



# Land Use and Planning Report

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## A COST OF COMMUNITY SERVICES STUDY OF CUSTER COUNTY, SOUTH DAKOTA

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### Introduction

#### *Population Growth and Development in Custer County*

Custer County is a rural county in South Dakota with a relatively small population. However, the population has grown by 7.5% since 2000 and is expected to grow another 4.7% by the year 2020, higher growth rates than both the state of South Dakota and the United States (U.S. Census Bureau; Rural Life Census Data Center). Population growth and other demographic trends are often important in terms of community and economic planning. Cost of community services (COCS) studies use a case study approach to estimate the impact of current land uses on a county's budget (Farmland Information Center, 2007).

Local governments oftentimes have difficulty financing their services, and local officials often believe that the solution to their government's financial difficulties lies in development (Dorfman and Nelson, 2001). However, a growing body of empirical evidence shows that while commercial and industrial development can improve the financial well-being of a local government, residential development typically worsens it. The problem is that, while residential development brings

with it new tax (and fee) revenue, it also brings demand for local government services.

COCS studies involve reorganizing a local government's financial records in order to assign the revenues and costs of public services to different classes of land use. The resulting totals for revenues generated and expenditures incurred can be presented as a ratio of expenditures-to-revenues for different land use types.

This report explores the cost of community services associated with different categories of land use in Custer County, SD. An accompanying economic base report by Cline et al. (2009) provides demographic information and basic economic analysis for Custer County. An accompanying economic base report and COCS study for Pennington County, SD provide a point of reference and comparison. These are the first COCS studies to be performed in South Dakota.

#### *Overview of COCS Studies*

COCS studies typically begin by separating land into three categories: residential, commercial/industrial, and farm/open space. Next, the proportion of a county's annual revenue generated by each land type is

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approximated. In this context, revenue sources include taxes, fees from licenses and permits, service charges, and fines, as well as state and federal grants. The proportion of the county's expenditures demanded by each land type is similarly approximated. Expenditure categories typically include government administration, law enforcement, health and welfare services, highway maintenance, etc.

Finally, the expenditures for each land type are divided by the revenues generated by that land type, yielding a set of COCS ratios. These ratios compare how many dollars worth of county government services are demanded for each dollar collected. A ratio greater than 1.0 suggests that for every dollar of revenue collected from that category of land, more than one dollar is spent; in other words, the community is subsidizing that land use. In contrast, a ratio of less than 1.0 implies that the revenues generated by that land use exceed the cost of services demanded by it. In other words, the land use is thus a net contributor to community coffers.

Many of the early studies providing estimates of COCS ratios were either sponsored or conducted by the American Farmland Trust. But in recent years researchers from a variety of backgrounds have undertaken such studies (Prindle and Blaine, 1998). Regardless of who conducted the research, the results have been consistent. Virtually all of the studies show that the COCS ratio is substantially above 1.0 for residential land, demonstrating that residential land is a net drain on local government budgets (Table 1). Logically, the people living in residential development require costly schools, emergency services, police, snowplows, water and sewers, etc. Some of these costs increase with the distance or dispersion from a central hub; for instance, it is more expensive for the community to bus kids to school than to have them walk. As a result, more concentrated residential development may have a more balanced cost-benefit ratio than more dispersed development; the community may subsidize rural subdivisions more than developments closer to the city services. On the other hand, the COCS ratios for the other two land use categories are

consistently found to be substantially below 1.0. Open lands may generate less revenue than residential, commercial or industrial properties, but they require little public infrastructure and few services.

### *Limitations of COCS Studies*

While COCS studies provide an accurate picture of current costs and revenues that indicate what a county could expect from future development, knowing the balance of expenditures and revenues for an entire land class does not allow decision makers to accurately predict the ratio of a *particular* piece of property within that land class. The balance of revenues and expenditures for an individual development may be different than that of the land class as a whole. For instance, a new development may be particularly costly if it requires new infrastructure. Or it may be particularly beneficial if it diffuses the cost of existing infrastructure (Harrison and French, undated). Also, COCS studies analyze the financial operations of a community for just one year, but there is no guarantee that relative costs and revenues will be constant from year to year.

Thus, COCS studies are not meant to judge the long-term public value of any land use or taxing structure. It is up to communities to balance goals such as maintaining affordable housing, creating jobs, and conserving land. Nonetheless, COCS studies provide a budgetary baseline from which to make decisions about the future. Having a quantitative indication of the fiscal costs of different categories of land use can help residents and officials decide how to shape policies for future growth.

