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LOCAL GOVERNMENT FINANCE IN NORTHEAST MINNESOTA:

A WORKING PAPER

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LOCAL GOVERNMENT FINANCE IN NORTHEAST MINNESOTA:

A WORKING PAPER

by

Arley D. Waldo

The budgetary decisions of local governments in Minnesota, made within the context of state-imposed constraints and mandates, affect both the "quality of life" afforded local residents and the economy of the area. What services should local governments provide? How much? How should these services be paid for? These are all important questions; but before any answers are offered, we need to know something more about what local governments now do and how local services are financed.

The purpose of this paper is not to say what local governments should do, or how local governmental services should be financed. Rather, this paper attempts to summarize some of the available information about local government in Northeast Minnesota.^{1/} The focus is mainly on the expenditure and revenue patterns of local governments, using 1980 as a benchmark year.

Several features of local government finance in Minnesota are worth noting at the outset. First, local governments are responsible for the day-to-day administration of a large share of the public services that Minnesotans have available to them. In this state, local governments account for well over 60 percent of all direct spending for the provision

^{1/} Northeast Minnesota is the region that includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

of public services. Second, local governments in Minnesota rely heavily on state (and, to a much lesser extent, federal) grants-in-aid as a means of financing locally-provided services. State and federal aid to local units represents about half of all local government expenditure in Minnesota. Finally, under state law, the property tax is the only important source of tax revenue available to local units. Moreover, increases in local property taxes are limited by the state insofar as the tax levies of counties, school districts, and larger cities are concerned.

The information about local government finances included in this paper is drawn largely from data compiled by the office of the Minnesota State Auditor and the Minnesota Department of Education.^{2/} Two notes of caution to the reader are in order. First, the financial statistics presented here are for a single year. Information for other years may show somewhat different patterns with respect to both expenditures and revenues. Second, these statistics are subject to reporting errors by local officials. In some cases, the information included here is based partly on estimates intended to account for failures to report or for obviously incorrect reporting.

Local Units of Government

Northeast Minnesota has seven units of county government, 70 city (municipal) governments, 173 organized township governments, and 36 local

^{2/} Statistics for county governments and school districts were tabulated from published reports. Information for cities and townships was drawn largely from a computer data file maintained by the Minnesota State Auditor. Sources are given in the individual tables.

school districts (see table 1). In each category, the largest number of local governments is in St. Louis County. In addition to general-purpose units of local government and the school districts, there are a number of other special-purpose governmental entities in the area. These special districts include units such as soil and water conservation districts, housing and redevelopment authorities, hospital districts, etc.

The services provided by local governments and the way in which those services are financed are, to some extent, choices to be made by local residents. However, these choices are frequently limited by state legislative decisions. Local governments are creatures of the state, subject to state constitutional and statutory provisions. Local governments may provide only those services authorized by the state; and, in some cases, are required (mandated) to provide certain services. And the revenue sources available to local governments are controlled by the state. These are facts which local officials sometime bemoan, but facts nonetheless.

County Government

St. Louis County is the largest of the seven Northeast Minnesota counties, both in terms of geographic area and population. The 1980 population of St. Louis County was 222,229 (see table 2). This represented close to two-thirds of the region's total population of 343,344. Nearly half of the population of St. Louis County is found in the City of Duluth and the surrounding urbanized area. Cook County, with a 1980 population of 4,092, is the smallest of the seven counties. Northeast Minnesota is a sparsely settled region with its population located mainly in and around its larger cities and on the historic Iron Range.

TABLE 1. Number of Cities, Townships, and School Districts by County, for Northeast Minnesota, 1980

County	Cities	Organized Townships	School Districts
Aitkin	6	39	3
Carlton	10	18	7
Cook	1	2	1
Itasca	15	41	4
Koochiching	8	--	3
Lake	3	4	1
St. Louis	27	69	17 ^a
7-County Area	70	173	36

^aExcludes the Net Lake School District which directly provides only elementary education.

NOTE: School districts are classified on the basis of the county in which the district headquarters is located.

SOURCES: Information on cities and townships is from U.S. Bureau of the Census, Census of Population: 1980, vol. I, ch. A, part 25, table 5, and ch. B, part 25, table 44. Information on school districts is from Minnesota Department of Education, School District Profiles: 1980-81, pp. 16-37.

TABLE 2. Population by County, for Northeast Minnesota, 1980

County	Population
Aitkin	13,404
Carlton	29,936
Cook	4,092
Itasca	43,069
Koochiching	17,571
Lake	13,043
St. Louis	<u>222,229</u>
7-County Area	343,344

SOURCE: Minnesota Department of Energy, Planning, and Development, Population Notes, December 1982, table 1.

County Expenditure

In 1980, the outlays of the seven county governments in Northeast Minnesota amounted to nearly \$150 million (see table 3). St. Louis County alone accounted for around 60 percent of the total. For the seven-county area, current expenditures accounted for about 89 percent of total outlays and capital outlays for around 11 percent. Outlays for debt redemption were negligible. As a percentage of total outlays, current expenditures ranged from a low of 83 percent in Koochiching County to a high of 98 percent in Cook County.

On a per capita basis, the current expenditure of county governments in Northeast Minnesota ranged from \$361 in St. Louis County to a high of nearly \$859 in Cook County (see table 4). The average for the seven-county area was \$386. Per capita current spending for Cook County was far higher than that for the other six counties. Most of the difference can be explained by an unusually large increase in spending for county highways. Between 1979 and 1980, highway expenditures in Cook County more than doubled.

In dollar terms, welfare programs and county highway systems tend to be the most important functions of county government. Almost half (47 percent) of the total current expenditure of county governments in Northeast Minnesota in 1980 was for welfare programs (see table 5). These programs include both cash assistance to the needy and a variety of social service programs. As a proportion of total current expenditure, spending for welfare programs ranged from a low of 21 percent of total spending in Cook County to a high of 53 percent in St. Louis County.

