

NEW MARKET TOWNSHIP, MINNESOTA

**FINANCIAL STATEMENTS AND
OTHER INFORMATION**

YEAR ENDED DECEMBER 31, 2012

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INTRODUCTORY SECTION

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**NEW MARKET TOWNSHIP, MINNESOTA
TOWNSHIP OFFICIALS
DECEMBER 31, 2012**

<u>Elected</u>	<u>Position</u>	<u>Term</u>
Joel Helmberger	Chairperson	2012 - 2015
Marko Popovich	Vice Chairperson	2012 - 2015
Ken Chlan	Supervisor	2010 - 2012
George Silverness	Supervisor	2011 - 2014
Becky Larson	Supervisor	2012 - 2014

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FINANCIAL SECTION

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www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
New Market Township, Minnesota
Scott County, Minnesota

Report on the Financial Statements

We have audited the accompanying statements of balances arising from cash transactions of each major fund, and the aggregate remaining fund information of the New Market Township, Minnesota, as of December 31, 2012 and the related statements of cash receipts, disbursements, and changes in cash fund balances and the related notes to the financial statements, as listed in the table of contents.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America, as described in Note 1, to meet the requirements of the Minnesota Office of the State Auditor. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Minnesota Office of the State Auditor, the financial statements are prepared by the New Market Township, Minnesota in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the New Market Township, Minnesota as of December 31, 2012, or changes in financial position, or where applicable, cash flows thereof, for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the statements of balances arising from cash transactions of each major fund, and the related statements of cash receipts, disbursements, and changes in cash fund balances present fairly, in all material respects, the cash balances and cash fund balances of each fund of New Market Township, Minnesota as of December 31, 2012 and their respective cash receipts and disbursements for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise New Market Township, Minnesota's regulatory basis financial statements. The other information, as listed in the table of contents, are presented for purposes of additional analysis because these items are required to be reported to the Office of the Minnesota State Auditor. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or provide assurance on it.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 17, 2013

FINANCIAL STATEMENTS

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EUREKA TOWNSHIP, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire and Ambulance Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	<u>\$ 407,320</u>	<u>\$ 454,545</u>	<u>\$ 29,632</u>	<u>\$ 891,497</u>
CASH FUND BALANCES				
Assigned	<u>\$ 407,320</u>	<u>\$ 454,545</u>	<u>\$ 29,632</u>	<u>\$ 891,497</u>

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See accompanying Notes to Financial Statements.

**EUREKA TOWNSHIP, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH FUND BALANCES
YEAR ENDED DECEMBER 31, 2012**

	General Fund	Road and Bridge Fund	Fire and Ambulance Fund	Total Governmental Funds
RECEIPTS				
Property Taxes	\$ 240,525	\$ 400,634	\$ 181,319	\$ 822,478
Special Assessments	45,373	-	-	45,373
Licenses and Permits	15,591	-	-	15,591
Intergovernmental	2,770	56,618	469	59,857
Charges for Services	25,447	26,418	2,995	54,860
Investment Earnings	340	-	-	340
Miscellaneous	510	8,668	-	9,178
Total Receipts	<u>330,556</u>	<u>492,338</u>	<u>184,783</u>	<u>1,007,677</u>
DISBURSEMENTS				
Current:				
General Government	82,394	1,486	519	84,399
Public Safety	-	-	142,438	142,438
Streets and Highways	2,118	320,331	-	322,449
Culture and Recreation	19,012	-	-	19,012
Debt Service:				
Principal	83,113	25,393	-	108,506
Interest	1,104	1,207	-	2,311
Miscellaneous Expenditures	17,746	-	-	17,746
Total Disbursements	<u>205,487</u>	<u>348,417</u>	<u>142,957</u>	<u>696,861</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	125,069	143,921	41,826	310,816
Cash Fund Balances - Beginning of Year	<u>282,251</u>	<u>310,624</u>	<u>(12,194)</u>	<u>580,681</u>
CASH FUND BALANCES - END OF YEAR	<u><u>\$ 407,320</u></u>	<u><u>\$ 454,545</u></u>	<u><u>\$ 29,632</u></u>	<u><u>\$ 891,497</u></u>

See accompanying Notes to Financial Statements.

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

New Market Township, Minnesota (Township) is an organized township having the powers, duties, and privileges granted towns by Minnesota Statute ch. 365.

The Township is located in Scott County, Minnesota. It is governed by a five-member board of supervisors elected by voters of the Township to serve three-year terms. A chair is elected annually by the board members at the reorganization meeting in March of each year.

Reporting Entity

The financial reporting entity consists of the Primary Government and the component units for which the Primary Government is financially responsible. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the Primary Government. Based on these criteria, there are no component units to be included in the financial reporting entity.

Fund Accounting

The accounting system of the Township is organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into one fund type category and three generic fund types which are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except for those required to be accounted for in another fund.