### **Methodology**

Determining and allocating expenditures and revenues typically represents the largest task in a COCS study. The practical objective is to get from a list of expenditures and revenues organized by accounting line item (salaries, travel, printing, etc.) to a list organized by broad land use category (commercial/industrial, residential, farm/open space). However, county records

**Table 1: Average COCS Ratios for County-Level Studies**

<b>COCS Ratio</b>	<b>Agriculture/Open Space</b>	<b>Commercial/Industrial</b>	<b>Residential</b>
<b>Minimum</b>	0.15	0.10	1.05
<b>Maximum</b>	2.04	0.97	2.27
<b>Average</b>	0.50	0.37	1.29

Source: Farmland Information Center, 2007.

are not kept according to land-use classifications, so it is sometimes difficult for officials to estimate how much should be attributed to various land categories. As explained below, “fall-back ratios” can be used in cases where county officials cannot estimate which amounts should be attributed to various categories of land use (Smith and Henderson, 2001).

The approach used here generally follows that used by the American Farmland Trust. County revenue and expenditure data for Fiscal Year 2007 were provided by the County Auditor. These data were then partitioned into the three general land use categories based on Census Bureau data, other COCS studies, and personal interviews with community leaders. Following Greenaway and Sanders (2006), a semi-structured interview process was used, whereby directors and program managers were interviewed with the objective of understanding where each department’s revenues come from and which land use categories use their services, which was often based on staff time spent working in/on each land type.

Because the goal of a COCS study is to assess the total county expenditures and revenues for each land use category, not just the revenues provided through taxation and fees (Greenaway and Sanders, 2006), inter-governmental transfers of funds were included in the analysis. However, no revenues or expenses relating to public education were included in this study since they do not affect county budget/expenses in Custer County. Table A1 in the Appendix shows how each line item in the revenue data was split, and the rationale behind that split. Table A2 contains the same information for the expenditure data. Additional explanation for some of the proportional allocations is provided next.

Following Adams (1999), utilities were allocated as commercial/industrial. Following Adams et al. (1999), jail income (generated from fees and State grants) were allocated to the Residential category, while jail expenditures were split 65/35 between Residential and Commercial/Industrial, reflecting the fact that both individuals and businesses benefit from these services. Airport revenues and expenditures were split based on information provided by the airport manager, whose estimates were in line with official Federal Aviation Administration records for the airport. Following Greenaway and Sanders (2006), all election-related activities were allocated to the residential land use category.

### *Emergency and Protective Services*

Revenue for the Communication Center, which includes the 911 call center, is generated by a \$0.75 surcharge per telephone line, regardless of the type of phone (cellular or land) or its purpose (business or personal). Although many homes have multiple phone lines (one land line and one or more cellular lines, for instance), many businesses also have more than one phone line. Thus, in the absence of statistics on phone purpose, these revenues were split proportionately according to the number of residential establishments versus non-farm commercial establishments in the county. It is assumed that farm buildings do not have phone lines. However, farmers likely use their home phone line or a cell phone for some business purposes; thus, a small percentage of the allocation given to the Residential category was transferred to the Farm/Open Space category, based on the number of farm buildings relative to the number of residential buildings in the county.

All emergency and protective service expenditures were based on the proportion of dispatch time devoted to each land type, as estimated by Director of Emergency Services and the IST/GIS Director and Technician.

### *Highway Fund*

For these ratios, we began with data on vehicle miles traveled by purpose from the 2002 Vehicle Inventory and Use Survey for South Dakota (U.S. Census Bureau). These data provide information on the number of miles traveled for farming purposes versus the miles traveled for use in other industries versus the miles traveled for personal transportation.

However, these data are for the entire state of South Dakota. Because not all counties in South Dakota have the same number of vehicles that are used for each of these purposes, the ratios for South Dakota were adjusted according to the difference between Custer County and South Dakota with respect to the proportion of land dedicated to residential, commercial/industrial, and farmland use. For example, Custer County has 44% as many non-farm business establishments per acre as the state as a whole; thus, the state’s proportion of vehicle mileage dedicated toward business activity was multiplied by 0.44 to obtain the proportion of business vehicle use for Custer County.

## Drivers License Revenue

For these ratios, we began with data on the number of vehicles by purpose from the 2002 Vehicle Inventory and Use Survey (U.S. Census Bureau). These data provide information on the vehicles used for agriculture versus the number of vehicles used for other industries versus those used for personal transportation.

Again, these data are for the entire state of South Dakota, but not all counties in South Dakota will have the same number of vehicles that are used for each of these purposes. Thus, we again combined these data with the fall-back ratios, which give insight into the proportion of each land type for Custer County and serve as a proxy for the number of vehicles used for each purpose.

## Fall-Back Ratios

Following Greenaway and Sanders (2006), two sets of fall-back ratios were calculated: *expenditure* fallback percentages and *revenue* fallback percentages. The revenue fall-back ratios were based on land values by type provided by the County Auditor. To calculate the expenditure fall-back ratios, each land use category's expenditure values for which we had data were calculated as a percentage of the total expenditures, resulting in the fallback percentage for that land use. The fallback percentages were then entered for the activities that were inappropriate or had no data. An important point is that only expenditure fallback percentages were entered for expenditure activities that had no data, and only revenue fallback percentages were entered for revenue activities that had no data.