TABLE 3. Outlay of County Governments by County, by Purpose, for Northeast Minnesota, 1980

County and Purpose	Amount	Percent of Total
	Dollars	Percent
Aitkin County		
Current Expenditure	5,822,049	95.5
Capital Outlay	273,184	4.5
Debt Redemption	--	--
Total	6,095,233	100.0
Carlton County		
Current Expenditure	11,084,279	91.8
Capital Outlay	985,758	8.2
Debt Redemption	--	--
Total	12,070,037	100.0
Cook County		
Current Expenditure	3,513,329	98.0
Capital Outlay	38,339	1.1
Debt Redemption	35,000	1.0
Total	3,586,668	100.0
Itasca County		
Current Expenditure	18,139,018	86.6
Capital Outlay	2,744,993	13.1
Debt Redemption	70,000	0.3
Total	20,954,011	100.0
Koochiching County		
Current Expenditure	8,292,207	82.8
Capital Outlay	1,503,765	15.0
Debt Redemption	217,058	2.2
Total	10,013,030	100.0

TABLE 3. Continued

County and Purpose	Amount	Percent of Total
	Dollars	Percent
Lake County		
Current Expenditure	5,502,259	89.6
Capital Outlay	566,418	9.2
Debt Redemption	<u>70,000</u>	<u>1.1</u>
Total	6,138,677	100.0
St. Louis County ^a		
Current Expenditure	80,234,826	88.9
Capital Outlay	10,043,671	11.1
Debt Redemption	<u>--</u>	<u>--</u>
Total	90,278,497	100.0
7-County Area		
Current Expenditure	132,587,967	88.9
Capital Outlay	16,156,128	10.8
Debt Redemption	<u>392,058</u>	<u>0.3</u>
Total	149,136,153	100.0

^aCurrent expenditure, capital outlay, and debt redemption were not reported separately for 1980. The figures shown here are estimates based on the distribution of outlays by purpose reported for 1979.

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 4. Per Capita Current Expenditure of County Governments by County, for Northeast Minnesota, 1980

County	Amount
	Dollars
Aitkin	434.35
Carlton	370.27
Cook	858.58
Itasca	421.16
Koochiching	471.93
Lake	421.86
St. Louis	<u>361.05</u>
7-County Area	386.17

Source: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 5. Current Expenditure of County Governments by County, by Function, for Northeast Minnesota, 1980

County and Function	Amount	Percent of Total
	Dollars	Percent
Aitkin County		
General Government	1,063,137	18.3
Public Safety	386,091	6.6
Highways	1,959,931	33.7
Welfare	1,801,999	31.0
Other	<u>610,891</u>	<u>10.5</u>
Total	5,822,049	100.0
Carlton County		
General Government	2,893,898	26.1
Public Safety	640,021	5.8
Highways	2,261,908	20.4
Welfare	4,934,423	44.5
Other	<u>354,029</u>	<u>3.2</u>
Total	11,084,279	100.0
Cook County		
General Government	527,152	15.0
Public Safety	183,120	5.2
Highways	1,429,224	40.7
Welfare	735,361	20.9
Other	<u>638,472</u>	<u>18.2</u>
Total	3,513,329	100.0
Itasca County		
General Government	2,181,960	12.0
Public Safety	952,455	5.3
Highways	3,959,823	21.8
Welfare	8,175,520	45.1
Other	<u>2,869,260</u>	<u>15.8</u>
Total	18,139,018	100.0

TABLE 5. Continued

County and Function	Amount	Percent of Total
	Dollars	Percent
Koochiching County		
General Government	872,078	10.5
Public Safety	474,538	5.7
Highways	2,434,558	29.4
Welfare	3,084,864	37.2
Other	<u>1,426,169</u>	<u>17.2</u>
Total	8,292,207	100.0
Lake County		
General Government	989,077	18.0
Public Safety	627,889	11.4
Highways	1,649,531	30.0
Welfare	1,334,426	24.3
Other	<u>901,336</u>	<u>16.4</u>
Total	5,502,259	100.0
St. Louis County ^a		
General Government	9,865,170	12.3
Public Safety	5,800,691	7.2
Highways	11,735,795	14.6
Welfare	42,562,842	53.0
Other	<u>10,270,328</u>	<u>12.8</u>
Total	80,234,826	100.0
7-County Area		
General Government	18,392,472	13.9
Public Safety	9,064,805	6.8
Highways	25,430,770	19.2
Welfare	62,629,435	47.2
Other	<u>17,070,485</u>	<u>12.9</u>
Total	132,587,967	100.0

TABLE 5. Continued

^aExpenditure by function was not reported separately for 1980. The figures shown here are estimates based on the distribution of expenditure by function reported for 1979.

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

Highway expenditures accounted for about 19 percent of total current spending in the seven-county area in 1980. The relative importance of outlays for county roads varied widely, ranging from less than 15 percent of total current spending in St. Louis County to more than 40 percent in Cook County.

Altogether, four functional expenditure categories accounted for nearly four-fifths of current county government spending in Northeast Minnesota in 1980. These expenditure categories included: (1) welfare programs, 47 percent of total current spending; (2) county highways, 19 percent; (3) general government (expenditures not attributable to any specific function), 14 percent; and (4) public safety, 7 percent.

County Revenue

The revenue of the seven county governments in Northeast Minnesota totaled a little over \$156 million in 1980 (see table 6). County government revenue ranged from about \$3 million in Cook County to almost \$99 million in St. Louis County.

County governments in Minnesota depend heavily on state and federal grants-in-aid to finance services administered at the county level. Intergovernmental revenue, including a small amount from other units of local government, accounted for approximately 63 percent of county government revenue in Northeast Minnesota in 1980 (see table 7). This percentage ranged from 56 percent in Itasca County to 69 percent in Aitkin County and Lake County.

About 90 percent of the grants-in-aid received by county governments in Northeast Minnesota come from the state (see table 8). However, some

TABLE 6. Revenue of County Governments by County, by Source, for
Northeast Minnesota, 1980

County	Intergovernmental Revenue	Revenue from Own Sources	Total Revenue
Aitkin	4,184,660	1,883,368	6,068,028
Carlton	6,951,836	4,380,645	11,332,481
Cook	1,941,375	1,308,173	3,249,548
Itasca	12,132,536	9,504,446	21,636,982
Koochiching	5,667,793	3,160,216	8,828,009
Lake	4,262,961	1,922,468	6,185,429
St. Louis	<u>63,156,835</u>	<u>35,712,954</u>	<u>98,869,789</u>
7-County Area	98,297,996	57,872,270	156,170,266

Source: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 7. Intergovernmental Revenue of County Governments as a Percentage of Total Revenue, by County, for Northeast Minnesota, 1980

County	Intergovernmental Revenue as a Percentage of Total Revenue
	Percent
Aitkin	69.0
Carlton	61.3
Cook	59.7
Itasca	56.1
Koochiching	64.2
Lake	68.9
St. Louis	<u>63.9</u>
7-County Area	62.9

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 8. Intergovernmental Revenue of County Governments by County, by Source, for Northeast Minnesota, 1980

