

# Financial Fundamentals

## Spring Short Course 2019

1. Finances are simple. All parts relate together. You cannot do just one thing and have the information flow correctly.
2. In a cash-based system there are only two choices when recording funds.
  - a. Money (\$) in
  - b. Money (\$) out
3. As Township officers, the finances we handle are \_\_\_\_\_ **Public** \_\_\_\_\_.
4. All Township Revenues require that a **\_Pre-numbered Receipt\_** be created. You must know into what \_\_\_\_\_ **fund** \_\_\_\_\_ the money should be deposited.
5. All Township Expenses will flow through the **\_\_\_Claims\_\_\_** process. You must know what \_\_\_\_\_ **fund** \_\_\_\_\_ will be used for payment of the claim if it is approved.
6. Any money that comes into the Township. 3 or 4 things should occur
  - a. **Use Pre-numbered Receipt**
  - b. **Who money (\$) is from**
  - c. **What the Fund Account is**
  - d. **When Investments arrive**
7. Procedures can be found in the Accounting Manual for Small Cities and Towns on the State Auditors website.
8. Distribution of the triplicate receipts
  - a. **One kept in book**
  - b. **One given to Treasurer**
  - c. **One given to Clerk**

Receipt forms should be in triplicate and pre-numbered by the printer. A **\_\_separate\_\_** receipt should be used for all money received, including amounts received by mail or **\_\_direct deposit\_\_**.
9. Who sent the money/Where is our money coming from!!!! Common senders and account numbers. It is important to use the right section no matter if using CTAS or manual reporting.
  - a. State \_\_\_\_\_ **33400** \_\_\_\_\_
  - b. Federal \_\_\_\_\_ **33100** \_\_\_\_\_
  - c. County \_\_\_\_\_ **Taxes 31010 / Other 33600** \_\_\_\_\_
  - d. Township Residents \_\_\_\_\_ **34000** \_\_\_\_\_
  - e. Reimbursements \_\_\_\_\_ **34300** \_\_\_\_\_
  - f. Miscellaneous \_\_\_\_\_ **36200 & 39400, 39500 & 39600** \_\_\_\_\_
  - g. Interest \_\_\_\_\_ **36210** \_\_\_\_\_

10. Where to get help
  - a. Minnesota Management and Budget
    - i. 651-201-8106; [efthelplinemmb@state.mn.us](mailto:efthelplinemmb@state.mn.us)
  - b. Your county auditor
11. All this correct coding and procedures have a direct impact on producing correct financial reports
12. What type of accounting do townships use?
  - a. Cash basis
  - b. Fund accounts
13. What types of funds are there?
  - a. Governmental – the most used type of fund! (General Fund (GF), Road & Bridge (R&B), etc)
  - b. Proprietary (Subordinate Service Districts (SSB's))
14. A bit on investments
  - a. Investment module – easy to use
  - b. Why two entries for interest?
    - i. Receipt to revenue and
    - ii. Receipt to investment module
15. What about bank accounts? Can townships use more than one? Yes
16. Communication is essential
  - a. Who needs to know what and why?
    - i. Treasurer and Clerk (Treasurer is Chief Financial Officer)
    - ii. Supervisors
    - iii. State Auditor
    - iv. Voters at Annual Town Meeting
17. There are 3 primary methods of money leaving the township
  - a. Claims
  - b. Payroll
  - c. Investments
18. What is the difference between Claims and Disbursements?
  - a. Claims – Claims are a demand by someone/business for money from the township. Claims are temporary in nature. Claims are similar accounts payable, however the demands have not yet been approved.
  - b. Disbursements – Disbursements are approved claims that have had checks cut, signed and sent. After claims are paid, they 'grow up' to be disbursements.
  - c. Need to edit after posting? Only need to edit disbursements.
19. Claims and Disbursements
  - a. All payments require claim form
  - b. Even EFT's require claim form
  - c. Town Board must approve claims and vote goes in minutes
  - d. Treasurer should handle claims, however Clerk still signs the claim form

20. Payroll – use caution when handling private data
  - a. Use Pay module
  - b. Clerk – Employee information
  - c. Treasurer should handle payroll first
21. Payroll vs. Reimbursements: 2 checks required; one for payroll; one for reimbursements
22. Investments: Dual entries
23. Fitting it all together – Communication
24. Financial cycle
25. Reports
  - a. Receipts Register
  - b. Distribution Register
  - c. Cash Control (List is optional – ask Supervisors if they wish to review monthly)
  - d. Claims List
  - e. Net Pay Distribution Register / report includes private data
  - f. Cash basis report
  - g. Schedule 1
  - h. Investment Report
  - i. Budget Report
26. Balancing is imperative
  - a. Balance with Bank Statement
  - b. Balance between Clerk and Treasurer
  - c. Supervisors see Check Balance
  - d. CTAS wants signed (minimum at the Board of Audit)
27. Communicating via the budget to determine the levy – these separate items work together. The levy is not the budget, and the budget is not the levy. The budget helps determine the levy, just like the approved levy helps determine the budget.
28. Levy communicates expected receipts
  - a. Levy made up of funds
  - b. Each fund gets a budget
  - c. Each budget should be approved
  - d. CTAS allows
29. Receipts communicate to disbursements
  - a. Property Taxes
  - b. State dollars (\$)
  - c. County dollars (\$)
  - d. Other
30. It is a cycle. Treasurer works with Clerk. Clerk works with Treasurer. Both Clerk and Treasurer work with Supervisors. Supervisors work with both Clerk and Treasurer. All officers work for the Township Electors.