



# The Cost of Community Services in Lexington-Fayette County, Kentucky

# THE COST OF COMMUNITY SERVICES IN LEXINGTON- FAYETTE COUNTY, KENTUCKY

September, 1999



*American Farmland Trust*

## ABOUT AMERICAN FARMLAND TRUST

American Farmland Trust is the only private, nonprofit conservation organization dedicated to protecting the nation's strategic agricultural resources. Founded in 1980, AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. Its activities include public education, technical assistance, policy research and development and direct land protection projects.

AFT provides a variety of professional services to state and local governments and public agencies, private organizations, land trusts and individual landowners. Services include customized information products and workshops on farmland protection and estate planning; economic research, reports, and presentations on land use planning; policy research, development and evaluation; farmland protection program implementation and conservation real estate consulting.

For membership information or general information about AFT, contact the National Office or connect to AFT's home page at: <http://www.farmland.org>. To find out more about AFT's publications, products and services, call (800) 370-4879.

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### ACKNOWLEDGMENTS

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Melissa Adams  
American Farmland Trust

September 1999

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## TABLE OF CONTENTS

## TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	2
METHOD	6
FINDINGS	11
DISCUSSION	12
ENDNOTES	14
APPENDICES:	

I. Employee Withholding Tax Analysis

II. Budget Allocations

III. Summary of Previously Completed COCS Studies

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## EXECUTIVE SUMMARY

In Lexington-Fayette County, Kentucky, farmland more than pays its way. American Farmland Trust studied the cost of community services and found that farm and open land create a fiscal surplus to the county.

## EXECUTIVE SUMMARY

The study found that farm and open land contribute more in tax revenues than they receive back for public services: For every dollar generated, Fayette County only spent \$0.93 in public services for farm and open land. Residential development was expensive; it cost county coffers \$1.64 for every dollar generated. Because the majority of the county's funding comes from an employee withholding tax, commercial/industrial uses generated the highest revenues: For every dollar raised, the county only spent \$0.22 in public services.

Findings demonstrate that it pays to maintain existing businesses, including farm businesses, in Fayette County. Beyond its fiscal contribution, agriculture - and the farm and open land that support it - generates more than \$1 billion annually to the regional economy.<sup>1</sup>

Fayette's beautiful landscape, mild climate, fertile soils and access to metropolitan centers attract a steady stream of new residents. The county has been progressive in regional planning - creating its first Planning and Zoning Commission in 1928 and what is now a model "urban service area boundary" around the city of Lexington in 1958. Even so, development pressure is beginning to steer the county's future. Since 1980, Fayette's population grew 18.4 percent while demand for residential construction increased 150 percent. Most of the new building permits were for single-family homes. Meanwhile, the number of people living within the urban service area has been declining.<sup>2</sup> All this has led to sprawling residential development that seriously threatens the future of the county's agricultural base and the fiscal stability of its communities.

These findings provide new information about the current land use distribution in Fayette County. Since farm and open land is contributing excess revenues that residential development is not, the findings suggest that converting it to scattered residential development outside of the urban service area will prove to be economically shortsighted. Combined with information about long-term impacts of growth, knowledge about how current land uses affect local finances will be useful as persistent growth pressures make it crucial that the county continue to make informed policy and planning decisions.

## INTRODUCTION

Lexington-Fayette County, Kentucky is known throughout the world as the center of the thoroughbred horse industry. Horse breeding and racing are ingrained in the culture of county residents and contribute a unique sense of place to this region. The rolling hills and traditional white plank fences of local farms create a picturesque landscape throughout the county. The land is valued not only for its scenic beauty, but also for its contribution of more than \$1 billion to the regional economy through agriculture and tourism.<sup>4</sup> This study provides evidence that, in addition to its direct and indirect economic impacts, farm and open land in Fayette County provides a net fiscal surplus to the county government due to its modest demand for public services.

Fayette County's 283 square miles are located in central Kentucky, bordered by Scott County to the north, Clark and Bourbon Counties to the east, Madison and Jessamine Counties to the south and Woodford County to the west. At the center of the county is the city of Lexington, which is 76 square miles, surrounded by approximately 207 square miles.<sup>5</sup> Lexington is 81 miles south of Cincinnati, Ohio and 78 miles east of Louisville, Kentucky.<sup>6</sup> The surrounding rural area of the county is approximately 207 square miles.<sup>7</sup>

Fayette's beautiful landscape, mild climate, fertile soils and access to metropolitan centers consistently attract new residents. The population in the county has increased 83 percent over the last 40 years.<sup>8</sup> Since 1980, population has grown 18.4 percent, to a 1998 estimated total of 241,749.<sup>9</sup> This recent rise in population has resulted in a much greater increase in residential construction. In 1980, there were 1,941 building permits issued, and in 1998 there were 4,851 permits issued,<sup>10</sup> an increase of 150 percent in less than two decades. The majority (68 percent) of these permits were for single-family homes,<sup>11</sup> a trend that has led to a sprawling pattern of residential development.

Fayette County has been progressive in regional planning, creating its first Planning and Zoning Commission in 1928. This commission adopted its first subdivision control regulations in 1929, followed by the first comprehensive plan for the county in 1931. In 1958, Fayette County created an "urban service area boundary" around the city of Lexington to "separate urban intensity uses from horse farms and other rural activities, reduce sprawl development along major roadways, provide for better cost control of government infrastructure and services, reduce impacts on fragile environments and maintain the central focus of the downtown".<sup>12</sup>

The urban service area boundary shows the progressive nature of the county government in taking action early to control development and protect farms and other natural resources.

## INTRODUCTION



Calumet Farm - Photo by Dag Ryen

*This study provides evidence that, in addition to its direct and indirect economic impacts, farm and open land in Fayette County provides a net fiscal surplus to the county government.*

*Overall, farming contributes more than \$1 billion to the regional annual economy.*

The boundary is intended to keep intensive development within the urban core, while protecting the more sensitive land in surrounding rural areas. This planning tool has served as a model for other communities across the country.

In 1974, the city of Lexington merged with Fayette County to form a single unit of government called the Lexington-Fayette Urban County Government, which still exists today. The urban service area boundary and continued updates to the comprehensive plan have helped keep the rural areas of Fayette County in farming, and encouraged economic development in downtown Lexington. However, even with good planning, the county is experiencing growth pressures. The urban service area was recently expanded to include 5,400 additional acres. Although the county continues to grow in population, the number of residents living within the urban area is declining.<sup>13</sup> From 1990 to 1998, 4,700 acres were converted into 10-acre residential lots.<sup>14</sup> As a result, sprawl threatens to overtake existing farmland and the county's beautiful landscape.

Conversion of productive farmland to house lots in the county is of major concern not only for the cultural and scenic values of this land, but also because of the economic values associated with farming that would be lost. Fayette County was ranked first in Kentucky for agricultural sales in 1997 with 4.5 percent of the state's receipts, totaling \$139.3 million.<sup>15</sup> The highest value crops grown in the county are horses and tobacco, which together accounted for 91 percent of agricultural sales in 1997. Thoroughbred horses were ranked first in total agricultural sales in 1997 with \$107.6 million in receipts, the highest sales on record.<sup>16</sup> Tobacco was ranked second in total sales for 1997 with receipts of \$16.9 million.<sup>17</sup>



**Mare and Foal**  
Photo by James Archambeault  
courtesy of Lexington Convention  
and Visitors Bureau

The horse industry also generates significant secondary economic impacts. It is the region's main tourist attraction. The Kentucky Horse Park, a major enticement for tourists of the Bluegrass Region, had 750,000 - 800,000 visitors in 1998.<sup>18</sup> The park has an annual economic impact of \$98 million and creates 2,444 jobs.<sup>19</sup> Tourism in Fayette County generated more than 14,000 jobs and contributed \$584 million to the local economy in 1997.<sup>20</sup> Overall, farming contributes more than \$1 billion to the regional annual economy.<sup>21</sup> Therefore, the local and regional economy will suffer significantly if existing farmland is converted to residential development.

Farmland and open space contributes to the quality of life in Fayette County through its environmental, aesthetic, cultural and economic values. Growth in the region threatens to replace this valuable land with development. Concerned residents want to plan for future growth in order to preserve Fayette County's distinctive rural character. In response to these concerns, the Land and Nature Trust of the Bluegrass and the Bluegrass Conservancy commissioned American Farmland Trust to conduct this Cost of Community Services study.

The Land and Nature Trust of the Bluegrass is a nonprofit organization that has been working for more than 20 years to protect the rural environment and scenic natural areas in the Bluegrass.



