



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 meet this responsibility, this newsletter is being sent to all the cities under 2,500 in population, in addition to all townships.

Training

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

A training session is scheduled for December 5, 2007. 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 training session will be held at the Office of the State Auditor, Suite 500, 525 Park Street, St. Paul, MN.

Directions to our office may be obtained from our website at www.auditor.state.mn.us.

Parking is available in the parking lot behind the building. Parking slips can be obtained at the front desk of the Office of the State Auditor.

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, 2007, 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 (\$166,901 for 2006) – 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 (\$166,901 for 2006) – 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 (\$166,901 for 2006) – 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 (\$166,901 for 2006) – 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 annual revenues less than the audit threshold (\$746,049 for 2006) – 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 (\$746,049 for 2006) – 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, 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 Office of the State Auditor at (651) 297-3688. This manual may also be downloaded from our 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 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, 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 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 2007 to 2008. Also, the 2008 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

The following are the type of frequently asked questions the Helpline receives.

Transferring the CTAS System and Data from One Computer to Another

Here are the steps to transfer the CTAS program and your data from one computer to another:

Using the Old Computer:

Backup your data using the backup utility in CTAS.

Using the New Computer:

1. Install CTAS on the new computer using Version 6.0.8. If you do not have a 6.0.8 CD, the system can be downloaded from our website.
2. Start CTAS and click the Restore button on the Welcome screen.
3. Insert the backup diskette, CD, etc. into the computer.
4. Click the Run Restore button and follow the on screen directions. Note: If you are not using a diskette, click the Browse button and select the appropriate drive.
5. After the restore is completed, click the Continue button. The CTAS system with your information is now loaded.

Error 3464: Searching by Check Number

If you received 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 12/31/2007 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 a check number. When all transactions have a check number the search by check number option will work.

Recording a Purchase or Sale of an Investment (a deposit or withdrawal from a savings account)

The transfer of money from the savings account to the checking account is defined as a sale of an investment in accounting terms.

To record the transfer of money from the savings to the checking (sale of investment), click the Add button in the receipts section.

Then follow these steps:

1. For the receipt number, a code can be used, such as SI1007, for a sale of investment. 1007

represents the month and year of the withdrawal.

2. Then enter the date, the name of the bank from which the withdrawal was made, the amount of the withdrawal, and a description.
3. Enter the allocation of funds for the sale of the investment using 36290 as the account number and record the transaction.

To record the transfer of money from the checking to the savings (purchase of investment), click the Add button in the disbursements section.

Then follow these steps:

1. For the check number, a code can be used, such as PI1007, for a purchase of investment. 1007 represents the month and year of the deposit.
2. Then enter the date, the name of the bank into which the deposit was made, the amount of the deposit, and a description.
3. Enter the allocation of funds for the purchase of the investment using 49350 as the account number and record the transaction.

Entering a Transfer Between Funds

Transfers are used to move resources from one fund to another. The CTAS system requires the use of specific numbers for transfers. The receipt account number is 39200 and the disbursement account number is 49360.

The entries for transferring money from the General Fund (100) to the Road and Bridge Fund (201) are as follows:

Into the Road and Bridge Fund:
Receipt Number: TRF1006
Account No.: 201-39200

Out of the General Fund:
Check Number: TRF1006
Account No.: 100-49360-720

The TRF1006 is the number I assigned to this transaction. The TRF is my abbreviation for transfers. The number 1006 represents the month and the date. This way, unless there is more than one transfer in a month, the receipt and disbursement numbers will not be duplicated.

Also, the same number is used for both the receipt and disbursement to make it easy to track the transaction.

Using the assigned number will ensure that the transfers are shown in the transfer column of Schedule 1 of the financial statements. The transfer of money to or from a savings account should be recorded as a purchase or sale of an investment.

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 in St. Cloud on November 16, 2007. For more information on the conference, please call M.A.T. at 1-800-228-0296 or go to www.mntownships.org.

CTAS Computer Checks and Envelopes

The two 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

Email

A quick note about the advantages 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 a.m. the next business day.

Current Version of CTAS

The current version of CTAS is 6.0.8. If you have an earlier version of the CTAS software, you cannot file your year-end report using CTAS. The update for Version 6.0.8 can be downloaded from the Office of the State Auditor's website.

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 on the CTAS section of the Office of the State Auditor's website.

Check Printing

The sample check is to aid in aligning checks when a dot-matrix printer is used. The sample check should not be used to test the printing for laser and Inkjet printers.

In addition, when using an Inkjet printer, select the laser printer as the type of printer. Select the type of printer in the Admin section.

Printing W-2s

The W-2 format has changed for 2007. We are in the process of updating the W-2 form, in CTAS, to comply with the new format. Later this year we will send more information on filing your W-2s.

Remember to Backup Your Data!

I have been able to recover the data for most users when they have made 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.

The Small City and Town Accounting System (CTAS)

Say goodbye to your ledger book.



CTAS eliminates the traditional methods of financial reporting and bookkeeping by recording your transactions on a personal computer.

Designed exclusively for small cities and towns to keep their accounting records on a personal computer.

CTAS follows the accounting procedures outlined in the Accounting Manual for Small Cities and Towns in Minnesota.

The Accounting System performs these bookkeeping 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 and year-end financial statements.

The Payroll System performs these bookkeeping tasks:

- **Taxes** - Calculates the taxes and withholdings for each employee.
- **Quarterly and Year-end Reports** - Prints the information required for filing the quarterly and year-end reports.
- **Employee Earnings Records** - Prints employee earnings records year-to-date.
- **Payroll Registers** - Prepares and prints payroll registers for each pay period.

An Economical Solution for Local Government Accounting

- **Cost** - The cost of a new system, which includes training, is \$0.00
- **Training** - One day of instruction on the use of the system, including actual hands-on experience.
- **System Support** - Call or Email the Office of the State Auditor - Monday through Friday.
- **CTAS News and Notes** - a newsletter filled with tips, shortcuts and other information related to CTAS.

For further information contact:

David Kazeck
Governmental Information Division
Office of the State Auditor
Suite 500, 525 Park Street
St. Paul, MN 55103
Phone: (651) 297-3682
Email: ctas@osa.state.mn.us