County and Source	Amount	Percent of Total
	Dollars	Percent
Aitkin County		
From Federal Government	284,225	6.8
From State Government	3,900,435	93.2
From Other Local Units	--	--
Total	4,184,660	100.0
Carlton County		
From Federal Government	476,670	6.9
From State Government	6,475,166	93.1
From Other Local Units	--	--
Total	6,951,836	100.0
Cook County		
From Federal Government	384,618	19.8
From State Government	1,556,757	80.2
From Other Local Units	--	--
Total	1,941,375	100.0
Itasca County		
From Federal Government	977,149	8.1
From State Government	10,761,159	88.7
From Other Local Units	394,228	3.2
Total	12,132,536	100.0
Koochiching County		
From Federal Government	322,604	5.7
From State Government	5,345,189	94.3
From Other Local Units	--	--
Total	5,667,793	100.0

TABLE 8. Continued

County and Source	Amount	Percent of Total
	Dollars	Percent
Lake County ^a		
From Federal Government	451,152	10.6
From State Government	3,811,809	89.4
From Other Local Units	<u> --</u>	<u> --</u>
Total	4,262,961	100.0
St. Louis County ^a		
From Federal Government	5,874,586	9.3
From State Government	56,995,190	90.2
From Other Local Units	<u>287,059</u>	<u>0.5</u>
Total	63,156,835	100.0
7-County Area		
From Federal Government	8,771,004	8.9
From State Government	88,845,705	90.4
From Other Local Units	<u>681,287</u>	<u>0.7</u>
Total	98,297,996	100.0

^aOnly the total amount of intergovernmental revenue was reported for Lake County and St. Louis County for 1980. The estimates shown here are based on the distribution of intergovernmental revenue by source reported for 1979.

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Revenues, Expenditures and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

of these state aids (particularly those for public welfare programs) represent a passthrough of federal aid to local units of government. Direct federal aid to county governments in Northeast Minnesota averaged only 9 percent of total intergovernmental county revenue in 1980, ranging from a low of 6 percent in Koochiching County to a high of 20 percent in Cook County.

More than half of the intergovernmental revenue received by county governments in Northeast Minnesota is for public welfare programs and county highways (see table 9). For the seven-county area, aid for county-administered public welfare programs accounted for 43 percent of all state aid in 1980. However, the relative importance of state aid for welfare varied widely, ranging from 18 percent of all state aid in Lake County to around 46 percent in Carlton County and St. Louis County. State aid for county highways averaged 13 percent of total state aid in 1980, but also varied widely from county to county.

An important feature of state aid to county governments is that a sizable amount of aid is provided without restriction as to how the funds are used. For example, St. Louis County received almost \$23 million in unrestricted "general support" aid in 1980. This was equal to 40 percent of the total state aid received by St. Louis County in that year and represented about two-thirds of the general support aid received by county governments in the region.

In 1980, state aid for county highways represented 46 percent of total county highway spending in the region (see table 10). State aid for welfare programs accounted for almost 61 percent of total county welfare expenditure in 1980 (see table 11). In both cases, the percentages for individual counties varied significantly.

TABLE 9. State Grants-in-Aid to County Governments by County, by Purpose, for Northeast Minnesota, 1980

County and Purpose	Amount	Percent of Total
	Dollars	Percent
Aitkin County		
General Support	898,873	23.0
Highways	1,609,410	41.3
Welfare	1,326,798	34.0
Other	<u>65,354</u>	<u>1.7</u>
Total	3,900,435	100.0
Carlton County		
General Support	1,601,579	24.7
Highways	1,017,788	15.7
Welfare	3,007,909	46.5
Other	<u>847,890</u>	<u>13.1</u>
Total	6,475,166	100.0
Cook County		
General Support	581,351	37.3
Highways	343,407	22.1
Welfare	328,628	21.1
Other	<u>303,371</u>	<u>19.5</u>
Total	1,556,757	100.0
Itasca County		
General Support	4,159,720	38.7
Highways	1,656,799	15.4
Welfare	4,415,328	41.0
Other	<u>529,312</u>	<u>4.9</u>
Total	10,761,159	100.0

TABLE 9. Continued

County and Purpose	Amount	Percent of Total
	Dollars	Percent
Koochiching County		
General Support	1,299,016	24.3
Highways	1,354,954	25.3
Welfare	2,082,914	39.0
Other	<u>608,305</u>	<u>11.4</u>
Total	5,345,189	100.0
Lake County ^a		
General Support	2,102,596	55.2
Highways	863,968	22.7
Welfare	700,954	18.4
Other	<u>144,291</u>	<u>3.8</u>
Total	3,811,809	100.0
St. Louis County ^a		
General Support	22,911,346	40.2
Highways	4,869,717	8.5
Welfare	26,137,395	45.9
Other	<u>3,076,732</u>	<u>5.4</u>
Total	56,995,190	100.0
7-County Area		
General Support	33,554,481	37.8
Highways	11,716,043	13.2
Welfare	37,999,926	42.8
Other	<u>5,575,255</u>	<u>6.3</u>
Total	88,845,705	100.0

^aOnly the total amount of intergovernmental revenue was reported for Lake County and St. Louis County for 1980. The estimates shown here are based on the distribution of intergovernmental revenue by source reported for 1979.

TABLE 9. Continued

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 10. State Grants-in-Aid to County Governments for Highways and County Government Expenditure for Highways by County, for Northeast Minnesota, 1980

County	Grants-in-Aid for Highways	Highway Expenditure	Grants-in-Aid as a Percentage of Expenditure
	Dollars	Dollars	Percent
Aitkin	1,609,410	1,959,931	82.1
Carlton	1,017,788	2,261,908	45.0
Cook	343,407	1,429,224	24.0
Itasca	1,656,799	3,959,823	41.8
Koochiching	1,354,954	2,434,558	55.7
Lake	863,968 ^a	1,649,531	52.4
St. Louis	<u>4,869,717^a</u>	<u>11,735,795</u>	<u>41.5</u>
7-County Area	11,716,043	25,430,770	46.1

^aOnly the total amount of intergovernmental revenue was reported for Lake County and St. Louis County for 1980. The estimates shown here are based on the distribution of state aid by function reported for 1979.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 11. State Grants-in-Aid to County Governments for Welfare and County Government Expenditure for Welfare by County, for Northeast Minnesota, 1980

County	Grants-in-Aid for Welfare	Welfare Expenditure	Grants-in-Aid as a Percentage of Expenditure
	Dollars	Dollars	Percent
Aitkin	1,326,798	1,801,999	73.6
Carlton	3,007,909	4,934,423	61.0
Cook	328,628	735,361	44.7
Itasca	4,415,328	8,175,520	54.0
Koochiching	2,082,914	3,084,864	67.5
Lake	700,954 ^a	1,334,426	52.5
St. Louis	<u>26,137,395^a</u>	<u>42,562,842</u>	<u>61.4</u>
7-County Area	37,999,926	62,629,435	60.7

^aOnly the total amount of intergovernmental revenue was reported for Lake County and St. Louis County for 1980. The estimates shown here are based on the distribution of state aid by function reported for 1979.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

From their own sources, county governments in Northeast Minnesota had revenues totaling nearly \$59 million in 1980 (see table 12). St. Louis County accounted for about 62 percent of this amount.

