



# CTAS News & Notes

## Small City & Town Accounting System (CTAS)

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### Why did I receive this Newsletter?

One of the responsibilities of the Office of the State Auditor (OSA) is to assist cities and townships in keeping good accounting records, as well as improve financial reporting. To help fulfill this responsibility, this newsletter is being sent to all the cities under 2,500 in population, as well as all townships in Minnesota.

One tool the OSA has available to assist the local governments is the Small City and Town Accounting System software (CTAS). CTAS is designed to help local governments perform their bookkeeping duties.

This newsletter contains information on CTAS for the smaller local governments that may not be aware of this software package.

In addition, within this newsletter is the information on year-end procedures for local governments, whether keeping the books manually or on a computer.

More information on CTAS can be obtained by email, calling the

Helpline, or visiting the OSA website.

### About CTAS

- **Eliminates** the manual method of financial reporting and bookkeeping by recording your transactions on a personal computer.
- **Designed** for small cities and towns to keep their accounting records on computer.
- **Follows** accounting procedures outlined in the Accounting Manual for Small Cities and Towns in Minnesota.

### CTAS performs the following tasks:

- **Receipts and disbursements** - Tracks receipts and disbursements. Prints the registers and ledgers.
- **Claims** - Prints the complete claim form and a list of claims to be approved.

- **Financial Statements** - Prepares interim & year-end financial statements. Prints the Township Financial Reporting Form on a cash basis.
- **Payroll Taxes** - Calculates the taxes and withholdings for each employee.
- **Quarterly and Year-end Reports** - Prints the information for filing the quarterly and year-end payroll reports.
- **Employee Earnings Records** - Prints employee earnings records year-to-date.
- **Payroll Registers** - Prepares and prints payroll registers for each pay period.

### Unbeatable Price!

- **Cost** – Free. More information on this change will be available later this year.

- **Training** - One day of instruction, including actual hands-on practice.
- **Telephone Support** - The Helpline is available from 8:00a.m. - 3:00p.m. Monday thru Friday.

For further information contact the Helpline, or visit the OSA Website.

## **Forms and Due Dates**

Below are the OSA reporting forms and 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 Principals – 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 Principals – Due: June 30

## **Year-end Financial Statements and Audit Report Requirements**

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

### **Cities**

Cities under 2,500 in population with a separate clerk and treasurer – Cash basis financial statements are due March 31.

Audit reports prepared in accordance with Generally Accepted Accounting Principals (GAAP) are due June 30.

Cities under 2,500 with audit reports prepared on the Cash basis are due March 30.

Cities under 2,500 in population with a combined clerk-treasurer position with total revenues less than \$100,000 – must have an audit once within every five-year period.

Cities under 2,500 in population with a combined clerk-treasurer position with total revenues in excess of \$100,000 – must have an audit every year.

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**

Towns under 2,500 in population with a separate clerk and treasurer – should prepare cash basis financial statements.

Towns under 2,500 in population with a combined clerk-treasurer position with total revenues less than \$100,000 – must have an audit once within every five-year period.

Towns under 2,500 in population with a combined clerk-treasurer position and total revenues in excess of \$100,000 – must have an audit every year.

Towns over 2,500 in population with annual revenues less than \$500,000 – must file a reporting form on the modified accrual basis of accounting.

Towns over 2,500 in population with annual revenues over \$500,000 – 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 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 or other financial institutions.
6. Reconcile the December / January bank statement.

7. Prepare "Schedule 1 - Statement of Receipts, Disbursements and Fund Balances" for all funds.
8. Prepare "Schedule 2 - Receipts and Disbursements by Fund" for each fund.
9. Prepare "Schedules 3, 4 and 4A" as required for enterprise funds.
10. Prepare "Schedule 6 – Statement of City 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, Disb. Ledgers, Disb. 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 Minimum Reporting Requirements for Cities Reporting on a Cash Basis from the OSA at (651) 297-3688. This manual may also be downloaded from the OSA website.

**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 & 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. Reconcile the schedule with statements from banks 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 Fund 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, Disb. Ledgers, Disb. Registers, Year-end and Interim Financial Statements

14. Make final **backup** copies of the data on diskettes. Document, date and retain the diskettes 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 copies of the data to use on their computer. If you need assistance in providing these copies, please call the Helpline.

### Township Reporting Form and Financial Statements

After all the statements have been balanced, a copy of the Township Financial Reporting Form can be printed. The amounts on the reporting form should be verified with the amounts on the financial statements.

When the amounts on page 1 of the CTAS Township Reporting Form have been verified, complete the cover page and page 3 of the OSA Town Financial Reporting Form. Remember to have the chairperson sign the form and include the township mailing address. The township mailing address will be used for any future correspondence regarding the town reporting form.

Staple the CTAS and OSA town reporting forms together and mail them to the Office of the State Auditor. However, these should not be mailed until you receive the request for this data.

**Please Note:** The CTAS generated Township Reporting Form is for townships only. Cities must complete the reporting forms they receive in the mail.

## CTAS Year-end Procedures

CTAS for Windows 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 2003 to 2004. The 2003 beginning balances will be updated to the 2004 beginning balances.

**Caution:** Backup up your data first, because, once the 2004 beginning balances have been updated from 2003, the 2003 beginning cash balances are erased.

