A Profile of Agriculture in Kenton County, Kentucky

Commissioned by
Kenton County Farmland Working Group

April 2005

American Farmland Trust
Saving the Land that Sustains Us

ACKNOWLEDGMENTS

Funding for this project was provided through a grant from the Kentucky Purchase of Agriculture Conservation Easements Corporation at the Kentucky Department of Agriculture and The Greater Cincinnati Foundation, through the Smart Growth Coalition for Greater Cincinnati and Northern Kentucky.

American Farmland Trust would like to thank the Kenton County Farmland Working Group and the Kenton County Conservation District for their support and assistance during this study. We would also like to acknowledge and thank the following Kenton County administrators and staff for their contributions of time and information to this study: Chief Bill Dorsey, Kenton County Police Department; Ivan Frye, Treasurer's Office; Dennis Gordon, Northern Kentucky Area Planning Commission; Patrick Hale, Cooperative Extension; R. Scott Kimmich, Deputy Judge Executive; Sheriff Korzenborn; Merrick Krey, Property Valuation Administrator; Joe Murphy, Director of Public Works; Raleigh Richardson, Occupational License Department.

American Farmland Trust (AFT) is a private, nonprofit conservation organization founded in 1980 to protect our nation's strategic agricultural resources. AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. AFT provides a variety of services to landowners, land trusts, public officials, planners, agricultural agencies and others. Services include Cost of Community Services studies, workshops on farmland protection and estate planning, farmland protection program development and agricultural economic analysis.

NATIONAL OFFICE
1200 18th Street NW, Suite 800
Washington, DC 20036
(202) 331-7300
(202) 659-8339 FAX
www.farmland.org

TECHNICAL ASSISTANCE SERVICES
One Short Street, Suite 2
Northampton, MA 01060
(413) 586-9330
(413) 586-9332 FAX

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Kenton County is experiencing rapid residential and commercial growth spreading out from heavily urbanized northern portions of the county along the Ohio River. Key factors driving this development are proximity to Cincinnati, recent riverfront development and the expansion of Cincinnati-Northern Kentucky airport in neighboring Boone County.

Traditionally, tobacco was the county's leading agricultural commodity and the backbone of the rural economy. Recent structural changes in the industry resulted in a major decline in tobacco production and sales. From 1982 to 1997, prices appeared relatively stable due to the way tobacco prices were set, especially without factoring for inflation. However, between 1997 and 2002 the market value of tobacco sales fell 50 percent, from $2.4 million to $1.2 million. Today the county's farm economy is squeezed between rising land values and falling agricultural prices.

Concerned about how these changes would affect the future of agriculture, rural character and the quality of life in Kenton County, in early 2004 the Kenton County Farmland Working Group (KCFWG) surveyed farmland owners and held focus groups to find out about public perception of farming and farmland, the obstacles to and benefits of farmland preservation, and how to promote and fund a farmland preservation program. As part of this effort, the KCFWG commissioned American Farmland Trust (AFT) to conduct three studies: a data analysis of the county's agricultural industry, a county-level Cost of Community Services (COCS) study and an examination of potential funding sources for a purchase of development rights (PDR) program. The purpose of these studies is to provide insight into agriculture's contribution to the economy, tax base and quality of life in Kenton County and to provide some context for local decisions about how to retain the county's farmland and stimulate investment in its food and farming system.

In general, AFT found that despite the precipitous drop in the tobacco economy, a significant amount of farmland remains in production. Much of the stability in the land base probably can be attributed to the Current Agricultural Use Value (CAUV) program, which assesses farmland at its current use value, rather than at the value of its potential use for development. While the market value of agricultural products dropped significantly due to the decline in tobacco, there are signs that farmers are adapting their production to respond to increasing urban influences as well as to agricultural economic forces. For example, nursery and greenhouse sales increased 491 percent from 1982 to 2002 and accounted for 15 percent of the county's agricultural sales in 2002. Hay and silage also made impressive gains, increasing 480 percent during this period.

At the same time as net cash return to farming operations is decreasing, the asset value of farm real estate is increasing. Based on a review of county property records during the COCS study, much of this increased value is in the farmhouse. The COCS study also found that although its overall contribution is small, farmland pays more in tax and other revenues than it costs the county to provide it with public services.

While the pressure to develop the county's remaining farmland appears to be increasing, KCFWG surveys found local support for agriculture and farmland protection. They found 174 farmers owning 17,270 acres, and many of them planned to farm "as long as I am able," or even, "forever." Many respondents felt that there was too much development in the county, saying things like, "Farmland is being developed to the point that there is a day coming when even garden plots are going to be rare." While there was a current of strong private property rights and resistance to government ("a person who owns a farm should be able to do what he or she wants to do with their property"), many of the people KCFWG surveyed believe that agricultural preservation is important as a buffer against new development, that farmland has wildlife and water quality benefits, and that farming is important to the culture and history of the county.

While KCFWG's surveys suggest public support for PDR and agricultural development, AFT found little support from public officials for funding a PDR program. It will take time to build that support. In the meantime, KCFWG could do outreach and education to build support for a local PDR program while pursuing complementary alternatives including prioritizing what farmland should be saved, continuing to educate the public about the values of farmland, piloting a purchase of development rights program, and identifying ways to improve the economic viability of agriculture.

INTRODUCTION

Kenton County encompasses 162 square miles in northern Kentucky across the Ohio River from Cincinnati, Ohio. Between 1990 and 2000 the population increased 6.7 percent[1] to 151,464 residents. According to records from the Kenton County Property Valuation Administration (PVA), the assessed value of real property in the county in fiscal year 2003 was about $7.2 billion, with residential properties accounting for 74 percent or $5.3 billion of the total value.

Out of 57,902 properties in the county, 53,053 are classified residential, 4,029 are commercial and industrial properties, and 820 are agricultural.[2] According to the 2002 U.S. Census of Agriculture, Kenton County has 46,479 acres of land in farms—or about 45 percent of the county's total land area. This is slightly less than the neighboring counties of Boone (48 percent) and Campbell (52 percent). The total land in farms in all three counties was 171,777 acres or 48 percent of the total land area.

Kenton County's rapid residential and commercial growth is driven in large part by expansion of the already heavily urbanized northern portions of the county along the Ohio River. Other driving factors include proximity to Cincinnati, recent riverfront development for tourism and the expansion of the Cincinnati-Northern Kentucky International airport.

Concerned about the effects of this growth on agriculture and as part of its larger effort to preserve the county's farmland, in 2004 the Kenton County Farmland Working Group (KCFWG) surveyed landowners and held focus groups to answer a number of questions. These included:

- What is the (public's) perception of farming and farmland in Kenton County?
- What are obstacles to and benefits of farmland preservation in Kenton County?
- How could farmland preservation be promoted and funded in Kenton County?

As part of its larger effort, the KCFWG commissioned American Farmland Trust (AFT) to further identify the status of agriculture in Kenton County through three studies: a profile

[1] U.S. Bureau of the Census, Census 2000.

[2] Kenton County Property Valuation Administration (residential includes mobile homes).

of the county's agricultural industry, a county-level Cost of Community Services (COCS) study and an analysis of potential sources and techniques of funding a purchase of development rights (PDR) program.

The purpose of these studies is to provide insight into the contribution agriculture makes to the local economy, tax base and quality of life in Kenton County and to provide some context for county officials' and residents' decisions about how to encourage the retention of agricultural lands and stimulate investment in the agricultural industry.

This report outlines the methodology and findings of each of these studies. It is organized in four sections: Agricultural Industry Profile, Cost of Community Services study, Analysis of Potential Funding for a PDR program, and a series of Appendices containing supporting project data.

AGRICULTURAL INDUSTRY PROFILE

Methods

AFT collected and analyzed U.S. Census of Agriculture data to create a profile of Kenton County farming and show trends over time for:

- Number of farms
- Land in farms
- Average size of farms
- Total market value of agricultural products sold
- Market value of the top four agricultural products sold
- Value of land and buildings
- Age of operators
- Ownership patterns
- Net cash return

In some cases, AFT examined a particular statistic in greater detail to gain deeper insight into a trend. For example, information about the market value of agricultural products was compared against inflation for the time period and on an average-per-farm and average-per-acre basis.

In other cases, trends were difficult to discern because of changes in census definitions and in the way the census is collected. In 1997 the National Agricultural Statistics Service (NASS) took over responsibility for the U.S. Census of Agriculture. NASS made several significant changes in definitions and data collection both in the 1997 and in the 2002 census, which make it hard to compare recent data to data from 1992 and earlier. For example, in 1997, NASS expanded the definition of agriculture to include operations, such as maple syrup and Christmas tree production, which were not captured in previous surveys. In 2002, NASS adjusted its data collection methods to account for farms missed or misclassified by interviewing producers identified on randomly selected sample tracts and comparing this information to their census mailing list. Census data were then weighted to approximate data for operations that previously had not been included. Then NASS went back and adjusted the original 1997 data to reflect the “coverage adjustment.”

However, it did not adjust data previous to 1997, which had been collected by the Bureau of the Census.

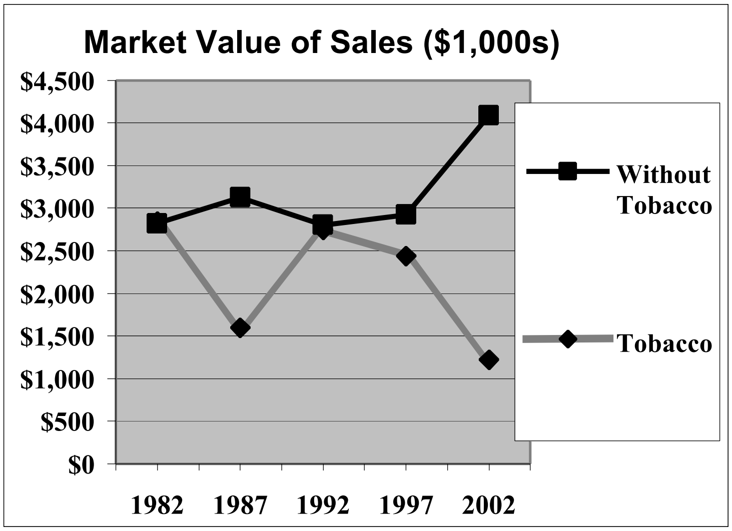
Because of these changes, and because Census of Agriculture data show averages—and averages do not always reflect on-the-ground realities—AFT “ground-truthed” preliminary findings with the KCFWG and Kenton County Cooperative Extension to get local feedback and to uncover any anomalies in the data.

AFT also measured secondary impacts using IMPLAN (IMPact analysis for PLANning) software. IMPLAN uses Census of Agriculture, County Business Patterns, the Regional Economic Information System, as well as Bureau of Labor Statistics data sources to show how sales in one sector affect other economic sectors, illustrating the relative impacts of agriculture, agricultural services and food processing on the county economy.

Findings

Overall, AFT found mixed signals in the health of and prospects for Kenton County’s agriculture. The 50 percent decline in tobacco sales from 1997 to 2002 obviously had a deleterious effect on the agricultural economy. Despite structural changes in the tobacco market and development pressure driving rapid increases in property valuations, Kenton County’s farmland base remains surprisingly stable. Farmers appear to be adapting to change and, with proper support and investment, prospects look good for continued diversification and growth, especially into industries such as cattle and calves and nursery/greenhouse. Loss of farms and farmers is more of an issue in Kenton County than loss of farmland.

Farm numbers decreased by one-fifth over the 20-year period, but may have leveled off. Due to the changes previously mentioned in the management of the census, this is somewhat hard to tell. At the same time, the average size of farms increased, which coupled with the small change in land in farms, suggests a certain amount of consolidation. Perhaps most worrisome is the sharp decline in the number of young farmers. Relatively stable from 1987 to 1997, the number of farm operators under age 45 plunged from 130 in 1997 to 80 operators by 2002, or 38 percent.



Given the changes that have occurred in tobacco, it is not surprising that the total market value of agricultural products declined precipitously in real terms and on a per-acre basis over the period—but especially from 1997–2002. This decrease is even greater since the 1982 value of products sold, inflated over time, would be worth $10.6 million in 2002, compared to actual sales of $5.3 million.

Structural changes and the reduction in acreage quotas drove tobacco sales down 57 percent from $2.8 million in 1982 to $1.2 million in 2002. The drop is even larger when adjusted for inflation —$2.8 million of sales in 1982 would have been worth $5.3 million in 2002, based on an 86 percent inflation rate. In 1982, tobacco represented 50 percent of the total market value of products sold, while it now represents less than 23 percent of county sales. Between 1997 and 2002, the value of tobacco products sold declined by 50 percent driving a dramatic decline in net cash return to individual farm operations.

Taking out tobacco, the overall sales picture improves. The market value of all other agricultural products increased 45 percent between 1982 and 2002 from $2.8 million to a little over $4 million, although still not keeping up with 86 percent inflation during the period. However, between 1997 and 2002 non-tobacco agricultural product sales increased 40 percent, outstripping the inflation rate of 12 percent during the same period.

One place where the market value of other commodities is beginning to replace tobacco is cattle and calves. Now surpassing tobacco, in 2002 cattle and calves represented 30 percent of agricultural sales, up from 21 percent in 1982. More recent sales, from 1997 to 2002, rose from $1.38 million to $1.58 million. Hay and silage also increased significantly from 2 percent in 1982 to 13 percent in 2002, with recent sales (1997 to 2002) increasing from $327,000 to $729,000. This is a promising sign.

There also are signs that agriculture is adapting to urban influence as well as agricultural economic forces. For example, nursery and greenhouse sales made up 15 percent of Kenton County's agricultural industry in 2002, up from 2 percent in 1982. However, while growth in this area is strong, its overall impact on the agricultural economy is still small—only $792,000 in sales.

The profile that follows is based on several sources of data including U.S. Census of Agriculture data from 1982 to 2002, as well as IMPLAN fiscal impact software. The data are presented in PowerPoint slides (Appendix A) and in an Excel spread sheet (Appendix B) at the end of this report.

Number of Farms

The number of farms has been decreasing steadily across the nation, Kentucky and Kenton County, as well. Despite a slight increase in the 2002 Census, which probably is due to changes in census definitions and collection, Kenton County lost 20 percent of its farms from 1982 to 2002. This is slightly higher than the state, which lost 15 percent of its farms during the same period. The two categories of farm size with the largest decreases were the smallest farms: those with 1 to 9 acres decreased 39 percent (from 54 to 33 farms) and those of 10 to 49 acres, which decreased 34 percent (from 238 to 157 farms.) At the same time, the average size of farms increased. Although it may partially be due to changes in the way the Census is collected and data is reported, the trend seems to have stabilized: between 1997 and 2002, the number of farms in Kenton County only dropped by 2 percent.

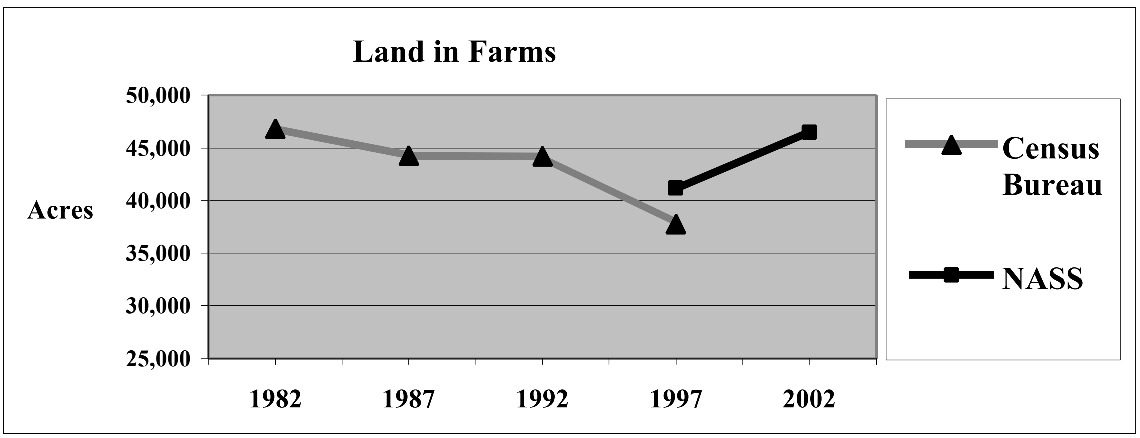
Average Size of Farms

As the number of Kenton County farms declined, the average size increased to 94 acres, still small compared to the statewide average of 160 acres. Between 1982 and 2002, the average size of farms increased 24 percent, from 76 to 94 acres. This upward trend occurred despite the increased number of smaller farms reported in the adjusted 1997 data and the additional small farm data collected in 2002.

Land in Farms

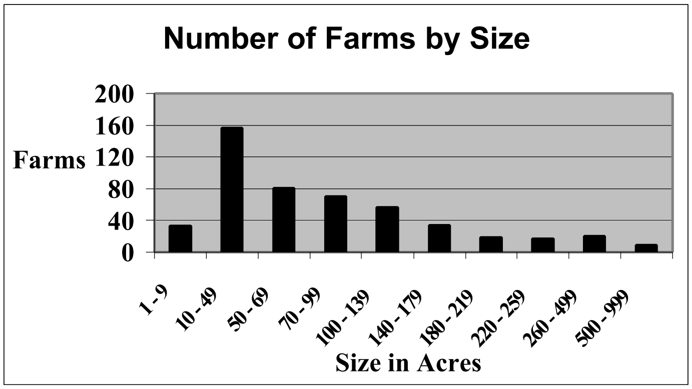
Overall, the trend in land in farms is stable, with 46,837 acres in 1982 and 46,479 in 2002, a loss of less than 1 percent. In comparison, land in farms statewide declined about 2 percent during the same period. However, it is difficult to interpret trends in this category because of the changes in the way the Census of Agriculture collects data and reports land in farms. It is also important to note that while the census reports land in farms, it does not report whether or not farmland is being converted from agriculture to development.

Recent changes in census definitions and in the way the census is collected significantly increased the number of small farms and specialty farms that had never been counted before. The trend in land in farms data *before* the 1997 figures were adjusted showed a steady decline of 6 percent from 1982 to 1992 and a steep drop of 14 percent of land in farms by 1997. Much of this occurred in the woodland and "other" categories. According to the unadjusted 1997 figures, between 1982 and 1997 all land in farms saw an overall 19 percent decline: with cropland decreasing 20 percent, woodland decreasing 11 percent and "other" land decreasing 26 percent.



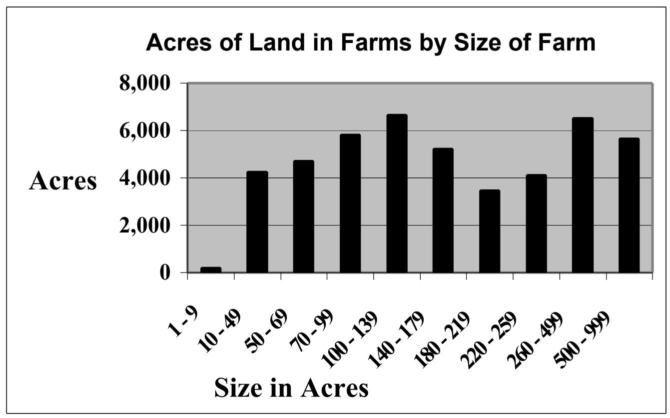
After coverage adjustments were made for 1997 and 2002, the acreage of land in farms *increased* 13 percent from 1997 to 2002. The adjusted census data show an increase in cropland of 6 percent, an increase in woodland of 17 percent and an increase in other land of 29 percent from 1997 to 2002. However, figures prior to 1997 have not been adjusted so it is hard to interpret the long-term trend. Even so, Kenton County appears to have sufficient farmland acreage to support its changing agricultural economy.

Farms by Size



The accompanying chart shows the number of farms in each size category used by the U.S. Census of Agriculture. The data shows that the largest number of farms (157) is in the10 and 49 acre category, while the smallest number of farms is in the category of 500 or more acres.

However, when considering the acreage represented by different sizes of farms, the picture is much different. The acreage of land in farms by farm size is distributed widely across all categories with the exception of very small farms (1 to 9 acres). For example, farms between 100 and 139 acres and between 260 and 499 acres both have a little over 6,000 total acres.



AFT combined several size categories and found that mid-size farms (between 100 and 499 acres) represent 54 percent or 25,933 acres of Kenton County's agricultural land. Small farms (under 100 acres) accounted for 32 percent of the land in farms with 14,899 acres. Farms larger than 500 acres only accounted for 14 percent with 5,647 acres.

Ownership vs. Rental of Land in Farms

The relative acreage of land owned by operators and land rented for farming has stayed roughly the same. In 1982, operators owned 75 percent of land in farms while in 2002 ownership acreage was 80 percent of the total.

Total Market Value of Agricultural Products Sold

The total sales market value of agricultural products sold in Kenton County decreased 6 percent from 1982 to 2002, from $5.6 million to $5.3 million. This decrease is even greater since the 1982 value, inflated over time, would be worth $10.6 million in 2002. The decrease in market value is primarily due to a decline in tobacco sales.

Leading Agricultural Products

To better understand the overall decline in market value, AFT reviewed the top four commodities and tracked their sales over a 20-year period. While tobacco remains a large percentage of Kenton County's agricultural industry, it decreased 57 percent in sales value from 1982 to 2002, with most of the decline in the five-year period from 1997 to 2002.

Picking up some of the slack, cattle and calves increased 32 percent, and hay and silage, the county's fourth largest product, grew 480 percent from 1982 to 2002. In 2002, cattle and calves represented 30 percent of market value and hay and silage 13 percent.

Nursery and greenhouse sales also show signs of strength. They comprised 15 percent of Kenton County's market value in 2002—growing 491 percent from 1982 to 2002. The market value of other commodities decreased 26 percent from 1982 to 2002.

Average Sales Per Farm and Per Acre

Between 1982 and 2002, average sales per farm increased 17 percent. However, this lagged behind the 86 percent increase in the value of a dollar due to inflation over this period. Adjusted for inflation, the average per-acre market value of $121 in 1982 would have been worth $226 in 2002, while the actual value was only $114.

Net Cash Return

From 1987 to 2002, Kenton County agriculture experienced a dramatic decrease in its net cash return down to a negative $316,000. Since net cash return is approximately the market value of products sold minus farm production expenses, the low return is due to the loss of tobacco support payments and high reported expenses. Farm production expenses were $3,713,000 in 2002. The highest expenses reported were supplies, repairs and maintenance ($650,000), property taxes ($546,000), feed ($527,000) and interest expense ($406,000).

Value of Land and Buildings

The estimated market value of land and buildings increased 106 percent between 1982 and 2002, from an average per farm of $150,981 to $310,436. So, while net cash return is decreasing, the asset value of the property is increasing. Based on a review of county property records during the COCS study, much of this increased value is in the farmhouse.

Age of Operators

Kenton County farmers are, on average, getting older. From 1987 to 2002, the number of farm operators 60 or older increased 26 percent while the number of farm operators under 45 years of age decreased 51 percent. The number of operators in the middle group (45 to 60 years old) declined by 5 percent.

Economic Output of Agricultural Industry

The agricultural industry in Kenton County includes farmland, agricultural service firms and food processing industries. Using IMPLAN software, AFT measured the direct output, employment compensation and proprietors' income from agricultural sectors and their secondary impacts on the larger economy.

Direct output is total industry production for a given year and is equal to shipments plus net additions to inventory. In 2001, Kenton County's agricultural industry had a direct output of $218 million. This represents about 3 percent of all economic output in the county. Farm production generated about $6 million in direct output.

Agriculture produced a total value-added impact of $100 million. Total value-added impacts include proprietors' income, employee compensation, other property income and indirect business taxes. With employment of 995 workers in 2001, compensation for workers was almost $37 million. In addition, proprietors received income of another $60 million, resulting in a total industry-produced income of roughly $97 million.

COST OF COMMUNITY SERVICES STUDY

Methods

COCS studies allocate revenues and expenditures from a recent fiscal period according to land use, and results are compared to provide a ratio that shows how much a community spent on public services for every $1 raised from a specific land use. COCS studies are based on real time and real dollars.

Before beginning the Kenton County study, AFT contacted public officials to set up interviews, define land use categories and review the county's property tax classification system. Three land use categories were defined:

***Residential Development* –** property used for dwellings, including farmhouses, mobile homes and rental units.

***Commercial and Industrial Development* –** property used for business purposes other than agricultural or forestry, including retail and wholesale production, utilities and vacant parcels classified as commercial or industrial.

