Bank Reconcilements

A Discussion with Examples

Webinar – Newly Elected or Appointed City & Town Fiscal Officer Training

August 2020

Bank Reconcilements

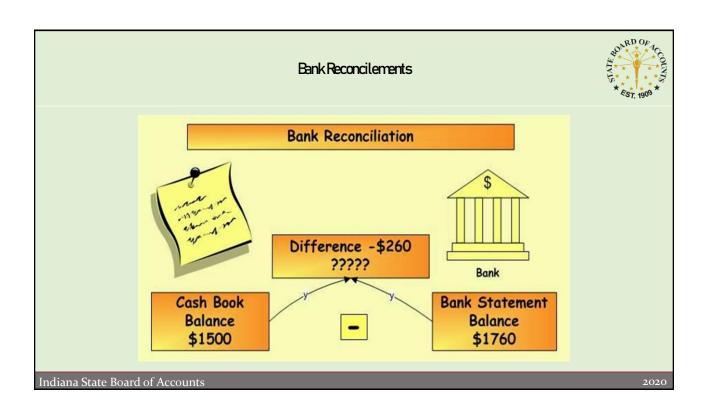


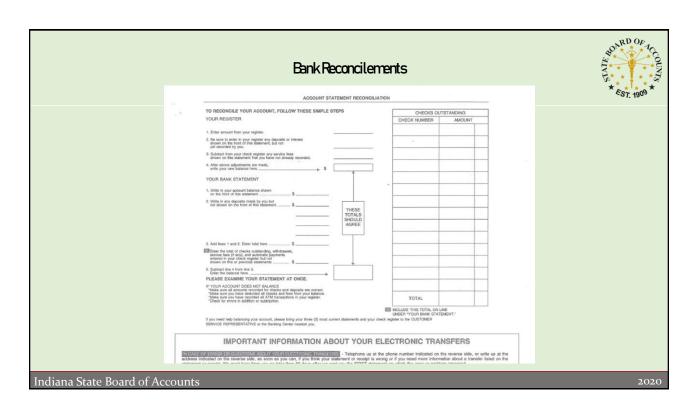
Indiana Code 5-13-6-1(e):

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."



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Bank Reconcilements



Bank Reconcilement Town of Toddville March 2019

Bank Account Balance - March 31, 2019

\$74,832.14

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Bank Reconcilements



Bank Reconcilement Town of Toddville March 2019

Bank Account Balance - March 31, 2019

\$74,832.14

Add:

Deposits in Transit

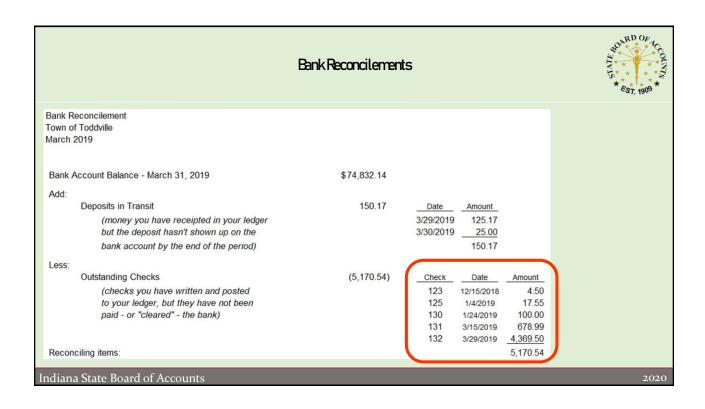
150.17

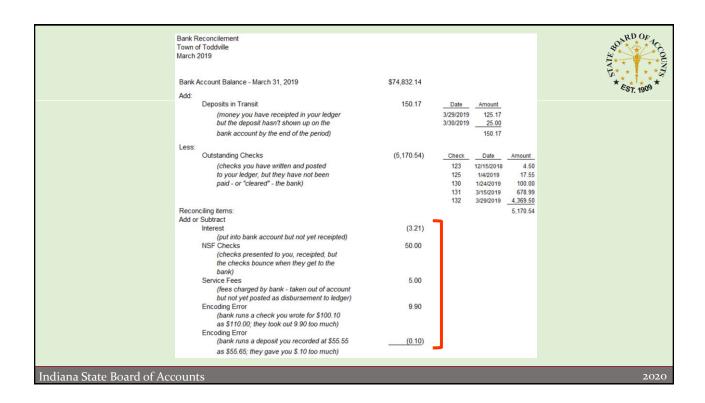
<u>Date</u> Amount 3/29/2019 125.17 3/30/2019 25.00