The Bluegrass Conservancy is a non-profit regional land trust committed to the conservation and preservation of the unique rural and cultural resources of the Inner Bluegrass Region. The Conservancy's mission is to promote the conservation of Bluegrass farmland.

American Farmland Trust (AFT) is the only national private, nonprofit conservation organization dedicated to protecting the nation's strategic agricultural resources. Founded in 1980, AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. American Farmland Trust developed the Cost of Community Services (COCS) study methodology in the 1980's and has since conducted 19 studies nationwide.

### **What is a Cost of Community Services study?**

A "Cost of Community Services (COCS)" study determines the overall fiscal contribution of current land uses. Findings are a snapshot in time of costs versus revenues based on existing land use patterns. Unlike a traditional fiscal impact analysis, COCS studies do not predict the future impact of decisions. Instead, they assess current conditions based on existing budgets and real dollars. In this way, they provide hindsight from past land use decisions. While COCS studies do not judge the intrinsic value of one land use over another, they do specifically evaluate the fiscal contribution of privately owned farm, forest and open land. These productive land uses are generally ignored in other types of fiscal analysis.

The COCS process is straightforward and findings are easy to understand. Local budgetary information is allocated to land use categories, and then revenues and expenditures are compared. The studies rely on recent financial records and interviews with local officials to determine how revenues were generated and how appropriations were spent for a given year.

### **Purpose of Study**

The purpose of this study is to measure the overall financial impact of current land uses in Lexington-Fayette County. Study findings are intended to provide officials and residents with baseline information that they can use to make informed decisions. Land use policies and planning decisions will have important consequences for the future environment and quality of life of residents. Reliable information about how current land uses affect local finances can help guide these decisions.

*The purpose of this study is to measure the overall financial impact of current land uses in Lexington-Fayette County.*

The results of more than 60 COCS studies, conducted by AFT and other organizations across the country, refute the following three misconceptions or "myths" about growth.



Urban Sprawl  
Photo by Dag Ryen

*Myth #1: Residential development lowers property tax bills by increasing the tax base*

Residential development does contribute revenue to the tax base through property taxes, but it also increases the amount of expenditures necessary for public services such as public safety and education. When these costs are taken into account, COCS findings consistently show that, overall, residential development does not pay for itself.

*Myth #2: Farm and forestland receive an unfair tax break when they are assessed at their current use instead of at their potential use for development*

Current Use, or Differential Property Tax programs, tax land that is actively used for farm or forestry at their use value rather than their market value. Because of the modest demand of farm and forestland for public services, COCS findings show that most of these programs tax open land at a fair value based not only on the land's current use, but also on its modest cost to the community.

*Myth #3: Open land, including productive agricultural and forestland, is an interim use awaiting conversion to its "highest and best" use*

Findings prove that keeping farm and forestland productive is a viable economic use of the land. Studies find that farm, forest and open land have a modest demand for services, and therefore require a low level of expenditures from local government. In addition, agriculture and forestry provide numerous economic and environmental benefits. Therefore, keeping land open is often the best use from a fiscal, economic and environmental perspective.

### Organization of Report

The rest of the report includes a description of the Cost of Community Services study method, Fayette County findings and a discussion of the implications of these findings. Appendix I describes the analysis to allocate the county's employee withholding tax into land use categories. Appendix II contains spreadsheet tables with budget allocations used to calculate the findings. Appendix III is a table of findings of COCS studies previously completed throughout the country.

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## METHOD

A Cost of Community Services study requires the following basic steps:

## METHOD

- 1) Meet with local sponsors
- 2) Collect data: Obtain relevant reports, contact officials, boards and departments
- 3) Allocate revenues by land use
- 4) Allocate expenditures by land use
- 5) Analyze data and calculate ratios

The publication *Is Farmland a Community Investment? How to do a Cost of Community Services Study* (American Farmland Trust, 1993) explains how to conduct a study in general terms. The following description explains how this process was conducted in Fayette County.

### Cost of Community Services Process in Lexington-Fayette County

#### 1) Meet with local sponsors

On March 12, 1999 a meeting took place in Lexington, Kentucky with representatives from the Land and Nature Trust of the Bluegrass, the Bluegrass Conservancy, the Lexington-Fayette Urban County Government, American Farmland Trust, the Kentucky Thoroughbred Association and other local farmers. American Farmland Trust gave a presentation on Cost of Community Services (COCS) studies. Participants discussed the COCS process and how it could be applied in Fayette County.

Based on this discussion, the Land and Nature Trust of the Bluegrass and the Bluegrass Conservancy decided to commission American Farmland Trust to conduct a COCS study in Fayette County. Funding assistance was provided by the Kentucky Thoroughbred Association. The main objective of the study was to understand the net financial impact of various land uses from the perspective of a taxpaying resident. Since the merged urban-county government delivers public services to urban and rural residents and collects taxes, it was agreed that the study should be done at the urban-county government level. Actual numbers from the fiscal year 1998 (FY98) budget were used in the study because this was the most recent year with closed books.

The following land use categories were used: 1) residential development, 2) commercial and industrial development and 3) farm and open land. Residential development includes property used for dwellings, including farmhouses, employee housing and rental units. Commercial development includes property actively used for business purposes. Industrial development includes property actively used for wholesale production and utilities, usually goods-producing. Farm and open land includes property used or designated for open space, forest or agriculture. Although agriculture and forestry are both industries that contribute to the local economy, they tend to be neglected when included with other commercial and industrial activities. Thus in a COCS study, they are analyzed separately from other commercial and industrial development.

2) Collect data: Obtain relevant reports, contact officials, boards and departments.

On May 10, 1999 AFT's economic research specialist arrived in Lexington to begin collecting data. She conducted interviews with division directors and county officials to determine how revenues were generated and how expenditures were spent in fiscal year 1998. To conduct the analysis, she gathered documents including:

- \* Lexington-Fayette Urban County Government Annual Budget for FY98
- \* Comprehensive Annual Report for the year ended June 30, 1998
- \* Department of Property Valuation Certification of Equalized Assessment for FY98
- \* Fayette County Public Schools 1999-2000 Tentative Budget (with 1997-1998 actuals)
- \* FY1998 reports of Lexington-Fayette Urban-County departmental activity
- \* Lexington-Fayette Urban County Government Single Audit Reports for the year ended June 30, 1998

The researcher interviewed county officials and analyzed budget records to determine how to allocate FY98 revenues and expenditures into land use categories. Some line items had straightforward allocations because records were available by land use. For example, building permits were allocated according to the percentage of fees generated from residents versus businesses and industries. For other line items that were not directly tied to land use, this allocation process was more difficult and required more extensive record searches. Wherever possible, determinations were made strictly based on financial records. However, in some cases, allocations relied partially on the experience and judgement of the division or department head interviewed.

3) Allocate revenues by land use

The researcher asked the Urban County Commissioner (Department of Finance) how each revenue was generated in FY98: by residents, businesses, industries or open land, including farm and forest land. For some revenue sources, one land use was attributed with generating the entire amount. For example, revenues generated by businesses, such as liquor licenses, were considered commercial so were allocated entirely to the commercial and industrial category. If a combination of land uses generated the funds, a percentage breakdown was determined to allocate the correct portion of revenue to each land use. For some items, such as fees and licenses, detailed reports were analyzed to determine the most accurate percentage breakdown.

To calculate the relative portion of property taxes paid by each land use, the total FY98 assessed value broken down by land use,<sup>22</sup> provided by the Fayette County Department of Property Valuation, was adjusted to include both multi-family residences and farmhouses in Residential development. For FY98 in Fayette County, the resulting percentages were:

Residential Development	.7343
Commercial/Industrial Development	.2481
Farm/Open Land	.0176
	<u>100 %</u>

These percentages were used to allocate only property tax related revenues.

The employee withholding tax is a major revenue source in Fayette County. In FY98 this tax generated \$91.9 million, which was 58 percent of total revenues. This tax is 2.25 percent of the gross wages of each employee working within the county. It is collected from each employee's payroll by the employer and then paid directly to the county government. To allocate this revenue, payroll amounts sorted by Standard Industrial Classification (SIC) Code were used. For FY98 in Fayette County, these percentages were:

Residential Development:	.2675
Commercial/Industrial Development:	.7038
Farm/Open Land:	.0287
	<u>100 %</u>

See Appendix I for a detailed explanation of the analysis conducted to determine this percentage breakdown. Since the employee withholding tax was the county's primary revenue source, the relative portion of payroll generated by each land use was also applied as a "fall-back" percentage to allocate some revenues. After extensive interviews and financial analysis, if a particular revenue, such as Investment Income, could not be reliably tracked by land use these "fall-back" percentages were used.

