



FARMLAND AND THE TAX BILL:

THE COST OF COMMUNITY SERVICES IN THREE MINNESOTA CITIES



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THREE MINNESOTA CITIES**

**American Farmland Trust
1994**



American Farmland Trust

American Farmland Trust is a private, nonprofit, conservation organization founded in 1980 to protect the nation's agricultural resources. AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. Its action-oriented programs include public education, technical assistance in policy development and direct farmland protection projects. Basic annual membership is \$20. For membership information, contact the National Office.

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The Land Stewardship Project is a private, nonprofit farm and social justice organization founded in 1982. Based in Minnesota, LSP works locally and nationally to foster an ethic of stewardship toward the land and promote sustainable communities and agriculture through grassroots organizing, advocacy, participatory education and policy initiatives. To receive our newsletter and support LSP's work, send \$30. For more information, contact the Marine on St. Croix office.

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This project is supported by grants from The Bush Foundation to AFT and The Emma B. Howe Memorial Foundation to LSP.

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A c k n o w l e d g m e n t s

I would like to thank city and school officials in Farmington, Lake Elmo and Independence for providing and explaining financial records.

Thanks also to Robert Wagner and Julia Freedgood of American Farmland Trust and Lee Ronning of Land Stewardship Project for their

invaluable assistance during the study and with the draft and final review of this report.

Respectfully Submitted,

David R. Senf

Thanks are also due to the following valuable contacts and officials who granted interviews:

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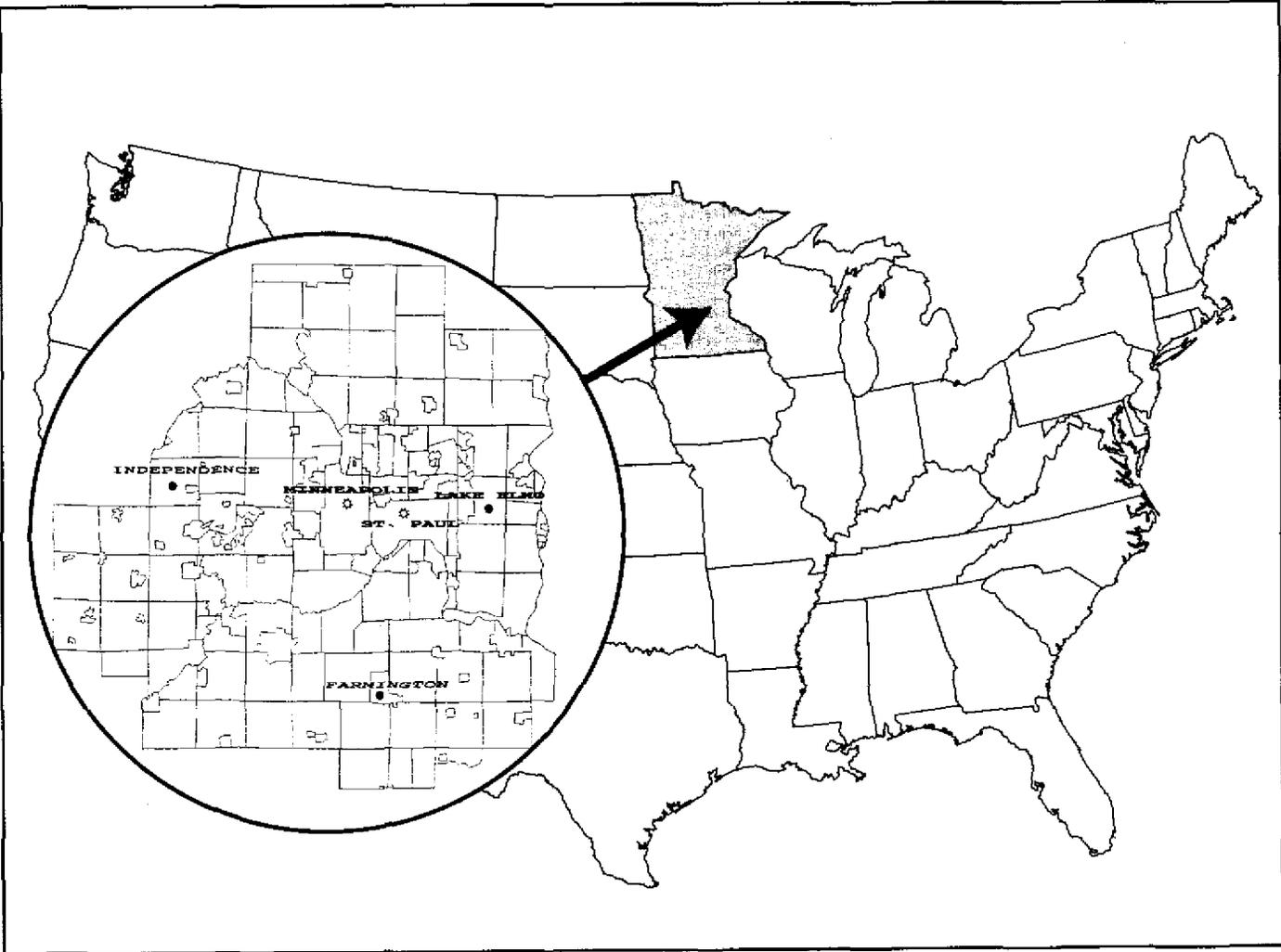
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Locator Map

**Farmington, Lake Elmo and Independence are
in Minnesota's Twin Cities Metropolitan Area**



Abstract

Farmland in the seven-county metropolitan area of Minneapolis and St. Paul, Minn. has been urbanized at nearly twice the rate of population growth since 1970, resulting in the loss of more than 150,000 acres, or 235 square miles of farm and vacant land. Since 1980, growth has occurred almost exclusively in the second ring of suburbs and, to a lesser extent, on the urban fringe. Slowing the pace of urban sprawl around the Twin Cities has been hindered in part by the property tax-dependent system of local government finance. Even with a nationally lauded property tax base sharing program and one of the nation's highest levels of state aid to local government, municipalities compete for new development to increase their tax base.

Across the country, suburban developments are proposed, advocated and approved based on the argument that expanding the tax base will reduce local property taxes. Among other things, this has led property owners to oppose tax relief programs for farmland. In response, American Farmland Trust, a private, nonprofit conservation organization, has developed a consistent, inexpensive and easy-to-understand way to evaluate existing contributions of municipal land uses. In eight studies in the

Northeast and Ohio, AFT has found that any apparent gain in tax revenue from residential development was lost when the cost of delivering necessary public services -- from roads, sewers and parking lots to education and public safety -- was considered. Based on these studies and interest in finding out if this pattern would hold in Minnesota, AFT was asked to conduct three Cost of Community Services studies in the Twin Cities metro area.

Cost of Community Services studies reorganize local records to trace the flow of revenues and expenditures generated by specific land uses. Results provide a snapshot of the relative contributions of different land uses, which are summarized by ratios of revenues to service costs for residential, commercial and industrial, and farmland uses.

Working with the Land Stewardship Project, a Minnesota-based farmland and social justice organization, AFT conducted COCS studies in three outlying Twin Cities Metro Area municipalities. On average, AFT found the ratio of dollars generated by residential development to the cost of services provided was \$1 : 1.04. In comparison, on average, for every farm dollar raised, only 50 cents was spent to provide services.