***Farmland* –** all agricultural parcels as defined by the Kenton County Property Valuation Administration.

COCS studies examine the relationship between public, or community, services provided by local government and revenues (property taxes, fees for services, fines, etc.) generated by individuals and private entities representing local land uses. In Kenton County, these included revenues and expenditures for county government services represented in the general and special funds, the Kenton County Public Schools, Public Library, Kenton County Health Department, and Ambulance services.

Additional revenues provided from state or other government bodies also are included in the analysis. Direct community service expenditures such as public safety, public schools and highway maintenance primarily are comprised of personnel and operating expenses. They cover salaries, health insurance, electricity, fuel for county vehicles and similar costs.

Capital expenses, which are long-term investments in local amenities and infrastructure, are also community services. These include the construction and repair of county buildings, roads, public schools and parks development and so on. For capital expenditures, COCS studies capture the portion of costs incurred only in the year studied, not for the entire life of the investment.

AFT followed three basic steps in the process of conducting this study.

Step I: Collect data and conduct interviews

AFT scheduled appointments with county officials to obtain relevant information and to collect necessary documents. Some of the important documents and sources of information provided include:

- Kenton County Financial Statement Report, Appropriation Condition, for General and Special Funds July 1, 2002, to June 30, 2003;
- Sheriff's Property Tax Settlement – 2002, Summary of All Taxing Districts including Kenton County Board of Education, Public Library, Health Department, Ambulance, and Rural Fire Protection Districts;
- Kenton County Board of Education, Summary of 6/30/2003 Financial Statement;
- Commonwealth of Kentucky Revenue Cabinet, Department of Property Valuation, Certification of Equalized Value for Kenton County;
- Property Valuation Administrator's Summary of Real Property Tax Roll Changes, 2003 Taxable Assessment;
- Kenton County Dispatch, Incident Reports.

Step II. Allocate revenues and expenditures by land use

After analyzing the budget and finance statements, interviews were conducted to inform the allocation of all fiscal year 2003 revenues and expenditures into the three land use categories. In the interviews, officials were asked to provide additional records showing how revenue was generated and how expenditures were distributed according to the public service demands of residential, commercial, or farmland use.

In this study, revenues and expenditures for three categories of services were included: county government services represented in both the general fund and special funds; all public schools in Kenton County; and services provided countywide including the County

Library, Cooperative Extension, Health Department and Northern Kentucky Area Planning. All properties in the county pay for and receive these services including properties in the cities. However, revenues and expenditures for city services were not included in the analysis.

Revenues

Revenues for county government, schools and other community services come from many sources. In Kenton County, the largest single revenue source for county government is from the commercial land use sector and is the Occupational License Fee. General property taxes are the second largest source of revenue for county government and the largest revenue source for local school district revenues. Some other revenues in general and special funds include real estate and tangible property taxes, motor vehicle licensing and registration, insurance license fees, payments from the state and federal government, fees and charges for services, grants, interest earned, and rental of government property.

AFT obtained the breakdown of property tax revenues into land use classes from the PVA. The property categories used by the PVA were grouped into residential, commercial and agricultural land use categories. Most of the land in the farmland category falls under the CAUV program and therefore is assessed at the value of its current use, rather than at the value of its potential use for development. PVA records show a “Fair Cash Value” of land classified as agricultural as $261,488,250 in 2003. The taxable value of these properties, after exemptions, was $72,496,579, about 28 percent of the fair cash value. The value of farmhouses and the land they rest on, about $48.5 million, was separated from this value and added to the residential category.

In some cases, revenues are related to only one land use. For example, many revenue line items are strictly residential in nature. Fees from parks and recreation, domestic disputes and marriage licenses are examples of residential revenue. Rental income from county properties and franchise taxes are commercial land use revenues. Revenue from the Occupational License Fee was credited as 99 percent commercial and 1 percent farmland revenue. Farmland revenues come primarily from a portion of the total real estate and motor vehicle taxes as well as some portion of items such as deed transfers and recording fees. As a rule, revenue line items were attributed to more than one land use and were allocated based on research or department records. In some cases where information was not available, a "fallback" percentage was used as shown in Table 1.

The County Sheriff's Department collects real and personal property taxes for the public school districts, the library system, health department, Northern Kentucky Area Planning, and Cooperative Extension and distributes these revenues to the districts. Therefore, these revenues were allocated to all three land use categories based on the relative taxable value of residential, commercial/industrial and farmland properties as shown in Table 1.

Table 1. Assessed Values and Land Use Categories

Kenton County Property Assessment			**COCS Study Adjustments**		
Land Use	Assessed Value*		Residential	Commercial	Farmland
Residential	$5,303,234,879		$5,303,234,879		
Commercial	$1,585,771,206			$1,585,771,206	
Industrial	$229,765,398			$ 229,765,398	
Agricultural (1)	$72,496,579		$48,572,708		$23,923,871
Mobile Homes	$13,549,480		$13,549,480		
Total	$7,204,817,542		$5,365,357,067	$1,815,536,604	$23,923,871
Percentage of Total Assessed Value			74.47%	25.20%	0.33%

*Taxable properties only; does not include exempt properties such as government land or churches

(1) The value of the farmhouse and one acre is placed under the residential category, while the value of farmland and farm buildings is placed under the agricultural category.

The combined revenues of the five public independent school districts (Beechwood, Covington, Erlanger-Elsmere, Kenton County and Ludlow) came to more than $143 million. Revenue for education comes from local property, motor vehicle and utilities taxes, tuition and fees, earnings on investments, student activities, and state and federal revenue. In a COCS study, state and federal revenue is allocated as residential revenue since it pays for a residential service. In the Kenton County School District alone, state and federal sources provided just over $35 million out of a total budget of $75 million. For a detailed breakdown of school revenues, see Appendix D.

Expenditures

AFT interviewed county officials and department heads to determine how they spent their money and to allocate county expenditures to the three land use categories. Department heads gave an overview of their services and identified any relevant reports (dispatch records, permit summaries, organizational charts) and other secondary sources of information. In the interviews, officials were pressed for details on how human and financial resources were distributed across the three land use categories.

Expenditures in Kenton's quarterly reports are divided into a general fund and special funds. Several service expenditures were only related to residential land use such as parks, the county golf course, a senior citizens program, mental health care and education. County economic development expenditures were allocated to commercial because they were spent for promotion and development of the county industrial park site. Other county government expenditures were divided based on information provided by departments. For example, as one way to allocate Police Department (public safety) expenditures, AFT reviewed the county dispatcher's records of service calls.

Land use allocation of expenditures was also made for the library, health services, Northern Kentucky Area Planning, and Cooperative Extension funds. The library and health district services were primarily residential, with about 10 percent of services commercially related. Northern Kentucky Area Planning was allocated 75 percent residential, 24 percent commercial and less than 1 percent farmland. Cooperative Extension's services were allocated approximately 81 percent residential and 19 percent farmland since much of their work is related to activities such as family and consumer sciences and 4-H youth development, working for the most part with suburban children who are not living or working on agricultural properties.

Use of "Fallback" Percentages

Even after extensive record searches, in a few cases, it was not possible to attribute some line items to specific land use categories. For example, administrative salaries and public buildings serve the entire county in a general capacity. In this situation, a fallback breakdown was applied. It was calculated based on the percentage of taxes contributed from real and personal property for fiscal year 2003 taxes (see Table 1). The land use distribution of these revenues resulted in the following:

- 74.47 percent were from residential development,
- 25.20 percent from commercial and industrial development, and
- .033 percent from agricultural land.

These fallback percentages were used for both revenues and expenditures, but only in cases where line items lacked a clear relationship to land use**.**

Step III. Analyze data and calculate ratios

Once the necessary data were collected and interviews completed, the information was entered into a spreadsheet. The dollar amount for each line item of the budget was allocated among the three land use categories based on information from reports, interviews and research. Total revenues and total expenditures were summed for each of the three land use categories. By comparing total revenues to total expenditures in each category, the total net surplus or deficit was calculated.

Revenues and expenditures for services provided in Kenton County are included in this report as Appendix C. In Kenton County, these included revenues and expenditures for county government services represented in the general and special funds, the Kenton County Public Schools, Public Library, Kenton County Health Department, and ambulance services. Town and city services are not included in the analysis.

This information is also presented as ratios to show the actual expenditure for every dollar raised (see Table 2). The findings were checked for accuracy. Finally, draft findings were sent to the study sponsors for their review and comments. These comments were discussed with the sponsors and incorporated into the final report.

Findings

In fiscal year 2003, Kenton County residential land use generated $150.7 million in revenues to cover residential land use expenditures of $179.9 million. Comparing revenues to expenditures shows that residential land use had a deficit of $29.1 million, which was covered by a surplus of $30.5 million from commercial and industrial land use and $182,184 from farmland.

The first two rows of the following table show the total dollar amounts allocated to each land use for revenues and expenditures. The third row shows the net impact on the budget for each land use. The next row of the table presents this same information in ratio form. This is a clear way to see how much each land use costs for each dollar of revenue that it generates for services in the county.

Table 2. COCS Study Findings

Combined County, School and Other Services	**FY 2003 Actual**	**Residential**	**Commercial/ Industrial**	**Farmland**
a) Total Revenues	$ 188,832,073	$ 150,780,968	$ 37,676,682	$ 374,422
b) Total Expenditures	$ 187,237,874	$ 179,942,463	$ 7,103,173	$ 192,238
Net contribution (a-b)	$ 1,594,199	$ (29,161,495)	$ 30,573,509	$ 182,184
Land use ratio*		$1:$1.19	$1: $0.19	$1: 0.51
Percent of Revenue by Land Use		79.85%	19.95%	0.20%
Percent of Expenditure by Land Use		96.10%	3.79%	0.10%

* Cost of service for each $1 of revenue generated by the land use.

The final land use ratios show the costs required per $1 of revenue generated in fiscal year 2003. For each $1 of revenue received from residential properties in Kenton County in fiscal year 2003, the county spent $1.19 providing services to those lands. For each $1 from commercial land uses, 19 cents was spent providing services to those lands, and for each $1 received from farmland, 51 cents was spent providing services.

POTENTIAL FUNDING FOR A PDR PROGRAM

Methods

State and local PDR programs are funded in a variety of ways. Typically, county PDR programs rely on local government funds generated by bonds or appropriations, as well as a combination of state and federal funding. AFT researched the gamut of potential funding sources to find out which are available and legal in Kenton County, and interviewed key county officials to find out which funding mechanisms they would most likely support to fund a county PDR program.

Findings

While there are about a dozen legal and potentially available sources of funding for a Kenton County PDR program, AFT found that this is not a funding priority for the county officials we interviewed.

According to the Kenton County Treasurer, the county already imposes all of the taxes permitted by law. These include:

- Real property
- Automobile registration – 15.8 cents on $100 value; annual renewal
- Deed transfer – 1 percent of property value
- Tangible property (same as personal property)
- Bank shares
- Franchise tax on public utilities
- Payroll tax
- Transient lodging tax

According to the Deputy Judge, Kenton County is not permitted to institute any other taxes, and AFT's interviews with local officials found resistance to impose any new fees of any kind unless they have a direct impact on public safety. While willing to take a set of recommendations on funding PDR to the Judge Executive, the Deputy Judge indicated that general obligation bonds are not likely, nor is an appropriation for a farmland preservation program.

However, not all of the dozen or so possible ways to fund a PDR program in Kenton County require county funds. If private groups such as KCFWG or the Kenton Conservancy wanted to pursue funding, there are some options.

The federal Farm and Ranch Lands Protection Program (FRPP), the state PACE program and Kentucky Heritage Land Conservation Fund were found to be the most likely sources of funding to launch a Kenton County PDR program. Although there appears to be little support from public officials to create new sources of revenue or divert existing revenue for PDR, given the potential for matching state and federal funds, KCFWG could pilot a demonstration program leveraging funds from private donors or some of the following sources. This could show the farm community, local citizens and elected officials how PDR could work and why it would benefit the county, and lay the groundwork for dedicated funding in the future. Furthermore, if it could be shown that PDR was an investment in the infrastructure of agriculture, a pilot program could help dispel the opinion held by several people AFT interviewed that there is no future for agriculture in the county.

AFT identified potential sources of funding for a Kenton County PDR program. They are listed in alphabetical order. The supporting Table 3 summarizes funding sources according to their likeliness of acceptance by Kenton County officials.

Appropriations

Most local PDR programs use appropriations from the county government to partially fund their transactions. AFT is aware of 23 programs that used appropriations in 2003. This is a potential source of funding for a Kenton County program, and if approved, the appropriation amount probably would vary from year to year, depending upon the county's fiscal standing. The Judge Executive and fiscal court are responsible for setting the annual general fund budget and can make appropriations at their own discretion. While county officials indicated that they were unlikely to redirect appropriations to fund a PDR program, if citizen support grows, this could change.

Table 3. Potential Funding Sources for PDR in Kenton County			
Funding Sources	**Description**	**Possible**	**Comments**
Likely funding sources			
Federal Grant - Farm & Ranch Lands Protection Program (FRPP)	federal farmland protection program	Yes	Would be eligible if matching funds could be raised.
State Grant - Kentucky Heritage Land Conservation Fund	provides funding for protection of environmentally significant areas	Yes	If farms meet one of the four ecological program requirements.
State Grant - State Purchase of Agricultural Conservation Easements Program (PACE)	provides funding for purchasing conservation easements on farms	Yes	May be eligible if matching funds could be raised.
Possible funding sources			
Appropriations	funds from county general fund	Maybe	Possible but not likely in current economic situation.
Bonds, General Obligation	loan taken out by county against value of taxable property	Maybe	Possible but not likely in current economic situation.
Hazard Mitigation Grant Program	federal program provides funding for protection of farmland in floodplains	Maybe	County may be eligible if there are farms located on floodplains.
Lodging Tax	tax on transient lodging	Maybe	4% tax goes to Convention & Visitors Bureau; some could be used for PDR if a program were seen as supporting tourism.
Property Tax	tax on real property increased	Maybe	More likely if the economy improves.
Deed Transfer Tax	tax on deed recordation increased	Maybe	1% deed transfer tax already levied, goes to general fund and raised $559K in 2003.
ISTEA and TEA 21: Transportation Funding	federal program provides funding for protection of lands on scenic highways	Maybe	Funding is competitive and depends on the nature of the project.
Vehicle Registration Tax	surcharge on vehicle registration	Maybe	Collected annually, 15.8 cents per $100 car value.

Table 3 (continued). Potential Funding Sources for PDR in Kenton County					
Funding Sources		**Description**		**Possible**	**Comments**
Ag. Transfer Tax		back tax on agricultural land converted to a developed use		No	No tax of this kind in Kentucky; county cannot impose this tax.
Bonds, Revenue		loan paid from proceeds of taxes levied for a public project or with fees charged to project end user		No	Not likely for this use.
Cell Phone Tax		tax on cell phone use		No	State collects and uses for public safety and communications.
Check-Off Box		funds collected through check-off on income taxes		No	County cannot collect any income tax so this would not be possible.
Gas Tax		surcharge on gasoline tax		No	County cannot impose this tax.
Impact Fees		one-time fee to offset infrastructure costs of new development		No	There are no fees at this time and are not likely.
Lottery or Gaming Revenues		portion of lottery sales		No	County cannot collect any lottery proceeds.
Mitigation Fees		developer pays for land to be conserved in exchange for developing land		No	No fee or tax of this kind in the county.
Real Estate Transfer Tax		tax on the sale of property		No	County cannot impose this tax.
Sales Tax		tax on sale of goods & services increased		No	County cannot impose this tax.
Special District		defined district or area pays tax for additional services		No	County cannot impose a tax on a special district, but a new special district could be proposed.
Tax Increment Financing (TIF)		An incremental tax from the increased value of a designated economic development area		Maybe	Further research into Kentucky law is required.
Tobacco Tax		tax on cigarettes		No	County cannot collect this tax.
Grants, County				Unknown	None at this time.

Bonds

Counties in Kentucky have the authority to issue bonds for any purpose considered necessary by the local government. While a bond measure would likely result in a large amount of funding, the debt would need to be repaid. One strategy for repaying this debt would be with one of the tax revenue sources listed below. Bonds would allow more farmland to be protected sooner. AFT is aware of 28 cases where bonds were used to fund local PDR programs. Bonds could be a valuable source of funding a Kenton County program but are unlikely to be supported until the farm economy improves.

Farm and Ranch Lands Protection Program (FRPP)

Included in the 2002 Farm Bill, the federal Farm and Ranch Lands Protection Program (FRPP) provides matching grants to established state, local, private and tribal farmland protection programs. FRPP pays up to half of the final sale price of conservation easements, which has to be matched by the qualifying program. This would be a good source of funding if Kenton County can find a way to raise the match and become eligible to apply for FRPP funds. Other Kentucky counties have received FRPP funding. For example, the Lexington-Fayette Urban County Government program uses FRPP funds to match local program monies generated through appropriations, bonds and tobacco settlement funds.

Hazard Mitigation Grant Program

The federal Hazard Mitigation grant program was created in November 1988 by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. It helps states and localities implement mitigation measures following a presidential disaster declaration. Funds have been used to purchase development rights on farmland located in 100-year floodplains. State, local and tribal governments and private nonprofit organizations that serve a public function are eligible for funding. Projects must fall within the state and local governments' overall mitigation strategy for the disaster area and comply with program guidelines to qualify. The program will cover up to 75 percent of project costs. In-kind services can be used to meet the state or local cost-share match. Each state sets its own priorities for funding and administering this program. Since Kenton is located on the Ohio, it may have floodplain farms. If so, these could be eligible for Hazard Mitigation grants.

Installment Purchase Agreements

An installment purchase agreement (IPA) is an innovative payment plan offered by a handful of jurisdictions with PDR programs. IPAs spread out bond payments for development rights so that landowners receive semi-annual, tax-exempt interest over a term of years (typically 20 to 30). The principal is due at the end of the contract term. Landowners also can sell or securitize IPA contracts at any point to realize the outstanding principal.

The day before settlement, the jurisdiction sets the rate for the interest paid to the IPA holder. The rate is typically pegged to the current return on U.S. Treasury bonds. However, counties and local governments can set a minimum interest rate to offer program participants additional security.

It appears that IPAs can be used in Kentucky, so Kenton should have the authority to issue multi-year general obligation bonds to enter into IPAs, assuming the state does not impose limitations on the maturity structure of their obligations. Because IPAs constitute long-term debt, agreements typically require the same approval process as bonds. Jurisdictions can purchase zero-coupon bonds to cover the final balloon payments. “Zeroes” do not generate regular interest income. Instead, they yield a lump sum when the bond matures.

While IPAs have several advantages—particularly stretching public funds so entities can purchase more easements when land is available and more affordable—the disadvantage is that they require a dedicated funding source to cover the interest and principal payments. Howard County, Maryland, uses proceeds from a local real estate transfer tax and the county’s share of a statewide agricultural transfer tax to support its program. Virginia Beach, Virginia, relies on revenue from a property tax increase and a tax on cellular phone use. Since it is unlikely that Kenton County officials will support any new taxes or bonds for PDR at this time, there will be little support for the requisite dedicated funding source for IPAs.

Kentucky Heritage Land Conservation Fund

The Kentucky Heritage Land Conservation Fund is targeted to ecologically significant properties, but farms are eligible if they meet one of the program’s four environmental criteria. The fund was created to protect land that provides habitat for rare and endangered species, provides important areas for migratory birds, performs natural functions that are subject to alteration or loss, and preserves areas in their natural state for public use, outdoor recreation and education. Funding comes from the Kentucky Nature License Plate, environmental fines and un-mined mineral tax. The Kentucky Heritage Land Conservation Fund issues grants for both fee simple and easement purchase to local governments, state colleges and universities and state agencies. A local match is not required. If the right property were found, this program could fund the match to state or federal program funds and serve as a demonstration of how PDR would work in Kenton County.

Kentucky Purchase of Agricultural Conservation Easements Program (PACE)

In 1994, the Kentucky General Assembly established the PACE Corporation to ensure that land will continue to be available for agricultural uses. As of November 2004, the program had purchased 78 agricultural conservation easements on 17,531 acres for $15 million, with an average per-acre easement cost of $885. An additional 19 easements on 3,069 acres have been donated to the program. Funding sources include tobacco settlement funds, appropriations, bonds and FRPP. According to Brent Frazier, at the Kentucky Department of Agriculture, the state PACE program's relationship with any new, county-level program is up for negotiation. Currently, except for Lexington, there are no county level programs in the state. The Lexington-Fayette program is special because it began soon after the state program and was able to get some of the tobacco settlement funding, which, now that it is mostly exhausted, would no longer be available to other counties.

Property Tax

In 2002, AFT found that 17 local PDR programs used property tax as a dedicated revenue stream. Although not always popular, property taxes provide a steady source of revenue that varies very little year to year. Municipalities using property tax revenues to fund PDR can set funding levels and therefore determine how much they can do in any given year. In 2003, Kenton County's total taxable valuation was $7,204,817,542. An additional tax millage of $1 per thousand (.0001 mills) would have resulted in additional property tax revenues of $720,482 to support a program.

Deed Transfer Tax

A deed transfer tax, also known as a real estate transfer or recordation tax, is levied every time a real estate transaction takes place and is based on the value of the property in the transaction. The amount of revenue generated varies directly with the real estate market. The transfer tax is typically paid by the conveyer or seller of the property.

In fiscal year 2003, Kenton County charged a Deed Transfer Tax of 1 percent that generated revenues of $559,506 to support the General Fund. If there were the political will, it would be possible to expand this tax to support a PDR program.

Deed transfer taxes have been used to fund PDR successfully in other jurisdictions. For example, Maryland's state program and county programs in Harford, Howard and Washington use the real estate transfer tax as a dedicated revenue source.

Transient Lodging Tax

A Transient Lodging Tax is charged on hotel and motel room stays. In Kenton County, the tax is 4 percent and goes to the convention and visitors bureau. Kenton County could go through the same process as Lexington-Fayette to get legislative approval to implement this tax to support a PDR program. Lodging taxes typically are supported more by visitors who use county lodging facilities than by citizens of the county. Places with robust tourism can generate significant revenues with transient lodging tax, but it is unpredictable. Virginia's Loudoun and Albemarle counties used this tax to raise dedicated funds to support PDR, as well as using appropriations and, in Loudon's case, to match federal funds. Together, using all these funds, as of the end of 2003, they had raised $5.9 million (see Appendix E, local PACE tables). In 2002, Loudon's finance committee voted 2–1 to begin paying for PDR with $980,000 in Transient Lodging Tax money over the next year thereby ending other sources of local tax funding.

Transportation Funding (ISTEA and TEA-21)

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 provided federal funding for a broad range of highway and transit programs, including "transportation enhancement." Enhancements are intended to improve the cultural, aesthetic and environmental quality of transportation routes. Easement acquisitions that protect scenic views and historic sites along transportation routes are eligible for this program.

Adopted in May of 1998, the Transportation Equity Act for the 21st Century (TEA-21) re-authorized transportation spending through fiscal year 2003. Funding for enhancements was increased by nearly 40 percent to $3.6 billion. Private conservation organizations and public entities are eligible to apply. The program covers up to 80 percent of project costs. Congress is expected to address reauthorization of TEA-21 in 2005.

Maryland's Baltimore and Frederick counties and Peninsula Township in Michigan have used transportation funds to fund PDR projects.

Tax Increment Financing

Tax Increment Financing, or TIF, is a tool state lawmakers created to help local governments restore their most run-down areas or jumpstart economically sluggish parts of town. With this tool, financially strapped local governments can make the improvements they need, like new roads or new sewers, and provide incentives to attract businesses or help existing businesses expand, without tapping into general funds or raising taxes.

A tax increment is the difference between the amount of tax revenue generated before TIF district designation and the amount of tax revenue generated after TIF designation. Establishment of a TIF district does not reduce tax revenues available to the overlapping taxing bodies. Taxes collected in the TIF district at the time of its designation continue to be distributed to the school districts, county, and all other taxing districts in the same manner as if the TIF designation did not exist. Only taxes generated by the incremental increase in the value of these properties after that time are available for use by the TIF.

In Elkart County, Indiana a new TIF district was created to address rising property tax rates. Indiana law allows tax increment financing for industrial development and redevelopment projects. The Elkhart County plan earmarks the revenues generated by future tax increases on real property and depreciable personal property—such as livestock, tractors and other agricultural equipment—to pay for the capital outlays of economic development and, in this case, farmland protection. Revenues from the voluntary TIF overlay district are channeled into a special account until there is enough money to begin acquiring easements and undertaking other agricultural economic development projects, such as improvements to roads and drainage systems.

