



CTAS News & Notes

Small City & Town Accounting System (CTAS)

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CTAS Survey

Thank you for participating in the CTAS Upgrade survey. We are reviewing the results and will begin writing the document to be sent out for proposals.

Some of the results are:

For the **General Features**, the ability to change the size of the screen and to add notes to transactions were the two features that ranked the highest, while the ability to use the "X" to exit and password-protecting CTAS were the lowest ranking features.

In the **Budget Section**, presenting subtotals by department was ranked the highest. The option to enter monthly budget amounts and to allow the editing of the current, previous and revised budgets on one screen received average scores.

None of the **Claims Section** features received less than an average score. The highest-ranking features were a larger description area and the ability to adjust the check printing.

A larger description area was also the highest ranking feature for the **Disbursements Section**. The check box for cleared checks and defaulting to the date entered received average scores.

The **Investment Section** results clearly show that users would like this section completely overhauled. In addition, more instruction on how to record investment transactions was requested.

While adding an **Accrual Section** received only average scores, the comments section shows that the size of the city or town made a difference in how this feature was ranked.

For the **Payroll Section**, the ability to edit the payroll check date, to print the PERA exclusion report, to print a 944 report and to use the fiscal year to determine the quarters were the highest-ranking features. Adding an option for sick and vacation leave, printing the benefits paid on the check stub, printing a fringe benefit report and separating the employer contributions ranked the lowest.

In the **Receipts Section**, all of the features were ranked high, with creating a remitter table and printing reports from the table ranking as the highest.

All of the features in the **Reports Section** had a ranking of average or above. The printing of the Office of the State Auditor's reporting form had the highest ranking in this section. The option to export reports to Excel had the second-highest ranking in this section. Also, the printing of the Office of the State Auditor's reporting form had the second-highest ranking in the survey.

As in the Receipts Section, all of the features ranked high in the **Vendor Section**. The printing of the 1099s had the highest ranking in the survey. A feature to provide the ability to make vendors inactive was the second highest rated feature in this section.

If you have any questions or comments regarding the upgrade or the survey, please feel free to contact Mr. David Kazeck at (651) 297-3682 or Dave.Kazeck@state.mn.us.

Training

The Office of the State Auditor offers training sessions on the CTAS system. This is a basic beginners' course designed for those users that have limited or no experience using CTAS.

These sessions are held at the Office of the State Auditor's Office in St. Paul. **A training session is scheduled for December 11, 2008.** The training session begins at 9:00 a.m. and ends at approximately 1:00 p.m. A training workbook is provided.

Please call Mr. Mark Albarado at (651) 282-6114 or email him at malbarado@osa.state.mn.us to register for the training session. The resources available for training limits the session to a maximum of eight people.

Directions to the Office of the State Auditor may be obtained from the Office of the State Auditor's website. Parking is available in the parking lot behind the building. Please ask the receptionist for a temporary parking permit.

Reporting Forms and Due Dates

Below are the Office of the State Auditor's reporting forms and respective due dates for the cities and towns:

Cities

1. City Summary Budget Data Reporting Form – Due: January 31
2. Local Government Lobbying Costs Reporting Form – Due: January 31
3. Financial Reporting Form for Cities Reporting on a Cash Basis – Due: March 31
4. Financial Reporting Form for Cities Reporting in Accordance with Generally Accepted Accounting Principles – Due: June 30

Towns

1. Financial Reporting Form for Towns Reporting on the Cash Basis – Due: March 1
2. Financial Reporting Form for Towns Reporting in Accordance with Generally Accepted Accounting Principles – Due: June 30

For the year ending December 31, 2008, most cities and towns will be required to file their forms electronically. Instructions on completing and filing the reporting forms will be sent in time to meet the reporting deadlines.

Year-end Financial Statements and Audit Report Requirements

Minnesota Statutes define the reporting requirements for cities and towns. Summarized below are the requirements:

Cities

1. Cities under 2,500 in population with a separate clerk and treasurer – Cash basis financial statements are due March 31.
2. Audit reports prepared in accordance with generally accepted accounting principles (GAAP) are due June 30.
3. Cities under 2,500 in population with audit reports prepared on the cash basis are due March 31.
4. Cities under 2,500 in population with a combined clerk-treasurer position with total revenues less than the audit threshold (\$178,000 for 2007) – must have an audit once within every five-year period.

5. Cities under 2,500 in population with a combined clerk-treasurer position with total revenues in excess of the audit threshold (\$178,000 for 2007) – must have an audit every year.
6. Cities over 2,500 in population – must have an audit report prepared in accordance with GAAP. The audit report is due in our office by June 30.