#### 4) Allocate expenditures by land use

The researcher carefully investigated how FY98 expenditures in each division were spent: on residents, businesses, industries or open land, including farm and forest land. For each line item, the land use—or combination of land uses—that required the funds was determined. Expenditures serving residents, such as Education, were considered residential. Expenditures serving businesses or industries, such as Local Economic Assistance to industries, were considered commercial and industrial. Expenditures for farms, such as current planning for the rural land management plan, were allocated to farm and open land. As with revenues, some expenditures were not spent entirely on one land use. In these cases, the researcher consulted division directors and analyzed detailed reports to determine the most accurate breakdown between the different uses.

Some expenditures could not be tracked directly to a specific land use. Examples of this are administrative salaries and public buildings, which serve the entire county in a general capacity. In these situations, “fall-back” percentages were applied based on the percentage of total revenues allocated to each land use.<sup>23</sup> These percentages were only used to allocate expenditures if a more accurate breakdown could not be determined from financial records and interviews. For FY98 in Fayette County, the “fall-back” percentages for expenditures were:

Residential Development	.4951
Commercial/Industrial Development	.4819
Farm/Open Land	<u>.0230</u>
	100 %

#### Budget Components of Analysis

All line items in the Lexington-Fayette Urban County Government General Fund were included in the analysis. These include the following categories:

##### Revenues

- \* Licenses and Permits
- \* Taxes
- \* Charges for Services
- \* Fines and Forfeitures
- \* Intergovernmental
- \* Property Sales
- \* Investment Income
- \* Other Income

##### Expenditures

- \* General Government
- \* Administrative Services
- \* Department of Finance
- \* Department of Public Works
- \* Department of Public Safety
- \* Department of Social Services
- \* Department of General Services
- \* Department of Housing and Community Development
- \* Department of Law
- \* Outside Agencies
- \* Debt Service
- \* Other Financing Resources

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In addition to the general budget, the following additional revenues and expenditures were included:

- \* Grants (State and Federal)
- \* Special revenues
- \* Education
- \* Component Units (outside agencies)

See Appendix II for a listing of the subheadings under each of these general categories. Funds, such as Enterprise funds, that have equal revenues and expenditures as well as having the same land use allocations on both the revenue and expenditure side were not included in the analysis as they would have had no effect on the findings.

#### 5) Analyze data and calculate ratios

Once all necessary data was collected and interviews were completed, the dollar amount for each budget line item was allocated across the three land use categories according to the associated percentage breakdown agreed upon with the relevant county official. Once the percentages were entered for all line items, total revenues and total appropriations were summed for each land use category. By comparing these totals, an expenditure-to-revenue land use ratio was calculated for each land use, which shows the cost per dollar raised. This comparison also shows the net dollar loss or contribution of each land use to the local budget. These findings are found on page 16 as well as in the spreadsheet in Appendix II, which shows detailed budget allocations.

## FINDINGS

### FINDINGS

Study findings are presented in the table below. The first two rows of the table show the total dollars that were allocated to each land use for revenues and expenditures, respectively. The third row subtracts the expenditures from the revenues in each column to show the net gain or loss in dollars for each land use. The final row of the table presents this same information in ratio form, which shows the cost per dollar of revenue raised by each land use.

FY1998 FAYETTE COUNTY FINDINGS	Total	Residential Development	Commercial / Industrial Development	Farm / Open Land
Total Revenues*	\$341,186,726	\$168,921,664	\$164,409,956	\$7,855,107
Total Expenditures*	\$320,010,113	\$276,667,287	\$36,028,212	\$7,314,614
Net gain/loss	\$21,176,613	\$-107,745,623	\$128,381,744	\$540,493
Land use ratio **		\$1.00 : \$1.64	\$1.00 : \$0.22	\$1.00 : \$0.93

\* Includes special revenues, grants and schools

\*\* For every one dollar of revenue generated: Expenditures in dollars

In fiscal year 1998, residential development generated \$168.9 million in revenues and required \$276.7 in expenditures, creating a net loss of \$107.8 million for Fayette County. Commercial development generated \$164.4 million in revenues and required \$36 million in expenditures, creating a net gain of \$128.4 million. Farm and open land generated \$7.9 million in revenues and required \$7.3 million in expenditures, creating a net gain of \$540 thousand for the county.

Land use ratios, in the last row of the table, give the cost of services per one dollar of revenue generated in FY98. For every dollar of revenue from residential development, \$1.64 was required in expenditures. For every one dollar of revenue from commercial and industrial development, 22 cents was required in expenditures. For every dollar of revenue from farm and open land, 93 cents was required to cover associated services.

It is important to understand the assumptions and scope of this study when interpreting the ratios. This study was carried out using fiscal year 1998 data and should be used to understand the current fiscal situation for the both the urban services area and rural areas of Fayette County. This analysis determined the overall net fiscal impact of each land use on the total urban-county budget. Therefore the findings should not be applied to specific development projects or be used as a forecast for future land use scenarios.



## DISCUSSION

Study findings in Lexington-Fayette County follow the same general pattern of more than 60 COCS studies that have been conducted across the nation. Although ratios vary, all COCS studies have found that farm and other open lands generate a fiscal surplus for their communities. In all cases, residential development as a general category creates a net loss due to its high demand on public services and commercial and industrial development pay more than their direct costs. See Appendix III for a summary of findings from COCS studies completed by AFT and others.

This study differs from other COCS studies in that the Lexington-Fayette Urban County Government depends primarily upon the employee withholding tax as a source of revenue. Therefore, commercial and industrial land uses generate considerably more revenue here than in previous studies where property taxes were the communities' primary funding source. In this study the "fall-back percentage" was based on payroll rather than assessed value (as with previous COCS studies). Thus, it is important to remember that this is an individual case study of a real place in real time, and not to directly compare it with other COCS studies.

Residential development generated a significant amount of revenues for the Lexington-Fayette Urban County Government in FY98. However, the cost of services associated with residential as a general land use category were more than one and a half times the revenues - creating a net loss of \$107.8 million, which had to be subsidized by the surplus from farms and other businesses.

Commercial and industrial development has a relatively low ratio for FY98, which is typical of most COCS studies. However, because of the county's tax structure, this category was disproportionately lucrative. Agriculture is a commercial enterprise as well. Farms were analyzed separately from other businesses to measure the impact of this land use with other natural resources. However, it is important to remember that farm operations are local businesses that also contribute more than their share to county coffers. County farms generate about \$140 million a year directly<sup>24</sup> and, including secondary impacts, contribute more than \$1 billion annually to the regional economy.<sup>25</sup>

When interpreting the ratios for commercial and industrial development, it is important to understand that this study analyzes current, direct costs to the county. Long-term, indirect impacts of development are not within the scope of this COCS study, but they should be considered when making land use decisions. New industries attract new workers to the region, which results in rising population, additional housing, traffic congestion and additional demands for public services, thus increasing government expenditures over time. As an existing business, agriculture does not drive new population growth and increased spending in this way. Therefore, when deciding whether to develop new businesses and industries or to invest in farming, agriculture has two clear advantages. It provides surplus revenues and does not tend to increase population. Before pursuing any land use strategy, it is important to consider several related factors. For example, although commercial and industrial development provides annual fiscal benefits, it affects residential development over time, which may have negative fiscal consequences. Also, the placement of new development may conflict with other goals, such as protecting environmentally sensitive areas. Much of the land in the rural areas of Fayette County should be appreciated as a precious resource because of its ability to grow crops, support wildlife habitat, maintain scenic beauty and attract tourists. The pattern and

## DISCUSSION

*Planning the timing, phasing and placement of new development can improve fiscal and economic stability while protecting the beautiful landscape.*

location of new development will have a considerable impact on both the quantity and quality of Fayette's agricultural land.

The findings of this study should not be used to stop residential development. Everyone deserves a decent place to live. However, given the current pattern of development and the vastly disproportionate consumption of land for new housing relative to the increase in population, these findings do suggest that planning the timing, phasing and placement of new development can improve fiscal and economic stability while protecting the beautiful landscape. Furthermore, findings suggest the merit of developing new housing within the urban service area boundary. Investing in vacant urban properties is a strategy that would help stimulate the economy in downtown Lexington without using up precious agricultural resources or contributing to sprawl.



Country Road  
Photo by James Archambeault  
courtesy of Lexington  
Convention and Visitors  
Bureau

Development interests often claim that residential development is the "highest and best use" of land because it brings tax revenue into communities. However, these claims ignore the other side of the equation by failing to include the ongoing costs of public services and infrastructure that housing imposes on the community. The findings of this study should serve as a caution to communities trying to increase gross tax revenues through development without considering the associated costs of this type of growth.