It is unclear whether or not tax increment financing for farmland protection would be allowed in Kentucky without further legal research, but the legislative language appears to make it possible. Section 65.682, legislative finding, of the Kentucky Revised Statutes

(KRS) 65.680 to 65.699, Incremental Financing for Economic Development, states that "*economic development be liberally construed and applied in order to advance public purposes*." The development area for a TIF district is a contiguous geographic area, which may be within one or more cities or counties, defined and created for economic development purposes by an ordinance of a city or county in which one or more projects are proposed to be located. A project is defined as the development of facilities for residential, commercial, industrial, public, recreational, or other uses, or for open space, or a combination, and is determined by the governing body establishing the development areas to be contributing to economic development.

DISCUSSION

The Agricultural Industry Profile (AIP) and COCS studies illustrate various fiscal and economic characteristics of Kenton County agriculture. Overall, the AIP found Kenton's land base to be surprisingly stable and some resiliency in the agricultural economy despite the dramatic decline of the tobacco industry. Given the recent passage of a federal tobacco buy-out, some farmers will have an influx of cash that they can put into other things. Since the county does not have comparative advantage in tobacco, a further decline in this industry is likely and will trigger instability in the land base. As a result, this would be a good time to pilot a PDR program to offset this instability and for farmers to reinvest in other agricultural enterprises and/or to take advantage of state programs to stimulate diversification, alternative productions systems and new enterprise development.

An implicit threat is lack of public awareness and knowledge about the importance of agriculture. It is hoped that findings from these studies will get people thinking about issues resulting from the impact of changing land use patterns, escalating land values and development encroaching on farms and farmland.

The pattern of findings in the Kenton COCS study is consistent with other COCS studies. Residential land use pays less than what it costs in services, while commercial and farmland pay more than they require in service costs. For residential development, the ratio of $1 of revenue to $1.19 expenditure is slightly higher than the national median of $1.15. The commercial ratio of $1 to 19 cents is considerably lower than the national median of 28 cents mostly because of the county's reliance on the Occupational License Fee, which brought in $9.6 million of revenues, particularly from the large number of commercial and industrial parcels in the northern part of the county. The farmland ratio of $1 to 51 cents is higher than the national median of 36 cents and the relative percentage of farmland-generated revenues is small because farmland has a low assessed value compared to residential and commercial/industrial lands.

Kenton County farmland pays more in local tax revenues than it receives in county services. Considering that the CAUV program has helped stabilize the land base, these findings support continuing to provide tax relief to help keep land open and in active agricultural use. Even with a reduced assessed value, agricultural properties contribute a surplus of revenue to pay for public services for residents of Kenton County.

By offering a fiscal snapshot, this study provides hindsight on the effect of development patterns to date and a baseline of information to help county officials and citizens make informed land use decisions. However, because these findings are descriptive, they should not be used to predict the impact of specific new developments. ***What they show is that even though farmland's absolute contribution is small, given its positive net fiscal impact and the market and non-market attributes it provides, Kenton's farmland should be duly considered in the county's planning process — and options like PDR are worthy of consideration.*** Furthermore, they show that taxes and other revenues from residential land use do not cover all the public services residents receive from the county. A balance of land uses, including farmland, is needed to support these services.

Although the time is ripe to pursue a PDR program and KCFWG's survey found public support for farmland preservation, at this point Kenton County officials do not support financing a program. It is hoped that results from studies like these will help convince them that PDR is worth considering as an investment in the future of natural resource management and the county's quality of life. However, it will take time to build that support.

In the meantime, KCFWG could begin to build public awareness of the importance of agriculture and what county agriculture could be in the absence of a strong tobacco economy. Private organizations could take the lead on developing a local PDR program while pursuing complementary alternatives. These alternatives are laid out in the following recommendations.

RECOMMENDATIONS

1. Prioritize what farmland should be saved.

   a. Map strategic natural resources: soils, water, any unique microclimates, environmentally sensitive features, etc., to prioritize areas for protection.
   b. Review the census data on farm size provided in this report and tease out trends in a more exhaustive acreage analysis. This data could then be used to determine the

strategic farm size to target or prioritize farms that might participate in a future PDR program.

c. Look for ways to partner with the neighboring counties of Boone and Campbell. It may be that the best strategy for farmland protection is to identify a viable three-county area of farmland and establish a greenbelt of preserved farmland in northern Kentucky (possibly in conjunction with more agricultural counties to the south).
d. The results of these efforts should be written up and shared with the County Cooperative Extension offices to be included in their plans for state funding.

2. Continue to educate the public about the values of farmland.

a. Review and analyze the 2004 KCFWG farmland survey to identify the total number of farmers responding, those farmers who seem committed to continuing their operations for more than 20 years and the acreage of farmland associated with committed farmers, and use this as a springboard for public education.
b. Promote the multiple values farmland offers the community: fiscal, economic, environmental and quality of life.
c. Build support for farmland preservation and overcome the perception that it is not worth public investment by engaging the public and reaching out to elected officials on a regular basis.
d. Develop agri-tourism, farmers' markets, and other direct marketing outlets; start a "buy local" campaign; or try other ways to connect county residents with farms, farmers and farmland. (Note: The Northern Kentucky Farmers Market, to be located in Covington is scheduled to open on April 26, 2005, initially as a tailgate market. There are plans to purchase and remodel an adjacent building for an indoor market that will include, among other things, a certified kitchen.)

3. Pilot a PDR program

a. Work with the Kenton Conservancy or another land trust to pilot demonstration projects using private funds to match available state and federal funding.
b. Identify demonstration projects with land trusts in neighboring counties of Campbell and Boone.
c. Using the results of strategic analysis of farmland in the county or counties, KCFWG survey and other prioritizing tools, focus fund-raising efforts on one or two farms as a way to highlight farmland preservation.

4. Improve the economic viability of agriculture.

a. Explore alternative enterprises such as goats, horses, floriculture, aquaculture and herb production.

b. Provide marketing assistance and direct marketing opportunities for horticulture and alternative operations to take advantage of proximity to the Cincinnati metropolitan area.

c. Work with Cooperative Extension, the Kentucky Agricultural Development Board, the Kentucky Cattlemen's Association and others to make a successful transition from tobacco to other commodities such as beef cattle and hay production.

d. Take advantage of the county's underutilized forage base.

e. Help farmers implement best management practices such as pasture renovation, improved soil fertility and rotational grazing management.

Keeping farmers on the land will be as important to the future of Kenton County agriculture as keeping the land available for them to farm. In addition to pursuing PDR, KCFWG could investigate programs that improve and expand agricultural opportunities while also providing temporary farmland protection. For example, the Massachusetts Farm Viability program was created in 1994 to improve the economic productivity and environmental integrity of participating farms. The program has two phases. In Phase I, participating farmers work with a team to develop a plan to increase on-farm income and preserve the farm's environmental resources. In Phase II, the state provides funding to qualifying farmers to implement the plan. Farmers may apply for grants of $20,000 or $40,000 in exchange for five or 10-year term easements. Although these programs have not been tried at the county level, given the abrupt changes in the tobacco economy, it might be worth exploring in Kenton—or even at the tri-county level, possibly in conjunction with the state's Agricultural Development fund.

APPENDICES

A. Agricultural Industry PowerPoint Slides

B. Agricultural Industry Profile Data

C. Kenton County Services - Revenues and Expenditures

D. Kenton County School District - Revenues and Expenditures

E. Fact Sheet – Status of Local PACE Programs

A. Agricultural Industry Profile: PowerPoint Slides

Agricultural Industry Profile

for

Kenton County, Kentucky

Trends Based on the U.S. Census of Agriculture

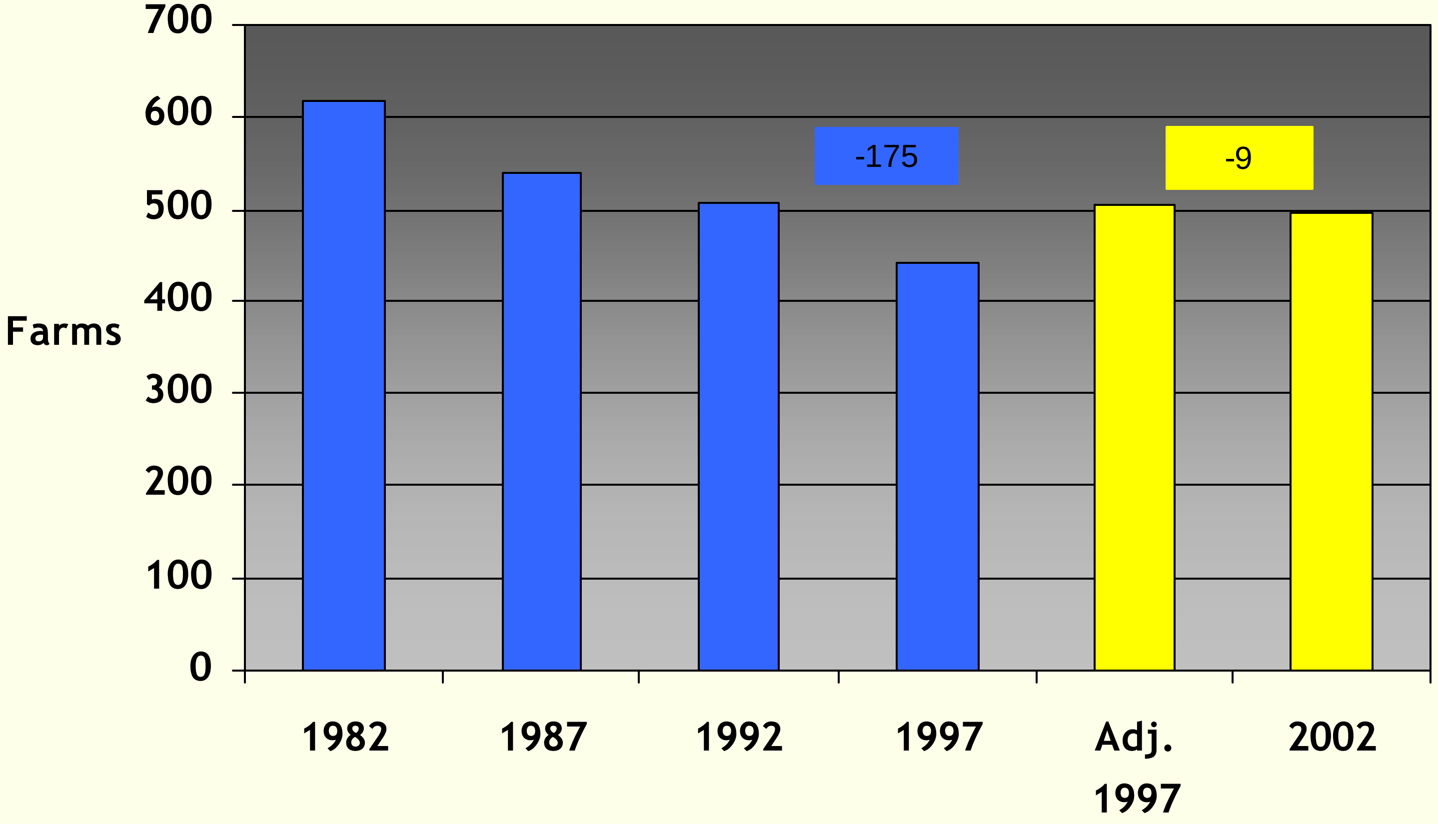
Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

NASS Adjustments to the U.S. Census of Agriculture

Table: NASS Census Adjustments in the State of Kentucky				
State Adjustments in 2002			Kenton County Comparison	
	Nonresponse adjustment (percent)	Coverage adjustment (percent)	1997 Adjusted	1997 Original
Number of Farms	9.9	21.65	504	442
Land in Farms	10.18	9.27	41,150	37,788
Sales (1,000s)	6.78	7.12	5,360	5,094

The Number of Farms Has Stabilized

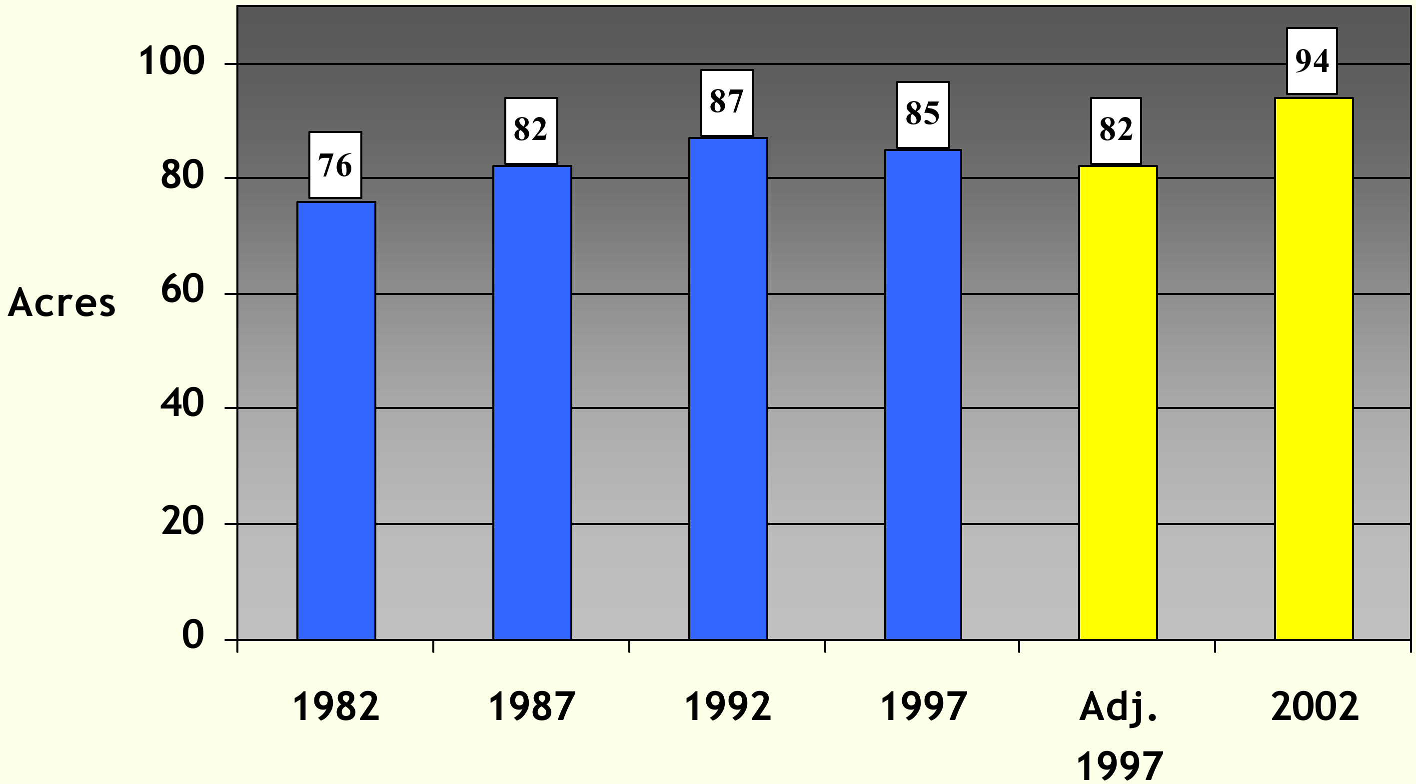


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Average Size of Farms Is Increasing

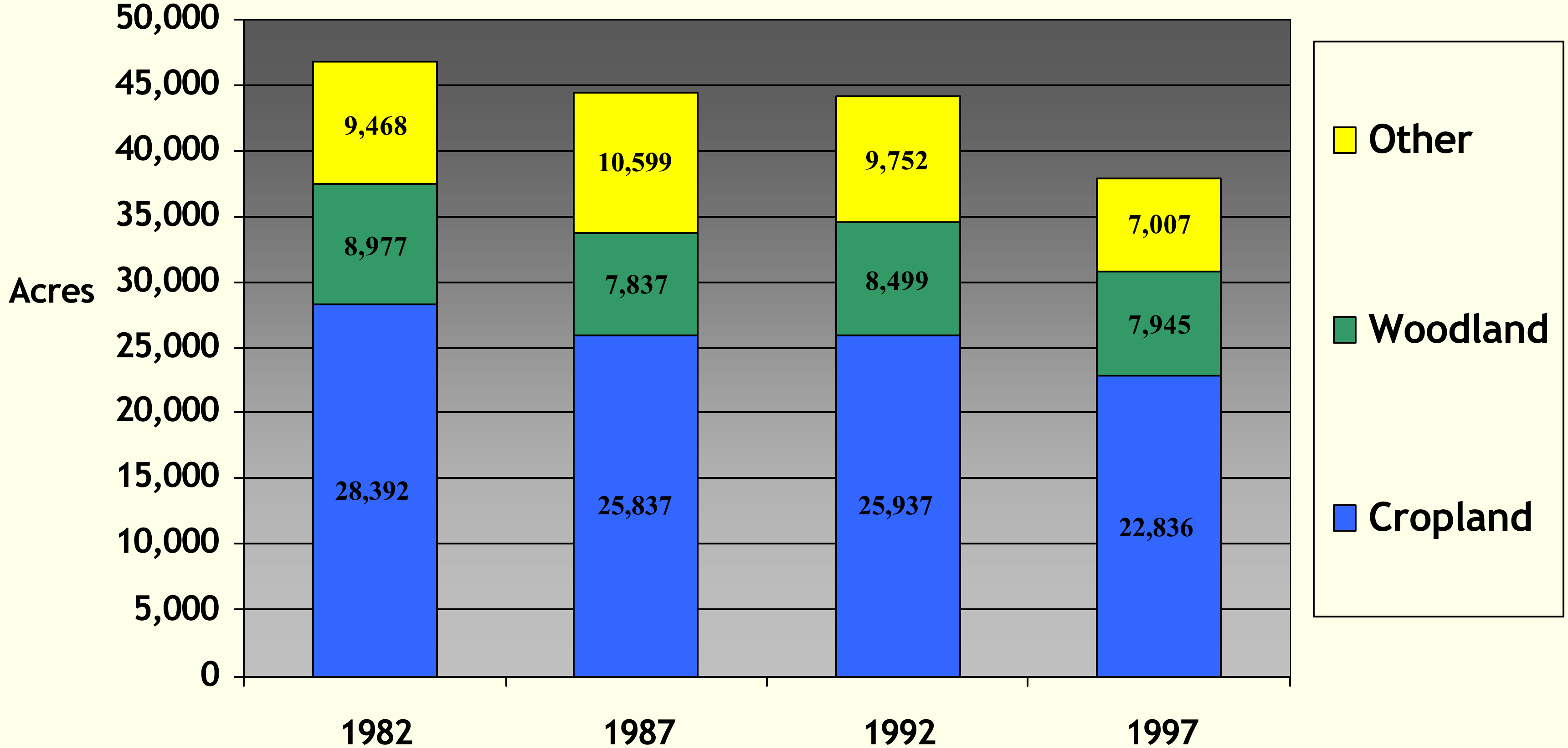


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Land in Farms Decreased 19% Between 1982 and 1997

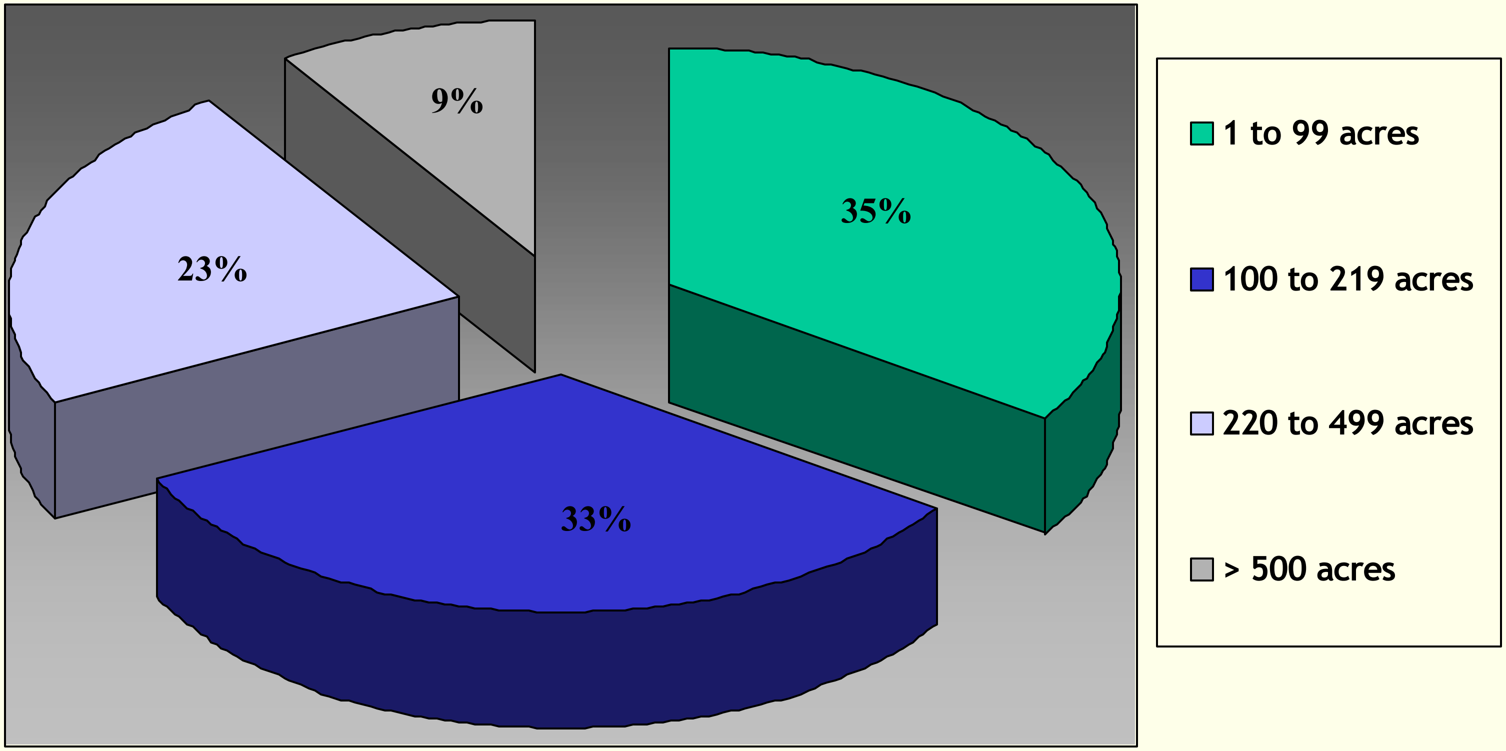


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Smaller Farms < 219 Acres Had 68% of Acreage in 1997

