CTAS News & Notes

Chart of Accounts

Funds, account numbers and object codes not properly assigned could result in inaccurate data being submitted to the Office of the State Auditor, reports that do not print or improper financial statements. For assistance in assigning account numbers, contact the CTAS Helpline.

Funds

Funds numbers should be assigned using the Chart of Accounts as defined by the Office of the State Auditor. The funds are defined as follows:

The General Fund (100) is used to account for all financial resources except those accounted for in another fund. It is the main operating fund of the government.

Special Revenue Funds (200 – 299) are used to account for revenues derived from specific revenue sources (other than those for major capital projects) that are legally restricted for specific purposes.

Debt Service Funds (300 - 399) are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Capital Projects Funds (400 - 499) are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Enterprise Funds (600 – 699) are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Account Numbers

The following Account Numbers should not be used in the account distribution when selecting account numbers for transactions. The numbers below are either unassigned or intended to be category headings.

Revenues
32000 Licenses & Permits
33000 Intergovernmental
            Revenues
34000 Charges for Services
35000 Fines and Forfeits
36000 Miscellaneous
37000 Proprietary Fund Revenues

38000 Other Proprietary Fund
            Revenues
39000 Other Financing Sources

Expenditures
41000 General Government
42000 Public Safety
43000 Public Works
44000 Health and Welfare
45000 Culture and Recreation
46200 Unassigned
46400 Unassigned
46700 Unassigned
46800 Unassigned
46900 Unassigned
47000 Debt Service
48000 Unassigned
49000 Miscellaneous

Object Codes

In addition to the function/activity classification, expenditures must be classified according to object class. Three digits must be used when adding new object codes.

The object indicates the type of item purchased or service obtained. The four major classifications by object class are: personal services; supplies; other services and charges; and capital outlays.

Training

The Office of the State Auditor offers training sessions on the CTAS system. **The next training session is scheduled for January 26, 2012.** The session will be held at the Office of the State Auditor's St. Paul Office from 9:00 a.m. until approximately 1:00 p.m.

This is a basic beginners' course designed for those users who have limited or no experience using CTAS. A training workbook will be provided.

To register for the training session, please call Mr. Mark Albarado at (651) 282-6114 or e-mail him at Mark.Albarado@osa.state.mn.us. The resources available for training limit the session to a maximum of eight people.

Directions to our St. Paul Office may be obtained from the Office of the State Auditor's website (www.auditor.state.mn.us).

Parking is available in the parking lot behind the building. Please ask the receptionist for a temporary parking permit.

Reporting Forms and Due Dates

Below are the Office of the State Auditor's reporting forms and respective due dates for 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 a Cash Basis – Due: March 1

2. Financial Reporting Form for Towns Reporting in Accordance with Generally Accepted Accounting Principles – Due: June 30

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 a 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 must have an audit once every five years. The audit report is due March 31.

5. Cities under 2,500 in population with a combined clerk-treasurer position with total revenues in excess of the audit threshold must have an audit every year. The audit report is due March 31.

6. Cities over 2,500 in population must have an audit report prepared in accordance with GAAP. The audit report is due 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 must have an audit once every five years. The audit report is due June 30.

3. Towns under 2,500 in population with a combined clerk-treasurer position and total revenues in excess of the audit threshold must have an audit every year. The audit report is due June 30.

4. Towns over 2,500 in population with a separate clerk and treasurer and with annual revenues less than the audit threshold must file a reporting form on the modified accrual basis of accounting. The reporting form is due June 30.

5. Towns over 2,500 in population with annual revenues over the audit threshold must have an audit report prepared in accordance with GAAP. The audit report is due June 30.

Manual Accounting

Year-end Closing Procedures

Presented below are 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 of investments (Schedule 8). 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, Disbursement Ledgers, Disbursement Registers, Year-end & Interim Financial Statements.

For more information on the reporting requirements for cities reporting on a cash basis, a copy of the <u>Reporting and Publishing Requirements for Cities Reporting on a Cash Basis</u> may be downloaded from our website at http://www.auditor.state.mn.us/other/AccountingDocs/min_rep_req_cash.pdf.

<u>CTAS Accounting</u>

<u>Year-end Closing Procedures</u>

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 guidelines to help the user in completing the year-end procedures.

<u>In December:</u>

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.

<u>Year-end Procedures:</u>

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. Prepare "Schedules 3, 4 and 5", as required, for enterprise funds.

12. Print "Schedule 6 – Statement of Indebtedness." as required.

13. Print a year-end schedule of investments (Schedule 8). Reconcile the schedule with statements from banks and/or other financial institutions.

14. Balance each report, cross checking to be sure that the total receipts and disbursements are correct.

15. Print the "Cash Reporting Form."

16. Analyze the cash reporting form to detect any information that is not complete, correctly entered, or properly classified.

17. Correct and rerun the registers, ledgers, financial statements and reporting form as required.

18. 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, and Cash Reporting Form.

19. 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 the audit firm to prepare a copy of the audit in the Adobe Acrobat format (PDF). A PDF copy of the audit report is to be filed electronically.

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 2011 to 2012. Also, the 2012 beginning balances will be calculated.

The beginning balances should be checked after the year-end processing is completed. If they do not match the 2011 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.

Submitting the CTAS Reporting Form

To submit the data in the proper format, you will need Version 6.0.8, 6.2.0, 7.0.13 or 7.0.14. Version 7.0.14 can be downloaded from our website at: www.auditor.state.mn.us.