The most important source of locally-raised revenue for county governments is the local property tax. The property tax is the only significant source of tax revenue available to county governments. In 1980, about two-thirds of county government revenue from local sources came from property taxes within the region. Charges for public services and interest earnings each accounted for around 9 percent of the total. Again, the relative importance of different revenue sources varies from county to county.

City Government

There are 70 units of city government in Northeast Minnesota (see table 13). About two-thirds of the people living in the region are city residents. Duluth, with a population of 92,789 in 1980, is the largest city in the area, followed by Hibbing (21,036), Cloquet (11,122), and Virginia (10,989). Of the region's 70 cities, 32 have a population of less than 500 (see table 14).

City Expenditure

The total outlay of city governments in Northeast Minnesota was approximately \$113 million in 1980 (see table 15). Spending by the City of Duluth accounted for nearly 40 percent of this amount. About two-thirds of the outlay of the 70 city governments was for current expenditure, the remainder was for capital outlay (26 percent of the total) and debt redemption (7 percent).

TABLE 12. Revenue of County Governments from Own Sources by County, by Source, for Northeast Minnesota 1980

County and Source	Amount	Percent of Total
	Dollars	Percent
Aitkin County		
Property Taxes	1,262,296	67.0
Special Assessments	--	--
Licenses and Permits	59,511	3.2
Fines and Forfeits	67,277	3.6
Charges for Services	253,810	13.5
Interest Earnings	--	--
Other	<u>240,474</u>	<u>12.8</u>
Total	1,883,368	100.0
Carlton County		
Property Taxes	3,236,544	73.9
Special Assessments	--	--
Licenses and Permits	24,621	0.6
Fines and Forfeits	116,575	2.7
Charges for Services	543,474	12.4
Interest Earnings	--	--
Other	<u>459,431</u>	<u>10.5</u>
Total	4,380,645	100.0
Cook County		
Property Taxes	808,131	61.8
Special Assessments	--	--
Licenses and Permits	16,461	1.3
Fines and Forfeits	27,018	2.1
Charges for Services	88,045	6.7
Interest Earnings	--	--
Other	<u>368,518</u>	<u>28.2</u>
Total	1,308,173	100.0

TABLE 12. Continued

County and Source	Amount	Percent of Total
	Dollars	Percent
Itasca County		
Property Taxes	6,628,387	69.7
Special Assessments	--	--
Licenses and Permits	29,852	0.3
Fines and Forfeits	240,196	2.5
Charges for Services	1,402,870	14.8
Interest Earnings	974,518	10.3
Other	<u>228,623</u>	<u>2.4</u>
Total	9,504,446	100.0
Koochiching County		
Property Taxes	2,248,422	71.1
Special Assessments	20,600	0.7
Licenses and Permits	9,416	0.3
Fines and Forfeits	111,978	3.5
Charges for Services	187,594	5.9
Interest Earnings	450,965	14.3
Other	<u>131,241</u>	<u>4.2</u>
Total	3,160,216	100.0
Lake County		
Property Taxes	1,018,651	53.0
Special Assessments	--	--
Licenses and Permits	4,373	0.2
Fines and Forfeits	59,635	3.1
Charges for Services	219,701	11.4
Interest Earnings	369,443	19.2
Other	<u>250,665</u>	<u>13.0</u>
Total	1,922,468	100.0

TABLE 12. Continued

County and Source	Amount	Percent of Total
	Dollars	Percent
St. Louis County		
Property Taxes	23,989,532	67.2
Special Assessments	--	--
Licenses and Permits	178,546	0.5
Fines and Forfeits	647,189	1.8
Charges for Services	2,674,653	7.5
Interest Earnings	3,664,808	10.3
Other	4,558,226	12.8
Total	35,712,954	100.0
7-County Area		
Property Taxes	39,191,963	67.7
Special Assessments	20,600	(a)
Licenses and Permits	322,780	0.6
Fines and Forfeits	1,269,868	2.2
Charges for Services	5,370,147	9.3
Interest Earnings	5,459,734	9.4
Other	6,237,178	10.8
Total	57,872,270	100.0

^aLess than 0.05 percent.

SOURCE: Minnesota State Auditor, Revenues, Expenditures, and Debt of the Local Governments in Minnesota for the Fiscal Years Ended During the Period July 1, 1980 to June 30, 1981, April 1982, table 9.

TABLE 13. Number of Cities and Total City Population by County,
for Northeast Minnesota, 1980

County	Number of Cities	Total City Population
Aitkin	6	3,076
Carlton	10	15,950
Cook	1	1,284
Itasca	15	16,822
Koochiching	8	10,606
Lake	3	7,233
St. Louis	<u>27</u>	<u>172,232</u>
7-County Area	70	227,203

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 14. Number of Cities by Size of Population, by County, for Northeast Minnesota, 1980

County	Population					All Cities
	Under 100	100 to 499	500 to 999	1,000 to 9,999	10,000 and Over	
Aitkin	2	2	1	1	--	6
Carlton	--	6	1	2	1 ^a	10
Cook	--	--	--	1	--	1
Itasca	1	6	4	4	--	15
Koochiching	--	5	1	2	--	8
Lake	--	1	--	2	--	3
St. Louis	<u>2</u>	<u>7</u>	<u>3</u>	<u>12</u>	<u>3^b</u>	<u>27</u>
7-County Area	5	27	10	24	4	70

^aCity of Cloquet (11,122).

^bCities of Duluth (92,789), Hibbing (21,036), and Virginia (10,989).

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 15. Outlay of City Governments for the City of Duluth and All Other Cities, for Northeast Minnesota, 1980

Governmental Unit and Purpose	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
Current Expenditure	36,948,113	82.8
Capital Outlay	6,929,834	15.5
Debt Redemption	<u>740,000</u>	<u>1.7</u>
Total	44,617,947	100.0
All Other Cities (69 cities)		
Current Expenditure	39,023,649	56.9
Capital Outlay	22,570,489	32.9
Debt Redemption	<u>6,935,244</u>	<u>10.1</u>
Total	68,529,382	100.0
7-County Area (70 cities)		
Current Expenditure	75,971,762	67.1
Capital Outlay	29,500,323	26.1
Debt Redemption	<u>7,675,244</u>	<u>6.8</u>
Total	113,147,329	100.0

NOTE: Figures exclude outlays associated with public service enterprises that are largely or wholly self-supporting. See text. Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

Information concerning the outlay and revenue of city government must be interpreted with a great deal of caution. These figures do not include the expenditure and revenue associated with public service enterprises that are intended to be largely or wholly self-supporting. There were 98 such enterprises operated by Northeast Minnesota cities in 1980. The most numerous were city water systems (53), electric utilities (16), and city sewer systems (15). The cost of these sorts of public utilities are usually financed by user charges.