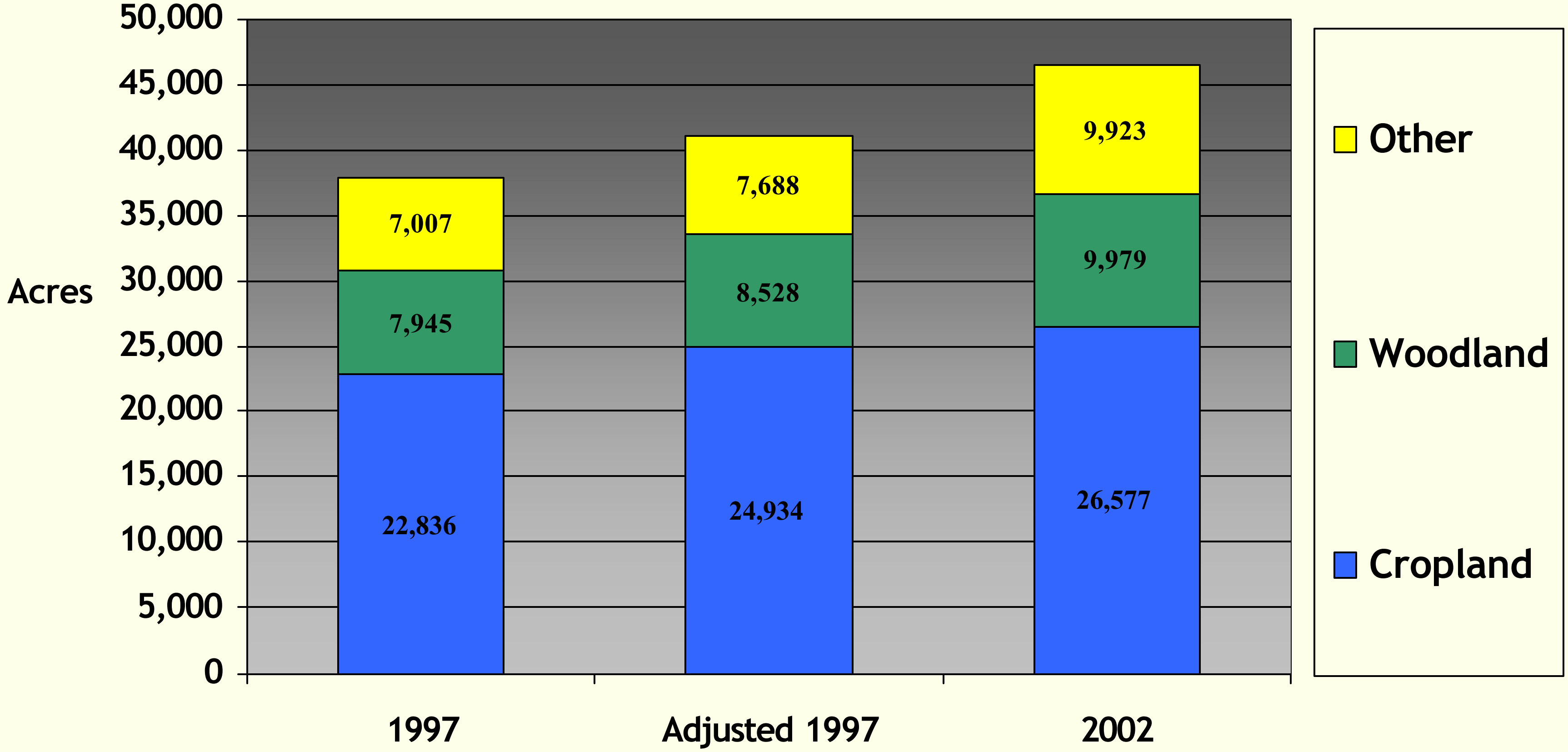


Source: United States Census of Agriculture, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Land in Farms Increased 13% Between Adjusted 1997 and 2002

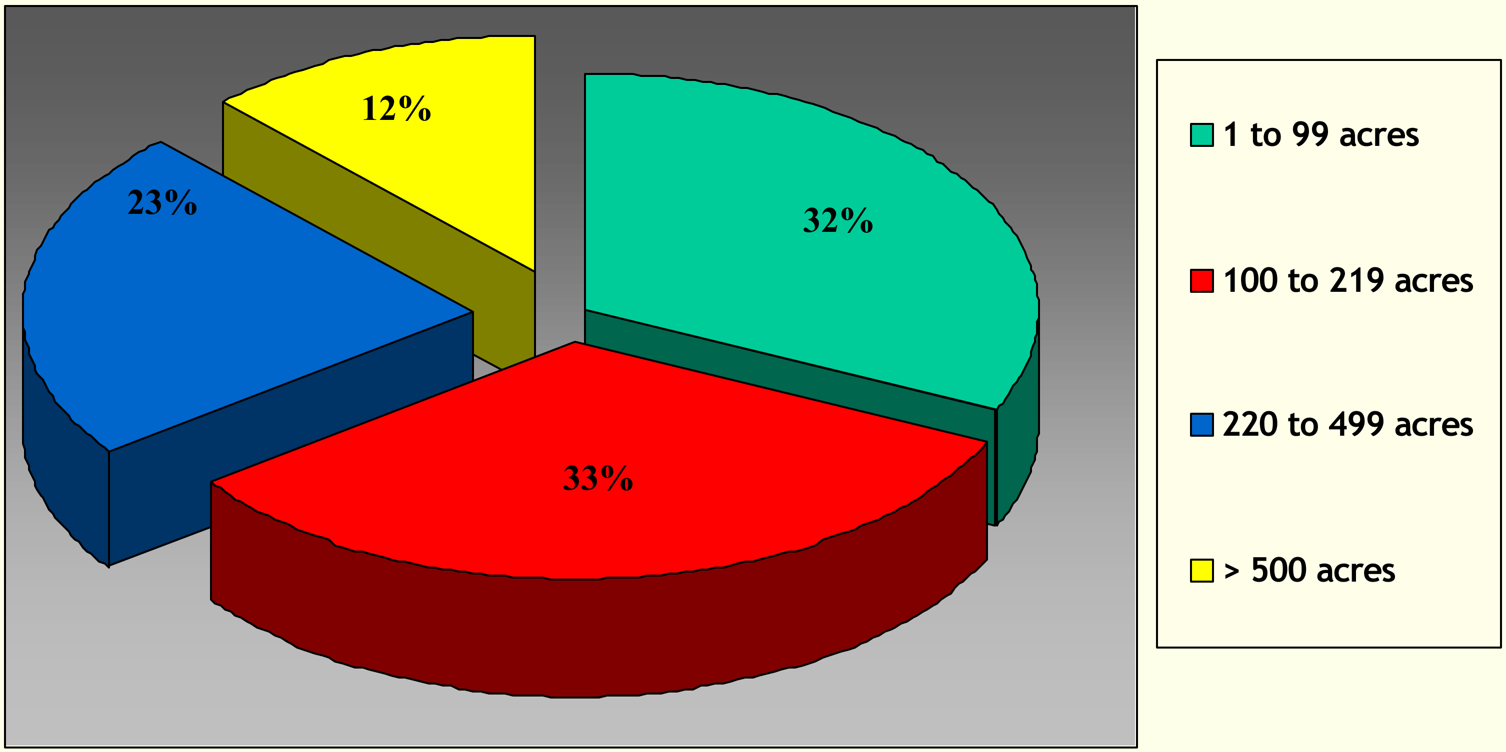


Source: United States Census of Agriculture, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

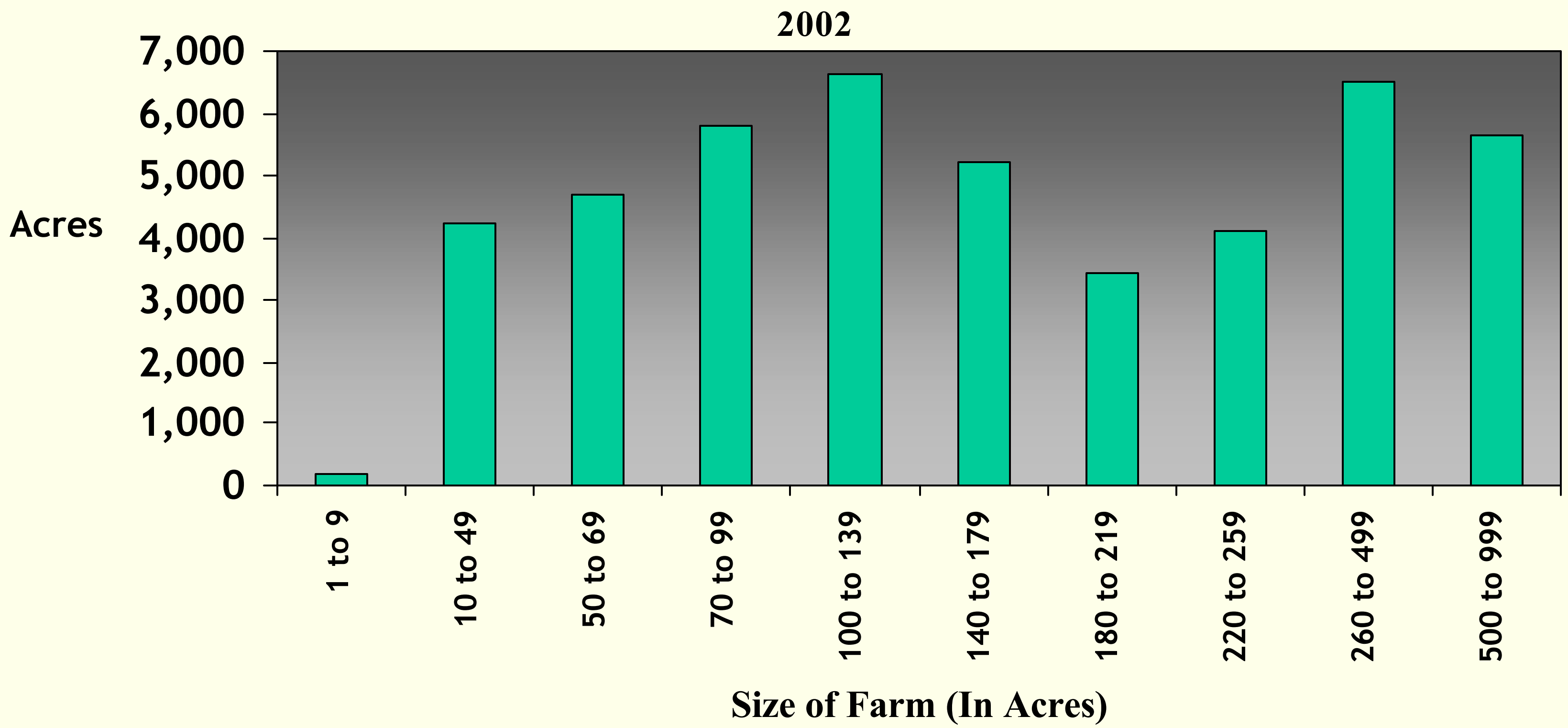
Smaller Farms < 219 Acres Had 65% of Acreage in 2002



Source: United States Census of Agriculture, 2002.

Kenton County, Kentucky

Land in Farms by Farm Size

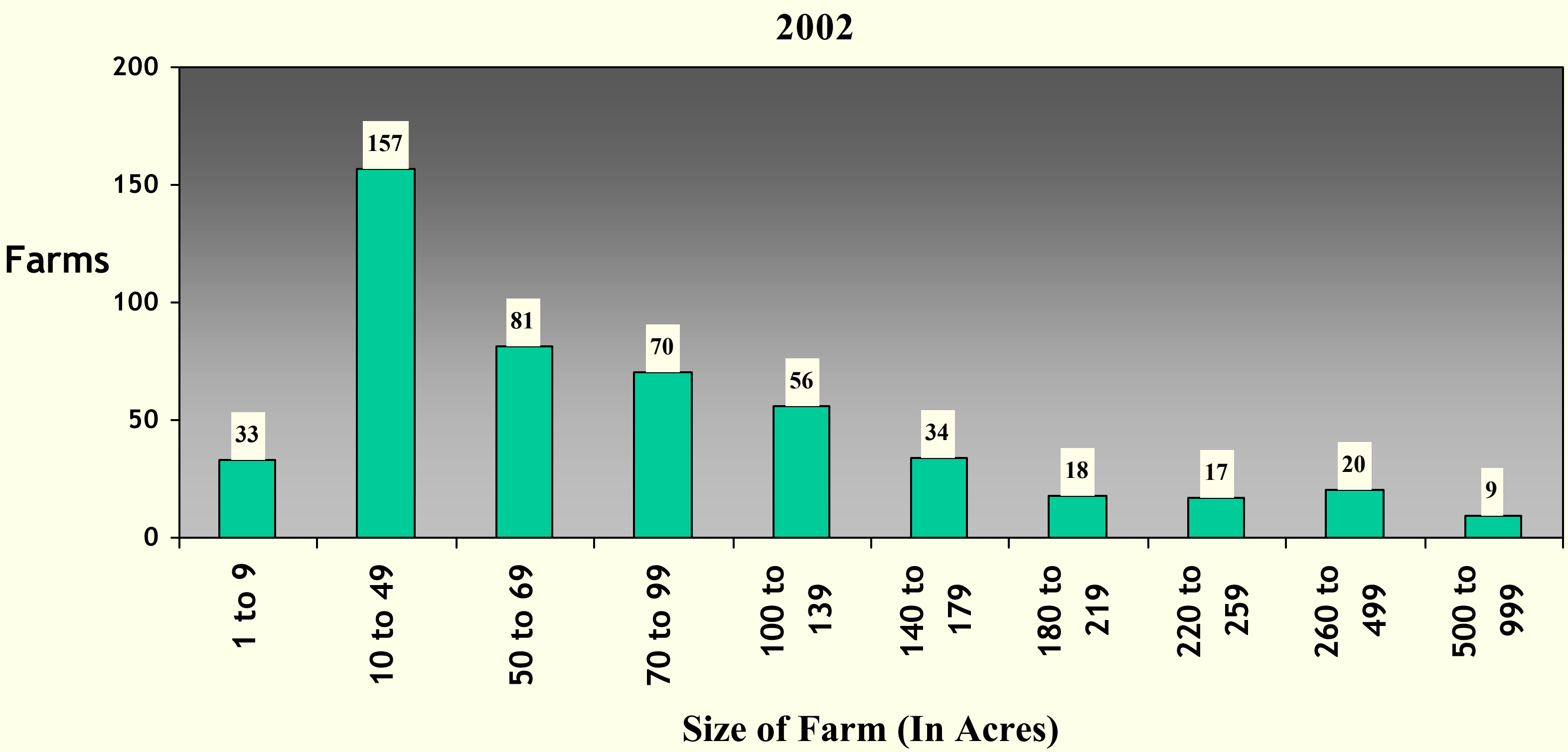


Source: United States Census of Agriculture, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Number of Farms by Farm Size

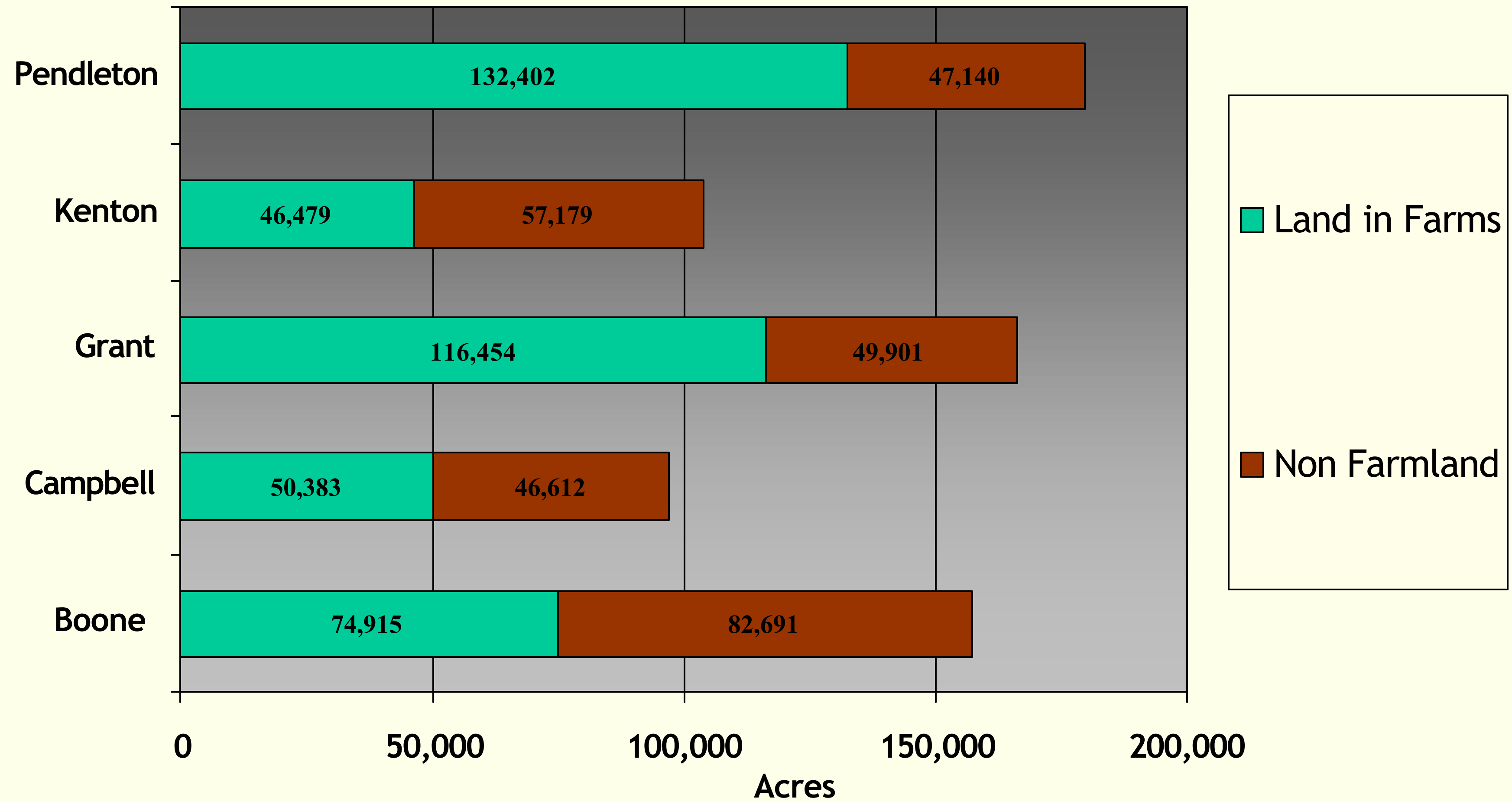


Source: United States Census of Agriculture, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Kenton County Has Less Land in Farms Than Neighboring Counties

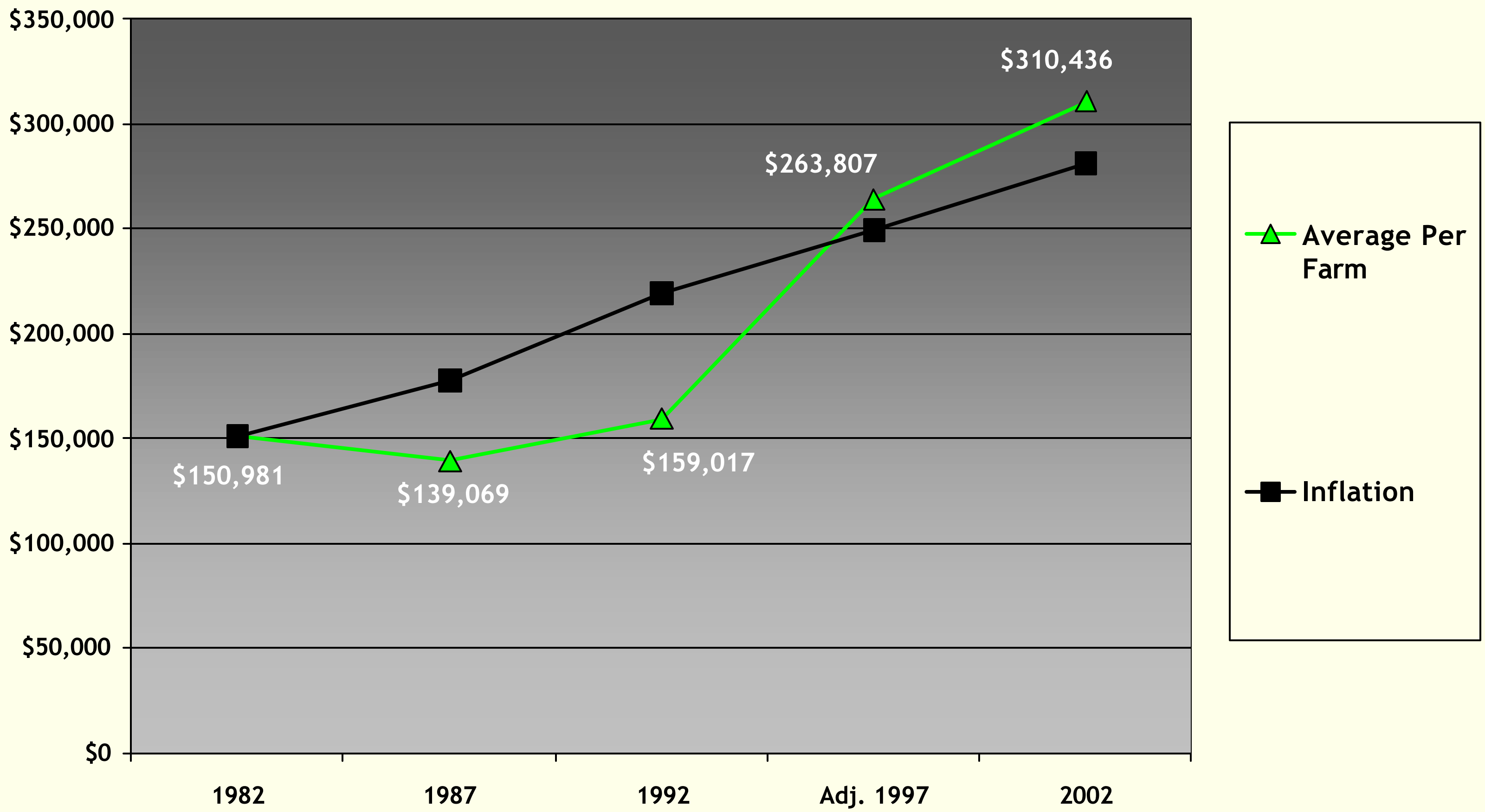


Source: United States Census of Agriculture, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