Summary of Findings (In Dollars)			
City	Residential	Commercial & Industrial	Farmland
Farmington	1 : 1.02	1 : 0.79	1 : 0.77
Lake Elmo	1 : 1.07	1 : 0.20	1 : 0.27
Independence	1 : 1.03	1 : 0.19	1 : 0.47

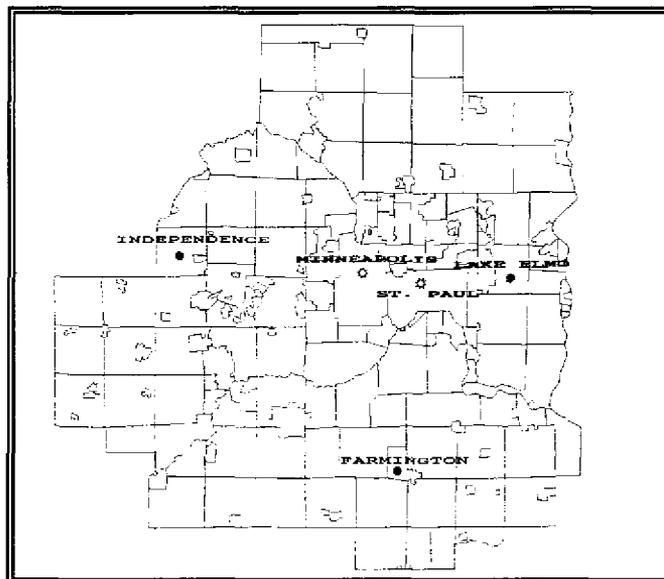
Introduction

Minnesota's Twin Cities metropolitan area consists of seven counties covering just under 3,000 square miles, or 1.9 million acres. The metro area's shape is an irregular rectangle 50 miles wide and 60 miles long. Minneapolis and St. Paul, the two central cities, are located in the center of the metro area. Based on 1990 land use data, approximately 29 percent of the metro area is classified as urbanized¹, another six percent is lakes and streams, 10 percent is classified as wetlands and the remaining land, 55 percent, is classified as vacant/agricultural. While mainly farmland,² the vacant/agricultural land use classification also includes vacant industrial land and unused public land. More than half the 2.3 million residents of the seven-county metro area still live within the two central cities and surrounding first-ring suburbs, but growth since 1980 has occurred almost exclusively in the second ring of suburbs and, to a lesser extent, on the urban fringe.

The dramatic suburbanization of jobs and people during the 1980s reversed the late-1970s trend of slowing vacant/agricultural land consumption. This land was being converted to urban uses at an average annual rate of 9,500 acres during the early 1970s. The average conversion rate declined to 5,400 acres per year between 1975 and 1984. Since 1985, vacant/agricultural land has been developed at an annual rate of 9,000 acres.³

Despite the loss of more than 150,000 acres, or 235 square miles of vacant/agricultural land to urbanization since 1970, almost two-thirds of the metro area remains in this category, when wetlands are included. Agricultural activity remains strong,

accounting for slightly more than 6 percent of the state's total agricultural production. Even Hennepin County, which includes Minneapolis and has a population of more than 1 million people, is still 40 percent vacant/agricultural land. Few urban counties in the nation can match Hennepin in population and farm production. Dakota County, the metro county with the most farm activity, has some of the state's most productive farmland, yet it is one of the fastest growing counties in the nation.



Farmington, Lake Elmo and Independence in relation to the Twin Cities

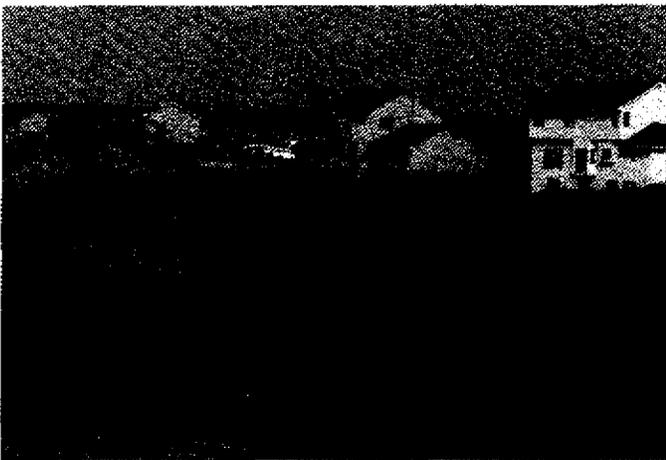
The variation in farm activity in the metro area is similar to that found across the state. In descending order of acreage, crops include corn, soybeans, hay, oats and wheat. More than 700 dairy farms with 36,000 milk cows are in operation. In addition, metro-area farms raise more than 150,000 beef cattle, 128,000 hogs and 7,000 sheep. Vegetable

Introduction

farming is a major activity, both for local consumption and processing, as is the greenhouse and nursery industry.⁴ Metro-area agricultural activity produced more than \$500 million worth of farm output in 1990 and generated 7,000 jobs.⁵

The Metropolitan Council is a metro-wide planning agency that tries to manage the rate of growth and the pattern of development around the Twin Cities. The council was formed in 1967 to accommodate the area's growth in an orderly way and to promote the development of public facilities to ensure efficient delivery of public services. The council also affects land use decisions through review of all metropolitan cities' comprehensive land use plans. One of the council's strongest planning tools is its review and approval authority for sewage and highway development. In this capacity, the council has approved infrastructure investments that have significantly enlarged the urban service boundary.

Although there are many forces driving urban sprawl, one of the prime reasons that cities, and, to a lesser degree, townships, have resisted metropolitan-wide planning efforts is the pressure to increase property tax bases. Local governments in Minnesota derive a large share of their own-source revenues from property taxes. Faced with increasing service demands and stagnant or decreasing intergovern-



A subdivision rises out of farm fields in Farmington.

mental aid, cities tend to choose between raising property taxes or trying to expand their property tax base to balance their budgets. Other popular options include sharing services, cutting services or joint powers agreements.

Public services in the metro area are provided by more than 200 different government entities. Seven counties, more than 100 cities, 45 townships and 50 school districts are contained within the metro area. Additional services are provided by numerous special district governments, including technical college districts, watershed districts, a sewage district and a mosquito control district. While counties, schools, townships and special districts realize that the health of their budgets depends greatly on their property tax bases, cities control zoning and land use decisions and are most active in promoting economic development.

Minnesota's legislature realized two decades ago that competition among cities for economic growth could lead to haphazard urban development. In response, the state established one of the nation's only property tax base sharing programs to promote more sensible development. Under the Fiscal Disparities program, since 1971, 40 percent of new commercial and industrial valuation within the area has been pooled and shared by all metro cities.

The pool of tax revenue from commercial and industrial property is redistributed to cities based on population and per-capita property valuation, with low per-capita valuation cities receiving more than high per-capita valuation cities. The net result is that communities with low per-capita property valuation receive property tax revenue from commercial and industrial properties located outside their borders.

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The goal of the Fiscal Disparities program is to decrease the level of competition for development by reducing the role that property tax revenue plays in land use decisions. However, cities still pursue property tax revenues from new developments. When cities gain large-scale commercial and industrial developments, these typically generate extra income, despite having to share some of the property tax revenue gain.

The key role of property taxes in land use decisions is underscored by two farmland protection programs: the state-wide Green Acres Program and the Metropolitan Agricultural Preserves. In these programs, farmland owners agree not to develop their land in exchange for a reduction or delay in paying property taxes and/or receiving assessments. In 1992, more than 600,000 acres of farmland, or almost one-third of the metro area, was enrolled in these two programs.⁶

Despite the planning efforts of the Metropolitan Council, the Fiscal Disparities program and the farmland preservation programs, the amount of metro land devoted to urban land uses has increased by 42 percent since 1970⁷. The urbanization rate was almost double that of the 22 percent population growth rate.

Acceleration in population growth, due mostly to increased immigration, is expected to continue into the next century. The land-devouring pattern of growth also is expected to follow current trends, predominately in and beyond the second-ring suburbs. Population in the two central metropolitan counties is projected to increase by 10 percent during the next two decades and by 40 percent in the metro area's five other counties.⁸ Since most of this growth will occur on farmland, the metro area is expected to consume more than 100,000 acres of farmland by the year 2010.



Lake Elmo still retains its rural character.