Exclusion of public service enterprises from the general outlay and revenue of city governments can make a substantial difference when comparing individual cities. For example, capital outlay accounted for about one-third of the total outlay of city governments in Northeast Minnesota, excluding the City of Duluth (see table 15). For the City of Duluth, capital outlay amounted to only 15.5 percent of total outlay in 1980. A major reason for this difference is that the City of Duluth operates four public service enterprises (water, heat, gas, and sewer) for which capital outlay is not included with the general capital outlay of the city.

On the per capita basis, the current expenditure of city governments in Northeast Minnesota averaged \$334 in 1980 (see table 16). In the City of Duluth, per capita current expenditure was \$398. Per capita spending for the 10 cities in Carlton County averaged only \$203, while the one city in Cook County (Grand Marais) had a per capita current expenditure of \$480.

The total current expenditure of city governments in Northeast Minnesota amounted to about \$76 million in 1980 (see table 17). The City

of Duluth accounted for nearly half of this amount. (The expenditure figures for the City of Duluth exclude operating expenses of more than \$27 million for public service enterprises.) Well over half of the current expenditure of city governments in Northeast Minnesota in 1980 was for three spending categories: public safety (26 percent), city streets (18 percent), and general government operations (14 percent).

The capital outlay of Northeast Minnesota cities totaled nearly \$30 million in 1980 (see table 18). Nearly half of all capital outlay was for sewer and sanitation systems (35 percent) and city streets (14 percent). Again, the existence of public enterprise funds distorts comparisons between the City of Duluth and other cities in the region. Also note that the City of Duluth had an unusually large capital outlay for libraries in 1980 (\$2.4 million).

The total revenue of Northeast Minnesota cities in 1980 was \$101 million (see table 19). The City of Duluth accounted for about two-fifths of this amount. Intergovernmental revenue represented 62 percent of all city revenue. For cities other than Duluth, about two-thirds of all city government revenue was intergovernmental revenue. For the City of Duluth, the figure was 54.5 percent.

The sources of intergovernmental revenue vary sharply between the City of Duluth and the other cities in the region. In 1980, the City of Duluth received 40 percent of its intergovernmental revenue from the federal government, for the other 69 cities the figure was only 13 percent. State aid made up 59 percent of Duluth's intergovernmental revenue and 71 percent for the other 69 cities. Payments from other units of local government represented 16 percent of the intergovernmental revenue of

TABLE 16. Per Capita Current Expenditure of City Governments
by County, for Northeast Minnesota, 1980

County	Amount
	Dollars
Aitkin (6 cities)	300.05
Carlton (10 cities)	203.15
Cook (1 city)	479.88
Itasca (15 cities)	347.09
Koochiching (8 cities)	272.35
Lake (3 cities)	296.76
St. Louis (27 cities)	350.22
City of Duluth	(398.19)
All Other Cities	<u>(294.18)</u>
7-County Area (70 cities)	334.38

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 17. Current Expenditure of City Governments for the City of Duluth and All Other Cities, by Function, for Northeast Minnesota, 1980

Governmental Unit and Function	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
General Government	3,851,056	10.4
Public Safety	9,952,107	26.9
Streets	5,946,195	16.1
Sewer and Sanitation	--	--
Health	--	--
Libraries	1,339,247	3.6
Parks and Recreation	1,752,855	4.7
Interest Expense	1,233,270	3.3
Other	<u>12,873,383</u>	<u>34.8</u>
Total	36,948,113	100.0
All Other Cities (69 cities)		
General Government	6,704,383	17.2
Public Safety	9,803,110	25.1
Streets	7,603,966	19.5
Sewer and Sanitation	2,868,059	7.3
Health	152,914	0.4
Libraries	1,185,394	3.0
Parks and Recreation	3,003,346	7.7
Interest Expense	1,967,601	5.0
Other	<u>5,734,876</u>	<u>14.7</u>
Total	39,023,649	100.0
7-County Area (70 cities)		
General Government	10,555,439	13.9
Public Safety	19,755,217	26.0
Streets	13,550,161	17.8
Sewer and Sanitation	2,868,059	3.8
Health	152,914	0.2
Libraries	2,524,641	3.3
Parks and Recreation	4,756,201	6.3
Interest Expense	3,200,871	4.2
Other	<u>18,608,259</u>	<u>24.5</u>
Total	75,971,762	100.0

TABLE 17. Continued

NOTE: Figures exclude expenditures associated with public service enterprises that are largely or wholly self-supporting. Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 18. Capital Outlay of City Governments for the City of Duluth and All Other Cities, by Function, for Northeast Minnesota, 1980

Governmental Unit and Function	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
General Government	183,570	2.6
Public Safety	145,921	2.1
Streets	784,168	11.3
Sewer and Sanitation	822,102	11.9
Health	--	--
Libraries	2,356,821	34.0
Parks and Recreation	44,781	0.6
Other	<u>2,592,471</u>	<u>37.4</u>
Total	6,929,834	100.0
All Other Cities (69 cities)		
General Government	623,435	2.8
Public Safety	609,230	2.7
Streets	3,378,868	15.0
Sewer and Sanitation	9,479,293	42.0
Health	18,247	0.1
Libraries	115,894	0.5
Parks and Recreation	2,120,422	9.4
Other	<u>6,225,100</u>	<u>27.6</u>
Total	22,570,489	100.0
7-County Area (70 cities)		
General Government	807,005	2.7
Public Safety	755,151	2.6
Streets	4,163,036	14.1
Sewer and Sanitation	10,301,395	34.9
Health	18,247	0.1
Libraries	2,472,715	8.4
Parks and Recreation	2,165,203	7.3
Other	<u>8,817,571</u>	<u>29.9</u>
Total	29,500,323	100.0

TABLE 18. Continued

NOTE: Figures exclude outlays associated with public service enterprises that are largely or wholly self-supporting. Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 19. Revenue of City Governments for the City of Duluth and All Other Cities, by Source, for Northeast Minnesota, 1980

Governmental Unit and Source	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
Intergovernmental Revenue	22,364,963	54.5
Revenue from Own Sources	<u>18,662,993</u>	<u>45.5</u>
Total	41,027,956	100.0
All Other Cities (69 cities)		
Intergovernmental Revenue	40,716,900	67.8
Revenues from Own Sources	<u>19,295,946</u>	<u>32.2</u>
Total	60,012,846	100.0
7-County Area (70 cities)		
Intergovernmental Revenue	63,081,863	62.4
Revenue from Own Sources	<u>37,958,939</u>	<u>37.6</u>
Total	101,040,802	100.0