The Average Per Farm Value of Land & Buildings Rose 106%

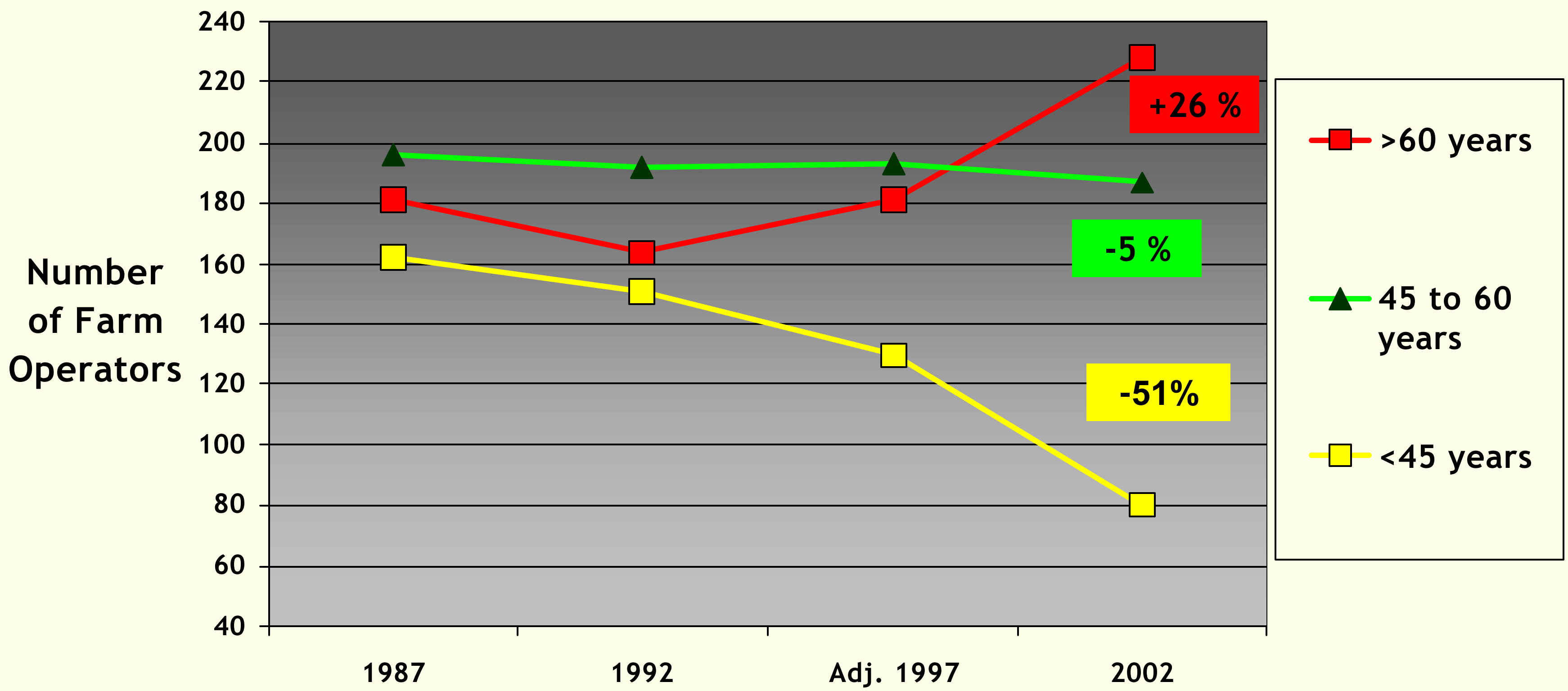


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

The Number of Operators Under 45 decreased 51%

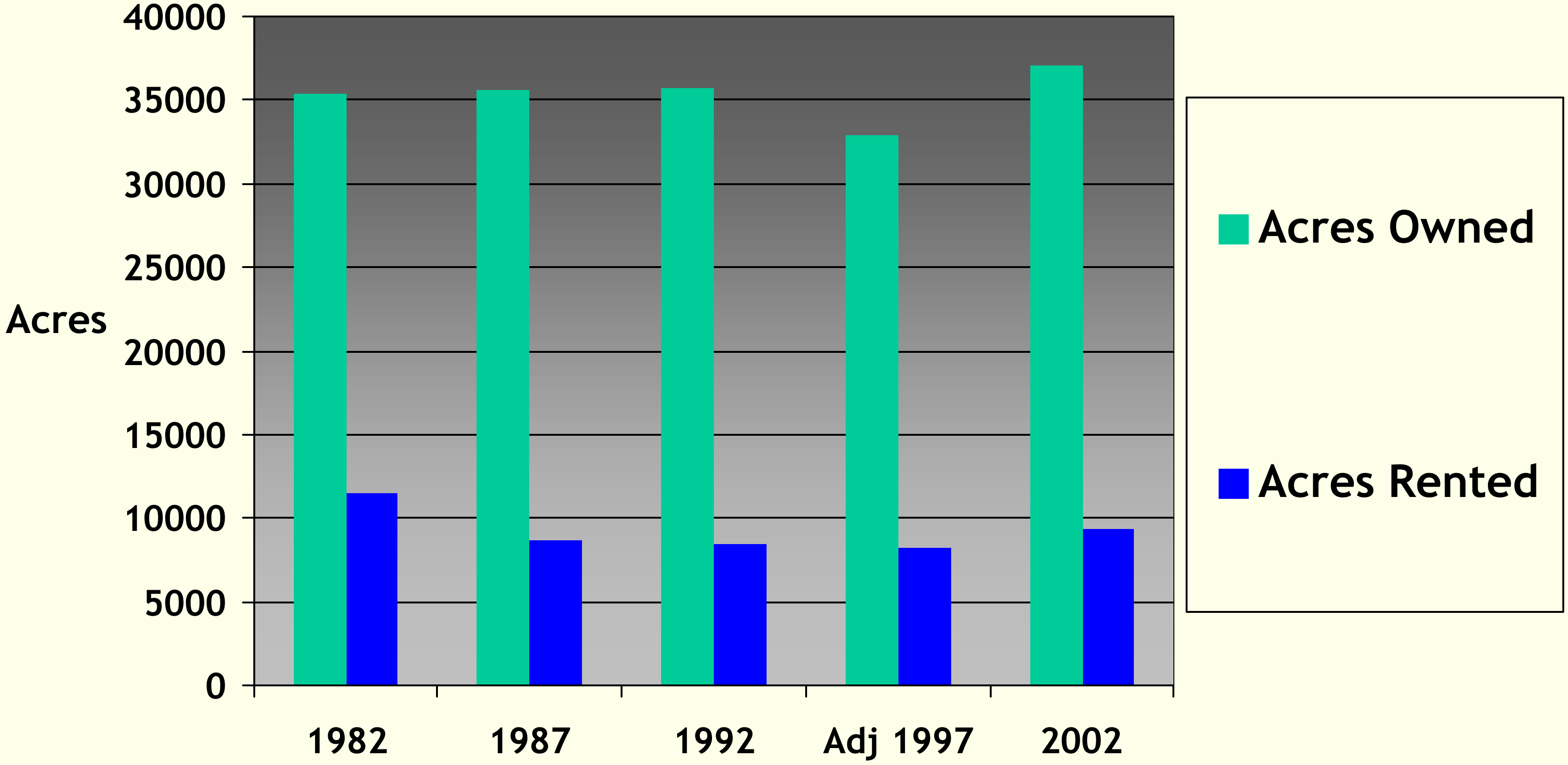


Source: United States Census of Agriculture, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Farm Ownership Is Stable and Appears to be Increasing

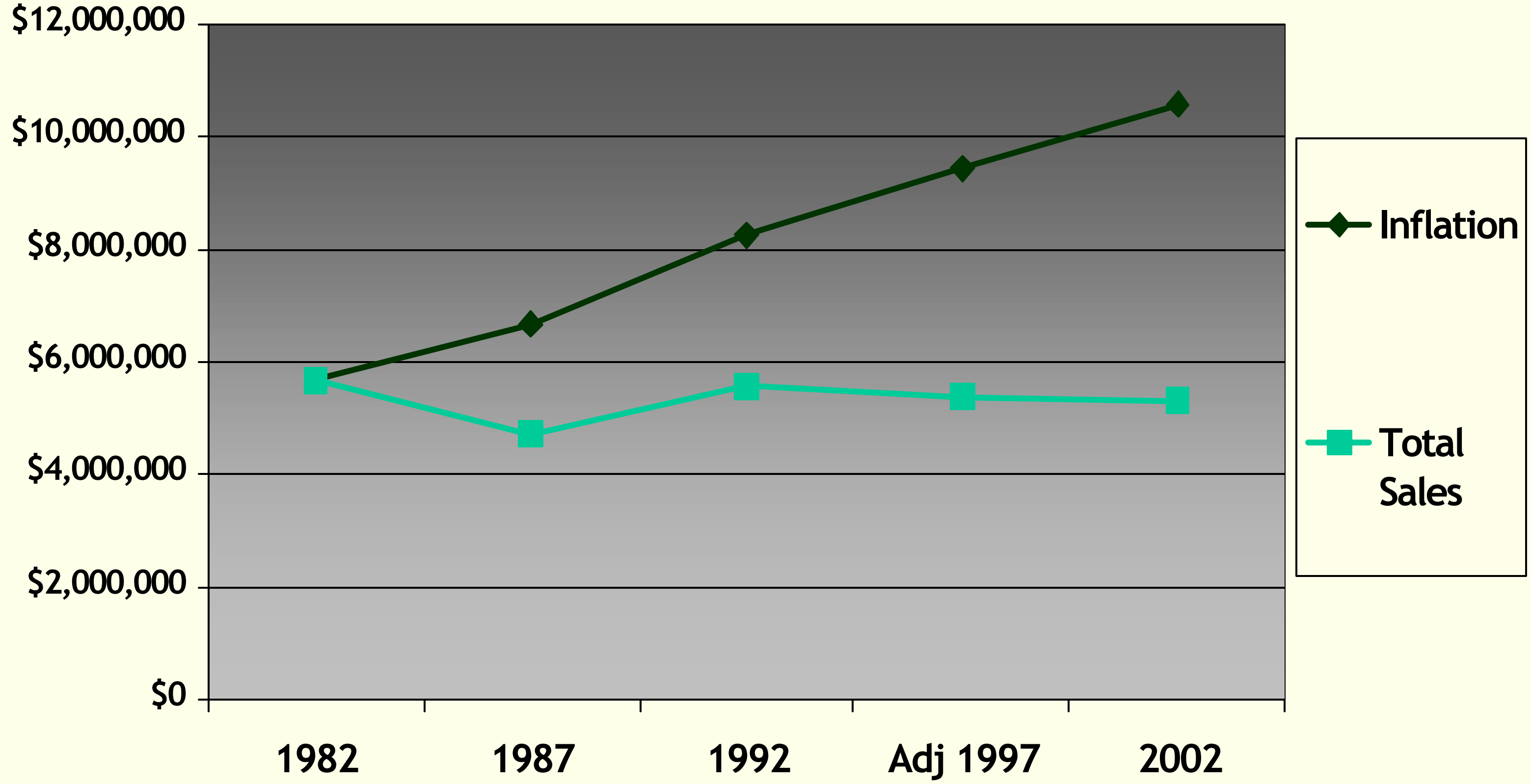


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Total Agricultural Product Sales Have Decreased in Real Terms

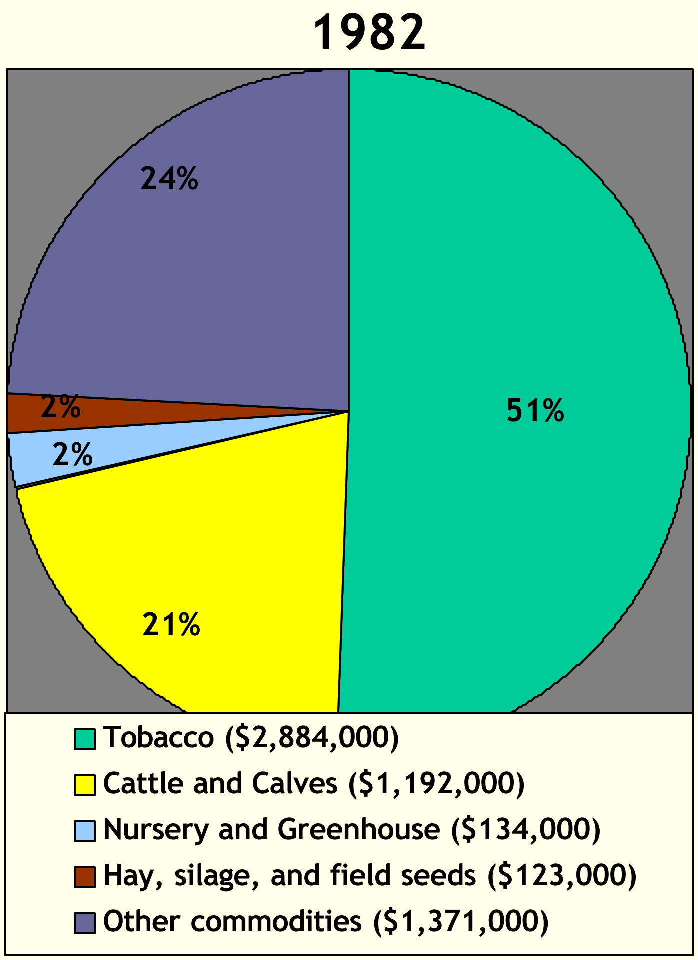


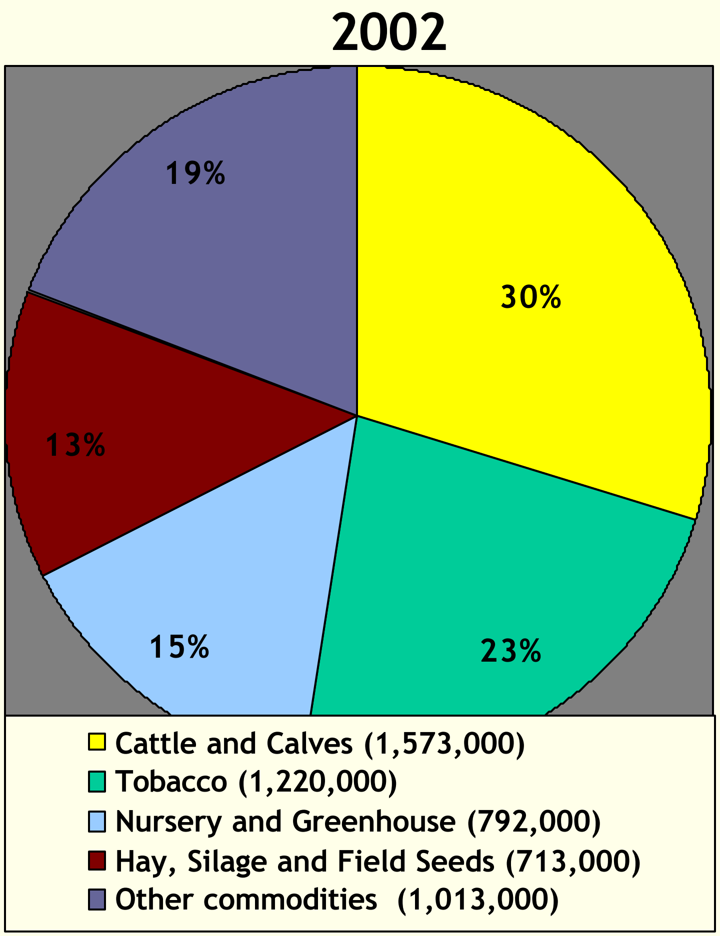
Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Cattle & Calves Are the New Agricultural Industry Leaders



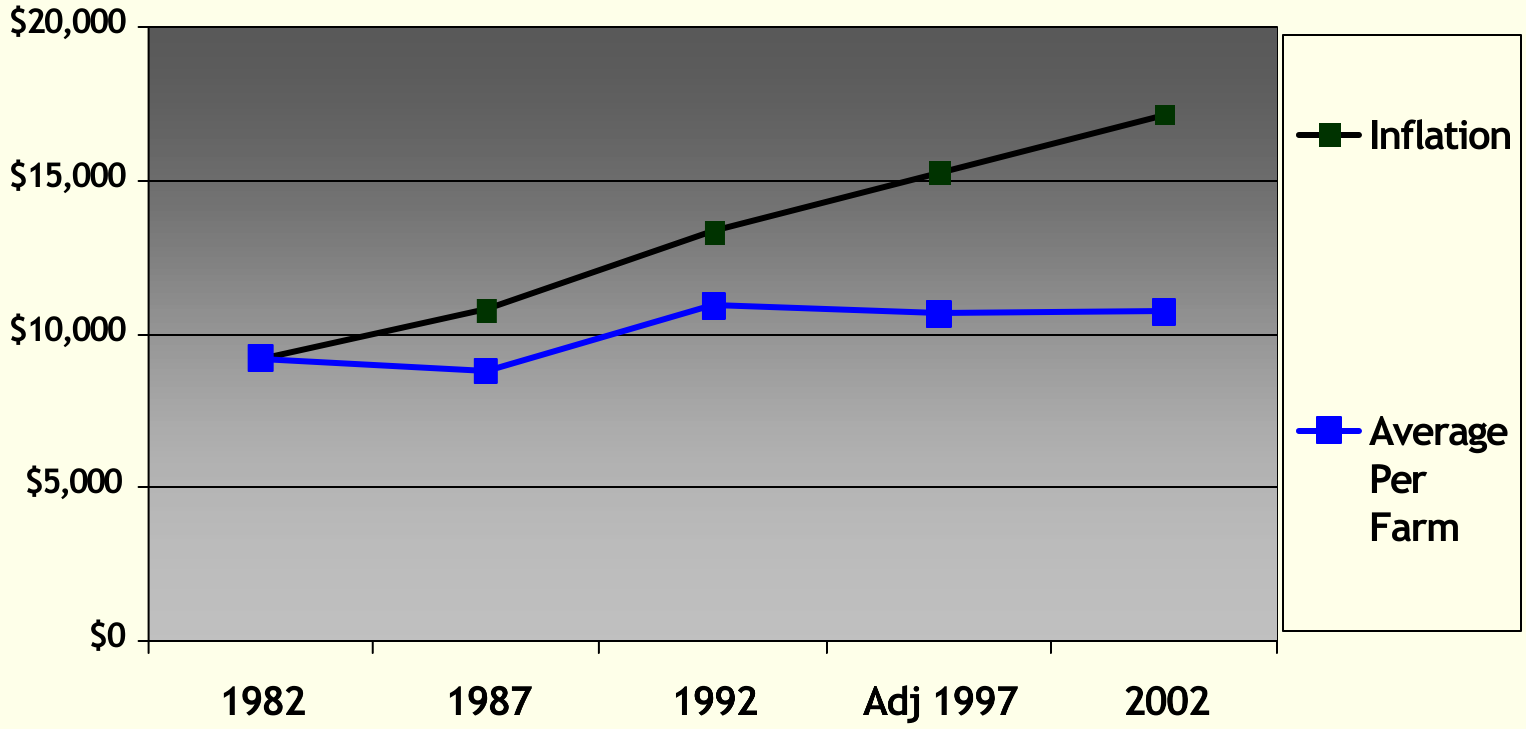


Source: United States Census of Agriculture, 1982, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Agricultural Product Sales Per Farm Are Not Keeping Up With Inflation

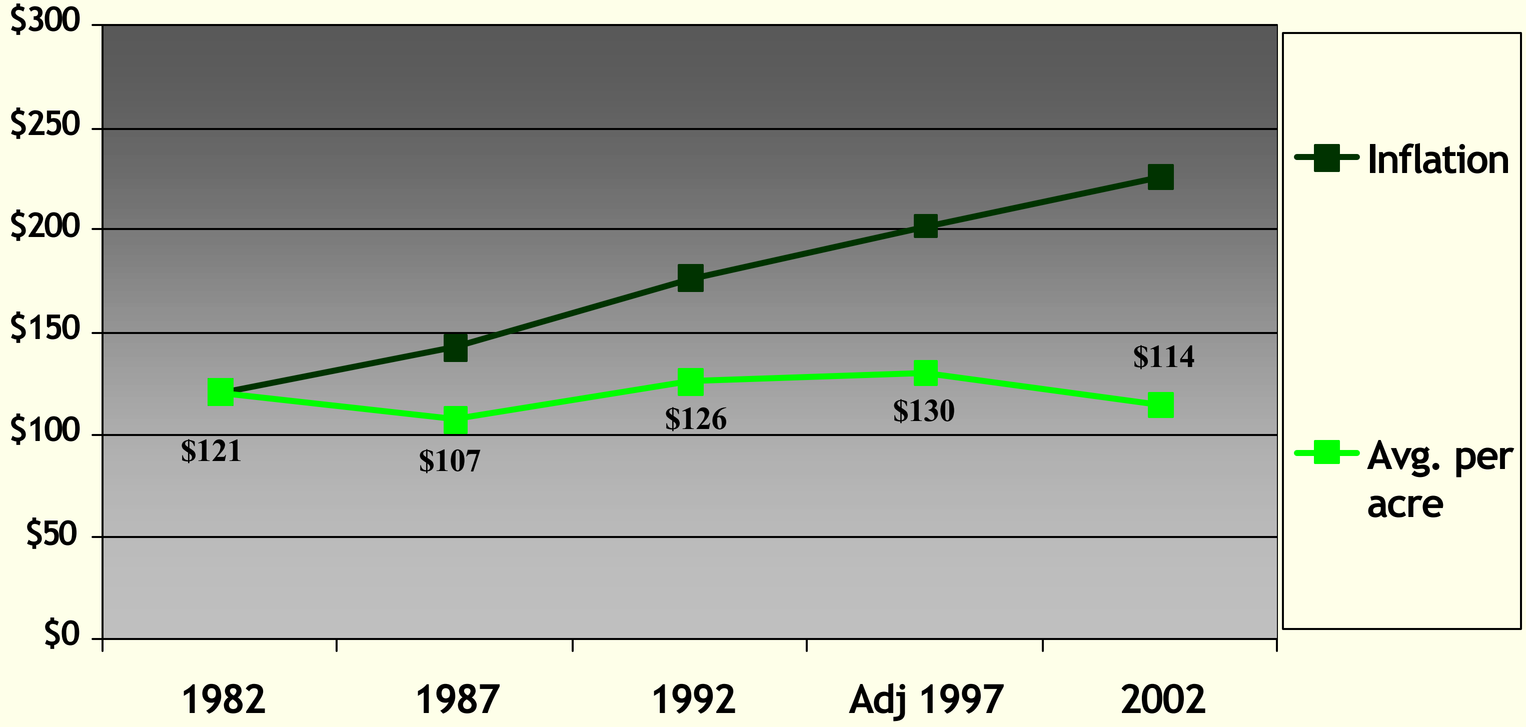


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Average Sales Per Acre Are Flat and Lag Well Below Inflation

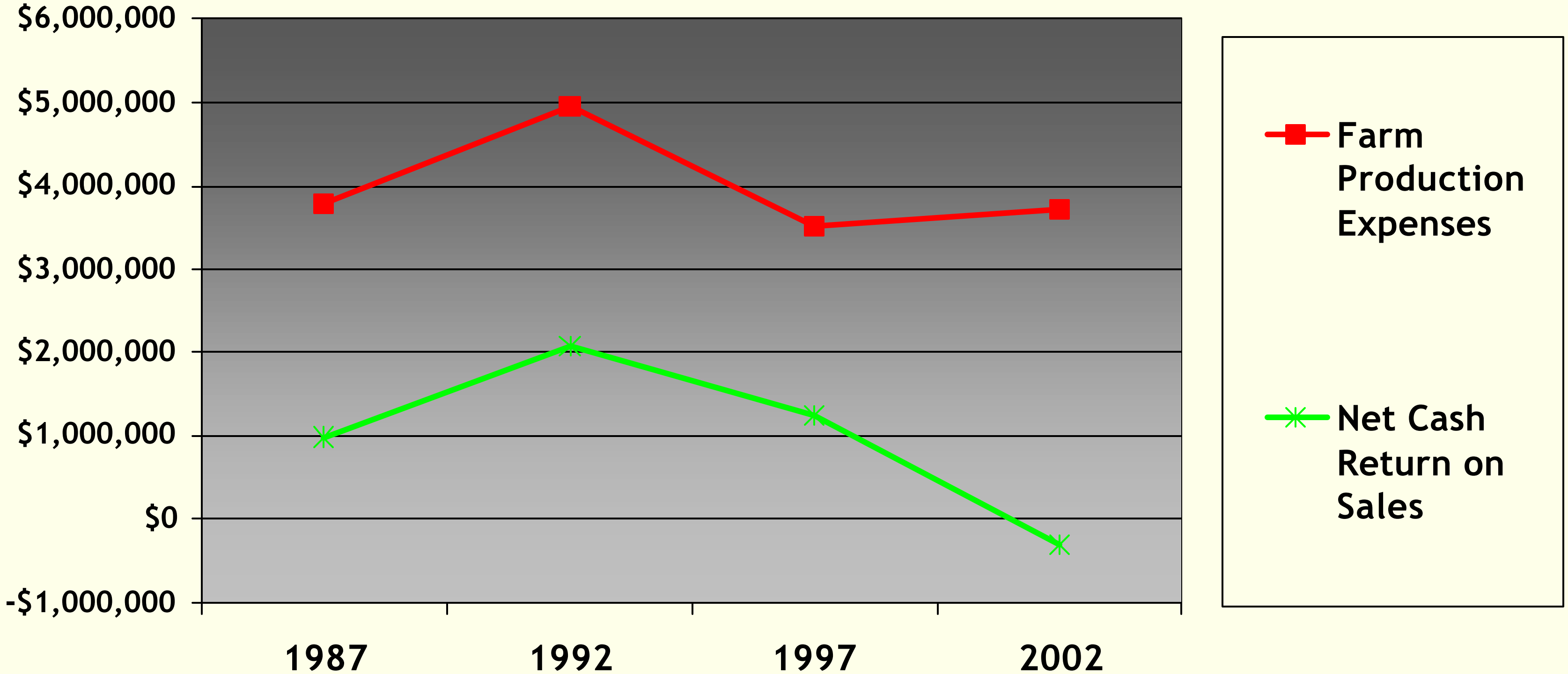


Source: United States Census of Agriculture, 1982, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Farms Show Negative Net Cash Return by 2002

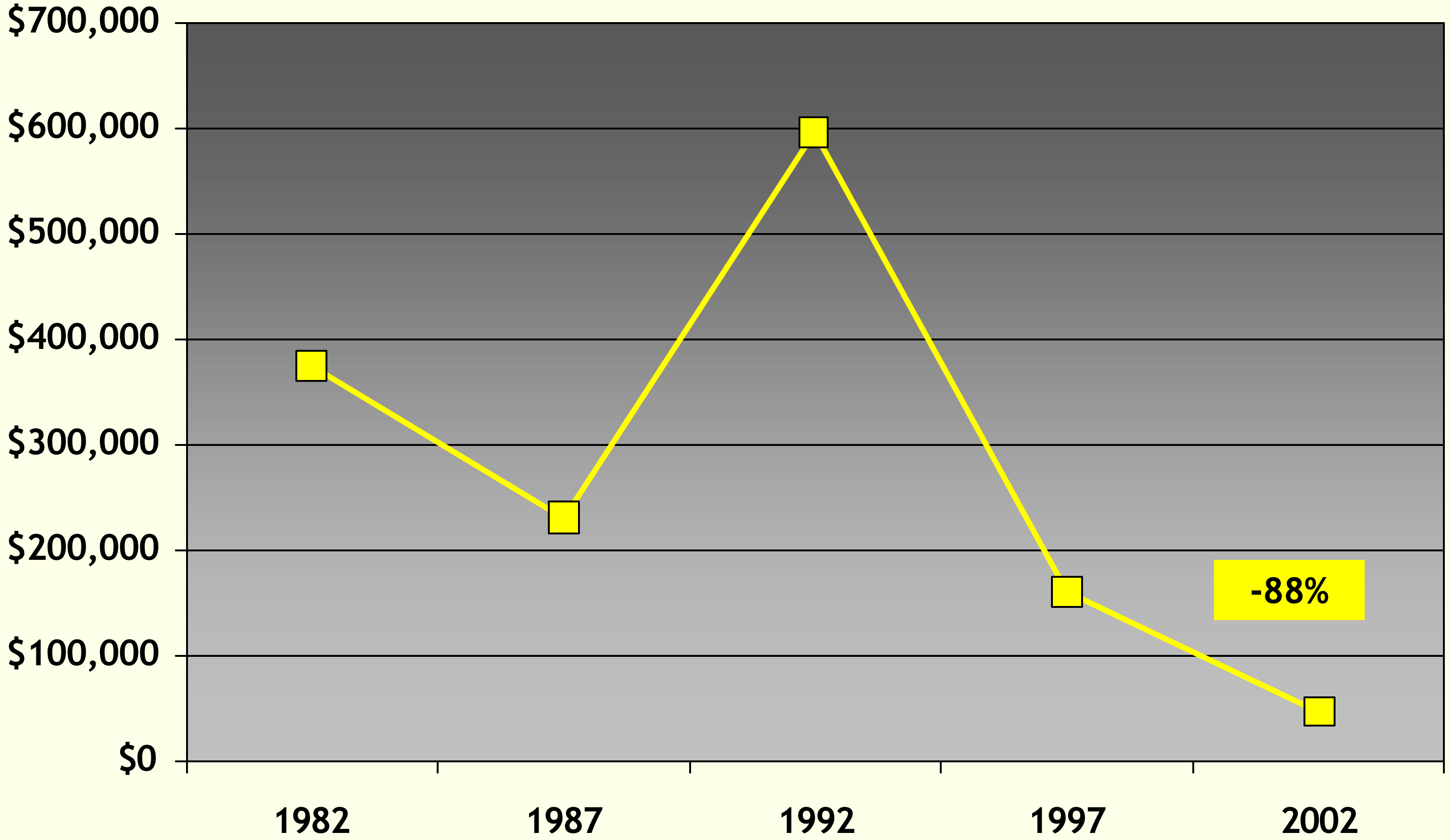


Source: United States Census of Agriculture, 1987, 1992, 1997, 2002.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Farmer's and Farm Labor Share of Income Declined 88%



Sources: U.S. Census of Agriculture, 1982, 1997, 1992, 1997, 2002.