Towns

1. Towns under 2,500 in population with a separate clerk and treasurer – should prepare cash basis financial statements.
2. Towns under 2,500 in population with a combined clerk-treasurer position with total revenues less than the audit threshold (\$178,000 for 2007) – must have an audit once within every five-year period. The audit report is due by June 30.
3. Towns under 2,500 in population with a combined clerk-treasurer position and total revenues in excess of the audit threshold (\$178,000 for 2007) – must have an audit every year. The audit report is due in our office by June 30.

4. Towns over 2,500 in population with a separate clerk and treasurer and with annual revenues less than the audit threshold (\$794,000 for 2007) – must file a reporting form on the modified accrual basis of accounting.
5. Towns over 2,500 in population with annual revenues over the audit threshold (\$794,000 for 2007) – must have an audit report prepared in accordance with GAAP. The audit report is due in our office by June 30.

Manual Accounting

Year-end Closing Procedures

Presented below are a few guidelines to assist finance officers in completing the year-end procedures.

In December:

1. Coordinate the approval and payment of all legal claims for the current year.
2. Collect, record, and deposit all monies in the bank.
3. Pay and record all approved claims.
4. If your city or town will be audited, contact your auditor for any special instructions.

Year-end Procedures:

1. Finish entering all transactions for the year.
2. Prepare a list of accounts receivable & accounts payable (Schedule 7). (MN Stat. § 471.698)
3. Analyze each ledger account to detect any information that is not complete, correctly entered or properly classified.
4. Review registers to detect any receipt, claim or check that has not been recorded.
5. Prepare a year-end schedule (Schedule 8) of investments. Reconcile the schedule with statements from banks and/or other financial institutions.
6. Reconcile the December/ January bank statement.
7. Prepare "Schedule 1 - Statement of Receipts, Disbursements and Balances" for all funds.
8. Prepare "Schedule 2 - Receipts and Disbursements by Fund" for each fund.
9. Prepare "Schedules 3, 4 and 5", as required, for enterprise funds.
10. Prepare "Schedule 6 – Statement of Indebtedness."

11. Balance each report, cross-checking the total receipts and disbursements.
12. Correct the registers, ledgers and financial statements as needed.
13. Bind the final and complete set of the following reports for permanent retention: Receipt Ledgers, Receipt Registers, Disbursement Ledgers, Disbursement Registers, Year-end & Interim Financial Statements.

For more information on the reporting requirements for cities reporting on a cash basis, request a copy of the Reporting and Publishing Requirements for Cities Reporting on a Cash Basis from the Office of the State Auditor at (651) 296-6272. This manual may also be downloaded from our website at http://www.auditor.state.mn.us/other/AccountingDocs/min_rep_req_cash.pdf.

CTAS Accounting

Year-end Closing Procedures

The CTAS system is a cash basis system and requires no closing journal entries. Thus, closing the books is a simple process. Presented below are a few guidelines to help the user in completing the year-end procedures.

In December:

1. Coordinate the approval and payment of all legal claims for the current year.
2. Collect, record, and deposit all monies in the bank.
3. Pay and record all approved claims.
4. If your city or town will be audited, contact your auditor for any special instructions.

Year-end Procedures:

1. Finish entering all transactions for the year.
2. Cities are required to prepare a list of accounts receivable & accounts payable (Schedule 7). (MN Stat. § 471.698)
3. Run receipt and disbursement registers for the final month of the year.
4. Print ledgers of all accounts from the beginning of the year.
5. Analyze each ledger account to detect any information that is not complete, correctly entered, or properly classified.
6. Review registers to detect any receipt or check that has not been recorded.

7. Prepare or print a schedule of investments (Schedule 8). Reconcile the schedule with statements from banks and/or other financial institutions.
8. Print a cash control report. Reconcile the bank statement to the cash control report.
9. Print "Schedule 1 - Statement of Receipts, Disbursements and Balances" for all funds.
10. Print "Schedule 2 - Receipts and Disbursements by Fund" for each fund.
11. Balance each report, cross checking to be sure that the total receipts and disbursements are correct.
12. Correct and rerun the registers, ledgers and financial statements as required.
13. Bind the final and complete set of the following reports for permanent retention: Receipt Ledgers, Receipt Registers, Disbursement Ledgers, Disbursement Registers, Year-end and Interim Financial Statements.
14. Make final **backup** copies of the data. Document, date and retain the copies as a permanent record. Remember to store one set of backup copies off-site.

Audited Financial Statements

Present the Cash Receipt and Disbursement Ledgers and Registers, the Cash Control Reports, and the Year-end Financial Statements to the auditor. These records will serve as the starting point for the audit.