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 20. Intergovernmental Revenue of City Governments for the City of Duluth and All Other Cities, by Source, for Northeast Minnesota, 1980

Governmental Unit and Source	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
From Federal Government	8,967,092	40.1
From State Government	13,227,951	59.1
From Other Local Units	<u>169,920</u>	<u>0.8</u>
Total	22,364,963	100.0
All Other Cities (69 cities)		
From Federal Government	5,371,526	13.2
From State Government	28,746,935	70.6
From Other Local Units	<u>6,598,439</u>	<u>16.2</u>
Total	40,716,900	100.0
7-County Area (70 cities)		
From Federal Government	14,338,618	22.7
From State Government	41,974,886	66.5
From Other Local Units	<u>6,768,359</u>	<u>10.7</u>
Total	63,081,863	100.0

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

cities other than the City of Duluth. (It is common practice, for example, for township governments to contract with cities for fire protection.)

From their own sources, Northeast Minnesota cities had revenues of \$38 million in 1980 (see table 21). A little less than half of this revenue came from city property taxes. For cities excluding Duluth, charges for public services was the second most important "own-source" of city revenue. It should be noted that the City of Duluth raises a significant amount of tax revenue from nonproperty tax sources. Most of this revenue is from a 1 percent city general sales tax. The city of Duluth is the only city in the state which is authorized to impose a general sales tax on a permanent basis.

Township Government

There are 173 organized units of township government in Northeast Minnesota (see table 22).^{3/} Township governments do not cover the entire region. Koochiching County has no organized townships; Cook County has only two and Lake County, four. The provision of public services (roads, for example) in unorganized territory is the responsibility of county government.

The population of most townships is small. Of the 173 townships in Northeast Minnesota, 116 had a population of less than 500 in 1980. Only 25 had a population of over 1,000. Grand Rapids Township in Itasca

^{3/} Technically, a township is a geographic subdivision and the governmental unit of the area is a town. In practice, town governments are frequently referred to as townships.

TABLE 21. Revenue of City Governments from Own Sources for the City of Duluth and All Other Cities, by Source, for Northeast Minnesota, 1980

Governmental Unit and Source	Amount	Percent of Total
	Dollars	Percent
City of Duluth		
Property Taxes	8,788,361	47.1
Other Taxes	4,222,389	22.6
Licenses and Permits	286,718	1.5
Fees and Fines	524,681	2.8
Charges for Services	1,680,027	9.0
Interest Earnings	1,464,127	7.8
Other	1,696,690	9.1
Total	18,662,993	100.0
All Other Cities (69 cities)		
Property Taxes	9,370,986	48.6
Other Taxes	9,506	(a)
Licenses and Permits	465,751	2.4
Fees and Fines	368,322	1.9
Charges for Services	3,778,466	19.6
Interest Earnings	2,403,414	12.6
Other	2,899,501	15.0
Total	19,295,946	100.0
7-County Area (70 cities)		
Property Taxes	18,159,347	47.8
Other Taxes	4,231,895	11.1
Licenses and Permits	752,469	2.0
Fees and Fines	893,003	2.4
Charges for Services	5,458,493	14.4
Interest Earnings	3,867,541	10.2
Other	4,596,191	12.1
Total	37,958,939	100.0

^aLess than 0.05 percent.

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 22. Number of Township Governments by Size of Population, by County, for Northeast Minnesota, 1980

County	Population					All Townships
	Under 100	100 to 499	500 to 999	1,000 to 9,999	10,000 and Over	
Aitkin	8	27	4	--	--	39
Carlton	--	10	5	3	--	18
Cook	--	2	--	--	--	2
Itasca	8	19	9	4	1 ^a	41
Koochiching	--	--	--	--	--	--
Lake	--	--	2	2	--	4
St. Louis	<u>6</u>	<u>36</u>	<u>12</u>	<u>15</u>	<u>--</u>	<u>69</u>
7-County Area	22	94	32	24	1	173

^aGrand Rapids Township (11,649).

SOURCE: U.S. Bureau of the Census, Census of Population: 1980, vol. I, ch. B, part 25, table 44.

County had a population of 11,649 in 1980, larger than the population of the City of Grand Rapids.

Township Expenditure

The total expenditure of township governments in Northeast Minnesota was nearly \$8 million in 1980. About three-fourths of this amount was current expenditure; most of the remainder was capital outlay.

Aside from the costs of general government operations, the two most important expenditure categories for township government are roads and public safety (largely fire protection). About half of the current expenditure of township governments in 1980 was for these two functions, with roads alone accounting for 38 percent of the total. Of the capital outlay of township governments in 1980, around 40 percent of the total was for roads. While some townships engage in a variety of service-providing activities, the operation and upkeep of township roads continues to be the principal function of these units of government.

On a per capita basis, township government spending is relatively small. Per capita current expenditure averaged \$58 in 1980 for the 173 townships in the region (see table 24). This figure ranged from a low of \$48 for the 41 townships in Itasca County to a high of \$115 for the two townships in Cook County.

Township Revenue

The total revenue of township governments in Northeast Minnesota amounted to a little over \$8 million in 1980 (see table 25). Intergovernmental revenue accounted for around 58 percent of the total. Most

TABLE 23. Outlay of Township Governments by Purpose and Function, for Northeast Minnesota, 1980

Purpose and Function	Amount	Percent of Total
	Dollars	Percent
Total Outlay		
Current Expenditure	6,050,498	76.7
Capital Outlay	1,607,737	20.4
Debt Redemption	<u>225,528</u>	<u>2.9</u>
Total	7,883,763	100.0
Current Expenditure		
General Government	1,325,340	21.9
Public Safety	753,764	12.5
Roads	2,284,118	37.8
Sanitation	54,907	0.9
Financial Administration	165,048	2.7
Interest Expense	34,581	0.6
Other	<u>1,432,740</u>	<u>23.7</u>
Total	6,050,498	100.0
Capital Outlay		
General Government	279,800	17.4
Public Safety	87,913	5.5
Roads	636,571	39.6
Sanitation	226,706	14.1
Other	<u>374,747</u>	<u>23.3</u>
Total	1,607,737	100.0

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 24. Per Capita Current Expenditure of Township Governments by County, for Northeast Minnesota, 1980

County	Amount
	Dollars
Aitkin (39 townships)	60.50
Carlton (18 townships)	54.13
Cook (2 townships)	115.40
Itasca (41 townships)	47.99
Lake (4 townships)	61.11
St. Louis (69 townships)	<u>64.28</u>
7-County Area ^a (173 townships)	57.92

^aThere are no organized townships in Koochiching County.