Ninety-four percent of Fayette County voters surveyed in April of 1999 strongly agreed or somewhat agreed that farmland and open space are important to their quality of life.<sup>26</sup> In addition to the environmental, social, scenic and cul-

tural values that define quality of life in the county, the economic value of the farmland is also very important, for this pastoral landscape would not exist without it. To preserve the agricultural heritage of the county, immediate actions must be taken to protect valuable farmland against the threat of conversion.

Across the country, uncontrolled development is making many communities indistinguishable from each other with "cookie-cutter" housing developments, strip malls and chain stores. So far, Fayette County has been able to retain its unique sense of place. This is partially attributable to the fact that the county has had land use planning in place for more than 60 years. It can also be credited to the thoroughbred industry and the strong community support behind it. However, to preserve its community character while controlling future growth, the county must continue proactive planning.

These findings provide new and valuable financial information about Fayette County's current land use distribution. By understanding demands for public services in relation to tax revenue generated, informed decisions can be made to balance land uses to the county's best advantage. Combined with information about long-term impacts of growth, these findings should help the county direct balanced growth while protecting the natural landscape that is so important to the economy, character and quality of life in the Bluegrass Region.

*By understanding demands for public services in relation to tax revenue generated, informed decisions can be made to balance land uses to the county's best advantage.*

## ENDNOTES

<sup>1</sup> Research Services, 1994. *Farming in Fayette County*. Prepared for the Land and Nature Trust of the Bluegrass.

<sup>2</sup> <http://www.census.gov/population/cencounts/ky190090.txt>  
<http://www.census.gov/population/estimates/county/co-98-1/98c1-21.txt>

<sup>3</sup> Lexington-Fayette Urban County Government Department of Housing and Community Development. 1996. *Lexington Expansion Area Master Plan*

<sup>4</sup> Research Services, 1994. *Farming in Fayette County*. Prepared for the Land and Nature Trust of the Bluegrass.

<sup>5</sup> Lexington-Fayette Urban County, Kentucky. 1996 *Comprehensive Plan*. Adapted July 29, 1996.

<sup>6</sup> [Http://www.lfucg.com/](http://www.lfucg.com/)

<sup>7</sup> Lexington-Fayette Urban County, Kentucky. 1996 *Comprehensive Plan*. Adapted July 29, 1996.

<sup>8</sup> From 1960 to 1998 the population of Fayette County increased from 131,906 to 241,749 according to the 1997 U.S. Census

<sup>9</sup> <http://www.census.gov/population/cencounts/ky190090.txt>  
<http://www.census.gov/population/estimates/county/co-98-1/98c1-21.txt>

<sup>10</sup> <http://www.census.gov/const/www/C40/table3.html>

<sup>11</sup> ibid

<sup>12</sup> Lexington-Fayette Urban County, Kentucky. 1996 *Comprehensive Plan*. Adapted July 29, 1996. (page 4-14)

<sup>13</sup> Lexington-Fayette Urban County Government Department of Housing and Community Development. 1996. *Lexington Expansion Area Master Plan*

<sup>14</sup> The Bluegrass Conservancy

<sup>15</sup> [http://www.nass.usda.gov/census/census97/volume1/us-51/us2\\_01.pdf](http://www.nass.usda.gov/census/census97/volume1/us-51/us2_01.pdf)

<sup>16</sup> Records go back to 1982.

<sup>17</sup> <http://www.nass.usda.gov/census/census97/profiles/ky/kypb034.pdf>  
<http://govinfo.library.orst.edu/cgi-bin/ag-list?19-067.kyc>

<sup>18</sup> Kentucky Thoroughbred Association

<sup>19</sup> Kentucky Tourism Development Cabinet. 1998. *Tourism - Kentucky's Million Dollar Industry*

<sup>20</sup> Kentucky Department of Travel. 1997. *Tourism Research Services Economic Impact of Kentucky's Tourism and Travel Industry 1996-1997*.

<sup>21</sup> Research Services, 1994. *Farming in Fayette County*. Prepared for the Land and Nature Trust of the Bluegrass.

<sup>22</sup> This information was on the Certification of Equalized Assessment form provided by the Fayette County Department of Property Valuation Department.

<sup>23</sup> Previous COCS studies used the portion of assessed value in each land use as the "fall-back" percentages because property taxes were the major source of funding. However, the property tax contribution in Lexington-Fayette County is relatively minor at only 8 percent of total revenues and would not have represented the County's tax structure. In this study, the "fall back" was based on the percentage of total revenues allocated to each land use to more accurately reflect the relative distribution of all county revenues, including the employee withholding tax, property taxes and other funding sources.

<sup>24</sup> 1997 figures [http://www.nass.usda.gov/census/census97/volume1/us-51/us2\\_01.pdf](http://www.nass.usda.gov/census/census97/volume1/us-51/us2_01.pdf)  
[http://www.nass.usda.gov/census/census97/volume1/us-51/us2\\_01.pdf](http://www.nass.usda.gov/census/census97/volume1/us-51/us2_01.pdf)

<sup>25</sup> Research Services, 1994. *Farming in Fayette County*. Prepared for the Land and Nature Trust of the Bluegrass.

<sup>26</sup> Preston Osbourne Research. 1999. *A Confidential Survey of Public Opinion Regarding Growth and Preservation*.

## ENDNOTES

# FY98 EMPLOYEE WITHHOLDING TAX ANALYSIS

\* not included in County Business payroll by industry

	Net Profit	Res	Com/Ind	Ag	Emp W/H	Res	Com/Ind	Ag
Unknown*	344,327							
0100-900	459,143			625,762	1,805,253			1,805,253
1200-1400	39,932		32,932	459,143	207,265		207,265	
1500-1700	1,828,871		1,828,871		8,251,812		8,251,812	
2000-3900	1,328,707		1,328,707		12,084,932		12,084,932	
2200	3,338			3,338	6,122			6,122
2400	948			948	1,604			1,604
4000-4900	450,434		450,434		2,517,120		2,517,120	
4221	7,540			7,540	1,460			1,460
5000-5100	910,395		910,395		3,078,248		3,078,248	
5200-5900	2,383,694	2,383,694			15,859,508	15,859,508		
5083	240			240	1,699			1,699
5191	140,242			140,242	33,529			33,529
5193	4,021			4,021	1,964			1,964
5143	0			0	2,438			2,438
5159	2,601			2,601	2,649			2,649
5261	11,761			11,761	82,530			82,530
5421	0			0	18,617			18,617
5431	2,764			2,764	8,254			8,254
5451	3,123			3,123	44,748			44,748
5993	204			204	2,612			2,612
6000-6900	3,160,380		3,160,38		8,117,890		8,117,890	
6513	36,135	36,135			120,462	120,462		
6515	1,837	1,837			8,242	8,242		
6530	110,593	110,593			152,575	152,575		
7000-8900	4,177,905		4,177,905		21,545,223		21,545,223	
7200	488,502	488,502			3,038,256	3,038,256		
8300	79,821	79,821			443,645	443,645		
8200	53,543	53,543			424,147	424,147		
7948	119,873			119,873	262,905			262,905
8661	78,816	78,816			1,070,480	1,070,480		
8811	10,771	10,771			94,275	94,275		
9100-9700	5,991		5,991		12,272,690		12,272,690	
9512	3,374			3,374	6,427			6,427
9531	1,022				3,511	3,511		
9900	485,305				1,479,837			
Totals	16,729,154.80	3,243,713	11,889,624	755,799	93,678,692	21,211,590	55,802,490	2,276,385
less Unknown, Unclassified and Government*				15,889,137				
Adjusted Total	15,889,137	0.2041	0.7483	0.0476	79,290,464	0.2675	0.7038	0.0287

EMPLOYEE WITHHOLDING TAX ANALYSIS ASSUMPTIONS:

- 1) The total employee withholding tax was allocated into land use categories based on a listing of payments for fiscal year 1998 by Standard Industrial Classification (SIC) codes. The US Census County Business Patterns lists major industry groupings by SIC codes divisions, such as Agricultural Services, Manufacturing and Retail Trade. This structure was used for the basis of the analysis. Agricultural Services, Forestry, and Fishing were allocated to Farm/Open. Initially, Mining, Construction, Manufacturing, Transportation, Public Utilities, Wholesale Trade, Finance, Insurance, Real Estate and Services were allocated to Commercial/Industrial, and Retail Trade was allocated to Residential. Retail was considered residential because existing residents usually attract this type of business, whereas Manufacturing was considered commercial/industrial because this type of business usually attracts new residents to work there. The Government and Administrative category was not included in the County Business Pattern industry groupings and not directly associated with one of the three land use categories, so it was not included in the analysis. Unknown and Unclassified items (not described by a SIC code) were also left out of the analysis.
- 2) These general categories were then analyzed in more detail to determine if a 2 digit SIC code gave clear information about what land use was generating the payment. Within the SIC divisions, line items that had a clear correlation with either residential development, commercial/industrial development, or agriculture were allocated accordingly. For example, within Retail Trade, Farm Equipment and other line items associated with farm operations were allocated to Farm/Open, whereas the remaining payments in Retail trade were allocated to Residential (see assumption 1)
- 3) Once this analysis was complete, the following total percentages of payments in each land use category were calculated:

Res	Com/Ind	Farm/Open
.2675	.7038	.0287

These percentages were used to allocate the \$93 million employee withholding tax revenue in the COCS spreadsheet. These percentages were also used as a "fall-back" percentage to allocate revenues if a better breakdown was not available or if the revenue was generated from all land uses within the county.

