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Article for *Minnesota Township News*

State Auditor Update

By *Rebecca Otto, State Auditor*

It was great to see so many of you at the MAT conference in Morton. I spoke briefly about the CTAS rewrite at your conference. I wanted to provide an update on developments with the rewrite since the conference.

CTAS Rewrite

As of December 2nd, 904 entities had pre-ordered the rewrite (Version 8). In order to conduct the rewrite, we need at least 1,000 pre-orders to cover the anticipated cost of the rewrite. If we do not, we will refund any prepayments and the rewrite will not be done. The deadline is December 15. If you have not had a chance to pre-order CTAS Version 8 and you wish to, you can download the order form by clicking on the following link:

http://www.auditor.state.mn.us/other/ctas/docs/CTAS_v8_Order_Form.pdf

Statement of Work

The OSA prepared a Statement of Work (SOW) for the rewrite project. The SOW included the updated platform we want the program written on, a number of user-friendly items that CTAS survey respondents and the CTAS Working Group have come up with, and other wish-list items. The Statement of Work also included the deliverable dates for the program.

The SOW was first reviewed by the State's contracting services. After approval by the State, the SOW was posted on the web for vendors to download. The final proposals were received from vendors, and the OSA convened the CTAS Vendor Interview Group to interview selected potential vendors December 3rd. As soon as the vendor is selected and accepts, we will let you know.

If you would like to view the SOW, you can download it by going to the following link:

<http://mn.gov/buyit/statements/3238.pdf>.

More Information Available

The CTAS page on the OSA website has all published materials on the CTAS rewrite to date. To find more information on the rewrite, please go to:

<http://www.auditor.state.mn.us/default.aspx?page=ctas>.

If you have any questions about the rewrite, please contact Jim Levi at 651-297-3683 or Jim.Levi@osa.state.mn.us.

Annual Town Finances Report

Our office recently released the 2012 Minnesota Town Finances Report. The report analyzes town financial operations for the calendar year ended December 31, 2012. The data in the report comes from the information that towns report annually to the OSA. In 2012, 176 towns failed to comply with the statutory reporting requirement, the largest number in many years. Please contact the OSA if you are having a problem reporting to us.

In 2012, there were 1,784 towns in Minnesota, compared to 853 cities and 87 counties. The 2012 population estimates from the State Demographer show that 919,051 individuals reside in towns, representing about 17.5 percent of the State population. Town populations range from 11,089 in the Town of White Bear (Ramsey County) to 5 in the Town of Hangaard (Clearwater County). Fifty-two percent of towns have a population of 300 or less.

In 2012, Minnesota towns reported total revenues of \$279.3 million. This amount represents a 3.1 percent increase over the total revenues reported in 2011. The overall increase is most likely understated, as the number of towns that failed to report in 2012 (176) was more than double that of 2011 (86). An analysis that examined only those towns that reported both years showed an increase of 7.2 percent. The principal sources of revenues for towns in 2012 were: taxes (mainly property taxes); state grants; federal grants; and charges for services. These sources of revenues accounted for 92.6 percent of town revenues in 2012.

Towns reported total expenditures of \$253.7 million in 2012. This amount represents a decrease of 4.0 percent from the amount reported in 2011. The primary cause of this decrease was the significant number of towns that failed to report in 2012. An analysis of only those towns that reported in both 2011 and 2012 showed an increase of 0.2 percent in total expenditures. Of total expenditures, \$210.0 million (82.8 percent) was allocated to current expenditures, \$30.4 million (12.0 percent) to capital outlay, and \$13.3 million (5.2 percent) to debt service payments.

Expenditures for roads and bridges totaled \$141.1 million in 2012. Of this total, \$121.0 million was allocated to current expenditures (maintenance, snowplowing, lighting, engineering, and administration) and \$20.1 million to capital outlays (road construction and purchase of equipment).

When looking at towns from a longer-term perspective, between 2003 and 2012, total town revenues in actual dollars increased 32.7 percent. When taking into account inflation during that period, total town revenues decreased 3.9 percent over this period.

It is important to note that the share of total revenues derived from taxes has increased from 63.0 percent in 2003 to 74.5 percent in 2012. In contrast, the share of total town revenues derived from intergovernmental sources has decreased from 20.7 percent in 2003 to 16.0 percent in 2012.

You can view the complete report on the OSA website at www.auditor.state.mn.us under the “Reports and Data” tab. For a paper copy, you can order one by calling Jim Levi at 651-297-3683 or by e-mailing him at Jim.Levi@osa.state.mn.us. You can also use our Comparison Tools found under the same tab. Select “Towns” and then you can compare your town’s finances to other towns.