## Results and Discussion

The COCS ratios for FY 2007 are displayed in Table 2. The first row of the table shows the amount of revenue

generated by the county overall and by each land use category in FY 2007. The second row shows the amount of money the county spent overall and on each land use category in FY 2007. The last row presents the COCS ratios, which are calculated by dividing the revenues for each category by the expenditures for that category.

The first column of data in the table shows county's total expenditures and revenues for FY 2007. The overall COCS ratio represents the costs incurred by the county as a proportion of the revenue generated by the county. An overall COCS ratio of 1.00 implies a perfectly balanced budget where expenditures exactly equal revenues. According to the data used in this study, Custer County brought in more revenue in FY 2007 than it spent. However, the COCS ratio alone does not give a complete picture of a county's overall fiscal health. It must be remembered that the COCS ratios presented here represent the county's fiscal activities in FY 2007, and may not be representative of the county's long-run strategy. For example, while an overall COCS ratio of less than 1.00 may reflect a county's judicious plan to stay within its budget limits, it may alternatively be that the case that the county is using those net revenues to pay off debt from previous years. Similarly, while it may not be desirable to have an overall COCS that is consistently *greater* than 1.00, it may represent a sensible short-run strategy of investing in future growth.

The last three columns of Table 2 display the COCS ratios for each of the three land use categories considered here. These ratios represent the costs incurred by a land category as a proportion of the revenue generated by that land category. For instance, for every dollar of revenue generated from residential land in FY2007, 94 cents were required to cover associated services, while for every dollar spent on farmland and open space, only 85 cents were required in expenditures.

**Table 2: Estimated COCS Ratios for Custer County for FY2007**

	Overall <sup>2</sup>	Farm and Open Space	Commercial and Industrial	Residential
<b>Expenditure</b>	\$5,992,714	\$884,723	\$1,020,208	\$4,033,417
<b>Revenue</b>	\$6,435,669	\$1,022,045	\$1,088,808	\$4,290,741
<b>COCS Ratio</b>	<b>0.93</b>	<b>0.87</b>	<b>0.94</b>	<b>0.94</b>

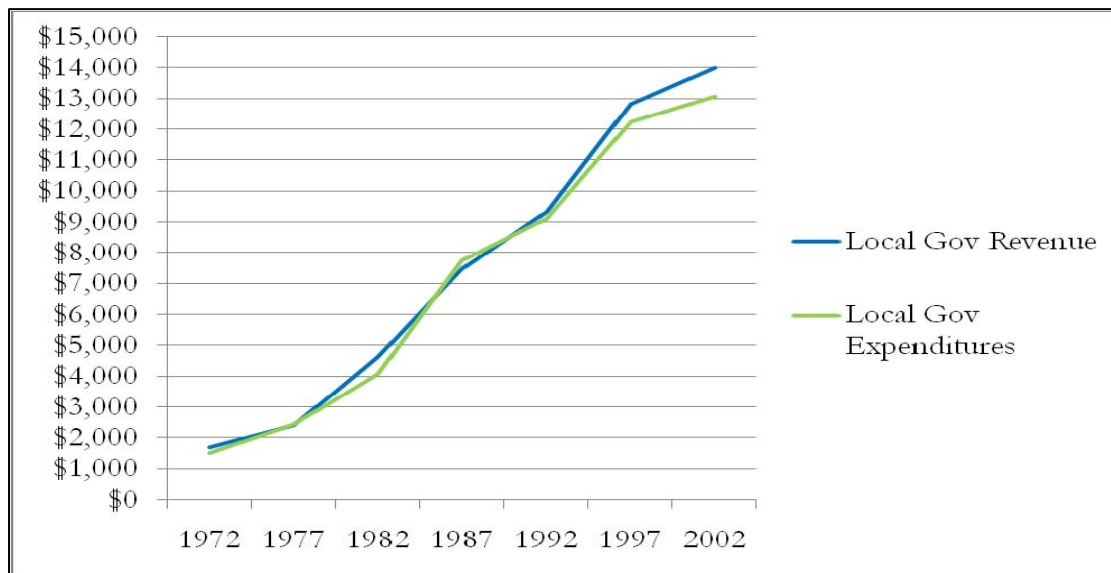
<sup>2</sup> Custer County's total expenditures were greater than the sum of the expenditures for the three land use categories because some of the expenditures for the airport were spent on transient fliers—individuals who are not from Custer County and whose destination was not Custer County. Thus, the expenditures on these individuals, while included in the county's total expenditures, were not allocated to any of the three land use categories. The same explanation applies to the county's total revenues.