The auditor may want a copy of the data to use on their computer. Use the backup utility in CTAS to provide the auditor with a copy of the data. If you need assistance in providing these copies, please call the Helpline.

In addition, the Office of the State Auditor requires all audit reports to be filed electronically using the Adobe Acrobat format (PDF).

CTAS Year-end Procedures

CTAS is designed to account for multiple years in the same database. Therefore, the year-end processing is quite simple. The procedures for completing the year-end processing are as follows:

1. In CTAS, click on the Admin icon.
2. Click on the Year-end Processing tab.
3. Click on the Run button.

This will change the current fiscal year from 2008 to 2009. Also, the 2009 beginning balances will be calculated.

The beginning balances should be checked after the year-end processing is completed. If they do not match the year-end balances, they should be updated.

To change the beginning balance, click on the Cash icon in CTAS. Then highlight the fund and click the Edit button. Enter the correct balance and click the Save button. The Current Balance and the Fund Amount should be the same amount for the current fiscal year.

The Helpline

Following are the type of frequently-asked questions the Helpline receives.

Removing Employees from the Roster

When creating a payroll, the preference would be to show only employees that are currently employed by the city or town. CTAS provides this option by marking the employees as active.

These are the steps to make an employee inactive and not show on the roster:

1. Open the Payroll module of CTAS.
2. Open the Employee section.
3. Highlight the employee that is no longer employed and click the Edit button.
4. Uncheck the Active box in the upper right-hand corner.

5. Then click the Save button.

This will indicate the employee is not currently employed by the local government. Also, the employee will not be included in the roster when creating a payroll.

To view all employees, active and inactive, on the Employee Section screen uncheck the Active Employees Only box.

Error 3464: Searching by Check Number

If you receive error number 3464 when trying to search by check number, this indicates at least one disbursement does not have a check number. In order to find the transaction(s) without a check number, you will need to search all of your disbursements and find those without a check number.

In the Disbursements section, enter the dates 01/01/2000 to 12/31/2008 in the Search by Date fields. Then click the Search button. Scroll through the list until you find a transaction without a check number. Edit the transaction and add the appropriate check number. When all transactions have a check number, the search by check number option will work.

Bottom of the Ninth

By David Kazeck

This column is designed to give you my perspective on CTAS and related accounting issues. I hope you find this column interesting.

Township Training

The Office of the State Auditor will be hosting a training session on CTAS at the Township Annual Conference.

This session is designed to give participants a hands-on experience with CTAS. Participants not familiar with CTAS will have the opportunity to try the CTAS Software. In addition, current CTAS users will have a chance to ask specific questions.

The conference will be held at the Arrowwood Resort & Conference Center in Alexandria on November 21, 2008. For more information on the conference, please call M.A.T. at 1-800-228-0296 or go to www.mntownships.org.

Current Version of CTAS

The current version of CTAS is 6.2. If you have an earlier version of the CTAS software, you cannot file your year-end report using CTAS. The update for Version 6.2 can be downloaded from the Office of the State Auditor's website at [CTAS](#).

Remember to Backup Your Data!

I have been able to recover the data for most users when they have a backup copy of their data.

The procedure I recommend is to use a rotation of three backups. The first time you backup use Backup 1. The second time use Backup 2. The third time use Backup 3. Then the fourth time you can use Backup 1 again.

In addition, I recommend backing up all of your data once a month. This includes CTAS, word processing documents, spreadsheets, etc. This can be done onto a CD, flash drive or another external storage device.

CTAS Computer Checks and Envelopes

The two vendors that can provide checks and window envelopes for the CTAS system are:

Rose Shorma
Vice President of Marketing
American Solutions For Business
826 East Lake Geneva Rd. NE
Alexandria, MN 56308
Phone: (320) 763-5535
Fax: (320) 762-1555
rshorma@americanbus.com

Paul Schmidt
Victor Lundeen Corp.
126 West Lincoln Avenue
P.O. Box 486
Fergus Falls, MN 56538
Phone: (218) 736-5433
Phone: (800) 346-4870
pauls@victorlundeens.com

Tax Tables

The tax tables in the payroll system must be updated.

The Federal tax table information is entered from the Circular E issued by the Internal Revenue Service. The tax table from the Circular E is the table for the Annual Payroll.

The State of Minnesota tax tables can be found on the Department of Revenue's website at www.taxes.state.mn.us. The formula method contains the information for CTAS.

When the information for the tax tables becomes available, it will be posted on the CTAS section of the Office of the State Auditor's website.

Printing W-2s

The W-2 format has not changed for 2008. The W-2s are the standard format, two-to-a-page. The forms can be purchased at any office supply store. However, you must have version 6.2 for CTAS to print the W-2s correctly.