Road and Bridge Fund

Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fire and Ambulance Fund

The Fire and Ambulance Fund is used to account for fire and ambulance related disbursements.

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Township follows the cash basis of accounting for all funds. The statements of cash receipts and disbursements were prepared on the cash basis and, accordingly, revenues and expenditures are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses and inventories and, accordingly, are not presented in accordance with generally accepted accounting principles. These procedures are in accordance with the accounting practices prescribed or permitted by the Office of the Minnesota State Auditor, which practices differ from accounting principles generally accepted in the United States of America.

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the annual meeting in March, the Township Board prepares a proposed operating budget for the following year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. The budget is reviewed and the proposed levy is approved at the annual meeting.
2. Budgets are adopted on a basis consistent with the cash basis of accounting used by the Township.

Budgets are adopted for the following funds: General, Road and Bridge, and Fire and Ambulance. Comparisons of budgeted revenues and expenditures to actual are presented in the supplementary statements and schedules for these funds.

Cash and Investments

Cash consists of checking and savings accounts.

Property Tax Revenue

Property tax levies are approved at the annual meeting held each year in March. The levy, so set, is certified to the Scott County Auditor for collection in the following year. Such taxes become a lien on the property on January 2 and are to be paid by the property owners in two installments on May 15 and October 15 and are remitted to the Township approximately a month and a half later.

The property tax levy in 2012 includes certain state credits which are directly distributed to the Township by the state. These credits are classified as intergovernmental receipts.

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

Long-term debt of the Township consists of bonds payable which were paid off as of December 31, 2012.

Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is required to be established, modified, or rescinded by resolution of the Town Board prior to each year-end. When restricted and unrestricted fund balance is available for an expenditure, it is the Township's policy to first use restricted fund balance, and then unrestricted resources as they are needed. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the Township's policy to use committed, assigned and then unassigned fund balance.

The fund balances at December 31, 2012 are as follows:

	<u>Assigned</u>
General Fund	
Park, Maintenance Building & Land, and Woodland Ridge	\$ 407,320
Road and Bridge Fund	
Road and Bridge Construction	454,545
Fire and Ambulance Fund	
Fire and Ambulance Payments	29,632
Total Fund Balances	\$ 891,497

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 STEWARDSHIP

The following is a listing of expenditure categories that exceed budget appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund	\$ 147,750	\$ 205,487	\$ 57,737
Ambulance and Fire Fund	3,800	142,957	139,157

These over expenditures were funded with greater than anticipated revenues.

NOTE 3 DEPOSITS

The Township maintains a cash pool that is available for use by all funds. In accordance with Minnesota Statutes, the City maintains deposits at financial institutions which are authorized by the board of supervisors. All such depositories are members of the Federal Reserve System.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits with financial institutions be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of deposits not covered by insurance or corporate surety bonds. The Township’s bank deposits at December 31, 2012 were covered by federal depository insurance and collateral in accordance with Minnesota Statutes.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The Township’s cash and investment balances at December 31, 2012 include the following:

Deposits	<u>\$ 891,497</u>
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**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 PENSION PLANS

Defined Benefit Pension Plan

Plan Description

All full-time and certain part-time employees of the Township are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service.

For GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERP. That report may be obtained on the web at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Township makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2012. The Township was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERA members, and 7.25% for Coordinated Plan members. The Township's contributions to the Public Employees Retirement Fund for the years ended December 30, 2012, 2011 and 2010 were \$571, \$439 and \$284, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 5 RISK MANAGEMENT

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to the Township's officers and employees; and natural disasters.

The Township participates in the Minnesota Association of Townships Insurance and Bond Trust (MATIT) program, a joint powers organization under Minnesota Statutes Section 471.59 to provide insurance and risk management programs to eligible townships. This is a self-insurance program. Approximately 1,700 townships participate in the program.

The Township has the following coverage with MAT: public officials' errors and omissions, workers compensation, property, auto, and liability. There were no significant reductions in insurance coverage from the previous year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three calendar years.

**NEW MARKET TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 6 LONG-TERM DEBT

The Township has two bonds outstanding issued in 2002 and 2004, respectively, which were both paid off in 2012.

The following is a schedule of changes in the Township's long-term obligations for the year ended December 31, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Other Liabilities:				
Bonds Payable, 2004	\$ 52,176	\$ -	\$ (52,176)	\$ -
Bonds Payable, 2007	56,330	-	(56,330)	-
Total Long-Term Debt	<u>\$ 108,506</u>	<u>\$ -</u>	<u>\$ (108,506)</u>	<u>\$ -</u>

Interest expense for 2012 was \$2,311.

NOTE 7 COMMITMENT

The Township had an agreement with the City of Elko New Market for which the City of Elko New Market provides fire services to the Township. This agreement is entered into annually and expires on December 31, 2013. The total disbursements made to the City of Elko New Market for 2012 was \$139,038.

**OTHER INFORMATION
(UNAUDITED)**

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