American Farmland Trust, a private, nonprofit conservation organization, has developed a consistent, inexpensive and easy-to-understand method of evaluating existing net financial contributions of municipal land uses. Cost of Community Services studies reorganize local records to trace the flow of revenues and expenditures generated by specific land uses. Results provide a snapshot of the relative contributions of different land uses. Ratios of revenues to service costs for residential, commercial and industrial, and farmland uses are calculated.

Working with the Land Stewardship Project, a Minnesota-based farm and social justice organization, AFT conducted COCS studies in three outlying Twin Cities Metro Area municipalities. The goal was to encourage people in small metro-area cities (in Minnesota any incorporated village or town is called a city) to reconsider their fiscal assumptions about land use relationships. The findings provide information to help local officials evaluate the

Introduction



Independence remains a mostly rural community.

impact of land use decisions on municipal and school district finances.

In these COCS studies, the 1992 financial records of three metro cities located on the Twin Cities' urban service boundary are reorganized to show the net fiscal contribution of the three major land uses: residential, commercial and industrial, and farmland. As with previous COCS studies, the findings show a net gain from farm properties. Farmland generates more local revenue than the cost of local services it receives. In other words, farmland makes a positive financial contribution that is worthy of municipal consideration. Residential development was found to demand more in services than it contributed in revenues.

The three cities studied are typical of small cities in the metro area in terms of population and development pressure, although they are more typical of towns or townships in other parts of the country. Farmington, with a 1992 population of 6,347 and sized 7,400 acres is 25 miles south of St. Paul and represents cities facing strong development pressure. Farmington is surrounded on two sides by a swelling

suburb and on the others by townships still predominantly farmland.

Twelve miles east of St. Paul, Lake Elmo, with a 1992 population of 5,965 and sized 16,000 acres, is bounded on the west and south by two suburbs. Townships with growing two-to-10 acre housing developments border Lake Elmo on its northern and eastern limits. Lake Elmo has used zoning to maintain the city's rural

character. However, developers have circumvented Lake Elmo's zoning by annexing parcels to adjoining, more pro-development cities.

The city of Independence is the most rural of the three cities and is typical of rural communities on the urban edge. Its 1992 population was 2,944, spread over 22,000 acres and located 20 miles west of downtown Minneapolis. With more than half of Independence zoned for agriculture, development pressure is light.

This report is organized into four main sections: Methodology, City Reports, Findings and Discussion. The Methodology section explains the research steps and how municipal records were reorganized to reflect the land use categories defined by the studies. City Reports provides a brief history of each city and presents financial data. The Findings section reports on and compares the cities' reorganized financial data to reflect the fiscal relationship between land use categories, as defined in the Methodology section. In the Discussion, the findings are reviewed and implications are explored.

Methodology

COCS studies reorganize government financial records to match the flow of revenues and expenditures with specific land uses. By so doing, COCS studies provide valuable information to local officials by showing how land use decisions affect municipal and school district budgets.

The initial step in a COCS study is to identify and classify municipal land uses. Definitions depend on the mix of land uses and the availability of data. After discussions with local officials and a review of Minnesota's property tax classification system, three general land use categories were defined: residential, commercial and industrial, and farmland.

Residential: Property used for dwelling units, including farm houses, single-family units, apartments, condominiums, town houses, mobile homes, nursing homes, non-commercial seasonal resorts and non-commercial, non-industrial and non-utility vacant land.

Commercial and industrial: Property used for business purposes including retail stores, manufacturing plants, office spaces, railroad structures, utility structures, commercial seasonal resorts and commercial, industrial or utility vacant land.

Farmland: Property used for or designated as agricultural land (excluding farm houses).

The numerous property tax classes in Minnesota

helped to indicate how to assign parcels to land use categories. Property tax data reports property taxes on farm houses and surrounding acreage separately, facilitating the inclusion of property taxes on farm houses in the residential sector and property taxes from surrounding acreage in the farmland category. Undeveloped or vacant industrial, commercial and residential land is also listed separately. Property tax payments from these property classes were allocated accordingly to residential or commercial and industrial, or land use.

The second step is to decide which local governments to include and then to collect relevant financial records. In 1992, approximately one-fourth of all local services provided in the metro area were supplied by counties, one-fourth by cities and one-half by independent school districts.

For a complete accounting of how land use patterns affect local tax burdens, all three levels of government should be included. But tracing county revenues and spending back to various land uses in the three cities exceeded available resources. As a result, county government was excluded, primarily due to the size of its budget. Hennepin County's budget is second only to Minnesota's state budget. Accurately tracing specific Hennepin County services, provided to more than 1 million people, back to Independence's 2,000 residents was not feasible. Thus, only the revenues and expenditures of cities and the school districts are included in calculating financial contributions by land use categories in this study. It is interesting to note that, while land use decisions are made by city officials,

Methodology

county and especially school budgets are affected by changing revenues and costs related to land use conversions.

Three main sources of financial data were used. Property tax data was available from the Property Tax Division, Minnesota Department of Revenue. Other city revenue and spending data was available from each city's annual financial report, filed with the state's Office of State Auditor. School data was gathered from financial statements filed with the Minnesota Department of Education.

For each city, property tax revenues were allocated to land use based on state tax data, which is reported by property classes. Otherwise, revenues and expenditures were allocated to land uses based primarily on local records and interviews with city officials. For example, Independence provides police service by a joint powers agreement with Maple Plain, an adjacent city. West Hennepin police officials estimated that 93 percent of their work in Independence was residential, five percent was related to commercial or industrial properties and two percent involved farmland.

School revenue and spending presented special problems due to the number of school districts involved. Four school districts serve different areas of Independence. Lake Elmo residents are served by three school districts. All of Farmington is in the same school district, but half of the district's enrollment lives outside Farmington.

To estimate total school spending for a city, a share of each school district's total budget was assigned to the city based on percent of district enrollment accounted for by pupils living within city limits. For example, Farmington pupils account for 47 percent of school district enrollment, making school spending for Farmington 47 percent of the district's budget.

School funding in Minnesota is derived from five general sources: state school aid, local property taxes, other local sources, federal school aid and school fees and charges. District enrollment percentages were used to estimate the share of each district's state aid, other local sources, federal aid, and school fees and charges attributable to the pupils of Independence, Lake Elmo or Farmington in a manner analogous to the method used to estimate school spending. Thus, in Farmington, 47 percent of the school district's state school aid, other local sources, federal aid and school fees and charges were treated as being generated by Farmington's residents.

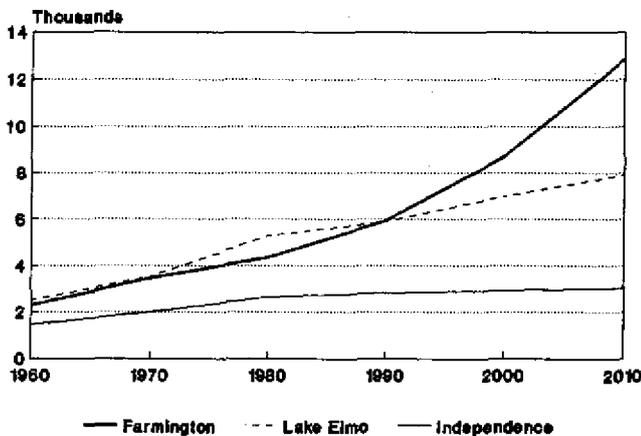
School property taxes paid by the various land use categories were available from state property tax data. In all three cities, actual school property taxes paid by all property owners within the cities were less than the actual amount of property taxes used to fund school expenditures for pupils from the cities. The difference was property taxes collected in other parts of the school districts serving the cities. For instance, in Lake Elmo, of the \$7 million spent on education in 1992 for Lake Elmo children, \$3.6 million was paid with property taxes. But Lake Elmo property owners paid only \$2.3 million in school property taxes. The other \$1.3 million was paid by property owners in surrounding cities served by the same school districts serving Lake Elmo. This source of school funding is referred to as district subsidies in tables presented later. Due to the school district funding system and the haphazard configuration of school district boundaries, land use decisions in one city can significantly increase property taxes in other cities through increases in school district budgets.

