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

State Auditor Otto Releases Report on Minnesota County Finances

*~ Long-term analysis shows noteworthy trends affecting property tax levels
and rising debt ~*

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ST. PAUL (08/08/2008) – State Auditor Rebecca Otto today released a comprehensive report that summarizes the financial data of Minnesota counties for calendar year 2006. The report also examines longer-term trends to help place current financial conditions in context.

Minnesota county revenues increased 7.9 percent from 2005 to 2006 to total \$5.1 billion. The rise in total revenues was driven by growth in nearly all sources of revenue. Counties reported total expenditures of \$5.3 billion in 2006, an increase of \$412.5 million, or 8.5 percent, from 2005. Counties' outstanding long-term debt rose in 2006 to \$2.3 billion, an increase of 4.7 percent from 2005.

The report also examines trends over a 10-year span. Long-term debt has risen: when adjusted for inflation, outstanding long-term indebtedness grew 30 percent between 1997 and 2006.

“Analysis of outstanding long-term debt since 1997 revealed that counties have been incurring debt at a faster pace,” State Auditor Otto said. **“The trend suggests that counties are now more frequently using debt to finance certain expenditures.”**

Trends were also seen in the structure of county revenues in recent years. Between 2002 and 2006, the share of revenues derived from state grants decreased from 35 percent to 30 percent: at the same time, the share of revenue derived from taxes increased from 36 percent to 40 percent.

“This change in sources of revenue is noteworthy as it has implications for property tax payers,” State Auditor Otto said. **“We will share this information with legislators to assist with their decision-making.”**

For the complete report, which includes an Executive Summary, go to:
<http://www.auditor.state.mn.us/default.aspx?page=20080808.000>

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>.