Kenton County, Kentucky

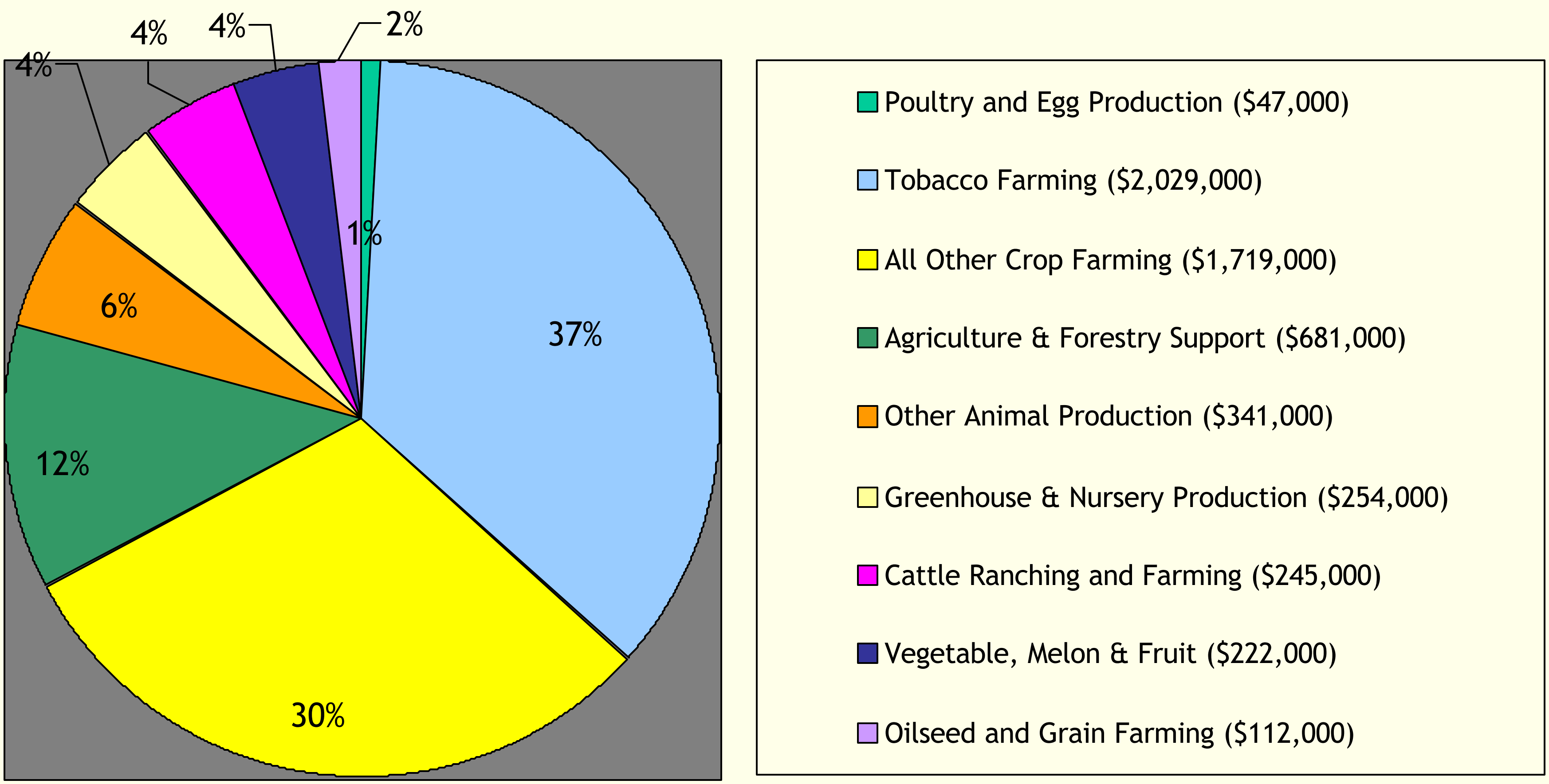
American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

The Agricultural Industry In the Larger Economy

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Agricultural Direct Output Amounted to $5.6 Million in 2001

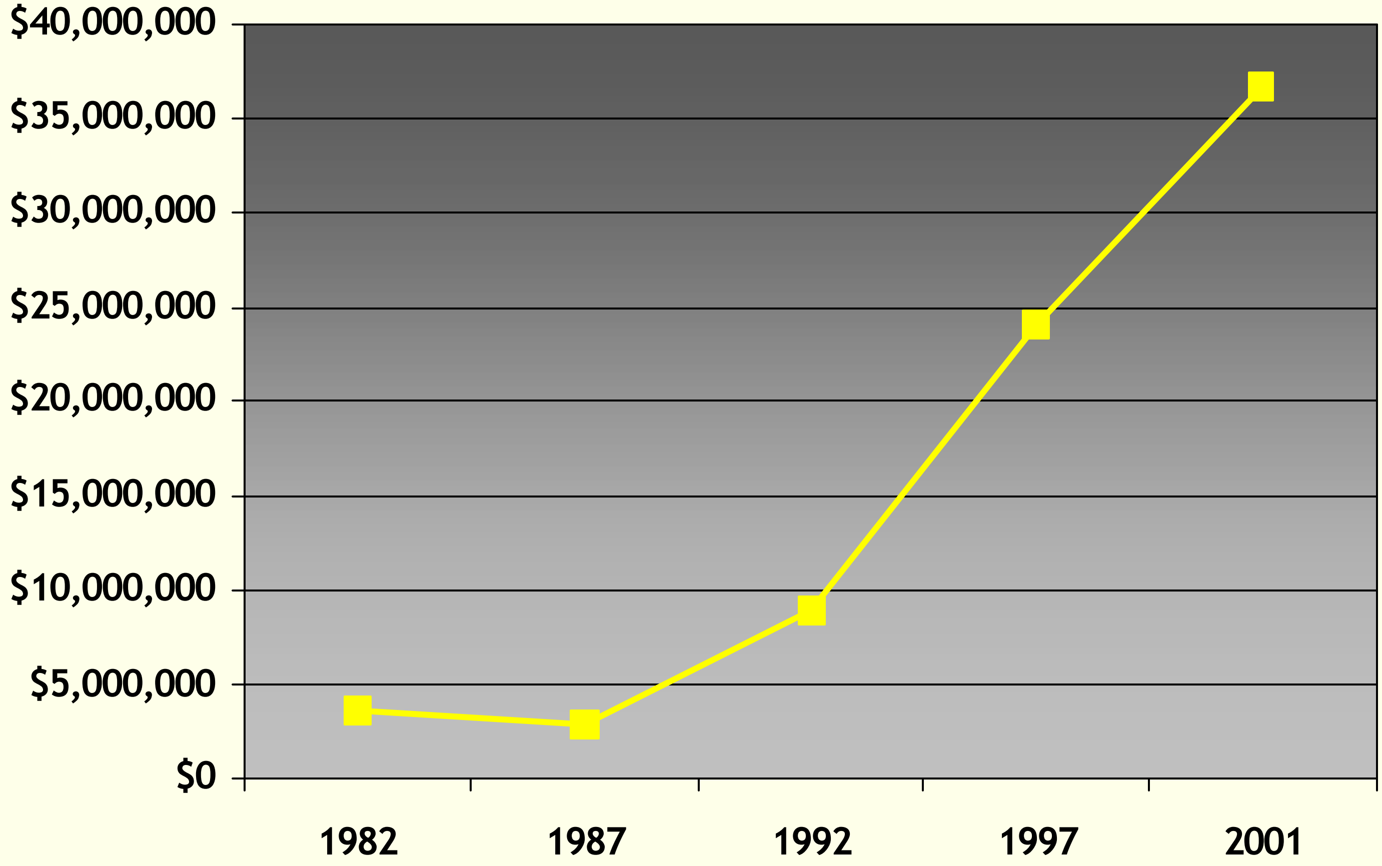


Source: 2001 IMPLAN Multiplier Reports. Minnesota IMPLAN Group, Inc. Stillwater, Minn.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Food Processing Employment Income Reached $37 Million in 2001



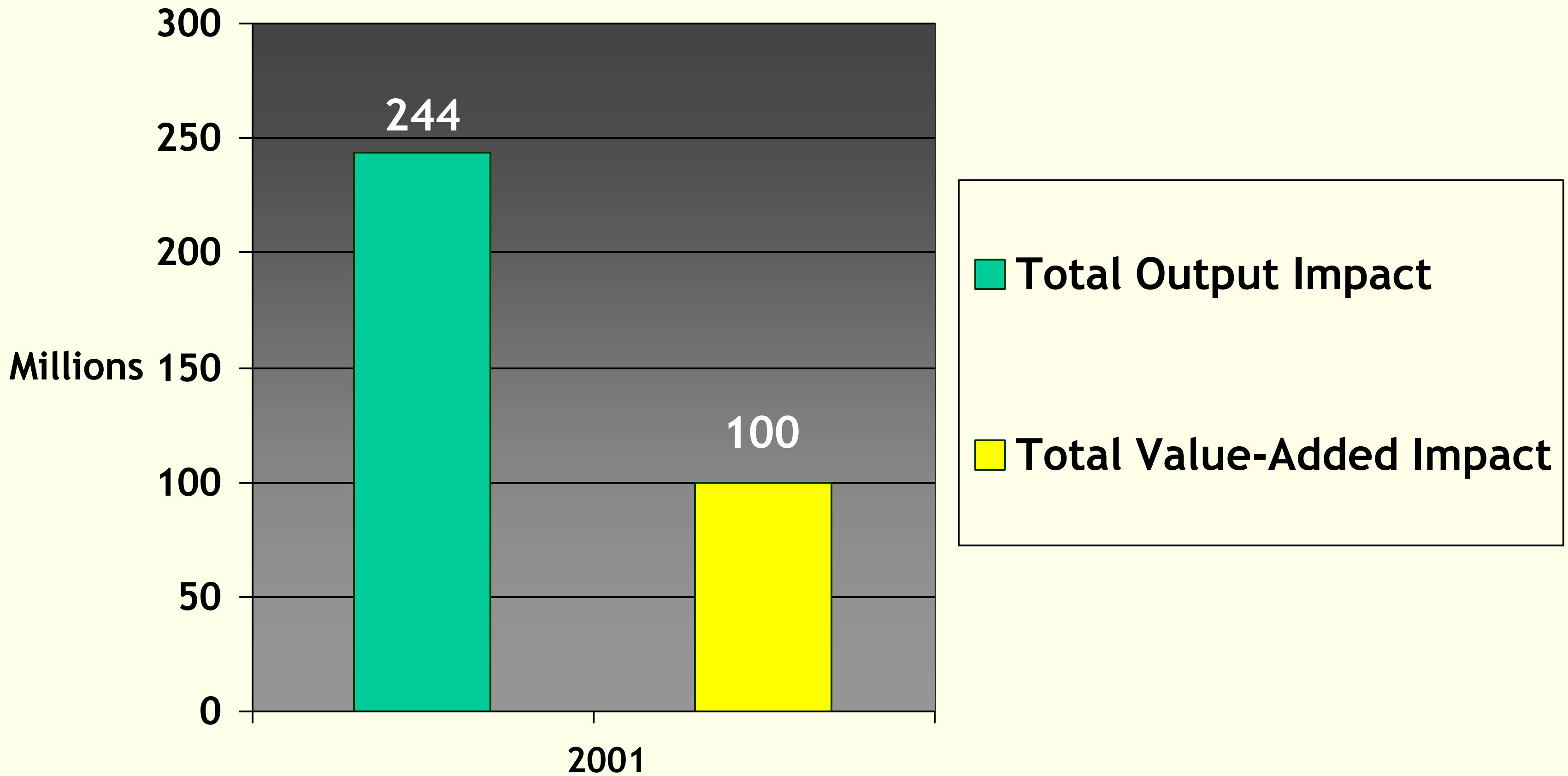
Source: United States Bureau of the Census, County Business Patterns, 1982, 1987, 1992, 1997.

2001 IMPLAN Multiplier Reports. Minnesota IMPLAN Group, Inc. Stillwater, Minn.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

Total Economic Impacts Included $244 Million in Output Impacts and $100 Million in Value-Added Impacts

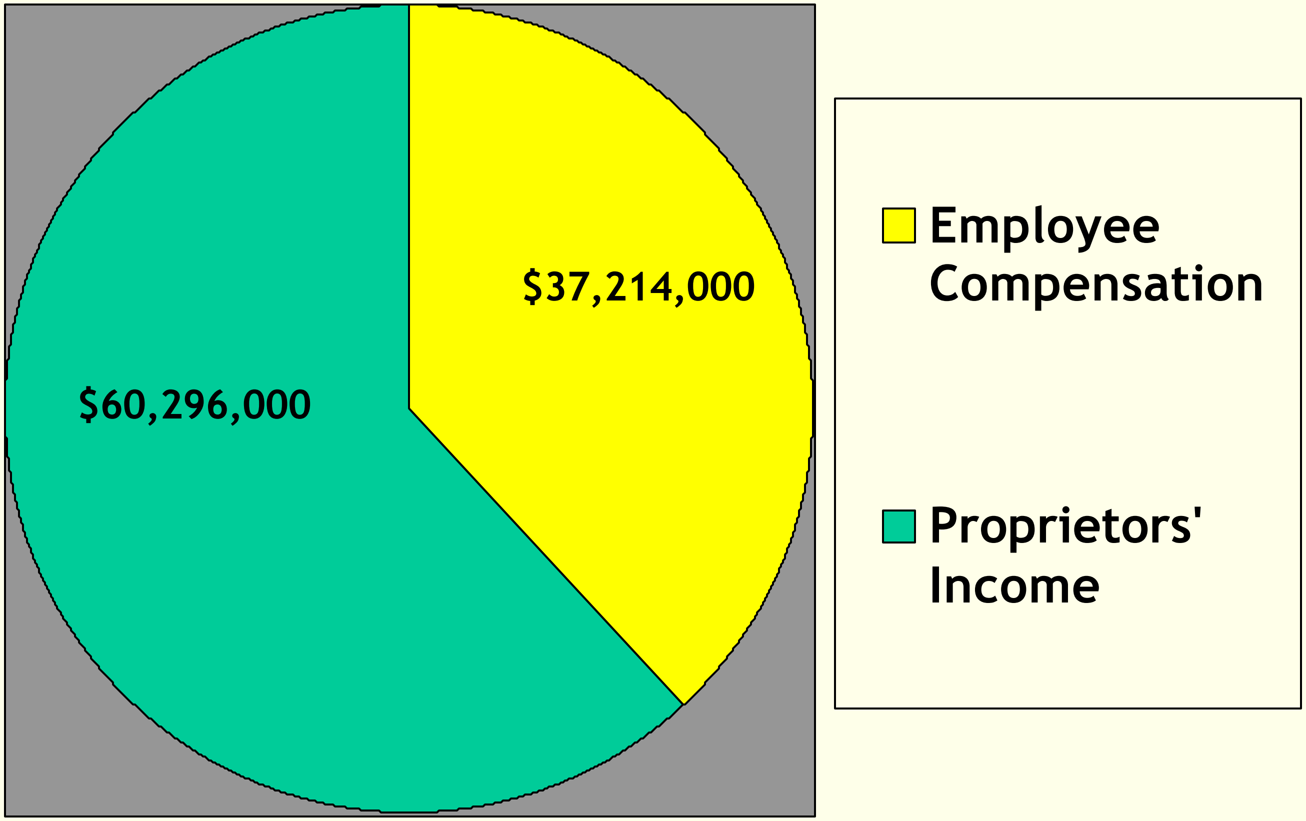


Source: 2001 IMPLAN Multiplier Reports.
Minnesota IMPLAN Group, Inc. Stillwater, Minn.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Agricultural Industry Income Reached $98 Million in 2001

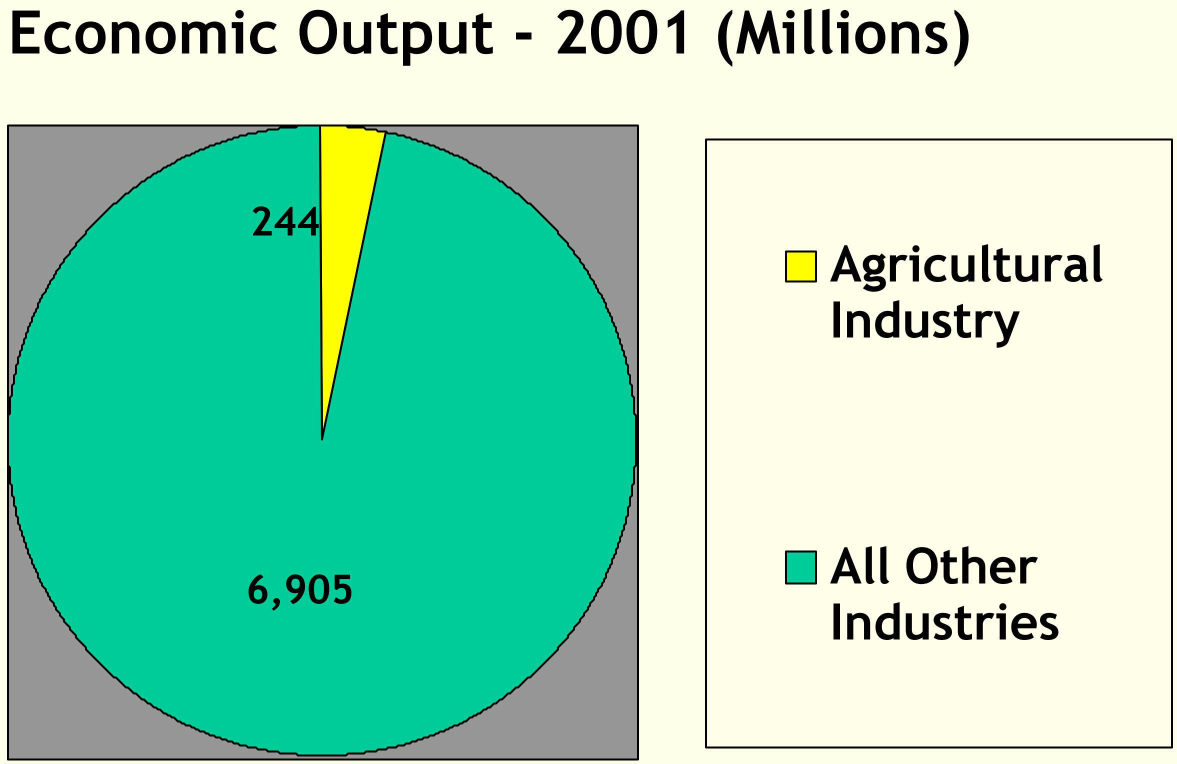


Source: 2001 IMPLAN Multiplier Reports.
Minnesota IMPLAN Group, Inc. Stillwater, Minn.

Kenton County, Kentucky

American Farmland Trust
Saving the Land that Sustains Us

Agricultural Based Industries Accounted for 3.4 % of the Local Economy



Source: 2001 IMPLAN Multiplier Reports.
Minnesota IMPLAN Group, Inc. Stillwater, Minn.