The ratios calculated here follow the same overall pattern found by other COCS studies—namely, that, on net, residential land costs relatively more than both agricultural land and commercial/industrial land. However, one interesting finding is that the COCS ratio for each of the land use categories is less than 1.00, meaning that the demand for public services to each of these land types in FY 2007 was lower than the revenue they generated, thus creating a financial surplus for the county.

Because the County's budget is likely to be balanced in the long run, it is also useful to look at the relative contribution of each land use type by normalizing

revenues to match expenditures and then recalculating the COCS ratios. As can be seen in Figure 1, Custer County's budget has been fairly balanced over the past 30 years. Table 3 displays the COCS ratios under a balanced budget. In this case, we see that the Residential and Commercial/Industrial ratios now slightly exceed 1.00, while the Farm/Open Space ratio remains less than 1.00.

COCS ratios can be expected to vary somewhat across counties because no two counties are identical. Table 4 shows a comparison of COCS ratios for Custer and Pennington counties for FY2007.



**Figure 1: Local Government Revenue and Expenditure in Custer County (USA Counties)**

**Table 3: Estimated COCS Ratios for Custer County under the Assumption of a Balanced Budget**

	Overall	Farm and Open Space	Commercial and Industrial	Residential
<b>Expenditure</b>	\$6,435,669	\$950,118	\$1,095,618	\$4,331,550
<b>Revenue</b>	\$6,435,669	\$1,022,045	\$1,088,808	\$4,290,741
<b>COCS Ratio</b>	<b>1.00</b>	<b>0.93</b>	<b>1.01</b>	<b>1.01</b>

**Table 4: A Comparison of COCS Ratios between Custer and Pennington Counties**

County	Overall	Farm and Open Space	Commercial and Industrial	Residential
<b>Custer</b>	0.93	0.87	0.94	0.94
<b>Pennington</b>	1.03	0.81	0.91	1.09



## Residential Ratio

The median values of owner-occupied housing units are very similar in Custer and Pennington Counties (\$89,100 and \$90,900, respectively); thus, the difference in the Residential ratios between the two counties may have more to do with types of housing units and the types of people living in them. For instance, property occupied by families with numerous children would be expected to produce a higher ratio due to their use of the educational system (Prindle and Blaine, 1998). In 2000, just 28.5% of households in Custer County had children under the age of 18, compared with 35.3% in Pennington County (USA Counties), which would suggest a lower Residential ratio in Custer County, which was indeed found to be the case.

There is some evidence that whether the Residential ratio is less than or greater than 1.00 depends on the density of the residential development under consideration. While it is typically more cost-effective to provide services to homes that are clustered together, many large lot subdivisions do not have sewer or water infrastructure, and therefore do not require these services from the county, as is the case in Custer County (Green, D., personal communication, October 5, 2009). Lower density residential properties may also generate relatively more revenue due to higher property values (Hood, 2009).

Additionally, there is some evidence that crime rates are higher in areas of high-density housing (Klein, 2005), which would increase the need for police services per household. For example, researchers at North Carolina University found that the risk of property crime was higher in high-density areas and on streets where the majority of the residences were rentals (Klein, 2005). While there are many factors that influence the crime rate in a region, the lower housing density and lower proportion of rental units in Custer

County may partly explain why Custer County has historically had a lower crime rate than Pennington County (Table 5) and why it has a lower Residential ratio than Pennington County.

Temporary or seasonal residents can be another source of variation across counties. Because they do not require services year-round, temporary residents will typically cost the county less money over the course of a year compared to full-time residents. In 2000, only 81.5% of all housing units in Custer County were occupied, compared with 93% of all housing units in Pennington County (USA Counties). And 56% of the vacant homes in Custer County were for seasonal or recreational use, compared to just 37% in Pennington County (U.S. Census Bureau, Census 2000 Summary File 1). Retired persons can have a similar effect: they tend to increase property and sales tax revenue without straining social services such as school systems or criminal justice systems (Chestnutt et al., 1993). Custer County is classified as a retirement destination (Economic Research Service, 2009), and 16.7% of its population is retired, as compared to just 11.9% in Pennington County (USA Counties).

Custer County had a lower poverty rate in 2007 (9.4% compared to 11.5% in Pennington County), which would suggest lower expenditures on health and welfare services in Custer County. Unemployment rates will similarly affect the Residential ratio because unemployed persons will not generate income tax revenue and may require more health and welfare services. However, the counties' unemployment rates were nearly identical in 2007 (2.8% in Custer County and 2.7% in Pennington County).