All property tax related revenues were allocated based on the traditional COCS "fall-back" percentage of assessed value for each land use in FY98. This represents the relative amount of property tax paid by each land use, and includes farmhouses in the residential category.

- 4) Once the revenue portion of the COCS spreadsheet was complete, the percentage of total revenues in each land use category was totaled, and these percentages were used as the "fall-back" percentage to allocate expenditures in which a better breakdown was not available and/or that were spent on all land uses within the county.

Business Return Analysis

A breakdown of net profits by SIC code was obtained. The same criteria and assumptions used for employee withholding were used to allocate these profit amounts into the three land use categories. Once this analysis was complete, the following total percentages of net profits in each land use category were calculated:

Res	Com/Ind	Farm/Open
.2041	.7483	.0476

These percentages were used to allocate the \$16 million of revenues generated through Business Returns.

LEXINGTON-FAYETTE COUNTY COCS

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
<b>REVENUES</b>				
Licenses and Permits				
Employee Withholding	91,918,281	24,588,140	64,692,086	2,638,055
Business Returns	16,101,063	3,286,227	12,048,425	766,411
Insurance	12,619,020	3,375,588	8,881,266	362,166
Franchise Permits	6,002,755	1,605,737	4,224,739	172,279
Bank Franchise Tax	649,306		649,306	
Hotel and Motel	904,839		904,839	
Liquor and Beer	374,267		374,267	
Vehicle Licenses	176,185	47,129	123,999	5,057
Electrical Contractors	117,505		117,505	
Regulated Licenses and Permits	109,229		109,229	
Individual Returns	80,094		80,094	
Hazardous Materials Permits	16,750		16,750	
Home Inspectors License	17,250	17,250		
Bond Deposits	4,666	1,248	3,284	134
Rental Vehicle License	2,446		2,446	
Total Licenses and Permits	129,093,656	32,921,320	92,228,236	3,944,101
Taxes				
Realty and Personalty	8,940,247	6,562,141	2,217,181	160,924
Sheriff's Commission	1,704,007	1,250,741	422,594	30,672
Public Service Companies	827,270		827,270	
Motor Vehicle	1,158,809	850,566	287,385	20,859
Delinquent Collections	122,401	89,842	30,355	2,203
Other Property Taxes	165,773	121,677	41,112	2,984
Insurance Taxes	5,347	3,925	1,326	96
County Clerk's Commission	-40,740	-29,903	-10,104	-733
Discounts	-151,371	-111,106	-37,540	-2,725
Total Taxes	12,731,743	8,737,883	3,779,579	214,281
Charges for Services				
Detention Fees	2,195,356	2,195,356		
Golf Course Collections	2,224,423	2,224,423		
Excess Fees and Collections	1,152,669	308,339	811,248	33,082
Building Permits	1,062,948	467,697	595,251	0
Deed Tax Fee	1,188,114	317,820	836,195	34,099
Emergency Medical Services	1,017,945	1,017,945		
Swimming Pool Collections	503,421	503,421		
Domestic Relations Fees	399,723	399,723		
Parks and Recreation Programs	357,383	357,383		
Park Concessions - Net of Costs	164,182	164,182		
District Court Jail Fees	216,885	216,885		

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Parking Meter Collections	190,365		190,365	
Other	166,727	44,599	117,342	4,785
Planning and Zoning Fees	149,779	86,872	33,251	29,656
Adult Probation Fees	97,305	97,305		
Data Processing Services	72,944	19,513	51,338	2,093
Total Charges for Services	11,160,169	8,421,463	2,634,990	103,715
Fines and Forfeitures	167,013		167,013	
Intergovernmental	1,481,534	1,481,534		
Property Sales	453,324	121,264	319,049	13,010
Investment Income	1,538,252	411,482	1,082,622	44,148
Other Income				
Penalties and Interest	886,372	209,007	643,550	33,815
Civil penalties	41,000	38,950	2,050	
Other	277,207	74,153	195,098	7,956
School Board of Taxation Commission	137,500	36,781	96,773	3,946
Law Department Collections	94,341	25,236	66,397	2,708
Tourism Facilities Revenue	50,000		25,000	25,000
Local Contributions	58,444	15,634	41,133	1,677
Tourism Commission	18,097		9,049	9,049
Total Other Income	1,562,961	399,761	1,079,050	84,151
<b>TOTAL GENERAL REVENUES</b>	<b>\$158,188,652</b>	<b>52,494,707</b>	<b>101,290,539</b>	<b>4,403,405</b>
<b>SPECIAL REVENUES</b>				
County Aid Program	423369	144,792	99,068	179,508
Municipal Aid Program	3663139	3,663,139		
Industrial Revenue Bond	109922		109,922	
Local Economic Assistance - Mineral	109886	56,042	53,844	
Local Economic Assistance - Coal	65701	17,575	46,240	1,886
Police Confiscated Funds	180909	48,393	127,324	5,192
<b>Subtotal</b>	<b>\$4,552,926</b>	<b>3,929,941</b>	<b>436,399</b>	<b>186,586</b>
State Grants				
Fire Training Incentive FY97	27,173	7,269	19,124	780
Fire Training Incentive FY98	1,222,314	326,969	860,265	35,080
Intensive Probation FY97	3,214	860	2,262	92
Ronald McDonalds Children's Charities	0	0	0	0
Transition Plus FY98	57,633	15,417	40,562	1,654
Virginia Avenue Project	3,659,172	978,829	2,575,325	105,018
National School Lunch FY98	990	265	697	28
Police Training Incentive FY97	100,670	26,929	70,852	2,889
Police Training Incentive FY98	1,102,267	294,856	775,776	31,635
Emergency Medical Services FY98	27,161	7,266	19,116	780

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
New Chance FY97	11,070	2,961	7,791	318
Community Rivers and Streams	5,000	1,338	3,519	144
Emergency Management Assistance FY98	14,154	3,786	9,962	406
Day Treatment FY97	1,786	478	1,257	51
Intensive Probation FY98	62,500	16,719	43,988	1,794
Coleman House FY97	35,595	9,522	25,052	1,022
Law Enforcement Service Fee FY97	15,759	4,216	11,091	452
Transition Plus FY97	9,646	2,580	6,789	277
New Chance FY98	82,394	22,040	57,989	2,365
Emergency Management Assistance FY97	1,522	407	1,071	44
Coleman House FY98	58,751	15,716	41,349	1,686
Evans Mill Excavation	0	0	0	0
Day Treatment FY98	78,139	20,902	54,994	2,243
FHWA Transportation Planning FY97	3,594	961	2,529	103
FHWA Transportation Planning FY98	10,858	2,905	7,642	312
Prevention Strategies for Youth FY98	1,000	268	704	29
DUI Service Fee FY98	27,167	7,267	19,120	780
Flood Reimbursement FY97	0	0	0	0
Peers Education Peers	2,411	645	1,697	69
<b>Total State Grants (Revenues)</b>	<b>\$6,621,940</b>	<b>1,771,369</b>	<b>4,660,521</b>	<b>190,050</b>
<b>Federal Grants</b>				
Summer Youth Employment FY97	24,253	24,253		
Summer Youth Employment FY98	116,769	116,769		
JPTA Title IIA FY97	58,055	58,055		
JPTA Title IIA FY98	132,669	132,669		
Hire Older Workers FY97	8,549	8,549		
Hire Older Workers FY98	24,000	24,000		
JTPA Title IIA Incentive FY97	13,464	13,464		
JTPA Title IIA Incentive FY98	0	0		
Healthy Tomorrows	8,176	8,176		
Runaway Youth FY97	96,920	96,920		
Runaway Youth FY98	84,178	84,178		
Lex/Fayette Cty Family Support Network	42,000	42,000		
Citizens in Action	714	714		
Peers Education Peers FY98	2,411	2,411		
New Chance 97	22,814	22,814		
New Change 98	82,394	82,394		
Family Network FY97	8,319	8,319		
Family Network FY98	19,405	19,405		
Senior Citizens Center FY97	13,251	13,251		
Senior Citizens Center FY98	57,560	57,560		
Day Treatment FY97	1,142	1,142		
Day Treatment FY98	49,958	49,958		
Summer Shades Winburn FY98	5,400	5,400		
Red Light Running	15,000	10,350	3,450	1,200
Lex/Fayette Urban Services Area Proj	0			
Scenic Corridors	0			
Traffic Information Network	45,684	21,517	20,878	3,289
Traffic Signal Upgrade	53,719	25,302	24,550	3,868



Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Traffic Incident Management Project	62,007	29,205	28,337	4,465
FHWA Transportation Planning FY97	57,506	27,085	26,280	4,140
FHWA Transportation Planning FY98	53,734	25,309	24,556	3,869
Safety Inspection Program FY97	49,539	23,333	22,639	3,567
Safety Inspection Program FY98	0	0	0	0
Ridesharing FY97	21,955	10,341	10,033	1,581
Ridesharing FY98	13,211	6,222	6,037	951
FTA Section 8 FY97	279	131	128	20
FTA Section 8 FY98	21,030	9,905	9,611	1,514
Traffic Safety FY97	31,506	14,839	14,398	2,268
Traffic Safety FY98	8,012	3,774	3,661	577
CDBG Program Year 1995	0	0		
CDBG Program Year 1996	810,855	810,855		
CDBG Program Year 1997	2,463,320	2,463,320		
CDBG Program Year 1998	0	0		
Emergency Shelter FY96	56,407	56,407		
Emergency Shelter FY97	24,423	24,423		
H.O.M.E. FY93	25,930	25,930		
H.O.M.E. FY94	206,740	206,740		
H.O.M.E. FY95	436,202	436,202		
H.O.M.E. FY96	391,267	391,267		
H.O.M.E. FY97	140,317	140,317		
HOPWA	368,520	368,520		
Operation Safe Home	25,000	25,000		
Youthbuild Planning Grant	5,418	5,418		
Food Commodities Social Services FY98	4,749	4,749		
National School Lunch Program FY97	37,024	37,024		
National School Lunch Program FY98	56,246	56,246		
Child Care Food Program FY97	28,448	28,448		
Child Care Food Program FY98	41,434	41,434		
Summer Lunch - Parks & Rec FY97	4,464	4,464		
Summer Lunch - Parks & Rec FY98	0	0		
Summer Lunch - Housing FY97	158,966	158,966		
Summer Lunch - Housing FY98	0	0		
Urban Forestry FY97	3,100			3,100
Urban Forestry FY98	0			0
Historic Preservation FY96	8,833	6,183	1,767	883
Historic Preservation FY97	0	0	0	0
Museum Assessment	-7	-7	0	0
Police Confiscated Funds	95,132	65,641	21,880	7,611
Problem Solving Partnerships	597	412	137	48
Police Research Partnership	21,109	14,565	4,855	1,689
State Criminal Alien Assistance program	0	0	0	0
Local Law Enforcement	0	0	0	0
Local Law Enforcement FY99	540,749	373,117	124,372	43,260
COPS More FY96	65,947	45,503	15,168	5,276
COPS More	102,916	71,012	23,671	8,233
COPS AHEAD	583,581	402,671	134,224	46,686
D.A.R.T. FY97	26,852	18,528	6,176	2,148
Street Sales Enforcement FY97	85,937	59,297	19,766	6,875

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Street Sales Enforcement FY98	87,980	60,706	20,235	7,038
Spouse Abuse	12,874	12,874	0	0
Domestic Violence Order Monitoring CY97	49,904	49,904	0	0
Domestic Violence Order Monitoring CY98	0	0	0	0
Title V Prevention Program CY97	79,352	54,753	18,251	6,348
Title V Prevention Program CY98	0	0	0	0
Emergency Management Assistance FY97	6,595	3,627	2,770	198
Emergency Management Assistance FY98	12,955	7,125	5,441	389
CSEPP FY94-95	0	0	0	0
CSEPP FY96	0	0	0	0
CSEPP FY97	6,880	1,840	4,842	197
CSEPP FY98	27,096	7,248	19,070	778
Flood Reimbursement FY97	311,376	311,376		
Town Branch (Sewer)	68,570	60,342	7,543	686
Lifeskills Reintegration Project	104,483	104,483		
School to Work	139,066	139,066		
School to Work	22,751	22,751		
School to Work After School Program	0	0		
Early Intervention FY97	8,070	8,070		
Early Intervention FY98	38,157	38,157		
<b>Total Federal Grants (Revenues)</b>	<b>\$9,102,168</b>	<b>8,304,689</b>	<b>624,727</b>	<b>172,752</b>
<b>Schools</b>				
Revenue from local sources	99,596,021	56,152,849	41,678,565	1,764,608
Total Revenue from state	62,981,848	46,229,810	15,618,442	1,133,597
Other Receipts	143,171	38,298	100,764	4,109
Total Receipts	162,721,040	102,420,957	57,397,770	2,902,314
<b>Total Schools</b>	<b>\$162,721,040</b>	<b>102,420,957</b>	<b>57,397,770</b>	<b>2,902,314</b>
<b>TOTAL REVENUES</b>	<b>\$341,186,726</b>	<b>168,921,664</b>	<b>164,409,956</b>	<b>7,855,107</b>
Percentage of Total Revenues		0.4951	0.4819	0.0230

Department	1997 Actual	Residential	Com/Ind	Farms/Open
<b>EXPENDITURES</b>				
General Government				
Insurance	2,651,159	1,312,589	1,277,594	60,977
Office of the Mayor	1,607,838	796,041	774,817	36,980
Council Office	1,312,394	649,766	632,443	30,185
Mayor's Training Center	859,882		859,882	
Special Projects	877,651	675,791	193,083	8,777
County Attorney	453,980	317,786	131,654	4,540
Coroner	405,673	405,673		
Contingency	-6,907	-3,420	-3,328	-159
Adult Probation	347,164	347,164		
Clerk of the Urban County Council	326,909	161,853	157,537	7,519
Property Valuation Administrator	251,472	124,504	121,184	5,784
Elections-County Court Clerk	71,475	71,475		
Board of Elections	146,717	146,717		
County Court Clerk	95,500	47,282	46,021	2,197
Circuit Judges	102,559	50,777	49,423	2,359
Alcoholic Beverage Control	98,201		98,201	
Commonwealth Attorney	94,283	94,283		
Citizens' Advocate	84,649	84,649		
County Judge Executive	10,795	5,345	5,202	248
Indirect Cost Allocation	-3,325,560	-1,696,036	-1,629,524	
Total General Government	6,465,834	3,592,239	2,714,189	159,406
Administrative Services				
Human Resources	1,907,605	944,455	919,275	43,875
Public Information	667,443	330,451	321,641	15,351
Office of the Chief Administrative Officer	335,448	166,080	161,652	7,715
Budgeting	312,287	154,613	150,491	7,183
Total Administrative Services	3,222,783	1,595,600	1,553,059	74,124
Department of Finance				
Computer Services	1,609,122	796,676	775,436	37,010
Revenue	1,362,919	674,781	656,791	31,347
Accounting	419,867	207,876	202,334	9,657
Finance Administration	375,208	185,765	180,813	8,630
Central Purchasing	348,241	172,414	167,817	8,010
Total Finance	4,115,357	2,037,513	1,983,191	94,653
Department of Public Works				
Engineering	3,002,589	2,251,942	600,518	150,129
Traffic Engineering	2,590,990	1,399,135	984,576	207,279
Streets and Roads	2,917,281	2,333,825	437,592	145,864
Public Works Administration	442,474	309,732	106,194	26,548
Total Public Works	8,953,334	6,294,633	2,128,880	529,821

