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### **2007 Minnesota Town Finances Report** *Annual Report on Revenues, Expenditures and Debt Examines Trends*

*By Rebecca Otto, State Auditor*

Towns continue to be Minnesota's grassroots form of municipal government. In 2007, there were 1,788 towns in the state, compared to 854 cities and 87 counties. 2007 population estimates from the State Demographer showed that 945,499 Minnesotans reside in towns, representing about 18 percent of the state's population. Town populations range from 11,802 in the Town of White Bear to 7 in the Town of Hangaard. Fifty-one percent of towns have a population of 300 or less.

The Office of the State Auditor recently released the 2007 Minnesota Town Finances Report for the calendar year ended December 31, 2007. This year's report analyzes current and five- and ten-year trends related to towns' revenues, expenditures and debt, and reveals some interesting trends.

#### **Current and Five-Year Trends**

In 2007, Minnesota towns reported total revenue of \$242.3 million. This amount represents a 2.3 percent increase over the total revenue reported in 2006 and a 15.1 percent increase since 2003.

Interest earnings increased 22.0 percent between 2006 and 2007. Revenues derived from interest earnings grew 119.1 percent between 2003 and 2007. This was the largest increase for any category of town revenues. This rapid growth resulted in the share of revenues derived from interest earnings growing from 1.5 percent in 2003 to 3.0 percent in 2007.

Minnesota towns reported total expenditures of \$242.8 million in 2007. This amount represents a decrease of 0.7 percent from the amount reported in 2006. Over the five-year period of 2003 to 2007, town expenditures have increased 20.7 percent.

Towns had debt service expenditures of \$12.6 million in 2007. This amount represents a 1.8 percent increase in debt service expenditures from 2006 to 2007. Over the five-year period of 2003 to 2007, debt service expenditures decreased 1.1 percent.

Outstanding bonded indebtedness totaled \$51.8 million in 2007, an increase of 15.2 percent over the \$44.9 million outstanding in 2006. Other long-term debt increased by 6.9 percent from 2006 to 2007 to total \$33.4 million. In addition, towns reported \$1.2 million in short-term indebtedness in 2007, an increase from the \$771,146 reported in 2006.

## **Ten-Year Trends**

One noteworthy trend since 2001 was that total revenues in constant dollars, which are dollars adjusted for inflation, have been declining and now total less than in 1999.

A second noteworthy trend since 1998 was that the share of total revenue from taxes increased by 34.8 percent, while the share of total revenue from intergovernmental revenues decreased by 49.1 percent.

The complete report, which contains an Executive Summary and graphs, can be found on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=20080423.000>.

A paper copy can also be requested by contacting Jim Levi at 651-297-3683 or by e-mail at [Jim.Levi@state.mn.us](mailto:Jim.Levi@state.mn.us).