SOURCE: Minnesota State Auditor, Computer Data File.

TABLE 25. Revenue of Township Governments by Source, for Northeast Minnesota, 1980

Source	Amount	Percent of Total
	Dollars	Percent
All Revenue		
Intergovernmental Revenue	4,686,676	57.7
Revenue from Own Sources	<u>3,428,848</u>	<u>42.3</u>
Total	8,115,524	100.0
Intergovernmental Revenue		
From Federal Government	609,443	13.0
From State Government	3,897,080	83.1
From Other Local Units	<u>180,353</u>	<u>3.8</u>
Total	4,686,876	100.0
Revenue from Own Sources		
Property Taxes	2,730,644	79.6
Licenses and Permits	50,051	1.5
Charges for Services	181,683	5.3
Interest Earnings	249,157	7.3
Other	<u>217,313</u>	<u>6.3</u>
Total	3,428,848	100.0

NOTE: Details may not add to totals because of rounding.

SOURCE: Minnesota State Auditor, Computer Data File.

of the intergovernmental revenue of townships comes from the state (83 percent in 1980). Most of the federal aid received by townships is a result of the federal general revenue sharing program, which was initiated in 1972 and is up for renewal this year.

The property tax is the major source of local revenue for township governments. In 1980, township property tax levies accounted for about 80 percent of the local revenues of townships in the region. Small amounts were raised from interest earnings, charges for services, and fees for various licenses and permits.

School Districts

There are 36 independent local school districts in Northeast Minnesota (see table 26). These school districts vary widely in size of enrollment. Four districts had an enrollment of over 3,000 in 1980-81; five districts had an enrollment of under 500. The largest district was Duluth, with an enrollment of 7,939.

Seventeen of the 36 school districts in Northeast Minnesota are in St. Louis County (see table 27). Cook County and Lake County each have only one school district. Total school enrollment in the region, based on resident average membership, was 66,107 in 1980-81. About 60 percent of this enrollment was in the 17 school districts in St. Louis County. School enrollment in the region included 4,619 kindergarten and pre-kindergarten handicapped students, 28,432 elementary students (grades 1-6), and 33,007 secondary students (grades 7-12).

TABLE 26. School Districts by Size of Enrollment, for
Northeast Minnesota, 1980-81

Enrollment	Number of Districts
Under 500	5
500 to 999	12
1,000 to 1,999	10
2,000 to 2,999	5
3,000 and Over	<u>4</u>
Total	36

SOURCE: Minnesota Department of Education, School District Profiles: 1980-81, July 1982, pp. 16-37.

TABLE 27. School Enrollment by County and Grade Level, for Northeast Minnesota, 1980-81

County	Number of School Districts	Enrollment				Total
		Kindergarten	Elementary	Secondary		
Aitkin	3	156	1,134	1,299	2,589	
Carlton	7	506	2,928	3,517	6,951	
Cook	1	39	339	404	782	
Itasca	4	673	4,074	4,521	9,267	
Koochiching	3	247	1,664	1,839	3,750	
Lake	1	213	1,303	1,544	3,060	
St. Louis	<u>17</u>	<u>2,785</u>	<u>17,041</u>	<u>19,882</u>	<u>39,708</u>	
7-County Area	36	4,619	28,482	33,007	66,107	

NOTE: Enrollment is based on resident average membership. Kindergarten includes pre-kindergarten handicapped students; elementary includes grades 1-6; secondary includes grades 7-12. Districts are grouped by county on the basis of the county in which the district headquarters is located.

SOURCE: Minnesota Department of Education, School District Profiles: 1980-81, July 1982, pp. 16-37.

School District Expenditure

The total expenditure of school districts in Northeast Minnesota was \$189 million in 1980-81 (see table 28). Outlays for K-12 school operations accounted for about 88 percent of this amount. Smaller outlays were reported for community service programs, capital outlay and building construction, and debt service.

School districts in Northeast Minnesota spent an average of \$2,128 per pupil unit in 1980-81 for K-12 operations (see table 29).^{4/} This was not much different from the state-wide average of \$2,075 per pupil unit. In broad categories, the expenditure of Northeast Minnesota school districts for K-12 operations in 1980-81 were:

	<u>Percent of Total</u>
Administration	8.2
Instruction	57.9
Other Services to Students	15.4
Operations and Maintenance	12.6
Other	<u>5.8</u>
	100.0

It should be noted that a new financial reporting system for school districts was used for the first time in 1980-81. As a result, the expenditure categories differ from those reported for previous years.

^{4/} This figure represents the total cost of K-12 operations divided by the weighted average daily (resident) membership (ADM) of the districts. In this weighting, each kindergarten ADM counts as 0.5 pupil units; each prekindergarten, kindergarten handicapped, and elementary ADM counts as 1.0 pupil units; and each secondary ADM counts as 1.4 pupil units.

TABLE 28. Expenditure of School Districts by Purpose, for Northeast Minnesota, 1980-81

Purpose	Amount	Percent of Total
	Dollars	Percent
School Operations (K-12)	166,054,224	87.8
Community Service	3,043,287	1.6
Capital Outlay ^a	12,875,445	6.8
Building Construction	3,043,287	1.6
Debt Service	<u>4,135,749</u>	<u>2.2</u>
Total	189,151,992	100.0

^a Except for construction of new buildings and additions, which is shown separately.

SOURCE: Minnesota Department of Education, School District Profiles: 1980-81, July 1982, pp. 38-39.

TABLE 29. Expenditure of School Districts per Pupil Unit for K-12 Operations, by Function, for Northeast Minnesota, 1980-81

Function	Expenditure per Pupil Unit	Percent of Total
	Dollars	Percent
District and School Administration	122	5.7
District Support Services	53	2.5
Regular Instruction	939	44.1
Vocational Instruction	58	2.7
Exceptional Instruction	181	8.5
Instructional Support Services	56	2.6
Pupil Support Services	50	2.3
Operations and Maintenance	268	12.6
Food Service	105	4.9
Pupil Transportation	174	8.2
Other Operating Programs	<u>123</u>	<u>5.8</u>
Total	2,128	100.0

NOTE: Details may not add to totals because of rounding. For definitions, see source.

SOURCE: Minnesota Department of Education, School District Profiles: 1980-81, July 1982, pp. 38-39.

Moreover, not all districts coded their expenditures in the same way. For example, some districts reported expenditures for employee benefits in the same categories as employee salaries. But other districts reported all costs for employee benefits as other operating costs. Consequently, great care should be taken in comparing expenditures for specific categories among different school districts. These problems should not affect comparisons of the total expenditures reported by individual districts.