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Department of Public Safety				
Police	27,639,412	19,071,194	6,357,065	2,211,153
Fire & Emergency Services	24,584,295	17,454,849	6,146,074	983,372
Detention	10,497,367	10,497,367		
Building Inspection	1,197,751	838,426	359,325	0
Public Safety Administration	743,701	557,776	148,740	37,185
Environmental & Emergency Management	404,893	170,055	214,593	20,245
Total Public Safety	65,067,419	48,589,667	13,225,797	3,251,954
Department of Social Services				
Youth Services	2,107,479	2,107,479		
Family Services	1,632,166	1,632,166		
Adult Services	941,227	941,227		
Health Care Services	850,415	850,415		
Social Services Administration	460,041	460,041		
Total Social Services	5,991,328	5,991,328		
Department of General Services				
Parks and Recreation	10,970,894	9,105,842	219,418	1,645,634
Fleet Services	1,916,949	1,403,207	421,729	92,014
Property Management	2,435,368	1,485,574	779,318	170,476
Building Maintenance	2,247,273	1,112,625	1,082,961	51,687
General Services Administration	1,342,777	671,389	644,533	26,856
Total General Services	18,913,261	13,778,637	3,147,958	1,986,666
Dept of Housing & Community Develop				
Housing Administration	500,267	500,267		
Planning	1,473,194	854,453	327,049	291,692
Code Enforcement	817,014	735,313	81,701	
Community Development	392,870	388,941		3,929
Historic Preservation	148,571	104,000	29,714	14,857
Total Housing & Community Develop	3,331,916	2,582,973	438,465	310,478
Department of Law				
Law	1,220,301	604,171	588,063	28,067
Total Law	1,220,301	604,171	588,063	28,067
Outside Agencies				
Social Services Agencies	1,616,220	1,616,220		
Sheriff	1,521,630	1,521,630	0	0
Public Safety Agencies	531,702	531,702		
Law Agencies	276,940	137,113	133,457	6,370
World Trade Center	214,000		214,000	
Housing Agencies	111,420	111,420		
Lexington United	100,000		100,000	

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Carnegie Literacy Center	5,661	5,661		
Total Outside Agencies	4,377,573	3,923,746	447,457	6,370
Debt Service	11,231,809	6,615,536	4,447,796	168,477
Total Expenditures	132,890,915	95,606,042	30,674,856	6,610,017
Other Financing Resources (Uses):				
Operating Transfers In	-16,541	-8,189	-7,971	-380
Operating Transfers Out	3,279,451	1,623,656	1,580,367	75,427
Operating Transfers to Component Units:				
Lexington Public Library	6,937,017	6,937,017		
Fayette County Health Department	4,042,490	4,042,490		
Carnegie Literacy Center	265,810	265,810		
Total Other Financing Resources	14,508,227	12,860,784	1,572,396	75,047
<b>TOTAL GENERAL EXPENDITURES</b>	<b>147,399,142</b>	<b>108,466,826</b>	<b>32,247,252</b>	<b>6,685,064</b>
<b>SPECIAL REVENUE EXPENSES</b>				
County Aid Program		333,077	49,962	16,654 266,462
Municipal Aid Program		2,694,215	1,454,876	1,239,339
Local Economic Assistance - Mineral		66,351		66,351
Local Economic Assistance - Coal	87,709	43,425	42,267	2,017
Police Confiscated Funds	185,229	91,707	89,262	4,260
Subtotal	\$3,366,581	1,639,969	1,453,873	272,739
<b>State Grants</b>				
Fire Training Incentive FY98	1,253,919	890,282	313,480	50,157
Intensive Probation FY97	3,219	1,594	1,551	74
Ronald McDonalds Children's Charities	2,478	2,478		
Transition Plus FY98	45,104	45,104		
Virginia Avenue Project	988,405		988,405	
National School Lunch FY98	990	990		
Police Training Incentive FY98	1,210,626	835,332	278,444	96,850
Emergency Medical Services FY98	27,161	13,447	13,089	625
New Chance FY97	-39	-39		
Community Rivers and Streams	155			155
Emergency Management Assistance FY98	14,579	8,018	6,123	437
Intensive Probation FY98	69,234	34,278	33,364	1,592
New Chance FY98	102,120	102,120		
Emergency Management Assistance FY97	969	533	407	29
Coleman House FY98	70,776	70,776		
Evans Mill Excavation	4,000			4,000
Day Treatment FY98	93,767	93,767		
FHWA Transportation Planning FY98	17,780	8,374	8,125	1,280
Prevention Strategies for Youth FY98	1,000	1,000		
DUI Service Fee FY98	44,879	44,879		
Flood Reimbursement FY97	9,416	9,416		
Peers Education Peers	4,521	4,521		

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Total State Grants (Expenditures)	\$3,965,059	\$2,166,871	\$1,642,988	\$155,200
Federal Grants (Expenditures)				
Summer Youth Employment FY98	126,957	126,957		
JPTA Title IIA FY97	0	0		
JPTA Title IIA FY98	167,708	167,708		
Hire Older Workers FY98	24,000	24,000		
JTPA Title IIA Incentive FY98	50	50		
Healthy Tomorrows	18,289	18,289		
Runaway Youth FY97	23,898	23,898		
Runaway Youth FY98	136,230	136,230		
Lex/Fayette Cty Family Support Network	3,964	3,964		
Citizens in Action	26,423	26,423		
Peers Education Peers FY98	4,521	4,521		
New Chance 97	-42	-42		
New Change 98	102,120	102,120		
Family Network FY98	29,725	29,725		
Senior Citizens Center FY98	62,799	62,799		
Day Treatment FY98	59,950	59,950		
Summer Shades Winburn FY98	5,400	5,400		
Lex/Fayette Urban Services Area Proj	5,870	2,994	2,876	0
Scenic Corridors	3,646			3,646
Traffic Information Network	14,536	6,846	6,643	1,047
Traffic Incident Management Project	33,440	15,750	15,282	2,408
FHWA Transportation Planning FY98	164,480	77,470	75,167	11,843
Safety Inspection Program FY97	30,384	14,311	13,885	2,188
Safety Inspection Program FY98	18,513	8,720	8,460	1,333
Ridesharing FY98	48,000	22,608	21,936	3,456
FTA Section 8 FY98	25,910	12,204	11,841	1,866
Traffic Safety FY97	20,143	9,487	9,205	1,450
Traffic Safety FY98	15,399	7,253	7,037	1,109
CDBG Program Year 1995	32,707	32,707		
CDBG Program Year 1996	36,699	36,699		
CDBG Program Year 1997	963,676	963,676		
CDBG Program Year 1998	1,281,834	1,281,834		
Emergency Shelter FY96	64,741	64,741		
Emergency Shelter FY97	12,050	12,050		
H.O.M.E. FY94	148,083	148,083		
H.O.M.E. FY95	312,242	312,242		
H.O.M.E. FY96	459,910	459,910		
H.O.M.E. FY97	242,332	242,332		
HOPWA	344,353	344,353		
Operation Safe Home	19,950	19,950		
Youthbuild Planning Grant	3,133	3,133		
Food Commodities Social Services FY98	4,749	4,749		
National School Lunch Program FY97	24,196	24,196		
National School Lunch Program FY98	79,405	79,405		
Child Care Food Program FY97	15,637	15,637		
Child Care Food Program FY98	53,208	53,208		
Summer Lunch - Parks & Rec FY97	2,613	2,613		

Department	FY98 Actual	Residential	Com/Ind	Farms/Open
Summer Lunch - Parks & Rec FY98	2,591	2,591		
Summer Lunch - Housing FY97	116,223	116,223		
Summer Lunch - Housing FY98	47,798	47,798		
Urban Forestry FY98	1,649			1,649
Historic Preservation FY96	5,565	3,896	1,113	557
Historic Preservation FY97	8,000	5,600	1,600	800
Police Confiscated Funds	99,452	68,622	22,874	7,956
Problem Solving Partnerships	39,041	26,938	8,979	3,123
Police Research Partnership	17,040	11,758	3,919	1,363
State Criminal Alien Assistance program	16,541	11,413	3,804	1,323
Local Law Enforcement	449,034	309,833	103,278	35,923
Local Law Enforcement FY99	431,057	297,429	99,143	34,485
COPS More FY96	64,502	44,506	14,835	5,160
COPS More	103,694	71,549	23,850	8,296
COPS AHEAD	587,281	405,224	135,075	46,982
Street Sales Enforcement FY97	39,730	27,414	9,138	3,178
Street Sales Enforcement FY98	160,384	110,665	36,888	12,831
Spouse Abuse	1,356	1,356	0	0
Domestic Violence Order Monitoring CY97	36,248	36,248	0	0
Domestic Violence Order Monitoring CY98	37,793	37,793	0	0
Title V Prevention Program CY97	65,455	45,164	15,055	5,236
Title V Prevention Program CY98	8,401	5,797	1,932	672
Emergency Management Assistance FY97	2,637	1,450	1,108	79
Emergency Management Assistance FY98	14,966	8,231	6,286	449
CSEPP FY94-95	2,863	1,417	1,380	66
CSEPP FY96	6,520	3,228	3,142	150
CSEPP FY97	32,566	16,123	15,694	749
CSEPP FY98	129	64	62	3
Flood Reimbursement FY97	87,312	87,312		
Town Branch (Sewer)	23,729	20,882	2,610	237
Lifeskills Reintegration Project	60,535	60,535		
School to Work	117,407	117,407		
School to Work	113,585	113,585		
School to Work After School Program	1,797	1,797		
Early Intervention FY98	41,533	41,533		
<b>Total Federal Grants (Expenditures)</b>	<b>\$8,118,245</b>	<b>\$7,232,535</b>	<b>\$684,099</b>	<b>\$201,612</b>
<b>Schools</b>				
Total School Expenditures	\$157,161,086	\$157,161,086		
<b>Total Schools</b>	<b>\$157,161,086</b>	<b>\$157,161,086</b>		
<b>TOTAL EXPENDITURES</b>	<b>\$320,010,113</b>	<b>\$276,667,287</b>	<b>\$36,028,212</b>	<b>\$7,314,614</b>