## Commercial/Industrial Ratio

When interpreting the commercial/industrial ratios, it is important to remember that this study analyzes the

**Table 5: Housing Type, Housing Density, and Crime Rates in Custer and Pennington Counties**<sup>3</sup>

	Percentage of Occupied Housing Units that were Rentals (2000)	Housing Units per Square Mile (2007)	Violent Crimes per Capita (1993)	Property Crimes per Capita (1996)
<b>Custer</b>	23 %	2.3	0.0023	0.0036
<b>Pennington</b>	34 %	13.2	0.0041	0.0517

Source: USA Counties.

<sup>3</sup> At the time of publication, these were the most recent complete crime data for these two counties.

direct impacts of *existing* business in the county. *New* industries can have an indirect effect on a county by creating new jobs in the region, which may in turn increase population, housing, and county government spending over time. Therefore, when deciding whether to develop new business or protect existing ones, existing ones have two clear advantages: they provide surplus revenues to the county and do not contribute to increases in the population (unless expanded). Thus, although not a part of the current analysis, these long-term indirect impacts should also be considered when making land use decisions (Adams, 1999).

#### *Farm/Open Space Ratio*

In both counties, the ratio for Farm/Open Space was the lowest of the three land types. While other COCS studies, *on average*, have found the Farm/Open Space ratio to be in greater than the ratio for Commercial/Industrial ratio, nearly one-third of all county-level COCS studies conducted through 2007 found the Farm/Open Space ratio to be the lowest (see Farmland Information Center, 2007 for the complete listing of previous COCS results); thus, this finding is not entirely unusual.

#### *COCS Ratios when Grant Monies are Excluded*

While most COCS studies take into account *all* sources of revenue and forms of expenditures (for example, American Farmland Trust, 2003; Adams et al., 1999; Miistakis Institute, 2006), it can also be useful to calculate a set of COCS ratios when grant monies (both revenues and expenditures) are excluded. As can be seen in Tables 6 and 7, doing so for Custer

County reveals a somewhat different picture. When grant monies are excluded from the analysis, all ratios remain less than 1.00, but the Farm/Open Space ratio is now the largest of the three. This may be due in large part to the presence of Custer State Park (CSP) in the county. Although it was not possible to separate out each department's revenues and expenditures for CSP, more than half of the Emergency Service Department's costs are spent on CSP (personal communication: Mike Carter, 2009).

#### **Conclusions**

While Custer County's landscape has not yet been dramatically changed by urban development, the County is experiencing rapid growth that is expected to continue for at least another decade. By anticipating some of the impacts of development, the County can plan proactively to achieve balanced growth while protecting the natural resources that are so important to its economy and quality of life.

Concern has been expressed by some officials in Custer County that additional federal and state funds would be needed for the County to continue to provide services in Custer State Park in the face of continued development pressure. The results of this COCS study seem to lend some support to these concerns: while farm/open space land created a net surplus for Custer County in FY2007, the per-dollar surplus generated by this land type was less than that generated by the commercial/industrial and residential land types. Thus, if Custer County's farms, forests, and other open spaces are to be preserved, the county may need to receive additional revenues from these types of land uses relative to what it receives from other types of land use.

**Table 6: FY2007 COCS Ratios for Custer County Excluding Grant Monies**

	<b>Total</b>	<b>Farm/Open Space</b>	<b>Commercial/ Industrial</b>	<b>Residential</b>
<b>Revenue</b>	\$6,154,973	\$839,337	\$1,083,726	\$4,197,834
<b>Expenditure</b>	\$5,815,641	\$812,373	\$1,003,891	\$3,945,013
<b>COCS Ratio</b>	<b>0.94</b>	<b>0.97</b>	<b>0.93</b>	<b>0.94</b>

**Table 7: COCS Ratios for Custer County Excluding Grant Monies and Assuming a Balanced Budget**

	<b>Total</b>	<b>Farm/Open Space</b>	<b>Commercial/ Industrial</b>	<b>Residential</b>
<b>Revenue</b>	\$6,154,973	\$839,337	\$1,083,726	\$4,197,834
<b>Expenditure</b>	\$6,154,973	\$859,773	\$1,062,466	\$4,175,197
<b>COCS Ratio</b>	<b>1.00</b>	<b>1.02</b>	<b>0.98</b>	<b>0.99</b>

However, it is important to remember that the COCS ratios calculated here were for FY2007 only. It would be useful to compare these ratios over time to get a better idea of the overall pattern of revenues and expenditures for the various land uses in Custer County.