Kenton County, Kentucky

American Farmland Trust
SAVING THE LAND THAT SUSTAINS US

B. Agricultural Industry Profile: Data

Agricultural Industry Profile Data

U.S. Census of Agriculture Data

Data Category	1982	1987	1992	1997	Adjusted 1997	2002	% change to 97	% change 82-02	% change 97 - 02
1. Number of farms	617	539	507	442	504	495	-28%	-20%	-2%
State of Kentucky	101,642					86,541		-15%	
2. Average Size of Farms	76	82	87	85	82	94	12%	24%	15%
State of Kentucky	140					160		14%	
3. Land in farms									
Total Acreage	46,837	44,273	44,188	37,788	41,150	46,479	-19%	-1%	13%
Cropland	28,392	25,837	25,937	22,836	24,934	26,577	-20%	-6%	7%
Woodland	8,977	7,837	8,499	7,945	8,528	9,979	-11%	11%	17%
Other	9,468	10,599	9,752	7,007	7,688	9,923	-26%	5%	29%
State of Kentucky	14,179,284					13,843,706		-2%	
4. Estimated Market Value - Land & Buildings									
Avg. per farm	$ 150,981	$ 139,069	$ 159,017	$ 271,234	$ 263,807	$ 310,436	80%	106%	18%
Total value ($1,000s)	$ 93,155	$ 74,958	$ 80,622	$ 119,886	$ 133,223	$ 153,666	29%	65%	15%
Inflation	$ 150,981	$ 177,735	$ 219,511	$ 249,602	$ 249,602	$ 281,459	65%	86%	13%
5. Average age of farmers									
Average Age	52	53	53.1	54.8	54.7	57.2	5%	10%	5%
Under 25 years	21	9	4	4	4	2	-81%	-90%	-50%
Under 45 years	223	162	151	112	130	80	-51%	1987 to 2002	
% under 45	36.1%	30.1%	29.8%	25.3%	25.8%	16.2%		-55%	
Under 59					193	187			
% Under 59					38.3%	37.8%			
60 plus	N/A	181	164	160	181	228	26%	1987 to 2002	
% over 60	N/A	33.6%	32.3%	36.2%	35.9%	46.1%		37%	
number of operators	617	539	507	442	504	495	-28%	-20%	
45 to 60 years		196	192	170	193	187	-5%	1987 to 2002	
6. Tenure									
Full Owners	447	415	394	336	389	396	-25%	-11%	
Acres owned	28,779	29,172	30,357		28,112	30,011	-100%	4%	
Part Owners	115	92	89	74	80	80	-36%	-30%	
Acres owned	6,554	6,399	5,324		4,829	7,085	-100%	8%	
Acres rented	7,486	5,982	7,233		5,632	7,402		-1%	
Total Acres Owned	35,333	35,571	35,681		32,941	37,096	-100%	5%	
Tenants	55	32	24	32	35	19	-42%	-65%	
Acres	4,018	2,720	1,274		2,577	1,981	-100%	-51%	
Total Acres Rented	11,504	8,702	8,507		8,209	9,383		-18%	
% of land in farms owned	75%	80%	81%		80%	80%		6%	

Agricultural Industry Profile Data

U.S. Census of Agriculture Data

Data Category	1982	1987	1992	1997	Revised 1997	2002	% change to 97	% change 82-02	% change 97 - 02
7. Total market value of agricultural products sold									
Total Sales	$5,664,000	$4,724,000	$5,548,000	$5,094,000	$5,360,000	$ 5,311,000	-10%	-6%	-1%
Inflation	$5,664,000	$6,667,661	$8,234,890	$9,420,365	$9,420,365	$10,558,829		86%	12%
Avg. per farm	$ 9,180	$ 8,764	$ 10,943	$ 11,524	$ 10,634	$ 10,730	26%	17%	1%
Inflation	$ 9,180	$ 10,807	$ 13,347	$ 15,268	$ 15,268	$ 17,113	66%	86%	12%
Avg. per acre	$ 121	$ 107	$ 126	$ 135	$ 130	$ 114		-6%	
Inflation	$ 121	$ 142	$ 176	$ 201	$ 201	$ 226		86%	
	$2,820,000	$3,126,000	$2,804,000		$2,922,000	$ 4,091,000			
Top four products									
Tobacco	2,844,000	1,598,000	2,744,000	2,417,000	2,438,000	1,220,000	-15%	-57%	-50%
% of total	50%	34%	49%	47%	45%	23%	-6%	-54%	-49%
Cattle and Calves	1,192,000	1,306,000	1,246,000	1,320,000	1,388,000	1,573,000	11%	32%	13%
% of total	21%	28%	22%	26%	26%	30%	23%	41%	14%
Nursery and Greenhouse	134,000	443,000	239,000	325,000	N/A	792,000	143%	491%	
% of total	2%	9%	4%	6%		15%	170%	530%	
Hay, silage, field seeds	123,000	237,000	199,000	312,000	N/A	713,000	154%	480%	
% of total	2%	5%	4%	6%		13%	182%	518%	
Other products	1,371,000	1,140,000	1,120,000	720,000	N/A	1,013,000	-47%	-26%	
% of total	24%	24%	20%	14%		19%	-42%	-21%	
8. Number of farms within each gross sales category									
Less than $2,500	221	221	162	158	199	224	-29%	1%	13%
$2,500 to $4,999	141	107	104	70	78	79	-50%	-44%	1%
$5,000 to $9,999	107	86	79	96	104	77	-10%	-28%	-26%
$10,000 to $24,999	96	94	113	65	67	69	-32%	-28%	3%
$25,000 to $49,999	35	17	27	37	40	25	6%	-29%	-38%
$50,000 to $99,999	15	6	17	7	7	9	-53%	-40%	29%
$100,000 or more	2	8	5	9	9	12	350%	500%	33%
Total	617	539	507	442	504	495	-28%	-20%	-2%
Sales < $10,000	469	414	345	324	381	380	-31%	-19%	0%
Sales > $10,000	148	125	162	118	123	115	-20%	-22%	-7%

Data Category	1982	1987	1992	1997	Revised 1997	2002	% change to 97	% change 82-02	% change 97 - 02
9. Farms by size									
1 to 9 acres	**54**	**48**	**53**	**38**	**43**	**33**	-30%	-39%	-23%
10 to 49 acres	**238**	**187**	**175**	**165**	**196**	**157**	-31%	-34%	-20%
50 to 69 acres	85	73	78	63	74	81	-26%	-5%	9%
70 to 99 acres	80	70	58	57	62	70	-29%	-13%	13%
100 to 139 acres	83	64	60	38	43	56	-54%	-33%	30%
50 to 139 acres	**248**	**207**	**196**	**158**	**179**	**207**		-17%	16%
140 to 179 acres	27	46	25	32	35	34	19%	26%	-3%
180 to 219 acres	12	24	13	16	17	18	33%	50%	6%
220 to 259 acres	9	6	9	7	8	17	-22%	89%	113%
260 to 499 acres	28	16	31	21	21	20	-25%	-29%	-5%
500 to 999 acres	1	4	4	4	4	9	300%	800%	125%
1,000 to 1,999 ac	0	1	1	1	1	0	#DIV/0!	#DIV/0!	-100%
140 to 2000 acres	**50**	**51**	**58**	**49**	**86**	**98**	-2%	96%	14%

Acres of Land in Farms by Farm Size

	1997	2002		Percent of Total 1997	2002	% change
9. Farms by size	Acres	Acres	Estimates			
1 to 9 acres	190	169	38 farms X 5 acres	0.50%	0.36%	-0.14%
10 to 49 acres	4427	4230		11.7%	9.1%	-2.61%
50 to 69 acres	3705	4705		9.8%	10.1%	0.32%
70 to 99 acres	4739	5795		12.5%	12.5%	-0.07%
1 to 99 acres	**13061**	**14899**		**34.6%**	**32.1%**	-2.51%
100 to 139 acres	4280	6642		11.3%	14.3%	2.96%
140 to 179 acres	4968	5218		13.1%	11.2%	-1.92%
180 to 219 acres	3252	3449		8.6%	7.4%	-1.19%
100 to 219 acres	**12500**	**15309**		**33.1%**	**32.9%**	-0.14%
220 to 259 acres	1610	4113	7 farms X 230 acres	4.3%	8.8%	4.59%
260 to 499 acres	7095	6511		18.8%	14.0%	-4.77%
220 to 499 acres	**8705**	**10624**		**23.0%**	**22.9%**	-0.18%
500 to 999 acres	2359	5647		6.2%	12.1%	5.91%
1,000 to 1,999 ac	1163	0	1 farm X 1,163 acres	3.1%	0.0%	-3.08%
> 500 acres	**3522**	**5647**		**9.3%**	**12.1%**	2.83%
total acres	37788	46479				
land in farms	37788					

Agricultural Industry Profile Data

U.S. Census of Agriculture Data

Data Category	1982	1987	1992	1997	Revised 1997	2002	% change to 97	% change 82-02	% change 97 - 02
10. Farm expenses									
Net Cash Return									
Per farm	NA	$ 1,818	$ 4,091	$ 2,778	NA	$ (639)	53%	-135%	
All farms	N/A	$ 980,000	$2,074,000	$1,228,000	NA	$ (316,000)	25%	-132%	
Total prod. expenses	N/A	$3,796,000	$4,954,000	$3,512,000	NA	$ 3,713,000	-7%	-2%	
Market value- prod. Exp.		$ 928,000	$ 594,000	$1,582,000	NA	$ 1,598,000			
11. Farmers' and farm labor share of income									
Number of farmers	617	539	507	442	504	495	-28%	-20%	-2%
Princ. Occ. Farming	211	194	144	138	155	235	-35%	11%	52%
Princ. Occ. Other	406	345	363	304	349	260	-25%	-36%	-26%
Hired farm (workers)	N/A	N/A	787	513	N/A	151			
Hired farm labor (payroll)	374,000	231,000	595,000	160,000	N/A	$ 45,000	-57%	-88%	

12. County Farmland Comparison - 2002	Land in Farms	Non Farmland	Total Acreage	% farmland
Boone	74,915	82,691	157,606	47.53%
Campbell	50,383	46,612	96,995	51.94%
Kenton	46,479	57,179	103,658	44.84%
totals	171,777	186,482	358,259	47.95%

C. Kenton County Services - Revenues and Expenditures

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

REVENUES - FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
County Government				
General Fund				
Real Property Taxes	$ 8,330,131	$ 6,203,448	$ 2,099,193	$ 27,489
Personal Property Taxes	$ 720,895	$ -	$ 720,895	$ -
Motor Vehicle	$ 1,077,756	$ 808,317	$ 269,439	$ -
Delinquent Tax	$ 183,686	$ 136,791	$ 46,289	$ 606
Advertising Delinquent Taxes	$ 20,754	$ 15,456	$ 5,230	$ 68
Bank Share Taxes	$ 357,256	$ -	$ 357,256	$ -
Corporate Franchise Tax	$ 431,928	$ -	$ 431,928	$ -
Deed Transfer Tax	$ 559,506	$ 416,664	$ 140,995	$ 1,846
Taxes	$ 11,681,912	$ 7,580,676	$ 4,071,226	$ 30,010
Payments in Lieu of Taxes	$ 41,320	$ 41,320	$ -	$ -
County Clerk Excess Fees	$ 690,962	$ 514,559	$ 174,122	$ 2,280
County Sheriff Excess Fees	$ 683,308	$ 508,860	$ 172,194	$ 2,255
Excess Fees 75% Account	$ 214,560	$ 159,783	$ 54,069	$ 708
Excess Fees	$ 1,588,830	$ 1,183,202	$ 400,385	$ 5,243
Business Licenses	$ 4,846	$ -	$ 4,846	$ -
Building Permits (NKAP)	$ 108,955	$ 81,716	$ 27,239	$ -
CATV Franchise Fees	$ 37,965	$ 28,474	$ 9,491	$ -
License and Permits	$ 151,765	$ 110,190	$ 41,576	$ -
Omitted Property Taxes	$ 78,892	$ 7,889	$ 71,003	$ -
Police TAP Grant	$ 5,500	$ 4,710	$ 780	$ 9
School Resource Officers	$ 210,211	$ 210,211	$ -	$ -
Police Equipment Grant	$ 1,167	$ 999	$ 166	$ 2
Intergovernmental Revenue	$ 216,877	$ 215,920	$ 946	$ 11
Motor Vehicle Tax from other counties	$ 134,877	$ 134,877	$ -	$ -
Litter Abatement Program	$ 34,791	17,395	-	17,395
Intergovernmental Revenue	$ 169,668	$ 152,272	$ -	$ 17,395
State Grant - Emergency Planning	$ 19,297	14,370	4,863	64
Medical SVCS Equip Grant	$ 11,583	$ 11,583	$ -	$ -
Total State Grants	$ 30,880	$ 25,953	$ 4,863	$ 64
Election Expense Reimbursement	$ 71,100	$ 71,100	$ -	$ -
Board of Assess Appeals	$ 1,300	$ 968	$ 328	$ 4
Legal Process Tax Share	$ 943	$ 943	$ -	$ -
Dog License Refunds	$ 694	$ 694	$ -	$ -
Net Court Revenue	$ 26,910	$ 20,182	$ 6,727	$ -
Police Incentive Pay	$ 143,713	$ 123,076	$ 20,393	$ 244
DES/HAZ Mat'l Cleanup Fee	$ 35,051	$ -	$ 35,051	$ -
Fed & State EMA Reimbursement	$ 34,095	$ 25,391	$ 8,592	$ 113
Wireless Phone 911 Surcharge	$ 126,165	$ 94,624	$ 31,541	$ -
Intergovernmental Revenue	$ 439,971	$ 336,977	$ 102,632	$ 361

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

REVENUES - General Fund	Actual	Residential	Commercial/ Industrial	Farmland
Parking Receipts	$ 977,617	$ 733,213	$ 244,404	$ -
Animal Shelter Fees	$ 103,197	$ 103,197	$ -	$ -
Charges for Services	$ 1,080,814	$ 836,410	$ 244,404	$ -
Data Processing Fees	$ 201,491	$ 150,050	$ 50,776	$ 665
Postage Reimbursement	$ 31,042	$ 23,117	$ 7,823	$ 102
Warrant Service Fees	$ 14,386	$ 10,714	$ 3,625	$ 47
E911 Phone Surcharge	$ 742,922	$ 557,191	$ 185,730	$ -
Charges for Services	$ 788,350	$ 591,021	$ 197,178	$ 150
Telephone Commission	$ 3,467	$ -	$ 3,467	$ -
Covington Courthouse & Garage	$ 10,413	$ -	$ 10,413	$ -
Gas Sales	$ 1,653	$ 1,240	$ 413	$ -
Miscellaneous Revenues	$ 15,533	$ 1,240	$ 14,294	$ -
AOC Court Facilities Rental	$ 690,266	$ 566,639	$ 123,558	$ 69
Probation and Parole Rental	$ 58,446	$ 58,446	$ -	$ -
501 Main St. Bldg. Rental	$ 74,160	$ -	$ 74,160	$ -
Commonwealth Attorney Rental	$ 22,180	$ 16,517	$ 5,589	$ 73
Miscellaneous Rental	$ 31,993	$ 23,825	$ 8,062	$ 106
Covington Courthouse Rental	$ 877,045	$ 665,428	$ 211,369	$ 248
Skate Park Funds	$ 35,720	$ 26,790	$ 8,930	$ -
SOB Study Reimbursements	$ 12,784	$ 9,588	$ 3,196	$ -
Design Studies for Cities	$ 48,503	$ 36,378	$ 12,126	$ -
Animal Shelter Donations	$ 173,309	$ 173,309	$ -	$ -
Copy Fees/Accident Reports	$ 1,624	$ 1,218	$ 406	$ -
Miscellaneous Receipts	$ 4,528	$ 3,396	$ 1,132	$ -
Misc. Revenues	$ 6,152	$ 4,614	$ 1,538	$ -
Miscellaneous - Ins. Disability, etc.	$ 153,239	$ 114,929	$ 38,310	$ -
CATV Wage and FB Reimb.	$ 423,249	$ 317,437	$ 105,812	$ -
Drug Strike Force Wage/F	$ 223,889	$ 223,889	$ -	$ -
Police Services Reimbursement	$ 19,062	$ -	$ 9,531	$ 9,531
Drug Asset Forfeiture	$ 56,742	$ 56,742	$ -	$ -
Payroll Tax Collection Fees	$ 110,985	$ -	$ 110,985	$ -
Fines and Forfeitures	$ 15	$ 15	$ -	$ -
COLT Tax Collection Fees	$ 575,001	$ -	$ 575,001	$ -
Miscellaneous Dept. Revenues	$ 1,408,943	$ 598,083	$ 801,329	$ 9,531
Subtotal General Fund	**$ 19,153,495**	**$ 12,825,861**	**$ 6,263,955**	**$ 63,679**
% for interest earned		**66.96%**	**32.70%**	**0.33%**
Interest Earned	$ 394,737	$ 264,330	$ 129,095	$ 1,312
Total General Fund	**$ 19,548,231**	**$ 13,090,191**	**$ 6,393,049**	**$ 64,991**

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

REVENUES - Special Funds	Actual	Residential	Commercial/ Industrial	Farmland
Public Works				
Truck License	$ 193,955	$ -	$ 193,955	$ -
Drivers License	$ 15,013	$ 15,013	$ -	$ -
County Road Aid	$ 346,600	$ 258,113	$ 87,343	$ 1,144
City Transfers	$ 11,395	$ 8,547	$ 2,849	$ -
Intergovernmental Revenue	$ 566,963	$ 281,672	$ 284,147	$ 1,144
Parks Reservation Fees	$ 15,675	$ 15,675	$ -	$ -
Road Maintenance/Snow Removal	$ 131,386	$ 98,539	$ 32,846	$ -
Road Signs	$ 6,513	$ 4,885	$ 1,628	$ -
Vehicle Repair Fees	$ 341,377	$ 256,033	$ 85,344	$ -
Charges for Services	$ 494,951	$ 375,132	$ 119,819	$ -
Mills Road Football Concessions	$ 10,000	$ 10,000	$ -	$ -
Mills Road BB and Soc Co	$ 911	$ 911	$ -	$ -
Misc. Concession Receipts	$ 243	$ 243	$ -	$ -
League Fees	$ 7,865	$ 7,865	$ -	$ -
Misc. Park Event Fees	$ 5,566	$ 5,566	$ -	$ -
Salt and Sand Sales	$ 6,500	$ 4,875	$ 1,625	$ -
Gas Sales	$ 71,245	$ 53,434	$ 17,811	$ -
Bequests and donations	$ 1,000	$ 1,000	$ -	$ -
Miscellaneous Receipts	$ 1,664	$ 1,664	$ -	$ -
Biodiesel Use Reimb.	$ 3,202	$ 2,384	$ 807	$ 11
Miscellaneous Revenues	$ 108,196	$ 87,942	$ 20,243	$ 11
Subtotal Public Works	$ 1,170,109	$ 744,746	$ 424,209	$ 1,154
% for interest earned		63.65%	36.25%	0.10%
Interest Earned	$ 10,795	$ 6,871	$ 3,914	$ 11
Total Public Works	$ 1,180,904	$ 751,617	$ 428,123	$ 1,165
Jails				
Federal Prisoners	$ 39,368	$ 34,345	$ 4,960	$ 63
Jail Operations	$ 496,144	$ 432,836	$ 62,514	$ 794
Jail Medical Reimb	$ 184,893	$ 161,300	$ 23,296	$ 296
Court Costs - Jail Opns	$ 100,509	$ 87,684	$ 12,664	$ 161
State Prisoners	$ 831,775	$ 725,640	$ 104,804	$ 1,331
DUI Fees	$ 36,081	$ 36,081	$ -	$ -
Class D Felons	$ 370,424	$ 323,158	$ 46,673	$ 593
Social Sec. Admin. Incentive	$ 30,800	$ 30,800	$ -	$ -
Intergovernmental Revenue	$ 2,089,994	$ 1,831,844	$ 254,912	$ 3,237
Jail Work Release Fees	$ 26,679	$ 13,340	$ 13,340	$ -
Bond Collection Fees	$ 29,614	$ 14,807	$ 14,807	$ -
Charges for Services	$ 56,293	$ 28,147	$ 28,147	$ -
Telephone Commission	$ 94,738	$ 94,738	$ -	$ -
Prisoner Restitution	$ 647	$ 647	$ -	$ -
Prisoner Medical Fees	$ 8,403	$ 8,403	$ -	$ -
Prisoner Booking Fees	$ 126,145	$ 126,145	$ -	$ -
Prisoner Housing Fees	$ 99,660	$ 99,660	$ -	$ -
Prisoner Reimbursement Fees	$ 234,854	$ 234,854	$ -	$ -
Subtotal Jail Fund	$ 2,475,879	$ 2,189,583	$ 283,059	$ 3,237
% for Misc. Fees and Interest		88.44%	11.43%	0.13%
Misc. Fees & Interest Earned	$ 12,259	$ 10,841	$ 1,402	$ 16
Total Jail Fund	**$ 2,488,138**	**$ 2,200,424**	**$ 284,460**	**$ 3,253**

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

REVENUES - Special Funds	Actual	Residential	Commercial/ Industrial	Farmland
LGEA				
Coal Impact Fees	$ 17,344	$ -	$ 17,344	$ -
Interest on Checking	$ 342	$ -	$ 342	$ -
Surplus, Borrow, Transfer	$ 17,638	$ -	$ 17,638	$ -
Total LGEA Fund	$ 35,324	$ -	$ 35,324	$ -
CDBG Fund				
Kenton VFD payments	$ 12,500	$ 12,500	$ -	$ -
Piner Fiskburg Payments	$ 7,454	$ 7,454	$ -	$ -
Interest on Checking	$ 9,242	$ 9,242	$ -	$ -
Total CDBG	$ 29,196	$ 29,196	**$ -**	**$ -**
Golf Fund				
Charges for Services	$ 1,592,670	$ 1,592,670	$ -	$ -
Miscellaneous Revenues	$ 872,462	$ 872,462	$ -	$ -
Interest on Checking	$ 7,146	$ 7,146	$ -	$ -
Total Golf Fund	$ 2,472,277	$ 2,472,277	**$ -**	**$ -**
COLT Fund				
Occupation License Fee	$ 9,683,191	$ -	$ 9,557,310	$ 125,881
Rate Change Refunds	$ (157,734)	$ -	$ (157,734)	$ -
School Transportation Revenue	$ 549,140	$ 549,140		$ -
City Tax Refund Reimbursement	$ 115,883	$ -	$ 115,883	$ -
Interest Earned	$ 178,510	$ -	$ 178,510	$ -
Total COLT Fund	$ 10,368,991	$ 549,140	$ 9,693,969	$ 125,881
Total Special funds	$ 16,574,830	$ 6,002,655	$ 10,441,876	$ 130,299
TOTAL COUNTY GOVERNMENT	**$ 36,123,061**	**$ 19,092,846**	**$ 16,834,925**	**$ 195,290**
EDUCATION - Revenue				
Beechwood ISD	$ 7,538,959	$ 6,467,973	$ 1,061,892	$ 9,094
Covington ISD	$ 42,319,845	$ 39,404,058	$ 2,878,097	$ 37,689
Erlanger-Elsmere SD	$ 13,197,464	$ 11,576,509	$ 1,606,925	$ 14,030
Kenton County SD	$ 75,036,424	$ 62,277,530	$ 12,672,302	$ 86,592
Ludlow ISD	$ 5,857,839	$ 5,439,611	$ 415,403	$ 2,825
Total Education	**143,950,530**	**125,165,682**	**18,634,619**	**150,229**
OTHER PUBLIC SERVICES IN KENTON COUNTY				
Health	$ 1,248,603	$ 929,835	$ 314,648	$ 4,120
Library	$ 5,373,425	$ 4,001,590	$ 1,354,103	$ 17,732
Northern Kentucky Area Planning	$ 1,468,943	$ 1,093,922	$ 370,174	$ 4,848
Cooperative Extension	$ 667,510	$ 497,095	$ 168,213	$ 2,203
Total Other Services	$ 8,758,482	$ 6,522,441	$ 2,207,137	$ 28,903
TOTAL REVENUES	**$ 188,832,073**	**$ 150,780,968**	**$ 37,676,682**	**$ 374,422**

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

Expenditures FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
General Government				
Judge/Executive Office	$ 373,799	$ 278,368	$ 94,197	$ 1,234
County Attorney	$ 101,179	$ 75,348	$ 25,497	$ 334
County Clerk	$ 27,344	$ 20,363	$ 6,891	$ 90
Sheriff's Office	$ 46,674	$ 34,758	$ 11,762	$ 154
Coroner	$ 97,600	$ 97,600	$ -	$ -
County Commissioners	$ 111,670	$ 83,160	$ 28,141	$ 369
PVA Contribution	$ 182,889	$ 136,197	$ 46,088	$ 604
Board of Assessment	$ 4,200	$ 3,128	$ 1,058	$ 14
County Treasurer	$ 523,442	$ 389,807	$ 131,907	$ 1,727
Data Processing	$ 698,170	$ 519,927	$ 175,939	$ 2,304
County Law Library	$ 600	$ 493	$ 107	$ 0
Elections	$ 269,220	$ 269,220	$ -	$ -
Planning & Zoning	$ 146,578	$ 109,157	$ 36,938	$ 484
County Court House - Covington	$ 796,510	$ 593,161	$ 200,721	$ 2,628
County Court House - Independence	$ 96,041	$ 71,522	$ 24,202	$ 317
501 Main Street Building	$ 58,307	$ 43,421	$ 14,693	$ 192
Total General Government	$ 3,534,223	$ 2,725,630	$ 798,142	$ 10,451
Protection to Persons and Property				
Police Department	$ 2,590,815	$ 2,218,774	$ 367,637	$ 4,404
Disaster & Emergency Services	$ 521,922	$ 388,675	$ 131,524	$ 1,722
Emergency Dispatch Services	$ 942,462	761,321	179,916	1,225
Forest Fire Protection	$ 650	$ 484	$ 164	$ 2
Commonwealth Attorney - Sp. Project	$ 29,800	$ 29,800	$ -	$ -
Public Defender - Indigent	$ 18,933	$ 18,933	$ -	$ -
Total PPP	$ 4,104,582	$ 3,417,987	$ 679,241	$ 7,354
General Health and Sanitation				
Animal Shelter	$ 366,493	$ 366,493	$ -	$ -
Waste Collection	$ 53,307	$ 47,179	$ 6,048	$ 79
Soil Conservation District	$ 43,000	$ 30,100	$ -	$ 12,900
Total Health & Sanitation	$ 462,799	$ 443,772	$ 6,048	$ 12,979
Social Services				
Linden Grove Cemetary Maint.	$ 30,000	$ 30,000	$ -	$ -
General Welfare - Human Services	$ 191,929	$ 191,929	$ -	$ -
Total Social Services	$ 221,929	$ 221,929	$ -	$ -
Recreation and Culture				
Arts & Cultural Programs	$ 82,000	$ 82,000	$ -	$ -
Park Properties Debt	$ 219,655	$ 219,655	$ -	$ -
Total Recreation	$ 301,655	$ 301,655	$ -	$ -
Debt Service				
Justice Center Bldg OPNS	$ 799,189	656,054	143,055	80
Jail Site Planning	$ 75,249	61,772	13,469	8
Parking Garage	$ 565,829	$ 424,371	$ 141,457	$ -
Total Debt Service	$ 1,440,266	$ 1,142,197	$ 297,981	$ 87
Total General Fund	$ 10,065,453	$ 8,253,170	$ 1,781,412	$ 30,871
% for administration		82.00%	17.70%	0.31%
Administration, Fringe Benefits	$ 2,197,056	1,801,476.83	388,841.13	6,738.48
General Fund + Administration	**$ 12,262,510**	**$ 10,054,647**	**$ 2,170,253**	**$ 37,610**