The final step was to compute ratios, comparing revenues to expenditures for each land use category. The results are presented in the Findings section.

City Reports

Farmington, named for the rich Dakota County farmland that surrounded a railroad depot built in 1865, is in transition from its historical role as an agricultural trade center to an expanding suburb of the Twin Cities. Farmington is poised for major development, following the path of neighboring suburbs. The combined population of five suburbs (Apple Valley, Burnsville, Eagan, Lakeville and Rosemont) located between Farmington and the rest of the metro area increased in population from 50,000 to 150,000 between 1970 and 1990. Farmington, which added an average of 1,200 people during the last two decades, is projected to double in population by 2010, adding almost 3,500 people per decade. Past city populations and projections for the cities are displayed in the graph below.⁹

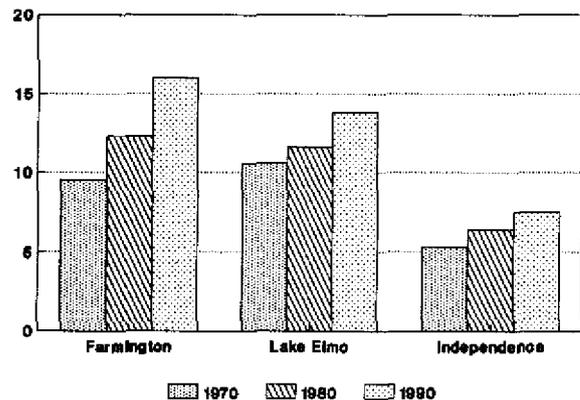
Population Growth



Land use in Farmington is still predominantly agricultural, with only 16 percent of the city classified as developed. Most of the farmland is located west and north of the downtown and main residential area. Almost three-fourths of the city's

6,200 acres of farmland is enrolled in agricultural preservation programs. The percent of each city's land in urban use over the last three decades is shown in the graph below.

Percent of City in Urban Use



Lake Elmo is less development-orientated than Farmington, perhaps due to differences in terrain and history. Its terrain is rolling and dotted with nine lakes and numerous ponds. Farmland is more scattered and wooded areas are more prevalent than in Farmington. In addition to serving as an agriculture trade center, Lake Elmo was also a summer resort area during its early years. Lake Elmo's present configuration was formed by the merging of Lake Elmo Village with East Oakdale Township in 1969. Lake Elmo has retained its rural character by limiting urban services such as central sewer and water. Of the city's 16,000 acres, less than 15 percent are urbanized. The city has more than 3,000 acres in park land, including the 2,200-acre Lake Elmo Regional Park in the middle of the city. An additional 4,400 acres in Lake Elmo are enrolled in agricultural preservation programs.

City Reports

Lake Elmo has planned to sustain its unique rural atmosphere despite rapid growth in adjacent suburbs. Oakdale, which runs along Lake Elmo's western border, has added more than 10,000 people since 1970 and is projected to grow by another 9,000 during the next two decades to reach a population of 27,500. Woodbury, which borders Lake Elmo on the south, was one of the metro area's fastest-growing cities during the 1980s. Woodbury's 1970 population of 6,200 exploded to 20,100 in 1990 and is projected to reach 42,000 by 2010. However, Lake Elmo's growth has been more controlled, growing from 3,500 in 1970 to 5,900 in 1990. If it follows its comprehensive land use plan, the city will add less than 2,000 new residents during the next two decades.

Independence is the most agriculturally oriented of the three cities. Its 20-mile distance from downtown Minneapolis has minimized development pressure. Independence has very little commercial and industrial development. City residents rely on a number of surrounding communities for shopping and personal services.

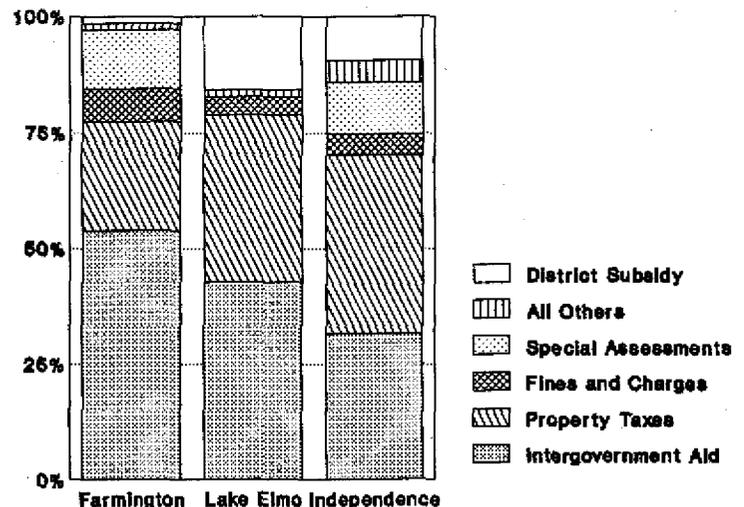
The city of Independence was carved out of Independence Township in the 1960s. City limits include all of the township except for a small portion that makes up the city of Maple Plain, which is surrounded on three sides by Independence. The majority of residents live in the eastern half of the city, with concentrations in the Maple Plain area and around Lake Sarah. Like Lake Elmo, Independence has a large park, Lake Rebecca Park Reserve, which covers 1,500 acres in the city's northwest corner. Only eight percent of the city's 22,000 acres are classified as urbanized. The majority of the city is still in farmland, including 12,500 acres enrolled in agricultural preservation programs.

Independence has grown from 1,446 residents in

1970 to 2,822 in 1990, a gain of 42 percent. This gain matches the average population increase of six surrounding communities (Corcoran, Greenfield, Maple Plain, Medina, Minnetrista and Orono.) Future population growth in Independence is projected to be much lower than in surrounding communities, eight percent over the next two decades compared to an average of 25 percent in surrounding communities. Independence has zoned for slower growth, as most of the western half of the city is zoned for commercial agricultural use.

Minnesota's local governments rely less on property taxes than local governments in most states. Major sources of revenue for the cities and school districts are shown in the following chart. In Farmington, 54 percent of revenue was supplied by other governmental units via intergovernmental aid, versus 24 percent from property taxes. Intergovernmental aid in Lake Elmo accounted for 42 percent of revenue, compared to 36 percent from property taxes. Only in Independence were property taxes the leading source of revenue. Independence's property taxes raised 39 percent of revenue as opposed to 32 percent generated by intergovernmental aid.

Revenues by Sources



City Reports

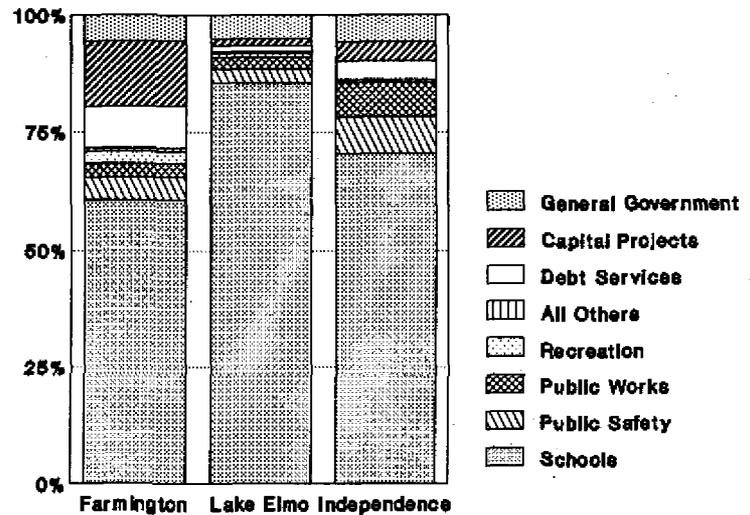
The large share of intergovernmental aid results primarily from Minnesota's school financing system, in which property-poor districts receive more state aid per student than property-rich districts. The net effect is that Minnesota funds a larger share of public education spending than most states. Most intergovernmental aid is allocated to residential land use because distribution formulas for various state aid are driven by either student enrollment or city population. Table 1 on page 10 presents a summary of the allocation of revenue types to land use categories.