School districts in Northeast Minnesota vary in expenditure per pupil unit (see table 30). In three districts, total K-12 operating expenditure per pupil unit was under \$1,900; in four districts the figure was more than \$2,500. In some cases, differences in transportation costs seem to account for part of this variation, and smaller districts sometimes have higher costs per pupil unit. But there is no uniform pattern.

State aid represented approximately 65 percent of the revenue of Northeast Minnesota school districts in 1980-81. Federal aid accounted for about 7 percent of total revenue, and revenue from local sources was around 28 percent. The proportion of school district revenue from local sources (mostly school property taxes) varies widely. In six school districts, less than 20 percent of total revenue came from local source; while in three districts revenue from local sources accounted for more than 40 percent of total revenue (see table 31).

The property tax is the only source of tax revenue for local school districts. The property tax base varies greatly from district to district. For property taxes payable in 1981, the value of taxable property per pupil

TABLE 30. Number of School Districts by Expenditure per Pupil Unit for K-12 Operations, by County, for Northeast Minnesota, 1980-81

County	Expenditure per Pupil Unit (in dollars)										All Districts
	Under 1,900	1,900 to 1,999	2,000 to 2,099	2,100 to 2,199	2,200 to 2,299	2,300 to 2,399	2,400 to 2,499	2,500 and Over			
Aitkin	--	--	2	1	--	--	--	--	--	3	
Carlton	1	2	--	3	--	--	--	1	7		
Cook	--	--	--	--	1	--	--	--	1		
Itasca	--	1	1	1	--	--	--	1	4		
Koochiching	--	--	1	1	--	--	--	1	3		
Lake	--	1	--	--	--	--	--	--	1		
St. Louis	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>17</u>		
7-County Area	3	7	4	5	10	2	1	4	36		

SOURCE: Minnesota Department of Education, School District Profiles: 1980-81, July 1982, pp. 16-37.

TABLE 31. Number of School Districts by Percentage of Revenue from Local Sources, for Northeast Minnesota, 1980-81

County	Percentage of Revenue from Local Sources					All Districts
	10 to 19	20 to 29	30 to 39	40 to 49	50 to 59	
Aitkin	--	1	1	1	--	3
Carlton	--	3	3	--	1	7
Cook	--	--	--	1	--	1
Itasca	2	--	2	--	--	4
Koochiching	--	1	2	--	--	3
Lake	1	--	--	--	--	1
St. Louis	<u>3</u>	<u>9</u>	<u>5</u>	<u>--</u>	<u>--</u>	<u>17</u>
7-County Area	6	14	13	2	1	36

SOURCE: Minnesota Department of Revenue, School District Profiles: 1980-81, July 1982, pp. 16-37.

unit in Northeast Minnesota ranged from a low of \$9,560 (South Koochiching School District 363) to a high of \$44,290 (Tower-Soudan School District 708). Eight school districts in the region had a tax base of less than \$15,000 per pupil unit; while six had a tax base of more than \$30,000 per pupil unit (see table 32).

Minnesota's foundation aid program for local school districts is intended to mitigate the effects of disparities in the property tax base of local districts. Despite the foundation aid program, however, school property tax rates vary widely in Northeast Minnesota. For the region, school property tax rates (based on state-equalized property values) averaged 23.56 mills in 1980-81. But four school districts had property tax rates of less than 15 mill; while three districts had property tax rates of over 35 mills (see table 33).

Summary

Local government budget decisions affect the "quality of life" afforded local residents, the economy of the area, and local property taxpayers. Local governments are responsible for the day-to-day administration of a large share of the public services that Minnesotans enjoy.

The combined spending of all units of local government in Northeast Minnesota probably exceeded, at an annual rate, \$500 million in 1980.

Total outlays by type of local government were:

	<u>Million Dollars</u>
7 Counties	149
70 Cities	113
173 Townships	8
36 School Districts	189
	459

TABLE 32. Number of School Districts by Value of Taxable Property per Pupil Unit, by County, for Northeast Minnesota, for Taxes Payable in 1981

County	Value of Taxable Property in Dollars ^a										All Districts
	Under 10,000	10,000 to 14,999	15,000 to 19,999	20,000 to 24,999	25,000 to 29,999	30,000 to 34,999	35,000 and Over				
Aitkin	--	--	1	--	--	2	--	--	3		
Carlton	--	3	2	1	--	1	--	--	7		
Cook	--	--	--	--	--	--	1	--	1		
Itasca	--	--	2	1	--	--	1	--	4		
Koochiching	2	--	1	--	--	--	--	--	3		
Lake	--	--	1	--	--	--	--	--	1		
St. Louis	--	3	7	6	--	--	1	--	17		
7-County Area	2	6	14	8	--	3	3	3	36		

^aBased on equalized property valuations.

SOURCE: Minnesota Department of Education, *School District Profiles: 1980-81, July 1982*, pp. 16-37.

TABLE 33. Number of School Districts by School Property Tax Rate, by County, for Northeast Minnesota, for Taxes Payable in 1981

County	Tax Rate in EARC Mills ^a						All Districts
	Under to 15.0	15.0 to 19.9	20.0 to 24.9	25.0 to 29.9	30.0 to 34.9	35.0 and Over	
Aitkin	--	--	1	1	--	1	3
Carlton	--	--	--	2	3	2	7
Cook	--	1	--	--	--	--	1
Itasca	1	--	2	1	--	--	4
Koochiching	--	--	1	2	--	--	3
Lake	--	1	--	--	--	--	1
St. Louis	<u>3</u>	<u>3</u>	<u>6</u>	<u>3</u>	<u>2</u>	<u>--</u>	<u>17</u>
7-County Area	4	5	10	9	5	3	36

^aThese are tax rates based on equalized property valuations as published by the Equalization Aid Review Committee (EARC).

SOURCE: Minnesota Department of Revenue, School District Profiles: 1980-81, July 1982, pp. 16-37.

These outlays do not include the outlays of special districts or those associated with "public service enterprises."

Local governments in Minnesota rely heavily on state and (to a much lesser extent) federal aid as a means of financing local public services. For Northeast Minnesota in 1980, intergovernmental revenue accounted for the following percentages of total local government revenue:

	<u>Percent</u>
Counties	63
Cities	62
Townships	58
School Districts	72

With this degree of dependence on intergovernmental revenue, any cutback or slowdown in state and federal aid obviously has important implications for the financing of local services.

The only important source of tax revenue available to local governments in Northeast Minnesota is the property tax. An exception is the City of Duluth, which is authorized to impose a general retail sales tax. Local property tax levels are tied closely to state funding of grants-in-aid to local governments and the use of local, nontax revenue sources by local governments.