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

Expenditures FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
SPECIAL FUNDS				
Road Fund				
Parks & Recreation	$ 808,573	$ 808,573	$ -	$ -
Office of Road Supervisor	$ 163,551	$ 121,797	$ 41,215	$ 540
Roads				
Roads	$ 3,422,364	$ 2,548,635	$ 862,436	$ 11,294
Vehicle Maintenance	$ 1,311,382	$ 976,586	$ 330,468	$ 4,328
Administration	$ 81,829	$ 60,938	$ 20,621	$ 270
Subtotal Road Fund	$ 5,787,700	$ 4,516,529	$ 1,254,740	$ 16,431
% for fringe benefits		78.04%	21.68%	0.28%
Fringe Benefits	$ 765,104	$ 597,062	$ 165,870	$ 2,172
Total Road Fund	$ 6,552,804	$ 5,113,591	$ 1,420,610	$ 18,603
Jail Fund				
Jail	$ 4,071,890	3,552,317	513,058	6,515
Juvenile Detention	$ 62,724	$ 62,724	$ -	$ -
Debt Service	$ 308,403	269,051	38,859	493
Administration	$ 45,000	39,258	5,670	72
Subtotal Jail Fund	$ 4,488,017	$ 3,923,349	$ 557,587	$ 7,080
% for fringe benefits		87.42%	12.42%	0.16%
Fringe Benefits	$ 1,434,860	$ 1,254,331	$ 178,266	$ 2,264
Total Jail Funds	$ 5,922,877	$ 5,177,680	$ 735,853	$ 9,344
L.G.E.A. Fund	$ 30,863	$ 22,984	$ 7,778	$ 102
Golf Course Fund				
County Golf Courses	$ 1,666,479	$ 1,666,479	$ -	$ -
Public Properties Debt	$ 490,234	$ 490,234	$ -	$ -
Fringe Benefits	$ 298,733	$ 298,733	$ -	$ -
Total Golf Course Fund	$ 2,455,446	$ 2,455,446	$ -	$ -
County Occupation License Fund				
Mental Health/Resources	$ 1,424,344	$ 1,424,344	$ -	$ -
Senior Citizen Programs	$ 848,530	$ 848,530	$ -	$ -
Nursing & Health Care	$ 1,276,189	$ 1,276,189	$ -	$ -
Transit Authority of NK	$ 6,936,031	$ 5,202,024	$ 1,734,008	$ -
Parking Facilities	$ 1,564,548	$ 1,173,411	$ 391,137	$ -
Subtotal COLT	$ 12,049,642	$ 9,924,497	$ 2,125,145	$ -
% for administration		82.36%	17.64%	0.00%
Administration	$ 119,514	$ 98,436	$ 21,078	$ -
COLT Total	$ 12,169,156	$ 10,022,933	$ 2,146,223	$ -
Total Special Funds	$ 27,011,633	$ 22,694,199	$ 4,289,385	$ 28,049
Total County Government Expenditures	$ 37,077,086	$ 30,947,369	$ 6,070,797	$ 58,920

KENTON COUNTY SERVICES - REVENUES AND EXPENDITURES

Expenditures FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
Education				
Beechwood Independent	7,299,055	$ 7,299,055	$ -	$ -
Covington Independent	41,583,234	$ 41,583,234	$ -	$ -
Erlanger-Elsmere Independent	12,551,674	$ 12,551,674	$ -	$ -
Kenton County	74,110,505	$ 74,110,505	$ -	$ -
Ludlow Independent	5,857,839	$ 5,857,839	$ -	$ -
Total Education	141,402,307	141,402,307	**-**	**-**
Other County Services				
Health	$ 1,248,603	$ 1,123,743	$ 124,860	$ -
Library	$ 5,373,425	$ 4,836,083	$ 537,343	$ -
Northern Kentucky Area Planning	$ 1,468,943	$ 1,093,922	$ 370,174	$ 4,848
Cooperative Extension	$ 667,510	$ 539,040	$ -	$ 128,470
Total Other Services	**$ 8,758,482**	**$ 7,592,788**	**$ 1,032,376**	**$ 133,318**
TOTAL EXPENDITURES	**$ 187,237,874**	**$ 179,942,463**	**$ 7,103,173**	**$ 192,238**

COCS Findings	Actual	Residential	Comm/Ind	Farmland
Revenue	$ 188,832,073	$ 150,780,968	$ 37,676,682	$ 374,422
Expenditure	$ 187,237,874	$ 179,942,463	$ 7,103,173	$ 192,238
Net (Revenue minus Expenditure)	$ 1,594,199	$ (29,161,495)	$ 30,573,509	$ 182,184
Land Use Ratio		1.19	0.19	0.51
Percent of Revenue		79.85%	19.95%	0.20%
Percent of Expenditure		96.10%	3.79%	0.10%

D. Kenton County School District - Revenues and Expenditures

Kenton County School District Revenues and Expenditures

FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
Beechwood Independent				
Property Tax	$ 2,729,199	$ 2,032,434	$ 687,758	$ 9,006
Motor Vehicle	$ 213,883	$ 160,412	$ 53,471	$ -
Utilities	$ 313,982	$ -	$ 313,982	$ -
Other	$ 5,229	$ 3,894	$ 1,318	$ 17
Tuition and Fees	$ 182,965	$ 182,965	$ -	$ -
Earnings on Investments	$ 21,284	$ 15,850	$ 5,364	$ 70
Student Activities	$ 552,458	$ 552,458	$ -	$ -
Other local revenue	$ 239,147	$ 239,147	$ -	$ -
State Revenue	$ 2,341,958	$ 2,341,958	$ -	$ -
Federal Revenue	$ 175,605	$ 175,605	$ -	$ -
Other State	$ 763,249	$ 763,249	$ -	$ -
Total Beechwood Revenue	$ 7,538,959	$ 6,467,973	$ 1,061,892	$ 9,094
Total Expenditure	$ 7,299,055	$ 7,299,055	$ -	$ -
Net	$ 239,904	$ (831,082)	$ 1,061,892	$ 9,094
Covington Independent				
Local Tax	$ 11,421,019	$ 8,505,233	$ 2,878,097	$ 37,689
Other Local	$ 3,363,861	$ 3,363,861	$ -	$ -
State GF SEEK	$ 14,590,127	$ 14,590,127	$ -	$ -
Other State Revenue	$ 3,956,634	$ 3,956,634	$ -	$ -
Federal Revenue	$ 8,473,703	$ 8,473,703	$ -	$ -
Other Revenue	$ 514,500	$ 514,500	$ -	$ -
Total Covington Revenue	$ 42,319,845	$ 39,404,058	$ 2,878,097	$ 37,689
Total Covington Expenditure	$ 41,583,234	$ 41,583,234	$ -	$ -
Net	$ 736,611	$ (2,179,176)	$ 2,878,097	$ 37,689
Erlanger-Elsmere Independent				
General Property	$ 3,769,424	$ 2,807,090	$ 949,895	$ 12,439
Real Property	$ 162,190	$ -	$ 162,190	$ -
Delinquent Property	$ 73,914	$ 55,044	$ 18,626	$ 244
Motor Vehicle	$ 492,763	$ 369,572	$ 123,191	$ -
Utilities Tax	$ 199,912	$ -	$ 199,912	$ -
Omitted	$ 49,793	$ -	$ 49,793	$ -
Revenue in Lieu	$ 29,522	$ 29,522	$ -	$ -
Interest Income	$ 38,755	$ 28,861	$ 9,766	$ 128
Contributions	$ 8,618	$ 8,618	$ -	$ -
Miscellaneous	$ 12,692	$ 12,692	$ -	$ -
Other Miscellaneous	$ 16,550	$ 16,550	$ -	$ -
Restricted - Intermediate	$ 150	$ 150	$ -	$ -
State	$ 5,418,235	$ 5,418,235	$ -	$ -
Other Receipts	$ 3,305	$ 3,305	$ -	$ -
Total Fund 1	$ 10,275,821	$ 8,749,637	$ 1,513,373	$ 12,811
Restricted - Intermediate	$ 96,551	$ 96,551	$ -	$ -
Restricted State	$ 711,793	$ 711,793	$ -	$ -
Restricted Federal thru State	$ 745,182	$ 745,182	$ -	$ -
Fund 2 total	$ 1,553,527	$ 1,553,527	$ -	$ -

Kenton County School District Revenues and Expenditures

FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
Capital Outlay Fund (310)				
Restricted State	$ 198,250	$ 198,250	$ -	$ -
Building Fund (320)				
General Real Property	$ 369,358	$ 275,061	$ 93,078	$ 1,219
Omitted Property	$ 474	$ -	$ 474	$ -
Restricted State	$ 170,873	$ 170,873	$ -	$ -
Total Building Fund	$ 540,705	$ 445,934	$ 93,552	$ 1,219
Fund 51 (Food Service)	$ 629,161	629,161	0	0
Total Revenue Erlanger-Elsmere	$ 13,197,464	$ 11,576,509	$ 1,606,925	$ 14,030
Expenditure	$ 12,551,674	$ 12,551,674	$ -	$ -
Net	$ 645,790	$ (975,164)	$ 1,606,925	$ 14,030
Kenton County				
General Property	$ 18,432,994	$ 13,727,050	$ 4,645,114	$ 60,829
Real Property	$ 557,576	$ -	$ 557,576	$ -
Delinquent Property	$ 291,954	$ 217,418	$ 73,572	$ 963
Motor Vehicle	$ 3,522,354	$ 2,641,765	$ 880,588	$ -
Utilities Tax	$ 4,339,535	$ -	$ 4,339,535	$ -
Penalties and Interest	$ 3,118	$ 2,322	$ 786	$ 10
Omitted	$ 116,103	$ -	$ 116,103	$ -
Tuition	$ 295,470	$ 295,470	$ -	$ -
Transportation (Fiscal Court)	$ 683,821	$ 509,241	$ 172,323	$ 2,257
Earnings on Investments	$ 628,726	$ 468,212	$ 158,439	$ 2,075
Student Activities	$ 2,500	$ 2,500	$ -	$ -
Community Service Activities	$ 88,525	$ 88,525	$ -	$ -
Other Local Revenue	$ 445,291	$ 331,608	$ 112,213	$ 1,469
Total Rev. from Local	$ 29,407,966	$ 18,284,112	$ 11,056,250	$ 67,603
State	$ 27,884,781	$ 27,884,781	$ -	$ -
Sale or Comp for loss	$ 159,937	$ 119,105	$ 40,304	$ 528
Total Fund 1	$ 57,452,684	$ 46,287,998	$ 11,096,555	$ 68,131
Fund 2				
Tuition	$ 5,338	$ 5,338	$ -	$ -
Restricted State	$ 3,596,260	$ 3,596,260	$ -	$ -
Restricted Federal thru State	$ 3,331,761	$ 3,331,761	$ -	$ -
Fund 2 total	$ 6,933,359	$ 6,933,359	$ -	$ -
Capital Outlay Fund (310)				
Restricted State	$ 1,130,330	$ 1,130,330	$ -	$ -
Building Fund (320)				
General Real Property	$ 5,570,376	$ 4,148,259	$ 1,403,735	$ 18,382
PSC Real Property	$ 142,147	$ -	$ 142,147	$ -
Delinquent Property Tax	$ 23,633	$ 17,600	$ 5,956	$ 78
Omitted Property	$ 23,910	$ -	$ 23,910	$ -
Restricted State	$ 200,119	$ 200,119	$ -	$ -
Total Building Fund	$ 5,960,185	$ 4,365,977	$ 1,575,747	$ 18,460
Fund 51 (Food Service)	$ 3,559,866	3,559,865.58	0	0
Total Kenton Revenue	$ 75,036,424	$ 62,277,530	$ 12,672,302	$ 86,592
Total Expenditure	$ 74,110,505	$ 74,110,505	$ -	$ -
Net	$ 925,918	$ (11,832,975)	$ 12,672,302	$ 86,592

Kenton County School District Revenues and Expenditures

FY 2003	Actual	Residential	Commercial/ Industrial	Farmland
Ludlow Independent				
Property Taxes	$ 786,249	$ 585,520	$ 198,135	$ 2,595
Motor Vehicle	$ 106,896	$ 80,172	$ 26,724	$ -
Utilities	$ 172,990	$ -	$ 172,990	$ -
Tuition and Fees	$ 39,678	$ 39,678	$ -	$ -
Earnings on Investments	$ 69,661	$ 51,877	$ 17,555	$ 230
Student Activities	$ 167,245	$ 167,245	$ -	$ -
Other Local	$ 131,229	$ 131,229	$ -	$ -
State GF SEEK	$ 3,973,520	$ 3,973,520	$ -	$ -
Other State Revenue	$ 410,371	$ 410,371	$ -	$ -
Total Ludlow Revenue	$ 5,857,839	$ 5,439,611	$ 415,403	$ 2,825
Total Expenditure	$ 5,663,994	$ 5,663,994	$ -	$ -
Net	$ 193,845	$ (224,383)	$ 415,403	$ 2,825
Total School Revenue	$ 143,950,530	$ 125,165,682	$ 18,634,619	$ 150,229
%		86.95%	12.95%	0.10%
Total School Expenditure	$ 141,208,462	$ 141,208,462	$ -	$ -
Net	2,742,068	(16,042,780)	18,634,619	150,229

E. PACE Fact Sheet

FARMLAND INFORMATION CENTER

FACT SHEET

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

January 1999

DESCRIPTION

Purchase of agricultural conservation easement (PACE) programs compensate property owners for restrictions on the future use of their land. One of the biggest challenges in administering PACE programs is figuring out how to pay for them. It is necessary to have reliable sources of revenue to allow farmers and ranchers to incorporate the sale of easements into their long-term financial plans. This fact sheet provides an overview of funding sources and identifies some issues to address when deciding how to pay for easements.

BONDS

General obligation bonds are the most popular source of funding for PACE. Bonds are essentially IOUs issued by cities, states and other public entities to finance large public projects. The issuer agrees to repay the amount borrowed plus interest over a specified term – typically 20 to 30 years. General obligation bonds are backed by the "full faith and credit" of the issuer. This means that the government entity is obligated to raise taxes or to take whatever action is within its power to repay the debt.

State rules guiding the issuance of bonds vary. General obligation bonds may require approval by the legislature or voters or both. Almost half of the states limit issuance of bonds through constitutional or statutory requirements. For more information contact state bond authorities and independent underwriting experts.

Benefits
· Bonds allow programs to commit large sums to farmland protection while land is still available and relatively affordable.
· Bonds distribute the cost of acquisition over time.

Drawbacks
· Interest paid on bonds increases the overall cost of the program.

TAXES

Property Taxes
Property taxes are a popular source of funding for local PACE programs. Property taxes are levies on the value of real estate. Municipalities use dedicated increases in the tax rate to pay for easement acquisitions and to cover debt service on bonds.

States create general guidelines and may set limits for computing tax rates and assessing properties. Public referenda usually are required to ratify a dedicated property tax increase. The state of Washington gives local governments the option to increase property taxes for land conservation. For more information on this potential funding source, consult local assessors and local government administrators.

Real Estate Transfer Taxes
A real estate transfer tax is a levy on property sales. It is typically a small percentage of the purchase price and is usually paid by the buyer. Transfer taxes may be used to acquire land directly or to cover financing costs on bonds. Transfer taxes ensure that the level of funding is tied to development activity—funding increases when the real estate market is hot and drops off when the market cools.

Legislatures can enact statewide transfer taxes or laws authorizing local jurisdictions to levy transfer taxes. In Washington, all counties may levy up to 1 percent of real estate sales. In contrast, the Maryland legislature grants transfer tax authority to local jurisdictions on a case-by-case basis. Enabling legislation typically requires taxing authorities to secure voter approval. For more information, consult local government administrators, municipal attorneys or state legislators.

Sales Taxes
Sales taxes are levies on retail sales imposed by states, local governments and special districts. Sales taxes may be broad-based or targeted to a particular item.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

State constitutions and laws dictate whether local governments have the authority to levy sales taxes. According to the National Association of Counties, fewer than half of the nation's counties have the authority to levy a sales tax. However, there are efforts in at least two states to expand the capacity of local jurisdictions to raise revenues for farmland protection. Farmland protection advocates should check with local government administrators or state legislators for more information about this potential source of revenue.

Benefits
- In general, taxes provide a regular stream of revenue.
- Taxes on retail sales ensure that tourists help protect the open land they are enjoying.

Drawbacks
- Taxes are unpopular.
- Raising or levying new taxes requires well-organized campaigns to generate and sustain public support.
- Sales and property taxes are regressive and tend to fall disproportionately on lower-income people.
- Sales taxes are location-based and future revenues could be undermined by internet commerce.

ANNUAL APPROPRIATIONS

State and local governments can allocate a dollar amount to farmland protection from general or discretionary funds. This approach has been used by state legislatures to provide start-up money and to supplement other revenue sources. For example, the Vermont legislature appropriated $20 million to the Vermont Housing and Conservation Trust Fund in 1988 to get the program off the ground. Since then, the program has received a portion of the state property transfer tax and funds from state bonds. In general, annual appropriations are not used as a primary funding source for PACE programs.

State agencies develop spending proposals that are incorporated into the state budget. Legislators may also introduce bills to allocate funds to particular programs. Town and county boards make spending recommendations that may be included in the local budget. Sometimes opportunities arise to earmark budget surpluses at the end of the fiscal year.

Benefits
- Expenditures reflect the will of the current electorate.
- This approach saves financing costs.

Drawbacks
- Funding is unpredictable from year to year.

FEDERAL FUNDS

Farmland Protection Program
The 1996 Farm Bill established the Farmland Protection Program to protect farmland from conversion to nonagricultural uses. The FPP provides matching grants to established state, local and tribal programs, up to a maximum of 50 percent of the final negotiated sales price of conservation easements. The farm bill authorized up to $35 million over six years.

Eligible PACE programs submit proposals to USDA Natural Resources Conservation Service state offices. NRCS has published three requests for proposals between 1996 and 1998. During these application cycles, the USDA Natural Resources Conservation Service disbursed the entire $35 million appropriation. NRCS will request additional funds for the FPP for fiscal year 2000. For more information contact an NRCS state office or visit NRCS' web site at http://www.nrcs.usda.gov/.

Hazard Mitigation Grant Program
The Hazard Mitigation Grant Program was created in November 1988 by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, assists states and localities in implementing mitigation measures following a Presidential disaster declaration. Funds have been used to purchase conservation easements on farmland located in the 100-year floodplain.

State, local and tribal governments and private nonprofit organizations that serve a public function are eligible for funding. Projects must fall within the state and local government's overall mitigation strategy for the disaster area, and comply with program guidelines to qualify. HMGP will cover up to 75 percent of project costs. In kind services can be used to meet the state or local cost-share match. Each state sets its own priorities for funding and administering this

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

program. To apply, contact the state emergency management agency, state hazard mitigation officer or a FEMA regional office. Information is also available online at http://www.fema.gov/mit/hmgp.htm.

Transportation Funding (ISTEA and TEA-21)
The Intermodal Surface Transportation Efficiency Act of 1991 provided funding for a broad range of highway and transit programs, including "transportation enhancements." Enhancements are intended to improve the cultural, aesthetic and environmental quality of transportation routes. Easement acquisitions that protect scenic views and historic sites along transportation routes are eligible for this program. The Transportation Equity Act for the 21st Century, adopted in May of 1998, re-authorized transportation spending through fiscal 2003. Funding for enhancements was increased by nearly 40 percent nationwide, to $3.6 billion.

Private conservation organizations and public entities are eligible to apply for enhancements money. The program covers up to 80 percent of project costs. Contact state departments of transportation for more information about the application process.

Benefits

- Federal grant programs that fund agricultural easement acquisitions make farmland protection a goal for the federal agencies that administer these programs.
- Federal grants provide much-needed assistance to farmland protection programs.
- HMGP, ISTEA and TEA-21 demonstrate that agricultural land provides floodwater storage and scenic vistas along transportation corridors, which helps make the case for farmland protection.

Drawbacks

- Funding is not predictable from year to year.
- HMGP and ISTEA funds are rarely used for agricultural easement acquisitions.
- Easement values in floodplains may be too low to encourage participation in the HMGP.

CREATIVE SOURCES OF FUNDING

Cellular Phone Tax
The city of Virginia Beach, Virginia, collects a 10 percent tax on cellular phone bills up to a maximum of $3 per month. Proceeds from the tax are deposited in the general fund, and a flat dollar amount is earmarked for the farmland protection program.

The General Assembly gave all Virginia localities the right to tax cellular phone usage in the mid-1990s. In other states local jurisdictions may already have the authority to tax cellular phone service. Farmland protection advocates should check with town or county counsel.

Check-Off Box
In 1997, county commissioners in Kent County, Maryland, approved a voluntary check-off box program to help fund easement acquisitions. The county distributes a brochure with local tax mailings that describes the county's farmland protection efforts and asks for a small contribution.

Local governments may need to seek state authority to collect contributions for land conservation. Kent County did not need state approval, but sponsors sought support from the county commissioners.

Credit Cards
In 1996, the Land for Maine's Future Program issued the first state-sponsored credit card to raise money for land protection. LFMF acquires land to provide recreational opportunities, and to protect important natural resources (including farmland) and scenic views. The program receives 0.5 percent of all charges and has received about $60,000 to date.

Local jurisdictions do not have a large enough pool of potential card users to make this alternative worthwhile. State programs may be required to seek statutory authority to issue a credit card. LFMF sought statutory authority to issue its credit card in 1995. There was overwhelming support among legislators for this funding option.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

For additional information on Purchase of Agricultural Conservation Easements and other farmland protection programs, the Farmland Information Center offers publications, an on-line library and technical assistance. To order PACE: What Works, a 38-page comprehensive technical report ($14.95), or other AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

Lottery Proceeds

In 1992, 58 percent of Colorado voters approved the Great Outdoors Colorado Amendment redirecting a portion of lottery revenues to protect open space. The amendment also created the Great Outdoors Colorado Trust Fund to oversee the distribution of the funds. Great Outdoors Colorado funds wildlife habitat restoration, land conservation (including farmland), and parkland acquisition and maintenance. GOCO received an average of $17 million each year between 1994 and 1999.

Enabling legislation for state lotteries typically specifies how revenues can be spent. Consequently, reallocating revenues to land protection often requires legislative action. Contact state legislators for more information about this potential funding source.

Mitigation Ordinances

The City Council of Davis, California, adopted an ordinance requiring farmland mitigation in 1995. For every acre of agricultural land converted to other uses, an acre of agricultural land must be protected by a conservation easement. Developers can grant a conservation easement or pay a fee that would cover the cost of protecting a comparable amount of land.

Mitigation ordinances are difficult to craft. The U.S. Supreme Court ruled in Nollan v. California Coastal Commission, 107 S. Ct. 3141, that there must be a direct connection or "nexus" between exactions from landowners and the proposed development's impact. Furthermore, in 1994 the U.S. Supreme Court determined in Dolan v. Tigard, 114 S. Ct. 2309, that exactions must be "roughly proportional" to the impact of the development.

Special Districts

In California, the Solano County Farmland and Open Space Foundation is funded by a Mello-Roos district. A Mello-Roos district is a special district created under the state's Mello-Roos Community Facilities Act of 1982 to finance open space acquisition and the development of parks. In Solano County, properties within the district pay an annual tax of $16- $33 per acre prior to development and $80 per unit after construction.

The rules governing the creation of special districts vary from state to state. For more information, farmland protection advocates should contact their town or county administrators.

Benefits

- These funding options are often viewed as "new" sources of revenue and receive enthusiastic public support.
- The check-off box and credit card programs allow residents to choose to contribute to farm land protection.
- The mitigation ordinance makes developers pay for farmland protection, establishing a clear link between the cause and a potential solution.

Drawbacks

- Localities may not be able to secure the authority to implement some of these options.
- Some of these strategies produce modest revenues or take a few years to generate significant sums.

ISSUES TO ADDRESS

- What does state or local law allow?
- How difficult will it be to get approval?
- How much money can be raised?
- How predictable is the funding source?
- How secure is the funding source? Could funds be "raided" by state or local governments during fiscal crises?
- Who benefits and who pays?