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*****PRESS RELEASE*****

State Auditor Otto Releases Report on Minnesota Town Finances

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ST. PAUL (04/23/2008) – State Auditor Rebecca Otto released a report today that analyzes the financial operations of Minnesota’s 1,789 towns for calendar year 2006.

“The most noteworthy trend found in this report for towns overall is that there has been a steady decline in intergovernmental revenues over the last five years, and a proportional increase in taxes to replace them,” State Auditor Otto said. **“Between 2001 and 2006, the increase in the share of total revenue from taxes mirrors the decrease in the share from intergovernmental revenues.”**

The report’s highlights include:

Current and Five-Year Trends

- In 2006, Minnesota towns reported total revenue of \$236.8 million. This amount represents a 3.0 percent increase from the total revenue reported in 2005 and a 16.6 percent increase since 2002.
- Minnesota towns reported total expenditures of \$244.5 million in 2006. This amount represents an increase of 5.5 percent over the amount reported in 2005 and a 24.1 percent rise since 2002.
- Towns had debt service expenditures of \$12.3 million in 2006. This amount represents a 15.6 percent decrease in debt service expenditures from 2005 to 2006 and a 14.1 percent decrease over the five-year period from 2002 to 2006.

Ten-Year Trends

- When total revenue is adjusted for inflation, it has risen only slightly since 1997.
- A longer term analysis of the components of total revenue shows decreasing intergovernmental revenues and increasing taxes. These trends have been particularly prominent in recent years.
- Since 2001, the share of total revenue from taxes increased by 15.7 percent, while the share of total revenue from intergovernmental revenues decreased by nearly the same percent.

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- The share of expenditures from roads and bridges fluctuated between 1997 and 2003, but has been increasing as a percent of total expenditures since 2004. Rising expenditures for roads and bridges played a significant role in the increase in total expenditures for towns in recent years.

Towns are the most common, grassroots form of municipal government in Minnesota. In 2006, there were 1,789 towns compared to 853 cities and 87 counties. The 2006 population estimates from the State Demographer show that 952,686 individuals reside in towns, representing about 18.2 percent of the State population estimates. Town populations range from 11,752 in the Town of White Bear to 7 in the Town of Hangaard. Fifty percent of towns have a population of 300 or less.

For the complete report, which includes tables and graphs, go to http://www.auditor.state.mn.us/Reports/gid/2006/tnFinances/tnFinances_06_report.pdf.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.