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State Auditor Update

By Rebecca Otto, State Auditor

It is hard to believe that another year has almost passed. They say time flies when you are having fun. I can say that 2014 was a very productive year for the OSA. An example of this is the rewrite of CTAS Version 8. This month I want to update you on the CTAS rewrite, and the release of our Annual Town Finances Report.

CTAS Version 8

It's been nearly two years since I announced in this paper that we were embarking on an effort to rewrite CTAS. Since then we have received an incredible amount of support from CTAS users, including township clerks and treasurers as well as township officials and the MAT, in making this necessary update a reality. This update would not have been possible without the strong partnership between the Office of the State Auditor (OSA), the Minnesota Association of Townships (MAT), the Minnesota Association of Small Cities (MAOSC) and the League of Minnesota Cities (LMC).

I am pleased to report that CTAS Version 8 has been released and is already being used by local governments across the state. Kathy Docter and Mark Albarado of our Government Information Division were at the recent MAT Conference in Duluth, and presented on the update and fielded questions about the program. The update has been very well received.

As you begin using CTAS Version 8, we want you to be aware of some operational issues in the program that have already been identified and still need to be corrected. We did not feel any of these issues were significant enough to prevent the release of this version. A list of issues already reported, and information on how to report any issues you may find, can be found on our website by going to the CTAS webpage at www.auditor.state.mn.us. Hover over the "For Local Officials" menu item and click on the CTAS tab, about half-way down. Once there, click on "Known Issues". The page lists identified issues organized by Version 8 module and the corresponding temporary fixes for each one. We

encourage you to visit this page periodically as you continue to use Version 8 to see if any new issues have been added. As issues are fixed, they will be removed from the list. We will be working with our vendor, per the contract, over the next year to correct any identified issues.

Our office has prepared a series of training documents and videos to assist with getting started with Version 8, including downloading and installing the program, preparing your Version 7 data to use in Version 8 (if data is migrated), necessary First Steps, and more. These documents and videos can be found on our website by going to the CTAS webpage described above. Once there, click on “Getting Started”, and you’ll be brought to a page with links to the training materials. This page will be continually updated with new information.

If you have not had a chance to pre-order CTAS Version 8 and you wish to, you can download the order form from the CTAS page described above under the CTAS Version 8 heading.

If you have any questions about the program, please don’t hesitate to contact our office by e-mail at ctas@osa.state.mn.us or by phone at 651-296-6262.

Annual Town Finances Report

Our office recently released the 2013 Minnesota Town Finances Report. The report analyzes town financial operations for the year ended December 31, 2013. The data in the report comes from the information that towns report annually to the OSA. In 2013, 136 towns failed to comply with the statutory reporting requirement, down from 176 the year before. We want to thank all the towns who fulfilled the statutory reporting requirement. For those who did not report, please contact us if you need assistance with your annual reporting to us.

In 2013, there were 1,783 towns compared to 853 cities and 87 counties. The 2013 population estimates from the State Demographer show that 919,329 individuals reside in towns, representing about 17.0 percent of the state population. Town populations range from 11,165 in the Town of White Bear to 5 in the Town of Hangaard. Fifty-two percent of towns have a population of 300 or less.

In 2013, Minnesota towns reported total revenues of \$279.8 million. This amount represents a 0.2 percent increase over the total revenues reported in 2012. The principal sources of revenues for towns in 2013 were: taxes (mainly property taxes); state grants; and charges for services. These sources of revenues accounted for 91.9 percent of town revenues in 2013. Federal grants declined 68.8 percent between 2012 and 2013 due to fewer towns receiving disaster assistance in 2013.

Minnesota towns reported total expenditures of \$267.2 million in 2013. This amount represents an increase of 5.3 percent over the amount reported in 2012. An analysis of only those towns that reported in 2012 and 2013 shows that total expenditures among these towns increased 4.5 percent. Of total expenditures, \$222.9 million (83.4 percent) was allocated to current expenditures, \$31.5 million (11.8 percent) to capital outlay, and \$12.8 million (4.8 percent) to debt service payments.

Expenditures for roads and bridges totaled \$155.6 million in 2013. Of this total, \$135.2 million was allocated to current expenditures (maintenance, snowplowing, lighting, engineering, and administration) and \$20.4 million to capital outlays (road construction and purchase of equipment).

Between 2004 and 2013, total town revenues in actual dollars increased 27.5 percent. When taking into account inflation during that period, total town revenues decreased 4.8 percent over this ten-year period.

It is important to note that the share of total revenues derived from taxes has increased from 65.1 percent in 2004 to 76.4 percent in 2013. In contrast, the share of total revenues derived from intergovernmental sources has decreased from 20.0 percent in 2004 to 14.4 percent in 2013.

You can view the complete Town Finance 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.