Items to check before submitting your file:

1. You will need the OSA code. Your OSA code is the same as last year.

2. The telephone numbers for local officials.

3. Zip codes for local officials.

4. Email address for local officials. If one does not exist it should be left blank.

5. Check your Indebtedness module for the correct amount of outstanding indebtedness.

6. Eliminate the use of the "&" sign in the descriptions for funds, accounts and object codes.

7. Object codes should be three digits and greater than or equal to 100.

You will be using the State Auditor's Form Entry System (SAFES) to submit your XML and CSV file. When you upload your file, it will be examined. Reviewing the items listed above will help to make sure your file will be accepted. Information on submitting the file will be included with the letter requesting your financial information. If you do not have internet access, you can copy the file to a CD and mail it to our office.

The Helpline

The following are answers to frequently-asked questions the Helpline receives.

Current Version of CTAS

The current version of CTAS is 7.0.14. Version 7.0.14 can be downloaded from the Office of the State Auditor's website at http://www.auditor.state.mn.us/default.aspx?page=ctas.

CTAS User Manual

Due to unforeseen circumstances, the CTAS Users Manual will be delayed. We will issue the manual as soon as possible. User will be notified when the Manual is available.

Error 94 – Invalid Use of Null

This error has occurred when Posting Claims. The error indicates there is a claim without an explanation in the Description field. Enter an explanation in the Description field and the claims should post.

Investment Entry Limit

There is a limit of 50 entries for the deposits and withdrawals for an investment. Savings and Money Market Accounts may reach that limit, particularly if you have the account allocated to a number of funds. When the investment entry limit is reached, complete the following steps:

1. Highlight the Investment and click the Edit button.

2. Enter the fund(s) date and amount(s) of the investment in the Withdrawal section. The balance of this investment will then be zero.

3. Click the Save and Exit button.

4. Click the Add Button to create a new investment.

5. Enter the same Investment ID Number as the investment in step 1, with a (B) showing it is a continuation of the investments.

6. Enter the fund(s), date, and amount(s) in the Deposit section. The amount(s) will be the same as the withdrawal amount in step 2.

7. Click the Save and Exit button.

8. In the Receipts section, Highlight the IAW receipt number associated with the above transaction and click the Delete button.

9. In the Disbursements section, Highlight the IAD disbursement number associated with the above transaction and click the Delete button.

This may also be done at the beginning of a new fiscal year, if the limit will be reached during the year.

Transferring the Data from Computer 1 to Computer 2

First, make a Backup copy of the CTAS Data from Computer 1

1. Start CTAS.

2. Click on the Admin icon.

3. Click on the Utilities tab.

4. Click on the Backup button.

5. If necessary, click on the Browse button to change destination of the backup file.

6. Click the Run Backup button.

7. CTAS creates the file "CTAS_MDB.Zip."*

*Note: * This file should be saved on an external storage device.*

Transferring your Data to Computer 2

1. Install CTAS.

2. Start CTAS.

3. On the Welcome Screen, click on the Restore Database button in the lower right-hand corner.

4. Click on the top Browse button and select the location of the backup file.

5. Click the Run Restore button to transfer the data from the backup.

6. When the restore function is complete, click the Continue button to begin using CTAS.

Note: If you did not change the default settings when installing CTAS, the location of the database as shown on the screen is correct.

Bottom of the Ninth

By David Kazeck

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

☺ Tax Tables

The tax tables in the payroll system must be updated for 2012.

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 and a notice will be included in the State Auditor's E-Update.

☺ Remember to Back Up Your Data!

Because of the many options in setting up the Windows operating system, CTAS will not always be able to write directly to a CD. Therefore, my suggestion is to use USB flash drives. CTAS will write directly to the flash drive.

The procedure I recommend is to use a rotation of three backups. The first time you back up, 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.

To back up the CTAS Database, complete the following steps:

1. Click on the Admin icon.

2. Click on the Utilities tab.

3. Click on the Backup button.

4. Click on the Browse button to select the location for the backup file.

5. When the Select Backup Folder appears, click on the down arrow at the end for a list of the available drives.

6. Click on a drive letter to select the drive.

7. If needed, double-click on the clicked-on desired folder.

8. Click the Save button to select the backup location.

9. When the backup folder is displayed in the Backup Folder box, click the Run Backup button to begin the backup process.

10. Click on the Yes button to back up your CTAS data.

11. When the file has been backed up, click on the OK button to complete the process.

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.

☺ Printing W-2s

The W-2 format has not changed for 2011. The W-2s are the standard format, two to a page. The forms can be purchased at any office supply store.

However, you must have version 7.0.13 or 7.0.14 for CTAS to print the W-2s correctly.

☺ CTAS Computer Checks and Envelopes

Below is the list of vendors that will provide checks and envelopes for CTAS system. The Office of the State Auditor does not recommend a vendor for printing checks, but only offers this list as a resource for your CTAS check printing needs.

Tammy & Shaun Stottler
American Solutions for Business
19562 Halwood Road
Glenwood, MN 56334
Phone: (320) 634-3344
Fax: (320) 634-0287
tstottle@americanbus.com

Rose Shorma
Proforma Rose Shorma
826 East Lake Geneva Road
Alexandria, MN 56308
Phone: (320) 763-5535
Fax: (320) 762-1555
Cell: (320) 760-8212
rose.shorma@proforma.com

Paul Schmidt
Victor Lundeen Corp.
126 West Lincoln Avenue
P.O. Box 486
Fergus Falls, MN 56538
Phone: (218) 736-5433
Phone: (800) 346-4870
pauls@victorlundeens.com