Allocation for property taxes was based on state property tax data. Intergovernmental aid was based on the distribution factors in aid distribution formulas. Other revenue sources, such as fines and user charges, were allocated based on discussions with city officials. Revenue sources and land use allocation for each city are detailed in Appendices IA, IIA and IIIA.

The expenditures chart shows each city's spending by major function. Expenditures are based on actual city and school spending reported in relevant financial reports. Farmington, which is promoting growth, had major capital project outlays in 1992. Even when capital project spending is excluded, Farmington's per-capita expenditures easily exceed the level of spending in the other two cities. The range of per-capita expenditures (city only) was \$513 in Farmington, \$128 in Lake Elmo and \$390 in Independence. School expenditures per student varied less, a result of the school financing system. Expenditures per student were \$5,500 in Farmington, \$5,700 in Lake Elmo and \$ 6,300 in Independence. School spending accounted for more than 60 percent of combined city and school spending in Farmington, 85 percent in Lake Elmo and 72 percent in Independence. The large share of local spending devoted to education reinforces the point that school costs must

be included when analyzing fiscal impacts of development, even if a large share of school costs related to development is borne by state taxpayers through state school aid.

Expenditures by Function



School spending was allocated to residential land use because residents demand the service. Other city spending allocations were based on information from city officials. For example, in Independence, fire services are contracted, while policing is under a joint-powers arrangement with an adjacent city. In Lake Elmo, both police and fire services are contracted. Thus, the contract agencies determined allocations. For some expenditures, such as the mayor and city council, officials were unable to relate costs to land use. For these, percent of total property taxes paid by each land use category was used for allocations. Table 2 on page 11 summarizes expenses by major function and allocation across land use. Greater financial detail is presented in Appendices IB, IIB and IIIB. (Please note, slight discrepancies in Totals in report tables are due to rounding.)

City Reports

Table 1. Summary of Revenues, FY 1992, for Farmington, Lake Elmo, and Independence

Source	Residential	Commercial & Industrial	Farmland	Total
CITY OF FARMINGTON				
Property Taxes	683,376	366,217	25,042	1,074,635
Fines & Charges	580,730	96,927	8,242	685,899
Intergovernmental Aid	1,517,831	3,813	284	1,521,929
Miscellaneous	190,229	45		190,274
Special Assessments	1,507,730	127,113	153	1,634,996
SCHOOL				
Property Taxes	1,286,730	633,528	47,219	1,967,477
Other Local	225,256			225,256
State Aid	4,939,301			4,939,301
Federal Aid	285,420			285,420
Charges	239,012			239,012
District Subsidies	185,981			185,981
GRAND TOTAL	11,641,595	1,227,644	80,940	12,950,180
PERCENT OF TOTAL	89.9%	9.5%	0.6%	100.0%
CITY OF LAKE ELMO				
Property Taxes	534,601	159,538	22,895	717,033
Fines & Charges	109,447	11,188	212	120,847
Intergovernmental Aid	374,452	25,379	50	399,881
Miscellaneous	58,417	9,278	289	67,984
Special Assessments	23,349	8,406		31,755
SCHOOL				
Property Taxes	1,706,823	504,154	71,794	2,282,771
Other Local	396,731			396,731
State Aid	2,581,637			2,581,637
Federal Aid	173,314			173,314
Charges	205,239			205,239
Reserves	5,924			5,924
District Subsidies	1,322,339			1,322,339
GRAND TOTAL	7,492,273	717,942	95,239	8,305,455
PERCENT OF TOTAL	90.2%	8.6%	1.1%	100.0%
CITY OF INDEPENDENCE				
Property Taxes	469,954	57,720	48,443	576,117
Fines & Charges	90,404	6,128	1,116	97,648
Intergovernmental Aid	152,413		7,415	159,828
Miscellaneous	75,460	2,639	8,952	87,052
Special Assessments	560,909			560,909
SCHOOL				
Property Taxes	1,098,682	151,779	131,986	1,382,447
Other Local Sources	173,513			173,513
State Aid	1,194,831			1,194,831
Federal Aid	73,854			73,854
Student Fees and Charges	133,041			133,041
Reserves	153,552			153,552
District Subsidies	479,830			479,830
GRAND TOTAL	4,656,443	218,266	197,913	5,072,622
PERCENT OF TOTAL	91.8%	4.3%	3.9%	100.0%

City Reports

Table 2. Summary of Expenditures, FY 1992, for Farmington, Lake Elmo, and Independence

Source	Residential	Commercial & Industrial	Farmland	Total
CITY OF FARMINGTON				
General Government	518,350	206,437	14,951	739,738
Public Safety	481,366	127,387	12,705	621,458
Public Works	272,093	55,571	15,825	343,489
Recreation	316,270			316,270
Special Funds	44,228	75,790		120,018
Debt Service Fund	937,693	178,608		1,116,301
Capital Project Funds	1,447,798	322,795	18,527	1,789,120
School	7,842,477			7,842,477
GRAND TOTAL	11,860,275	966,588	62,008	12,888,871
PERCENT OF TOTAL	92.0%	7.5%	0.5%	100.0%
CITY OF LAKE ELMO				
General Government	336,099	62,866	10,214	409,179
Public Safety	199,678	44,402	2,254	246,335
Public Works	177,654	20,845	9,954	208,454
Recreation	57,220			57,220
Sanitation	40,645			40,645
Special Funds	2,179			2,179
Debt Service Fund	90,172	15,747	3,602	109,520
Capital Project Funds	124,561			124,561
School	6,967,956			6,967,956
GRAND TOTAL	7,996,164	143,861	26,025	8,166,049
PERCENT OF TOTAL	97.9%	1.8%	0.3%	100.0%
CITY OF INDEPENDENCE				
General Government	102,637	12,419	23,369	138,425
Public Safety	368,905	20,979	10,559	400,442
Public Works	321,866		52,950	374,816
Recreation	2,519			2,519
Miscellaneous	20,638	2,911	2,443	25,993
Special Funds	9,823			9,823
Debt Service Fund	196,577			196,577
Capital Project Funds	203,201	4,995	4,192	212,388
School	3,591,067			3,591,067
GRAND TOTAL	4,817,233	41,304	93,513	4,952,050
PERCENT OF TOTAL	97.3%	0.8%	1.9%	100.0%

Findings

The Twin Cities COCS studies found that in Farmington, Lake Elmo and Independence, the costs of city and school services provided to residential parcels exceeded the revenue generated by them. The negative contribution -- or shortfall -- of residential land use was offset by a surplus of revenues over costs arising from commercial and industrial, and farmland parcels.

In Farmington, the residential sector accounted for 90 percent of revenues while receiving 92 percent of services. Residential property in Lake Elmo also raised 90 percent of revenue but accounted for 98 percent of expenditures. The residential sector in Independence generated 92 percent of revenue compared to the 97 percent of city and school costs demanded by residents.

While farmland may have accounted for small percentages of revenues and expenditures in all cities, it far more than paid its way. Even in Farmington, which had high per capita expenditures on infrastructure improvements, .6 percent of revenues were related to farmland as compared to .5 percent of city and school services expended.

Lake Elmo and Independence were more typical of previous communities AFT has studied. Lake Elmo's farmland generated 1.1 percent of revenues and received .3 percent of services. Farmland in Independence accounted for 3.9 percent of city and

school revenues and 1.9 percent of costs.