Therefore, the **FINAL** copies of the Town Reporting Form & Schedule 1 **must** be run before completing the year-end processing. This will not delete the receipts and disbursements.

## **W-2 Forms**

**DOS Version:** Due to the change in the format of the W-2s. The DOS version, version 4, can no longer be used to print the W-2s.

**Windows Version:** The W-2 forms for the Laser/Inkjet printer should be forms compatible with Deluxe form product number 82632.

The W-2 forms are a standard format and can be purchased from a local office supply store. When testing the 2003 W-2s, they were purchased at a local office supply store.

## **Tax Tables**

The federal tax tables updated in July are valid until January 2005.

The State of Minnesota tax tables are located on the last page of the tax book. The state book is no longer mailed to each local unit. The information can be downloaded from the Department of Revenue's web site at [www.taxes.state.mn.us](http://www.taxes.state.mn.us)

When the information for the state tax tables becomes available, it will be posted in the CTAS section of the OSA website.

## **Training**

The OSA offers training sessions on the Windows version of CTAS. This is a basic beginners course designed for those users that have limited or no experience using CTAS.

After purchasing CTAS, you may register for this training. Registered users are notified of the training dates in the CTAS newsletter.

These sessions are held at the State Auditor's Office in St. Paul. A training session is scheduled for November 13, 2003. The training session begins at 9:00a.m. and will end at approximately 1:00p.m.

Please call Ms. Billi Sanders at (651) 297-3684 to register for the training session. The resources available for training require that we have a maximum of six people for a session.

Due to the time and resource commitment, the OSA reserves the right to cancel a training session if registrations do not exceed three.

Participants should bring their Reference Manual to the training session. A training workbook is provided.

The training session will be held at the State Auditor's Office, Suite 400, 525 Park Street, St. Paul, MN.

Directions to our location may be obtained from the Office of the State Auditor's website. Parking is available across the street in the Bethesda Ramp.

## **Electronic Reporting**

In the near future, CTAS users may be able to report electronically. By reporting electronically, users will no longer be required to complete a paper form. This will make reporting easier for users and provide the OSA with more accurate information

as more local governments use CTAS.

In addition, we are considering upgrading CTAS in 2004. The upgrade will include a feature for electronic reporting. By adding this feature, we can allow CTAS users to report electronically without sending in data that would include private information.

More information will be available at the Minnesota Association of Township's Annual Conference. Also, information will be mailed to the small cities and towns.

Electronic reporting may require users to adjust their chart of accounts. In addition to the numbers currently prescribed in the chart of accounts, these receipts should be assigned the following numbers:

**33418** – Gas Tax (Town Road Allotment)

**33425** – Residential Market Value Credit

**33426** – Agricultural Market Value Credit

**33427** – Manufactured Home Market Value Credit

In addition, all Enterprise Funds must use a 600 number.

Changing the account numbers is relatively easy. By changing the account number in the chart of accounts, all transactions with the account number are also changed.

## Clipboard

▶ REMEMBER TO BACKUP YOUR DATA!

▶ CTAS Version 5 for Windows is a stand-alone system. A network version of the system is not available. The Helpline does not have the expertise to troubleshoot CTAS running on a network.

▶ The Helpline has three numbers available for support. The general support number is (651) 297-3682. Users with accounting issues can call (651) 297-3684. Those with computer issues can call (651) 297-7104.

▶ Two vendors that can provide the checks and window envelopes for the CTAS system are:

Rose  
American Business Forms  
(320) 763-5535 or  
1-800-862-3690

Paul Schmidt  
Victor Lundeen Corp  
(218) 736-5433 or 1-800-  
346-4870



## Bottom of the Ninth

By David K. Azeck

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

### ☉ GASB 34

Our goal is to provide you with the minimum reporting requirements for cash basis cities within the next year. Due to GASB 34 requirements for audits on a cash basis, there will be two minimum reporting requirements for cash cities. One for cities that are audited and one for those cities that are not audited.

### ☉ Email

Just a quick note about the advantage of using email. A number of users do the town or city business in the evening or on weekends when the Helpline is not available. By using email, a response to the questions is generally sent by 8:00 am the next business day.

### ☉ Electronic Reporting

The OSA is considering using electronic reporting to replace completing and filing paper forms. Local governments will receive information on electronic reporting in time to report their 2003 data to the OSA. I encourage everyone to considering reporting electronically. This should

make it easier to report to the OSA before the deadline.

### ☉ Township Training

I will be presenting a session on CTAS at the Township Annual Conference. The conference will be held in Duluth on November 21 and 22, 2003. For more information on the conference, please call M.A.T. at 1-800-228-0296 or go to [www.mntownships.org](http://www.mntownships.org). See you there.

### ☉ 2002 Township Financial Reporting Forms

Currently there are 66 townships that have not filed a reporting form for 2002. This information was due in our office by March 1. The reporting form should be completed and sent to the OSA immediately. If you need additional forms, please call Ms. Deb Schultz at (651) 297-3688.

### ☉ Loading CTAS on a new computer

When loading CTAS on a new computer, start with the CTAS V5 for Windows original CD. The updates do not contain the system files required to run CTAS. Windows XP users should select Windows NT 4.0 as the operating system.