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# Appendix: Allocation of Custer County Revenues and Expenditures for Fiscal Year 2007

Table A1: Custer County Expenditures (Fiscal Year 2007)

	Farm and Open Space	Commercial and Industrial	Residential	Allocated According to:
<b>General Fund</b>				
Commissioners	\$14,602	\$20,107	\$85,829	Fall-back ratios
Contingency	\$7,147	\$9,842	\$42,011	Fall-back ratios
Election	\$0	\$0	\$4,809	Following Greenaway and Sanders (2006), all election-related activities were allocated to the residential land use category.
Court	\$9,406	\$8,557	\$47,357	Based on estimates provided by the Clerk of Courts
Auditor	\$16,421	\$22,613	\$96,526	Fall-back ratios
Treasurer	\$18,268	\$25,156	\$107,379	Fall-back ratios
Data Processing	\$10,561	\$14,543	\$62,075	Fall-back ratios
States Attorney	\$0	\$0	\$228,123	Service provided for residents
Courthouse Building	\$24,656	\$22,430	\$124,134	Based on estimates provided by the Clerk of Courts
Director of Equalization	\$30,543	\$28,576	\$160,766	Fall-back ratios
Register of Deeds	\$10,288	\$8,974	\$72,671	Based on building permits data from USA Counties (U.S. Census Bureau)
Veteran's Service	\$0	\$0	\$18,813	Service provided for residents
Predatory Animal	\$1,794	\$0	\$0	Paid to the state, mostly for coyote control. The amount that a county pays is based upon the number of sheep in the county.
GIS	\$15,129	\$26,026	\$64,642	Based on estimates provided by IST Director
Sheriff	\$58,263	\$40,719	\$653,824	Dispatch time
Coroner	\$0	\$0	\$8,926	Service provided for residents
Prisoner Care	\$0	\$61,781	\$114,736	Following Adams et al. (1999), jail revenues were allocated to the Residential category, while jail expenditures were split 65/35 between Residential and Commercial/Industrial.
Communications Center	\$16,628	\$11,621	\$186,601	Dispatch time
Search and Rescue	\$356	\$248	\$3,990	Dispatch time

**Appendix Table 1A (continued...)**

Civil Air Patrol	\$0	\$0	\$0	\$850	A service provided for civilians
Airport	\$0	\$1,074	\$52,633		Based on estimates provided by the Airport Manager. These portions do not sum to one because some of the activity at the airport is for transient planes (those that just stop to refuel, etc.)
Poor	\$0	\$0	\$8,742		A service provided for residents
Food Pantry	\$0	\$0	\$3,500		A service provided for residents
Nurse	\$0	\$0	\$33,788		A service provided for residents
Senior Meals	\$0	\$0	\$1,000		A service provided for residents
BH Vision	\$0	\$0	\$800		A service provided for residents
Senior Transportation	\$0	\$0	\$4,500		A service provided for residents
Mentally Ill	\$0	\$0	\$22,193		A service provided for residents
Drug Abuse	\$0	\$0	\$3,000		A service provided for residents
Mental Health Center	\$0	\$0	\$6,250		A service provided for residents
Mental Illness Board	\$0	\$0	\$4,551		A service provided for residents
Library	\$0	\$0	\$142,040		A service provided for residents
Senior Citizens	\$0	\$0	\$4,650		A service provided for residents
Custer YMCA	\$0	\$0	\$2,100		A service provided for residents
Fair	\$10,000	\$0	\$10,000		A service provided for residents and farmers (split based on estimates provided by Connie, Fair Board Secretary)
Extension	\$3,168	\$3,168	\$25,340		Based on estimates provided by LaDonna McKnight from Extension
Soil Conservation	\$18,446	\$0	\$0		An activity that takes place on farmland/open space
Weed and Pest Control	\$82,612	\$57,469	\$39,510		Based on estimates provided by Gordon Kirsch, Supervisor, Weed and Pest
Planning	\$17,526	\$24,134	\$103,018		Fall-back ratios
Sixth District	\$0	\$623	\$2,657		Fall-back ratios, excluding ag/open space

Appendix Table 1A (continued...)