The chart on the next page shows the results of comparing revenues to costs with dollar to dollar ratios calculated for the major land uses in the three metro-area communities. Even given the Fiscal Disparities Program and the different types of cities, in all three the cost of serving residential development exceeded revenues. In Farmington, residential areas cost the city and school district \$1.02 for every \$1 of revenue. Every dollar raised by commercial and industrial land cost Farmington 79 cents. Farmland had a similar positive contribution, costing Farmington 77 cents for every dollar generated -- for a savings of 33 cents.

Residential properties received the most for their tax dollars in Lake Elmo. Every \$1 of revenue generated by the residential sector in Lake Elmo received \$1.07 in services. Commercial and industrial land again showed positive balance, requiring 20 cents of services for every dollar contributed, while farmland cost 27 cents.

In Independence, residential property cost the city and school district \$1.03 for every dollar raised. The commercial and industrial sector, of which there is very little, required only 19 cents. Again farmland showed a positive balance, demanding only 47 cents of services for every dollar raised, leaving 53 cents to offset the residential shortfall.

Findings

Summary of Revenues and Expenditures by Land Use Category in Farmington, Lake Elmo and Independence				
	Revenues	Expenditures	Balance	Ratio
CITY OF FARMINGTON				
Residential	11,641,596	11,860,275	(218,679)	1 : 1.02
Commercial & Industrial	1,227,644	966,588	261,056	1 : 0.79
Farmland	80,940	62,008	18,932	1 : 0.77
GRAND TOTAL	12,950,180	12,888,871	61,309	
CITY OF LAKE ELMO				
Residential	7,492,273	7,996,164	(503,891)	1 : 1.07
Commercial & Industrial	717,942	143,861	574,081	1 : 0.20
Farmland	95,240	26,025	69,215	1 : 0.27
GRAND TOTAL	8,305,455	8,166,050	139,405	
CITY OF INDEPENDENCE				
Residential	4,656,443	4,817,233	(160,790)	1 : 1.03
Commercial & Industrial	218,266	41,304	176,962	1 : 0.19
Farmland	197,913	93,513	104,400	1 : 0.47
GRAND TOTAL	5,072,622	4,952,050	120,572	

Discussion

COCS studies are a snapshot in time that offer local officials and citizens a new perspective on land use relationships. They differ from other fiscal studies because they consider farmland a potentially permanent land use. As case studies, COCS findings are most important to their host communities. However, all COCS studies performed to date by AFT or other researchers have found the same general pattern.

As a rule, residential development does not pay for itself. Commercial and industrial properties, and farmland generate significantly more revenue than they demand in services on an annual basis.

The studies of Farmington, Lake Elmo and Independence, Minn., are no exception. Residential development consistently cost more in services than it provided in property and other tax revenues, while other land uses, including farmland, helped balance the budgetary shortfall. Because of a large contribution of state aid to education, the relationship appears weaker in Farmington, which showed the least cost differential between land uses of any COCS study to date. Yet, the overall pattern still holds.

The following table summarizes findings from this and other AFT COCS studies:

Summary of AFT Cost of Community Service Studies (In Dollars)			
State/City	Residential	Commercial & Industrial	Farm & Open land
Connecticut			
Hebron	1 : 1.06	1 : 0.47	1 : 0.43
Massachusetts			
Agawam	1 : 1.05	1 : 0.44	1 : 0.31
Deerfield	1 : 1.16	1 : 0.38	1 : 0.29
Gill	1 : 1.15	1 : 0.43	1 : 0.38
New York			
Beekman	1 : 1.12	1 : 0.18	1 : 0.48
North East	1 : 1.36	1 : 0.29	1 : 0.21
Minnesota			
Farmington	1 : 1.02	1 : 0.79	1 : 0.77
Lake Elmo	1 : 1.07	1 : 0.20	1 : 0.27
Independence	1 : 1.03	1 : 0.19	1 : 0.47
Ohio			
Madison Vil.	1 : 1.67	1 : 0.20	1 : 0.38
Madison Twnshp.	1 : 1.40	1 : 0.25	1 : 0.30

Discussion

Although the three communities in the Minnesota COCS study were classified as cities, their character is more typical of a township or town and they contain the largest amount of productive farmland found in any AFT study yet. For example, more than half of Independence is zoned exclusively for agriculture, and only 8 percent of its land is classified as urbanized. In contrast, previous studies in the Northeast and Ohio concentrated on communities that were relatively rural, given an already urban or suburban context. Still, even in Independence, where agriculture is likely to demand relatively more in services than in bedroom communities with more significant residential development, farmland turned out to be a notable contributor to the tax base.

Residential ratios for the three metro-area communities in Minnesota are less consistent than those found in previous COCS studies. Primarily, this appears due to the high level of state educational aid and district subsidies created by multi-city school districts.¹⁰ In other COCS studies, property taxes fund an average of 70 percent of spending. In the three metro-area communities, average property tax funding is only 42 percent, even when school district subsidies are included. Intergovernmental aid is used to hold down property taxes in Minnesota.

Since most educational aid is distributed based on population or school enrollment, the higher level of intergovernmental aid in Minnesota increases the share of revenue attributable to the residential sector. This lowers the revenue-to-cost ratio for residential land, even though the share of residential spending in these Minnesota communities is similar to the share in other communities where COCS studies were performed. While this clearly has shifted some of the burden off specific communities, as long as society chooses to use property taxes to fund the

costs of schools, farmland and open space will help subsidize education.

Minnesota's high level of state aid is defended on equity grounds. Property taxes are generally considered to be regressive. So the state decided that substituting state aid for property taxes, especially to fund education, would improve the equity of local government financing. However, by reducing the gap between residential revenues and costs, Minnesota's generous level of intergovernmental aid may be inadvertently accelerating the metro area's rate of urbanization. A trade-off emerges between equity and accountability. As the level of state aid increases, the relationship between who is paying for services and who is receiving the benefits becomes more obscure.



The new school in Farmington neighbors a farm.

Furthermore, in Farmington, where residential ratios were especially low, it is likely the current revenue-to-cost relationship is not stable. Ratios may well increase as the city grows because state school aid will decrease. In Minnesota, state school aid is dependent on the total property valuation of a school district, as well as being a function of enrollment. Thus, as growth occurs and property tax bases

Discussion

expand, school districts receive less state aid per student. In theory, this is offset by the expanded tax base. However, if the increase in tax base comes from residential development, the pattern of public service demands found in COCS studies is likely to continue. Then, instead of using state aid, school districts may require higher property taxes.

Increases in property valuation have a similar effect for cities through the Fiscal Disparities program. As a city's per capita valuation increases, its share of Fiscal Disparities money decreases. This may result in school districts requiring more local revenue. Because the most exercised options tend to be raising property taxes or increasing the tax base, this situation could encourage communities to champion development just to generate fiscal activity.

Minnesota metro-area communities in general do not seem to be an exception to the national rule that communities typically pursue residential development in search of "highest and best use." However, the findings of this study suggest a more cautious approach. Apparent financial solutions may, in fact, increase fiscal instability.

Thus, Minnesota's local government finance system complicates the analysis of fiscal relationships arising from land use changes. While comparing revenues and costs generated by land use, cities here must also consider the effect of development on intergovernmental aid.

In this light, farmland protection may be financially beneficial, partly because of its contribution to the tax base, but also because it holds down total property valuation. Lower property valuation leads to more state aid, which reduces the share of local government costs paid for by community residents and property owners.

When these aspects of local government financing in Minnesota are considered, developing farmland to

capture a perceived highest and best use may not achieve its goal. Local land use decision-makers must be fully aware of the complicated financial consequences of changing land use and consider the costs as well as the revenues associated with residential development.

COCS studies are not designed to be predictive, nor are they meant to judge the intrinsic value of one land use over another. However, these findings do suggest that farmland in the Twin Cities area is an important contributor that is worthy of fiscal respect. While it may not be generate enough to completely offset residential demands on municipal services, on average, farmland adds twice as much to local coffers as it demands back. This is an important finding, especially given the context of rapid metro-area urbanization proceeding at nearly twice the rate of population growth. Although planners and developers often portray farmland as an interim use awaiting conversion to a higher and better -- i.e., more developed -- use, this study suggests that this perception contributes to fiscal instability.

