

# CTAS News & Notes

Small City & Town Accounting System

Helpline: Phone: (651) 297-3682 Fax: (651) 282-2391 E-mail: [ctas@osa.state.mn.us](mailto:ctas@osa.state.mn.us)

## 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.

For current CTAS users, there is information on W-2s, training, tax tables and the Internet Bulletin Board.

More information on CTAS can be obtained by email, calling the Helpline, or visiting the OSA website at [www.osa.state.mn.us](http://www.osa.state.mn.us).

## 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.

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- **Quarterly and Year-end Reports**  
- Prints the information for filing the quarterly & 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** - The cost of the system, including training, is \$250.
- **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 at [www.osa.state.mn.us](http://www.osa.state.mn.us).

## 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

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

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

### **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 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 with 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 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 & payment of all legal claims for the current year.

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| <ol style="list-style-type: none"><li>2. Collect, record and deposit all monies in the bank.</li><li>3. Pay and record all approved claims.</li><li>4. If your city or town will be audited, contact your auditor for any special instructions.</li></ol> | <ol style="list-style-type: none"><li>4. Review registers to detect any receipt, claim or check that has not been recorded.</li><li>5. Prepare a year-end schedule (Schedule 8) of investments. Reconcile the schedule with statements from banks or other financial institutions.</li><li>6. Reconcile the December/January bank statement.</li><li>7. Prepare "Schedule 1 - Statement of Receipts, Disbursements and Fund Balances" for all funds.</li><li>8. Prepare "Schedule 2 - Receipts and Disbursements by Fund" for each fund.</li></ol> | <ol style="list-style-type: none"><li>9. Prepare "Schedules 3, 4 and 4A" as required for enterprise funds.</li><li>10. Prepare "Schedule 6 – Statement of City Indebtedness."</li><li>11. Balance each report, cross checking the total receipts and disbursements.</li><li>12. Correct the registers, ledgers and financial statements as required.</li><li>13. Bind the final and complete set of the following reports for permanent retention:<br/>Receipt Ledgers<br/>Receipt Registers<br/>Disbursement Ledgers<br/>Disbursement Registers<br/>Year-end &amp; Interim Financial Statements</li></ol> |
|---|--|--|

## 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.

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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. Therefore, 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 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.

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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 & 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 on diskettes.

Document, date and retain the diskettes as a permanent record. Store one set of backup copies stored 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.

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## CTAS Year-end Procedures

CTAS for Windows version 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 2002 to 2003. The 2002 beginning balances will also be updated to the 2003 beginning balances.

**Caution:** Backup up your data first, because, once the 2003 beginning balances have been updated from 2002, the 2002 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.

## CTAS Bulletin Board

The OSA also provides support for CTAS through the CTAS Internet Bulletin Board. This Bulletin Board allows users to post questions, and answers regarding CTAS. In addition, anyone may peruse the messages posted on the Bulletin Board.

The CTAS Bulletin Board is a good reference tool for CTAS users. To access the Bulletin Board, click on the CTAS section of the OSA website at [www.osa.state.mn.us](http://www.osa.state.mn.us). Users needing assistance in accessing the Bulletin Board can call (651) 297-7104.

## 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 2001 W-2s, they were purchased at a local office supply store.

## Tax Tables

The tax tables, in the payroll system, must be updated. This 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 (Table 7).

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The State of Minnesota tax tables can be found on the last page of the tax book.

When the information for the 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 the CTAS system. This is a basic beginners course designed for those users that have limited or no experience using the CTAS system.

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

These sessions are held at the State Auditor's Office in St. Paul. A training session is scheduled for December 5, 2002. The training session begins at 9:00a.m. & 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 at [www.osa.state.mn.us](http://www.osa.state.mn.us). Parking is available across the street in the Bethesda Ramp.

## 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.

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

Rose  
American Business  
Forms  
(320) 763-5535

Paul Schmidt  
Victor Lundeen  
Corp  
(218) 736-5433

## **Bottom of the Ninth**

By David K. Azeck

Longtime users may remember this column and my love for baseball. I have been a baseball and, especially, a Twins fan since the Twins first World Series appearance in 1965. That is how I came to select the name of this column.

This column is designed to give you my perspective on CTAS and related

accounting issues. I hope you find this column interesting.

☺ GASB 34 – Significant changes are not expected for local governments reporting on a cash basis of accounting in regards to GASB 34. Our goal is to provide you information on any changes in relation to GASB 34 and the OSA reporting requirements for local governments by the end of 2003.

☺ Email – Just a quick note about the advantage of using email. A user sent an email stating the database was corrupt and CTAS would not run. By sending an email with the database attached, I was able to repair the database. This prevented the user from having to re-enter the data not stored on the backup.

☺ Types of Users – I thought it would be interesting to share with you

the various types of local governments using the CTAS system. Below are listed the number and type of local government:

440 - Towns  
210 - Cities  
3 - Non-profits  
1 - County  
1 - Nursing Home  
1 - Watershed Dist.  
1 - RDC  
1 - City in the state of New York

☺ Printing Checks – We have received a number of calls about the last digit of the year printing down one line. The problem is with the printer drivers. Install a different printer drive for your printer and this should correct the problem. For instance, an HP 1100 uses the LaserJet III printer drivers to print the checks.

☺ Township Training – I will be presenting a session on CTAS at the Township Annual Conference in November. See you there.