Economic Development	\$0	\$437	\$146	Economic development is mainly aimed at attracting businesses, some residents
BH Vision	\$0	\$5,000	\$0	Private and public investors to help attract businesses and attention
<b>Highway Fund</b>	<b>\$262,680</b>	<b>\$245,760</b>	<b>\$1,382,633</b>	Based on vehicle use, as described in the report
<b>Fire Fund</b>	\$12,972	\$9,066	\$145,574	Dispatch time
<b>Federal Grant Fund</b>				
Sheriff	\$68	\$47	\$761	Dispatch time
Fire Protection	\$1,257	\$879	\$14,107	Dispatch time
Communications Center	\$113	\$79	\$1,266	Dispatch time
Search and Rescue	\$896	\$626	\$10,053	Dispatch time
Title III Soil, Water	\$1,500	\$0	\$0	An activity that takes place on farmland/open space
Water Conservation	\$2,000	\$0	\$0	An activity that takes place on farmland/open space
Planning	\$1,131	\$1,557	\$6,647	Fall-back ratios
Title III--National	\$49,986	\$0	\$0	For National Forest land
Emergency and Disaster	\$7,998	\$11,014	\$47,014	Fall-back ratio
Fire Plan Grant	\$77	\$54	\$869	Dispatch time
Emergency Mgmt	\$80	\$56	\$893	Dispatch time
Health and Welfare	\$0	\$0	\$5,508	A service provided for residents
Culture and Recreation	\$5,000	\$0	\$5,539	\$5,000 goes to 1881 Courthouse Museum; a little goes to old schoolhouse
<b>Emergency Mgmt Fund</b>	<b>\$8,902</b>	<b>\$6,222</b>	<b>\$99,900</b>	Dispatch time
<b>Domestic Abuse Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000</b>	A service provided for residents
<b>WIC Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,604</b>	A service provided for residents
<b>Sobriety</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,235</b>	A service provided for residents
<b>Building Fund</b>	<b>\$14,424</b>	<b>\$10,225</b>	<b>\$164,187</b>	Ratio of types of buildings in the county
<b>911 Fund</b>	<b>\$5,585</b>	<b>\$3,903</b>	<b>\$62,674</b>	Dispatch time
<b>Total Expenditures</b>	<b>\$882,731</b>	<b>\$778,208</b>	<b>\$4,342,009</b>	

**Table A2: Custer County Revenues (FY 2007)**

General Fund	Farm and Open Space	Commercial and Industrial	Residential	Allocated According to:
Taxes				
general current taxes	\$240,468	\$224,980	\$1,265,721	Fall-back ratios
mh on real estate paid advance	\$0	\$0	\$1,053	Paid by residents
general delinquent property	\$3,737	\$3,496	\$19,667	Fall-back ratios
delinquent property tax--1 year	-\$18	-\$17	-\$96	Fall-back ratios
general interest	\$917	\$858	\$4,826	Fall-back ratios
general mobile home tas	\$0	\$0	\$2,001	Paid by residents
general in-lieu tax/colonial	\$0	\$0	\$7,096	Paid by residents
Licenses and Permits				
marriage license	\$0	\$0	\$870	Service used by residents
liquor license	\$0	\$11,400	\$0	Service used by businesses
beer license	\$0	\$1,850	\$0	Service used by businesses
liquor license trans	\$0	\$750	\$0	Service used by businesses
pistol perm	\$0	\$0	\$1,010	Service used by residents
building and zone permits	\$0	\$6,433	\$70,796	Data provided by Custer County Planning Department
Intergovernmental Revenue				
Gen Extension Postage Reimbursed	\$110	\$110	\$879	Estimates provided by LaDonna McKnight from Extension
Fed Grant-cops	\$1,162	\$812	\$13,039	Dispatch time
Fed Grant-Sheriff vests	\$256	\$179	\$2,871	Dispatch time
Gen Fed PILT	\$28,128	\$26,316	\$148,052	Fall-back ratios
Bank Franchise	-\$1	\$5,848	-\$1	Business
Liquor tax	\$0	\$135	\$0	Business
Crt-appntd attorney state reimbursed	\$0	\$0	\$3,813	Service used by residents
Abused/Neglected Child Defense	\$0	\$0	\$1,632	Service used by residents
Telecomm Gross Receipts	\$0	\$39,709	\$0	Business
Gen Housing PILT	\$0	\$0	-\$8,845	Housing
CSP Communications	\$5,000	\$0	\$0	Open Space
Wind/Jewel Cave Communications	\$2,000	\$0	\$0	Open Space

**Appendix Table A2:** (Continued...)

Charges for Goods and Services							Business activity
general advertising fees	\$0	\$1,681	\$0			\$0	Business activity
general tax sale certificate	\$0	\$1,365	\$0			\$0	Fall-back ratios
treasurer's lien notation	\$903	\$845	\$903			\$4,752	Fall-back ratios
boat fees	\$329	\$0	\$329			\$0	Recreation
general distress warrant	\$150	\$140	\$150			\$789	General Distress Warrants are a way of collecting delinquent taxes (fall-back ratios used)
general register of deeds fees	\$14,209	\$12,395	\$14,209			\$100,370	Based on building permit data
attorney fees	\$4,873	\$4,433	\$4,873			\$24,534	Based on estimates provided by the Clerk of Courts
divorce fees	\$0	\$0	\$0			\$600	A service used by residents
general restitution reimbursement	\$201	\$188	\$201			\$1,060	General Restitution Reimbursement is money received for payment on liens from individuals and the court system (so fall-back ratios used)
road district fee	\$56	\$52	\$56			\$292	Road District Fee is a set up fee charged to taxpayers who form a road district (so ratio based on vehicle use, as described in the report)
state cost/cash fees	\$2,292	\$2,085	\$2,292			\$11,541	This is money collected by the clerk of courts for blood draws, small claims, costs and penalties and court fees (thus, ratio based on estimates provided by the Clerk of Courts)
crt reimb postage/sm claims	\$252	\$229	\$252			\$1,269	Based on estimates provided by the Clerk of Courts
crt reimb reg postage	\$212	\$193	\$212			\$1,069	Based on estimates provided by the Clerk of Courts
sheriff other service fees	\$292	\$204	\$292			\$3,281	Dispatch time
sheriff fees and mileage	\$131	\$92	\$131			\$1,475	Dispatch time
FS campground patrol	\$3,471	\$0	\$3,471			\$0	USFS pays county to patrol campsites
city law enforcement contract	\$0	\$0	\$0			\$303,000	Paid by Custer city for county sheriff to patrol low income housing and respond to domestic disputes, reckless driving, robberies, etc, in the city
GF&P Sheriff contract	\$5,000	\$0	\$5,000			\$0	Game, Fish, and Parks--paid by state
prisoner care	\$0	\$0	\$0			\$21,096	Residents
juv/ycc reimb	\$0	\$0	\$0			\$7,912	Residents
gen dog control/impound	\$0	\$0	\$0			\$2,366	Service used by residents



