

CTAS News & Notes

Small City & Town Accounting System

Helpline: Phone: (651) 297-3682 Fax: (651) 282-2391 E-mail: 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 the 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. CTAS is designed to help local governments perform their bookkeeping duties. Since, some of the local units may not be aware of CTAS, this newsletter contains information on CTAS.

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

For current CTAS users, there is information on W-2s, the Version 5.2 update, 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.

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.
- **Payroll 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 payroll reports.
- **Employee Earnings Records** - Prints employee earnings records year-to-date.
- **Payroll Registers** - Prepares and prints payroll registers for each pay period.

CTAS News & Notes

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Unbeatable Price

- **Cost** - The cost of the system, including training, is \$250.
- **Training** - One day of instruction, including actual hands-on experience.
- **Telephone Support** - The Helpline is available from 8:00 a.m. - 4:00 p.m. Monday thru Friday.

For further information contact the Helpline or visit the Office of the State Auditor's (OSA) Website at 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 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: May 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 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.

CTAS News & Notes

Small City & Town Accounting System

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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 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.

CTAS News & Notes

Small City & Town Accounting System

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4. Review registers to detect any receipt 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 to be sure that the total receipts and disbursements are correct.

12. Correct 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 & Interim Financial Statements

Request a copy of the Minimum Reporting Requirements for Cities Reporting on a Cash Basis

from the OSA at (651) 297-3688. This manual and additional information on reporting requirements is available on the OSA website at www.osa.state.mn.us.

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 2001 to 2002. The 2001 beginning balances will also be updated to the 2002 beginning balances.

CTAS News & Notes

Small City & Town Accounting System

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Caution: Backup up your data first, because, once the 2002 beginning balances have been updated from 2001, the 2001 beginning cash balances are erased.

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

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 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 and 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 year-end 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.

CTAS News & Notes

Small City & Town Accounting System

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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
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. One set of backup copies should be 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 Township Reporting Form have been verified, complete page 2 of the reporting form. Page 2 of the reporting form must be completed manually. Remember to sign the form and include your name and address. This information will be used for any future correspondence regarding the town reporting form.

The reporting form should be mailed to the Office of the State Auditor. However, these should not be mailed until you receive the request for this data.

CTAS News & Notes

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

CTAS Bulletin Board

The CTAS Internet Bulletin Board is up and running. This Bulletin Board allows CTAS users to post questions, and answers regarding CTAS. In addition, anyone may view the questions and answers 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. Users needing assistance in accessing the Bulletin Board can call (651) 297-7104.

CTAS Update Version 5.2

A new version of CTAS will be available by the end of the year. Here are some of the changes included in this update:

- Correcting the calculation of the beginning balance.
- The check date will be printed on the stub.
- In addition to updating the W-2 format, the W-2s will be sorted alphabetically.

Notice: Starting with Version 5.2, CTAS will no longer be written specifically for Windows 3.1. Windows 3.1 users should consider upgrading their operating system.

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.

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. 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 on the CTAS Bulletin Board located on the OSA website.

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Training

The Office of the State Auditor (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.

These sessions are held at the State Auditor's Office in St. Paul. A training session is scheduled for November 29, 2001. The training session begins at 9:00 a.m. and will end at approximately 1:00 p.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. Parking is available across the street in the Bethesda Ramp.

Clipboard

Remember to backup you 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 getting CTAS to run 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

Paul Schmidt
Victor Lundeen
Corp
(218) 736-5433