received from Human Services for building rent.

Sheriff

- Sheriff's Office expenses increased from \$2,678,536 (2011) to \$2,989,334 (2012) due to rental and service agreement increases, dispatch center updates, vehicle purchases and reductions in grants received.

Electronic Monitoring

- Electronic Monitoring expects to see a decrease in the amount needed from the tax levy as the County will now own the equipment rather than having to lease the equipment.

Emergency Management

- Emergency Management expenses have remained fairly steady, but will see a reduction in grant funding received.

County Funded Agencies

- The budget generally maintains the current 2011 appropriations to organizations, which are not operated by the County but rely heavily on County funding. They include:
 - County Historical Society

- Farmamerica
- Tourism Advisory Committee
- Waseca Arts Council
- Cannon River Watershed Partnership
- County Agricultural Society (Fair Board)
- Small Business Development Center
- Southern Minnesota Initiative Foundation

Public Works

Highway Engineering/Construction

- Highway Engineering/Construction has seen expense increases due to professional and technical services and construction expenses. Many of these services are reimbursable. The budget continues to include set aside funding, and increases over the 2011 amount, for the construction and repair of County highways.

Highway Equipment Maint & Shop

- The budget reflects the addition of two equipment purchases.

Other Road and Bridge

- There is a significant increase in grants, both state and federal, to be received reflected in the Other Road & Bridge which limits the increase in the levy requested.

County Parks

- County Parks has an increase for additional staffing, either the Parks Caretaker (Part-time) and/or the Courthouse Park Caretaker (Independent Contractor).

Human Services

Income Maintenance

- The levy request has been significantly reduced from \$528,762 (2011) to \$391,471 (2012) due to the use of reserve funds. There has been, and will continue to be, changes to the funding from the state and federal governments which have been reflected in the 2012 budget.

Social Services

- The levy request has been significantly reduced from \$994,847 (2011) to \$814,985 (2012) due to the use of reserve funds. There has been, and will continue to be, changes to the funding from the state and federal governments which have been reflected in the 2012 budget.

Waste Management

- Several changes made to reflect equipment maintenance and upgrades, but a net levy request of 0% due to an increase in fees for services.

**2011 – 2012 Budget Comparison
September 20, 2011**

Fund	2011 Levy Request	2012 Levy Request	Difference
General			
County Commissioners	\$ 281,804	\$ 271,420	-4%
Court Administrator	\$ (96)	\$ -	-100%
Court Administrator - Waseca County	\$ 49,500	\$ 46,500	-6%
County Administrator	\$ 295,178	\$ 305,917	4%
County Auditor - Treasurer	\$ 373,356	\$ 378,821	1%
License Bureau	\$ 12,589	\$ 5,183	-59%
Information Technology	\$ 426,105	\$ 620,372	46%
Central Services	\$ (226,524)	\$ (197,355)	-13%
Elections	\$ 12,900	\$ 48,300	274%
County Attorney	\$ 512,523	\$ 585,926	14%
County Recorder	\$ 95,874	\$ 121,924	27%
GIS	\$ -	\$ -	0%
County Assessor	\$ 355,261	\$ 359,380	1%
Planning and Zoning	\$ 184,873	\$ 202,828	10%
Courthouse Bldg Maintenance	\$ 196,804	\$ 215,978	10%
Law Enforcement Cnter Bldg Maintenance	\$ 102,005	\$ 108,102	6%
Prior DHS Cntr Bldg Maintenance	\$ 4,000	\$ 4,000	0%
East Annex Bldg Maintenance	\$ 49,207	\$ 50,616	3%
Extension Bldg Maintenance	\$ 28,928	\$ 28,972	0%
HS/PHS Center Bldg Maintenance	\$ 11,664	\$ 49,152	321%
Fleet Maintenance	\$ 43,923	\$ 48,922	11%
Veterans Services	\$ 114,805	\$ 123,174	7%
Other General Government	\$ (780,500)	\$ (811,709)	4%
County Sheriff	\$ 2,429,600	\$ 2,850,834	17%
County Coroner	\$ 25,000	\$ 25,000	0%
Court Services	\$ 333,760	\$ 381,028	14%
Electronic Monitoring	\$ (8,000)	\$ (31,754)	297%
Emergency Management	\$ 45,209	\$ 71,646	58%
Ambulance	\$ 3,500	\$ 3,500	0%
Public Health	\$ 199,799	\$ 211,349	6%
Culture, Recreation and Celebrations	\$ 91,200	\$ 90,957	0%
Snowmobile Groomer	\$ -	\$ -	0%
Conservation & Natural Resources	\$ 122,587	\$ 122,087	0%
County Extension	\$ 138,526	\$ 141,192	2%
Soil & Water Conservation District	\$ (833)	\$ -	-100%
Economic Development	\$ 82,582	\$ 86,500	5%
HRA	\$ 77,973	\$ 79,532	2%
Total General Fund	\$ 5,685,082	\$ 6,598,294	16%

Fund	2011 Levy Request	2012 Levy Request	Difference
Building			
Building Funds	\$ 75,000	\$ 75,000	0%
Total Building Fund	\$ 75,000	\$ 75,000	0%

Fund	2011 Levy Request	2012 Levy Request	Difference
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Public Works			
Highway Administration	\$	260,566	\$ 257,724 -1%
Highway Engineering/Construction	\$	1,745,786	\$ 3,474,678 99%
Highway Maintenance	\$	1,581,740	\$ 1,648,795 4%
Highway Equipment Maintenance & Shop	\$	1,073,482	\$ 1,183,193 10%
Other Road and Bridge	\$	(2,321,962)	\$ (3,349,764) 44%
County Parks	\$	47,377	\$ 63,185 33%
Total Public Works Fund	\$	2,386,989	\$ 3,277,811 37%

Fund	2011 Levy Request	2012 Levy Request	Difference
Human Services			
Income Maintenance	\$	528,762	\$ 391,471 -26%
Social Services	\$	994,847	\$ 814,985 -18%
SCHA Distribution	\$	-	\$ - 0%
Total Human Services Fund	\$	1,523,609	\$ 1,206,456 -21%

Fund	2011 Levy Request	2012 Levy Request	Difference
Library			
Library	\$	236,134	\$ 236,134 0%
Total Library Fund	\$	236,134	\$ 236,134 0%

Fund	2011 Levy Request	2012 Levy Request	Difference
Waste Management			
Transfer Station	\$	53,822	\$ 69,684 29%
Special Waste Management	\$	38,437	\$ 48,439 26%
Recycling	\$	95,495	\$ 72,877 -24%
Yardwaste Management & Education	\$	1,384	\$ 1,285 -7%
Solid Waste Administration	\$	(189,138)	\$ (192,285) 2%
Total Waste Management Fund	\$	-	\$ - 0%

Fund	2011 Levy Request	2012 Levy Request	Difference
Debt Service			
GO State Aid Road Debt (2007)	\$	-	\$ - 0%
Capital Improvement Debt Service (1999)	\$	494,370	\$ - -100%
GO CIP Refunding Bond (2005)	\$	-	\$ 463,655 0%
Total Debt Service Fund	\$	494,370	\$ 463,655 -6%

Fund	2011 Levy Request	2012 Levy Request	Difference
Ditch			
Ditch	\$	-	\$ - 0%
Total Library Fund	\$	-	\$ - 0%

Total 2011 Tax Levy \$ 10,401,184

Total 2012 Tax Levy Request (Preliminary) \$ 11,857,350 14%