**Appendix Table A2: (Continued...)**

general other public safety	\$0	\$0	\$0	-\$500	Service used by residents
airport gas	\$0	\$665	\$32,600	Based on estimates provided by the Airport Manager. These proportions do not sum to one because some of the activity at the airport is for transient planes (those that just stop to refuel, etc.)	
general welfare recoveries	\$0	\$0	\$2,126	Service used by residents	
veteran serv officer reimbursement	\$0	\$0	\$2,250	Service used by residents	
general mental health reimbursement	\$0	\$0	\$2,805	Service used by residents	
ag weed fees	\$37,513	\$0	\$0	Service used by Ag	
weed fees outside	\$36,194	\$0	\$0	Outside city limits (open space)	
weed taxable/custer city	\$0	\$357	\$2,010	Fall-back ratios (excluding ag)	
weed taxable/hermosa city	\$0	\$25	\$141	Fall-back ratios (excluding ag)	
general other charges and fees	\$257	\$240	\$1,353	Fall-back ratios	
taxable custer city	\$0	\$694	\$3,902	Fall-back ratios (excluding ag)	
Fines and Forfeitures	\$267	\$249	\$1,403	Fall-back ratios	
Miscellaneous Revenues	\$24,622	\$23,036	\$129,601	Fall-back ratios	
Insurance Proceeds	\$7,695	\$7,199	\$40,502	Fall-back ratios (following Adam, 1999)	
Vehicle Insurance Reimb	\$1,760	\$1,476	\$6,764	Based on the number of vehicles by type in Custer County	
Sale of County Property	\$1,508	\$1,411	\$7,939	Fall-back ratios	
Highway Fund	\$73,158	\$188,004	\$2,169,548	Based on data from the 2002 Vehicle Inventory and Use Survey	
Fire Fund	\$13,653	\$9,542	\$153,220	Dispatch time	
Federal Grant Fund					
State Grants	\$6,204	\$4,319	\$20,104	Data provided by Auditor	
Title III--National	\$182,037	\$0	\$0	Funds for National Forest land	
Emergency Management Fund	\$7,671	\$5,361	\$86,079	Dispatch time	
Domestic Abuse Fund	\$0	\$0	\$4,685	A service used by residents	
WIC Fund	\$0	\$0	\$4,454	A service used by residents	
Sobriety	\$0	\$0	\$5,515	A service used by residents	
Building Fund					
Building current taxes	\$25,075	\$17,776	\$285,425	Based on number of buildings of each type in the county (farm, commercial/industrial, residential)	
MH on real estate	\$0	\$0	\$200	Mobile homes are used by residents	

**Appendix Table A2:** (Continued...)

Building delinquent prop	\$387	\$275	\$4,408	Based on number of buildings of each type in the county (farm, commercial/industrial, residential)
Building interest	\$95	\$68	\$1,084	Based on number of buildings of each type in the county (farm, commercial/industrial, residential)
MH tax	\$0	\$0	\$380	Mobile homes are used by residents
Building in lieu tax/colonial	\$0	\$0	\$1,347	Paid by nursing home (based on information provided by Linda Nelson)
Bldg bank franchise	\$0	\$848	\$0	Business
Bldg housing PILT	\$0	\$0	\$531	Housing
Other rev	\$183	\$130	\$2,088	Based on number of buildings of each type in the county (farm, commercial/industrial, residential)
<b>911 Fund</b>	\$5,019	\$4,092	\$60,688	\$0.75 surcharge per phone line. Thus, the split is based on number of buildings of each type in the county
<b>Total Revenues</b>	<b>\$1,022,045</b>	<b>\$1,088,808</b>	<b>\$4,290,741</b>	