Furthermore, farm and natural lands provide far greater benefits than their positive additions to the tax base. Metro-area farms produced more than \$500 million of output and supported 7,000 jobs.¹¹ This direct economic activity multiplies to support industries and services that rely on agricultural activity. Beyond that, farming is a cost-effective, private way to protect open space and the quality of life. Farmland provides wildlife habitat and can be the preferred land use in urban watersheds. It supports many other interests, from hunting and fishing to floodplain and wetland protection. It retains community character and quality of life while often being associated with historic preservation. As yet, we do not have a reliable way to quantify these valuable contributions. However, in the long run,

Discussion

they may be most important of all.

Given this context, Minnesota and these metro-area communities should continue to support existing farmland protection activities and explore other types of techniques to retain this valuable resource base. The findings from these studies help state a case for protecting Minnesota's farmland and encouraging sensible, rather than sprawling, haphazard growth.

Certainly, the studies support the Metro Ag Preserves and the state's Green Acres program. Even with favorable tax policies, farmland is a good deal to these communities. The findings further suggest that agricultural zoning in Independence can help maintain farmland's positive contribution to the city's tax base. Similarly, it appears that the decision by Lake Elmo officials to limit urban services has helped their tax base, as this city showed the most favorable contribution from farmland. Given the city's higher than average share received by the residential sector, this should sound a cautionary note to proponents of infrastructure expansion. Beyond these measures are other ways the state and localities can protect farmland from conversion

to more developed uses. Common techniques include strengthened right-to-farm laws, purchase and transfer of development rights programs and agricultural conservation districts. Combining incentives -- such as tax relief or purchasing development rights, with regulatory approaches -- such as agricultural zoning, can assure the future of strategic farmland.

In the long run, conservation and responsible development must be considered as two important pieces of the Twin Cities metro area's economic profile. Their needs must be balanced to ensure a healthy community for the residents who benefit from both. If development can be encouraged to support local agriculture, farmers will be more likely to stay in business and continue to contribute so much their communities. This might mean improving marketing opportunities or linking development to the needs of the local farm economy. Combining farming-friendly development with a farmland protection strategy will help these small Minnesota cities sustain an agricultural economy and a vital resource base.

E n d n o t e s

1. Urbanized uses include residential, commercial, industrial, public recreation lands and highways.
2. Preliminary 1990 land use data from Metropolitan Council.
3. Metropolitan Council, Land Use Trends, 1970-1984, in the Twin Metropolitan Area, September 1987.
4. Metropolitan Area profile is based on Minnesota Agriculture Statistics - 1993, July 1993, compiled by Minnesota Department of Agriculture.
5. 1990 IMPLAN Data Base, Minnesota IMPLAN Group, Inc.
6. Financing Farmland Preservation: The Twin Cities Metropolitan Area Experience, May 1994.
7. Metropolitan Council preliminary 1990 land use data and Land Use Trends, 1970-1984, in the Twin Cities Metropolitan Area, 1990.
8. Metropolitan Council, Forecasts of Population, Households and Employment: 2000 to 2020, Metropolitan Council.
9. Population projections come from Forecasts of Population, Households and Employment: 2000 to 2020, Metropolitan Council.
10. School district subsidies include school taxes paid by property owners outside of a city.
11. 1990 IMPLAN Data Base, Minnesota IMPLAN Group, Inc.

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Independent School District #277, Financial Statements, Fiscal Year Ended June 30, 1993.

Appendix IA. Revenues, Fiscal Year 1992, City of Farmington

Source	Residential	Commercial & Industrial	Farmland	Total
CITY				
Property Taxes	683,376	366,217	25,042	1,074,635
Fines & Charges				
Licenses		12,298		12,298
Permits	127,702	6,721		134,423
General Government Charges	222,478	50,057	5,562	278,097
Public Safety Charges	53,539	26,360	1,965	81,864
Customer Service Charges	27,601	1,490	715	29,807
Recreation Charges	43,049			43,049
Court Fines	24,896			24,896
Storm Sewer Fees	81,465			81,465
Total Fines & Charges	580,730	96,927	8,242	685,899
Intergovernmental Aid				
Local Government Aid	290,495			290,495
Homestead and Other Credits	420,076			420,076
Police Aid	34,400			34,400
Other State Reimbursements	7,745	3,813	284	11,843
County Reimbursements	8,965			8,965
State Street Grant	6,855			6,855
State and County Sewer Aid	90,110			90,110
State and County Street Aid	655,839			655,839
Interest	3,346			3,346
Total Intergovernmental Aid	1,517,831	3,813	284	1,521,929
Miscellaneous				
Donations	18,052			18,052
Sale or rent of property	1,863			1,863
Miscellaneous	109,924			109,924
Interest	10,871			10,871
Customer Service Fees	1,764			1,764
Celebrate Minnesota	45	45		90
Police Forfeitures	900			900
Parkland Dedications	35,592			35,592
Economic Development Grant	11,218			11,218
Total Miscellaneous	190,229	45		190,274
Special Assessments	1,507,730	127,113	153	1,634,996
City Total	4,479,896	594,116	33,721	5,107,733
SCHOOL				
Property Taxes	1,286,730	633,528	47,219	1,967,477
Other Local	225,256			225,256
State Aid	4,939,301			4,939,301
Federal Aid	285,420			285,420
Charges	239,012			239,012
District Subsidies	185,981			185,981
School Total	7,161,700	633,528	47,219	7,842,447
GRAND TOTAL	11,641,596	1,227,644	80,940	12,950,180
PERCENT OF TOTAL	89.9%	9.5%	0.6%	100.0%

Appendix IB. Expenditures, Fiscal Year 1992, City of Farmington

Source	Residential	Commercial & Industrial	Farmland	Total
General Government				
General Government	110,150	54,233	4,042	168,425
Mayor and Council	13,896	6,842	510	21,248
Administration & Finance	283,381	139,524	10,399	433,305
Engineering	110,922	5,838		116,760
Total General Government	518,350	206,437	14,951	739,738
Public Safety				
Police	379,571	116,402	10,122	506,094
Fire	89,400	10,159	2,032	101,591
Rescue Squad	12,396	826	551	13,773
Total Public Safety	481,366	127,387	12,705	621,458
Public Works				
Street Maintenance	253,202	47,475	15,825	316,503
Shade Tree Management	18,890	8,096		26,986
Total Public Works	272,093	55,571	15,825	343,489
Recreation				
General Recreation	81,357			81,357
Park Maintenance	135,441			135,441
Swimming Pool	73,112			73,112
Senior Center	26,360			26,360
Total Recreation	316,270			316,270
Special Revenue Funds				
DARE	12,032			12,032
Parkland	32,196			32,196
Economic Development		75,790		75,790
Total Special Revenue Funds	44,228	75,790		120,018
Debt Service Funds				
Principal Retirement	571,200	108,800		680,000
Interest	336,748	64,143		400,891
Fiscal Agent Fees	19,039	3,626		22,665
Miscellaneous	10,706	2,039		12,745
Total Debt Service Funds	937,693	178,608		1,116,301
Capital Project Funds				
Revolving Capital Project	210,786	39,522	13,174	263,482
Storm Sewer Trunk	70,839	8,334	4,167	83,340
SE Area Storm Area	1,522	179	90	1,790
State Aid Streets	111,915	12,435		124,350
Celebrate MN	23,447	4,237	565	28,249
1991 Annexation	14,482	7,130	531	22,144
1987 Improvements	3,325			3,325
1991 Improvements	287,424	123,182		410,605
1992 Improvements	724,060	127,775		851,835
Total Capital Project Funds	1,447,798	322,795	18,527	1,789,120
School	7,842,477			7,842,477
GRAND TOTAL	11,860,275	966,588	62,009	12,888,871
PERCENT OF TOTAL	92.0%	7.5%	0.5%	100.0%

