



CTAS News & Notes

Small City & Town Accounting System (CTAS)

Helpline: (651) 296-6262 Fax: (651) 282-2391

Website: www.auditor.state.mn.us E-mail: ctas@auditor.state.mn.us

Why did I receive this Newsletter?

One of the responsibilities of the Office of the State Auditor is to assist cities and townships in keeping good accounting records. To help fulfill this responsibility, this newsletter is being sent to all the cities under 2,500 in population, in addition to all townships in Minnesota.

Accounting and Financial Reporting for Cities and Towns

The State Auditor's Office has developed a number of tools to assist cities and towns in accounting and financial reporting. First, and foremost, is the Small City and Town Accounting System software (CTAS). CTAS is designed to help local governments perform their bookkeeping duties.

For local governments that are not using CTAS the Auditor's Office has developed a set of electronic reporting tools. There is a reporting tool for Cities reporting according to Generally Accepted Accounting

Principles (GAAP) and one for cities reporting on a cash basis. A similar set of tools is available for townships.

In addition, within this newsletter is the information on year-end procedures for cities and towns, whether the books are kept manually or on a computer.

About CTAS

CTAS is an award winning accounting software package from the Office of the State Auditor. This is a time-tested package with over 1,200 local governments currently using the software.

- **It Eliminates** the manual method of financial reporting and bookkeeping by recording your transactions on a personal computer.
- **Is 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** - This module provides a complete set of tools to accomplish all of the tasks for claims, including check printing.
- **Financial Statements** - Prepares interim & year-end financial statements.
- **Payroll** - Calculates the taxes and withholdings for each employee. Provides the information for filing the reports. Prints payroll registers for each pay period.
- **Training** - One day of instruction, including actual hands-on practice.
- **Telephone Support** - The Helpline is available from 8:00 a.m. - 3:00 p.m. Monday thru Friday.

Forms and Due Dates

Below are the Office of the State Auditor's 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

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 Principals (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 \$150,000 – 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 \$150,000 – 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 \$150,000 – must have an audit once within every five-year period.
3. Towns under 2,500 in population with a combined clerk-treasurer position and total revenues in excess of \$150,000 – must have an audit every year.
4. Towns over 2,500 in population with annual revenues less than \$670,500 – must file a reporting form on the modified accrual basis of accounting.
5. Towns over 2,500 in population with annual revenues over \$670,500 – 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 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 5" 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 Reporting and Publishing Requirements for Cities Reporting on a Cash Basis from the Auditor's Office at (651) 297-3688. This manual may also be downloaded from the State Auditor's 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 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. 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. 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 copies of the data to use on their computer. If you need assistance in providing these copies, please call the Helpline.

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 2005 to 2006. The 2005 beginning balances will be updated to the 2006 beginning balances.

A **FINAL** copy of Schedule 1 **must** be run before completing the year-end processing. This will not delete the receipts and disbursements.

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 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 in the CTAS section of the State Auditor's website.

Training

The State Auditor's Office offers training sessions on CTAS. This is a basic course designed for those users that have limited or no experience using CTAS. 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 December 1, 2005. The training session begins at 9:00 a.m. and will end at approximately 1:00 p.m. Lunch is on your own after the training session.

Please call Ms. Deb Schultz at (651) 297-3688 to register for the training session. The resources available for training require that we have a maximum of eight people for a session. Due to the time and resource commitment, the Office of the State Auditor reserves the right to cancel a training session if registrations do not exceed three.

The training session will be held at the State Auditor’s Office, Suite 500, 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.

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.

Updated Version of CTAS (Version 6.0.5)

An update to the Diamond Edition is now available. The update has been mailed to all registered CTAS users. If you would like a copy of the CD,

please call Ms. Deb Schultz at (651) 297-3688.

Township Training

I will be presenting a session on CTAS at the Township Annual Conference. The conference will be held in Alexandria on November 18, 2005. For more information on the conference, please call M.A.T. at 1-800-228-0296 or go to www.mntownships.org. See you there.

Moving to Version 6 of CTAS

The migration utility provided on the CTAS CD is required to transfer the data from version 5 to version 6. Install CTAS Version 6 and the migration utility in order to transfer the data.

The CTAS backup for version 5 cannot be used to restore the data to version 6.

Backing up CTAS on all releases of Version 6

There is an issue in backing up CTAS to storage devices other than diskettes. Based on some further testing I have done, if a backup file exists CTAS does not overwrite the backup file on these other storage devices. It will modify the date of the backup, but will not copy the data. The current solution for this is to erase the backup file and then run the CTAS backup. I am working with the programmers to correct this issue as soon as possible.

CTAS Computer Checks and Envelopes

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

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

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

Eugene Dufault
Dufault Business Forms
(218) 281-3903
(800) 950-4649

Fire Relief Pension Accounting System (FRPAS): A companion program to CTAS

The Office of the State Auditor is currently developing a package similar to CTAS for the Firefighter’s Relief Associations. FRPAS is designed to assist the Fire Relief Associations with both their accounting and member tracking. For more information, visit the Office of the State Auditor’s website at www.auditor.state.mn.us.

