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## Annual Township Finance Report, and CTAS News

*By Rebecca Otto, State Auditor*

Happy New Year! After enjoying family, food and fun, and making it through another interesting election season, we all get back to work. I am very honored to be able to continue to serve Minnesota in the capacity of State Auditor. I also look forward to working with all of you for another 4 years.

### FICA Error Correction

The OSA found an issue in CTAS due to a change that Congress made which everyone is dealing with. Due to recent federal tax legislation, the Federal Taxes Account Distribution Report in CTAS does not correctly calculate the employer's share. Currently, the CTAS Account Distribution Report uses 4.2% rather than 6.2% to calculate the employer's share of FICA. Users of the OSA's CTAS program will temporarily need to make an extra calculation to calculate the employer's share of FICA for 2011 until the CTAS program is corrected. You will need to add an additional 2% of the gross wages to the employer's share of FICA for employees who have FICA withheld.

To calculate the employer's share:

1. Total the Gross Wages for only those employees who have FICA withheld.
2. Multiply that total by .02, which will give you the extra 2%.
3. On the Federal Taxes Account Distribution Report in CTAS, find the total dollar amount in the FICA Employer column and add the extra 2% that you calculated in #2 above. The sum will be the correct amount that should be remitted for the Employer FICA contribution for the payroll.

The OSA is working on an update to the CTAS software to correct this issue. We anticipate that the update will be completed by the time that this article goes to press. The update will be

announced in the State Auditor's E-Update and on the home page of our website, [www.auditor.state.mn.us](http://www.auditor.state.mn.us).

For additional information or assistance, please contact the CTAS Helpline at [ctas@auditor.state.mn.us](mailto:ctas@auditor.state.mn.us).

### **Annual Town Finances Report Released**

The Office of the State Auditor recently released the Minnesota Town Finances Report for calendar year 2009. This report analyzes the financial operations of 1,736 towns in Minnesota that provided financial information to the Office of the State Auditor for the calendar year ended December 31, 2009. There are a total of 1,786 towns. While the number of towns reporting improved for 2009, there is still work to be done for the 2010 report.

In 2009, there were 1,786 towns in Minnesota, compared to 854 cities and 87 counties. Population estimates from the State Demographer for 2009 show that 932,422 individuals reside in Minnesota's towns, representing about 17.6 percent of the state's population. Town populations range from 11,730 in the Town of White Bear (Ramsey County) to 7 in the Town of Hangaard (Clearwater County). Fifty-two percent of towns have a population of 300 or less.

In 2009, Minnesota towns reported total revenue of \$263.2 million. This amount represents a 4.8 percent increase over the total revenue reported in 2008 and a 14.5 percent increase since 2005.

In 2009, intergovernmental revenues increased 8.3 percent, primarily due to large increases in federal and county/local grants. This changed the share of total revenues for intergovernmental revenues from 18.5 percent in 2008 to 19.1 percent in 2009.

Minnesota towns reported total expenditures of \$259.6 million in 2009. This amount represents an increase of 3.7 percent over the amount reported in 2008. Over the five-year period of 2005 to 2009, town expenditures increased 12.0 percent.

Towns had debt service expenditures of \$14.5 million in 2009. This amount represents a 3.1 percent increase in debt service expenditures from 2008 to 2009. Over the five-year period of 2005 to 2009, debt service expenditures decreased 0.6 percent.

Total outstanding short- and long-term indebtedness totaled \$81.2 million in 2009. This represents a decrease of 3.6 percent from 2008. Outstanding bonded indebtedness totaled \$54.4 million in 2009, which was an increase of 4.5 percent over the \$52.0 million outstanding in 2008. Other long-term debt totaled \$26.1 million in 2009, which was a decrease of 16.1 percent from 2008.

### **Ten-Year Trends**

In constant dollars, which factors in inflation, town total expenditures increased 2.3 percent between 2000 and 2009.

Since 2000, the share of total revenue derived from taxes has increased from 50.9 percent in 2000 to 70.4 percent in 2009. In contrast, the share of total revenues derived from intergovernmental sources has decreased from 32.4 percent in 2000 to 19.1 percent in 2009. This trend emerged in 2002 with the elimination of Local Government Aid (LGA) to towns by the legislature, and has continued.

To access this report electronically, go to our website at [www.auditor.state.mn.us](http://www.auditor.state.mn.us) and go to “Reports and Data.” Click on “Towns” and select the 2009 Report. To do a comparison of your town’s financial data from year to year, or to compare your town’s data to another similar town, go to our website at [www.auditor.state.mn.us](http://www.auditor.state.mn.us) and go to “Reports and Data”, and then select “Comparison Tools.” Select your township from the list and the year that you would like to view. You can then compare it to other towns or to your town's information from prior years.

If you would prefer a paper copy of this report, please contact Jim Levi at 651-297-3683 or by e-mail at [Jim.Levi@state.mn.us](mailto:Jim.Levi@state.mn.us).