Appendix IIA. Revenues, Fiscal Year 1992, City of Lake Elmo

Source	Residential	Commercial & Industrial	Farmland	Total
CITY				
Property Taxes	534,601	159,538	22,895	717,033
Fines & Charges				
Licenses and Permits	75,863	5,974		81,837
Fines and Forfeits	14,937	3,734		18,671
Composting Fees	13,705			13,705
Other Fees	4,942	1,480	212	6,634
Total Fines & Charges	109,447	11,188	212	120,847
Miscellaneous				
Miscellaneous	12,211	2,327	289	14,827
Interest Income	27,806	6,951		34,757
Park Dedication Fees	6,150			6,150
Park Donations	12,250			12,250
Total Miscellaneous	58,417	9,278	289	67,984
Intergovernmental Aid				
Homestead Credits	142,163			142,163
Mobile Home Homestead Credit	5,917			5,917
Municipal Street Aid	40,835			40,835
2 % Police Aid	9,894			9,894
Fire State Aid	14,831			14,831
Other Aid	8,070			8,070
Gravel Tax		3,734		3,734
Park Rental	1,295			1,295
Washington County Compost	23,593			23,593
Other County Aid			50	50
EPA Grant	49,202	21,086		70,288
Reimbursement for County	71,236			71,236
Interest on Investments	7,416	559		7,975
Total Intergovernmental Aid	374,452	25,379	50	399,881
Special Assessments	23,349	8,406		31,755
City Total	1,100,266	213,789	23,446	1,337,500
SCHOOL				
Property Taxes	1,706,823	504,154	71,794	2,282,771
Other Local Sources	396,731			396,731
State Aid	2,581,637			2,581,637
Federal Aid	173,314			173,314
Student Fees and Charges	205,239			205,239
Reserves	5,924			5,924
District Subsidies	1,322,339			1,322,339
School Total	6,392,007	504,154	71,794	6,967,955
GRAND TOTAL	7,492,273	717,943	95,240	8,305,455
PERCENT OF TOTAL	90.2%	8.6%	1.1%	100.0%

Appendix II.B. Expenditures, Fiscal Year 1992, City of Lake Elmo

Source	Residential	Commercial & Industrial	Farmland	Total
General Government				
Mayor and Council	45,637	9,698	1,711	57,046
Elections	18,838			18,838
Administration	79,692	16,935	2,988	99,615
Assessor	12,656	2,689	475	15,820
Accounting	10,387	2,207	390	12,984
Legal	55,311	11,754	2,074	69,139
Engineering	25,761	5,474	966	32,201
Planning	42,926	9,122	1,610	53,657
Building Inspector	44,891	4,988		49,879
Total General Government	336,099	62,866	10,214	409,179
Public Safety				
Police	90,174	20,289	2,254	112,717
Fire Protection	96,454	24,113		120,567
Animal Control	13,051			13,051
Total Public Safety	199,678	44,402	2,254	246,335
Public Works				
Streets	169,226	19,909	9,954	199,089
Street lighting	8,429	937		9,365
Total Public Works	177,654	20,845	9,954	208,454
Recreation				
Parks	57,220			57,220
Total Recreation	57,220			57,220
Sanitation				
Flood Pumping	301			301
Recycling	33,982			33,982
Compost	6,362			6,362
Total Sanitation	40,645			40,645
Special Revenue Funds				
Contractual Services	2,179			2,179
Total Special Revenue Funds	2,179			2,179
Debt Service Funds				
Principal	74,970	11,970	3,060	90,000
Interest Expenses	12,617	3,777	542	16,935
Agent Fees	1,085			1,085
Contractual Service	1,500			1,500
Total Debt Service Funds	90,172	15,747	3,602	109,520
Capital Project Funds				
Contractual Services	9,220			9,220
Capital Outlay	28,721			28,721
Construction Costs	73,056			73,056
Interfund Interest	13,564			13,564
Total Capital Project Funds	124,561			124,561
School	6,967,956			6,967,956
GRAND TOTAL	7,996,164	143,861	26,025	8,166,049
PERCENT OF TOTAL	97.9%	1.8%	0.3%	100.0%

Appendix IIIA. Revenues, Fiscal Year 1992, City of Independence

Source	Residential	Commercial & Industrial	Farmland	Total
CITY				
Property Taxes	469,954	57,720	48,443	576,117
Fines & Charges				
Business Licenses & Permits		1,010		1,010
Non-Business Licenses & Permits	419			419
Building Permits	35,876	1,888		37,764
Sale, Maps, Copies, Publications	393	98		491
Zoning & Subdivision Fees	1,360	340		1,700
Assessment Searches	440			440
Fines	51,916	2,791	1,116	55,824
Total Fines & Charges	90,404	6,128	1,116	97,648
Miscellaneous				
Administrative Charges	3,562			3,562
Public Works Reimbursements	10,615		2,654	13,269
Miscellaneous	16,334		4,083	20,417
Community Center	9,101	1,284	1,077	11,462
Interest Income	15,172	1,356	1,138	17,666
Park Dedication Fees	20,576			20,576
Community Hall Miscellaneous	100			100
Total Miscellaneous	75,460	2,639	8,952	87,052
Intergovernmental Aid				
County Grants & Aid	1,847		7,388	9,235
Homestead Credits	141,446			141,446
Misc. Tax Credits			27	27
CDBG	9,120			9,120
Total Intergovernmental Aid	152,413		7,415	159,828
Special Assessments	560,909			560,909
City Total	1,349,140	66,467	65,927	1,481,534
SCHOOL				
Property Taxes	1,098,682	151,779	131,986	1,382,447
Other Local Sources	173,513			173,513
State Aid	1,194,831			1,194,831
Federal Aid	73,854			73,854
Student Fees and Charges	133,041			133,041
Reserves	153,552			153,552
District Subsidies	479,830			479,830
School Total	3,307,303	151,779	131,986	3,591,068
GRAND TOTAL	4,656,443	218,266	197,913	5,072,622
PERCENT OF TOTAL	91.8%	4.3%	3.9%	100.0%

Appendix III B. Expenditures, Fiscal Year 1992, City of Independence

Source	Residential	Commercial & Industrial	Farmland	Total
General Government				
Mayor and Council Administration	6,853	967	811	8,631
Planning & Zoning	51,683	7,290	6,119	65,092
Election & Professional Services	12,946	0	12,946	25,891
Buildings	24,395	3,209	2,693	30,297
	6,760	954	800	8,514
Total General Government	102,637	12,419	23,369	138,425
Public Safety				
Police Contract	249,617	13,420	5,368	268,405
Legal Fees	17,052	917	367	18,336
Dog Impound	1,056			1,056
Room and Board	14,478	778	311	15,568
Brookings	237	13	5	255
Miscellaneous	2,215	119	48	2,382
Fire Protection	56,151	4,257	4,460	64,868
Protective Inspection	28,098	1,474		29,572
Total Public Safety	368,905	20,979	10,559	400,442
Public Works				
Recycling	21,817			21,817
Streets	300,049		52,950	352,999
Total Public Works	321,866		52,950	374,816
Recreation	2,519			2,519
Miscellaneous	20,638	2,911	2,443	25,993
Special Revenue Funds				
Park Fund	9,823			9,823
Total Revenue Funds	9,823			9,823
Debt Service Funds				
Bond Principle	115,000			115,000
Bond Interest	81,577			81,577
Total Debt Service Funds	196,577			196,577
Capital Project Funds				
Community Hall	35,410	4,995	4,192	44,597
Road	167,791			167,791
Total Capital Project Funds	203,201	4,995	4,192	212,388
School	3,591,067			3,591,067
GRAND TOTAL	4,817,233	41,304	93,513	4,952,050
PERCENT OF TOTAL	97.3%	0.8%	1.9%	100.0%



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