FINAL LAND USE RATIOS	Residential	Com/Ind	Farms/Open
	1.6378	0.2191	0.931

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SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

State/Town	Residential including farm houses	Combined Commercial & Industrial	Farm/Forest Open Land	Source
<b>Connecticut</b>				
Bolton	1 : 1.05	1 : 0.23	1 : 0.50	Geisler, 1998
Durham	1 : 1.07	1 : 0.27	1 : 0.23	Southern New England Forest Consortium, 1995
Farmington	1 : 1.33	1 : 0.32	1 : 0.31	Southern New England Forest Consortium, 1995
Hebron	1 : 1.06	1 : 0.47	1 : 0.43	American Farmland Trust, 1986
Litchfield	1 : 1.11	1 : 0.34	1 : 0.34	Southern New England Forest Consortium, 1995
Pomfret	1 : 1.06	1 : 0.27	1 : 0.86	Southern New England Forest Consortium, 1995
<b>Idaho</b>				
Canyon County	1 : 1.08	1 : 0.79	1 : 0.54	Hartmans and Meyer, 1997
Cassia County	1 : 1.19	1 : 0.87	1 : 0.41	Hartmans and Meyer, 1997
<b>Maine</b>				
Bethel	1 : 1.29	1 : 0.59	1 : 0.06	Good, Antioch New England Graduate School, 1994
<b>Maryland</b>				
Carroll County	1 : 1.15	1 : 0.48	1 : 0.45	Carroll County Dept. of Management & Budget, 1994
Cecil County	1 : 1.12	1 : 0.28	1 : 0.37	Cecil County Office of Economic Development, 1994
Frederick County	1 : 1.14	1 : 0.50	1 : 0.53	American Farmland Trust, 1997
<b>Massachusetts</b>				
Agawam	1 : 1.05	1 : 0.44	1 : 0.31	American Farmland Trust, 1992
Becket	1 : 1.02	1 : 0.83	1 : 0.72	Southern New England Forest Consortium, 1995
Deerfield	1 : 1.16	1 : 0.38	1 : 0.29	American Farmland Trust, 1992
Franklin	1 : 1.02	1 : 0.58	1 : 0.40	Southern New England Forest Consortium, 1995
Gill	1 : 1.15	1 : 0.43	1 : 0.38	American Farmland Trust, 1992
Leverett	1 : 1.15	1 : 0.29	1 : 0.25	Southern New England Forest Consortium, 1995
Southborough	1 : 1.03	1 : 0.26	1 : 0.45	Adams and Hines, 1997
Westford	1 : 1.15	1 : 0.53	1 : 0.39	Southern New England Forest Consortium, 1995
Williamstown	1 : 1.11	1 : 0.34	1 : 0.40	Hazler et al., 1992
<b>Minnesota</b>				
Farmington	1 : 1.02	1 : 0.79	1 : 0.77	American Farmland Trust, 1994
Lake Elmo	1 : 1.07	1 : 0.20	1 : 0.27	American Farmland Trust, 1994
Independence	1 : 1.03	1 : 0.19	1 : 0.47	American Farmland Trust, 1994
<b>Montana</b>				
Gallatin County	1 : 1.45	1 : 0.16	1 : 0.25	Haggerty, 1996
<b>New Hampshire</b>				
Deerfield	1 : 1.15	1 : 0.22	1 : 0.35	Auger, 1994
Dover	1 : 1.15	1 : 0.63	1 : 0.94	Kingsley et al., 1993
Exeter	1 : 1.07	1 : 0.40	1 : 0.82	Niebling, 1997
Fremont	1 : 1.04	1 : 0.94	1 : 0.36	Auger, 1994
Stratham	1 : 1.15	1 : 0.19	1 : 0.40	Auger, 1994



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## SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

State/Town	Residential including farm houses	Combined Commercial & Industrial	Farm/Forest Open Land	Source
<b>New Jersey</b>				
Freehold Township	1 : 1.51	1 : 0.17	1 : 0.33	American Farmland Trust, 1998
Holmdel Township	1 : 1.38	1 : 0.21	1 : 0.66	American Farmland Trust, 1998
Middletown Township	1 : 1.14	1 : 0.34	1 : 0.36	American Farmland Trust, 1998
Upper Freehold Township	1 : 1.18	1 : 0.20	1 : 0.35	American Farmland Trust, 1998
Wall Township	1 : 1.28	1 : 0.30	1 : 0.54	American Farmland Trust, 1998
<b>New York</b>				
Amenia	1 : 1.23	1 : 0.25	1 : 0.17	Bucknall, 1989
Beekman	1 : 1.12	1 : 0.18	1 : 0.48	American Farmland Trust, 1989
Dix	1 : 1.51	1 : 0.27	1 : 0.31	Schuyler County League of Women Voters, 1993
Farmington	1 : 1.22	1 : 0.27	1 : 0.72	Kinsman et al., 1991
Fishkill	1 : 1.23	1 : 0.31	1 : 0.74	Bucknall, 1989
Hector	1 : 1.30	1 : 0.15	1 : 0.28	Schuyler County League of Women Voters, 1993
Kinderhook	1 : 1.05	1 : 0.21	1 : 0.17	Concerned Citizens of Kinderhook, 1996
Montour	1 : 1.50	1 : 0.28	1 : 0.29	Schuyler County League of Women Voters, 1992
Northeast	1 : 1.36	1 : 0.29	1 : 0.21	American Farmland Trust, 1989
Reading	1 : 1.88	1 : 0.26	1 : 0.32	Schuyler County League of Women Voters, 1992
Red Hook	1 : 1.11	1 : 0.20	1 : 0.22	Bucknall, 1989
<b>Ohio</b>				
Madison Village	1 : 1.67	1 : 0.20	1 : 0.38	AFT and Lake County Ohio SWCD, 1993
Madison Township	1 : 1.40	1 : 0.25	1 : 0.30	AFT and Lake County Ohio SWCD, 1993
<b>Pennsylvania</b>				
Carroll Township	1 : 1.03	1 : 0.06	1 : 0.02	Kelsey, 1992
<b>Rhode Island</b>				
Hopkinton	1 : 1.08	1 : 0.31	1 : 0.31	Southern New England Forest Consortium, 1995
Little Compton	1 : 1.05	1 : 0.56	1 : 0.37	Southern New England Forest Consortium, 1995
West Greenwich	1 : 1.46	1 : 0.40	1 : 0.46	Southern New England Forest Consortium, 1995
<b>Utah</b>				
Cache County	1 : 1.27	1 : 0.25	1 : 0.57	Snyder and Ferguson, 1994
Sevier County	1 : 1.11	1 : 0.31	1 : 0.99	Snyder and Ferguson, 1994
Utah County	1 : 1.23	1 : 0.26	1 : 0.82	Snyder and Ferguson, 1994
<b>Virginia</b>				
Clarke County	1 : 1.26	1 : 0.21	1 : 0.15	Piedmont Environmental Council, 1994
<b>Washington</b>				
Skagit County	1 : 1.25	1 : 0.30	1 : 0.51	American Farmland Trust, 1999
<b>Wisconsin</b>				
Dunn	1 : 1.06	1 : 0.29	1 : 0.18	Town of Dunn, 1994

American Farmland Trust's Farmland Information Center acts as a clearinghouse for information about cost of community services studies. Inclusion in this table does not signify review or endorsement by American Farmland Trust.