150.17

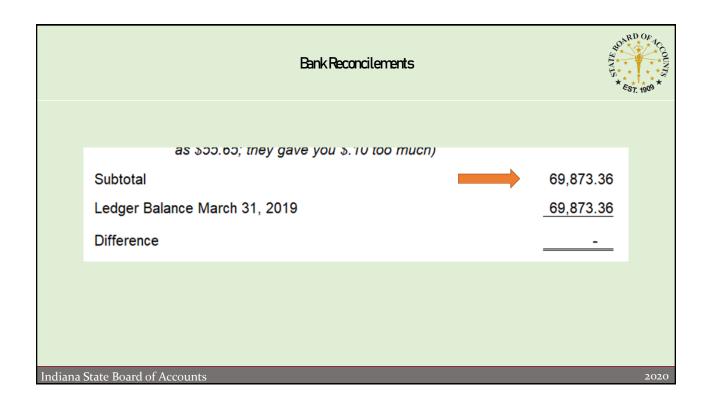
(money you have receipted in your ledger but the deposit hasn't shown up on the bank account by the end of the period)

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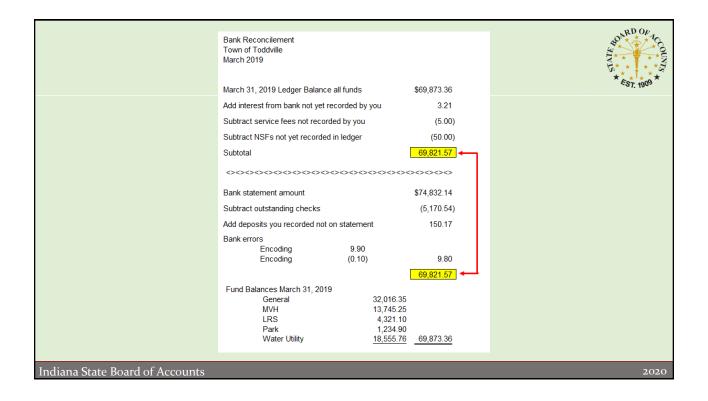




| Bank Account Balance - March 31, 2019 Add: | \$74,832.14 | | | | BOARD |
|--|-------------|-------------------------|--|---|--------|
| Deposits in Transit (money you have receipted in your ledger but the deposit hasn't shown up on the bank account by the end of the period) | 150.17 | 3/29/2019 3/30/2019 | 125.17 25.00 150.17 | | * EST. |
| Less: | | | 150.17 | | |
| Outstanding Checks | (5,170.54) | Check | Date | Amount | |
| (checks you have written and posted to your ledger, but they have not been paid - or "cleared" - the bank) | | 125 1 130 1 131 3 | 2/15/2018 1/4/2019 /24/2019 /15/2019 //29/2019 | 4.50 17.55 100.00 678.99 4,369.50 | |
| Reconciling items: | | | | 5,170.54 | |
| Add or Subtract Interest (put into bank account but not yet receipted) | (3.21) | | | | |
| NSF Checks (checks presented to you, receipted, but the checks bounce when they get to the bank) | 50.00 | | | | |
| Service Fees (fees charged by bank - taken out of account but not yet posted as disbursement to ledger) | 5.00 | | | | |
| Encoding Error (bank runs a check you wrote for \$100.10 as \$110.00; they took out 9.90 too much) Encoding Error | 9.90 | | | | |
| (bank runs a deposit you recorded at \$55.55 as \$55.65; they gave you \$.10 too much) | (0.10) | 4 | | | |
| Subtotal | 69,873.36 | <u> </u> | | | |
| Ledger Balance March 31, 2019 | 69,873.36 | 1 | | | |
| Difference | - | | | | |



| | Bar | nk Reconcilements | | *EST. 1908 |
|-------------------|--|--|-----------|------------|
| | | | | |
| | Subtotal | | 69,873.36 | |
| | Ledger Balance March 31, 2019 | | 69,873.36 | |
| | Difference | | | |
| | Fund Balances March 31, 2019 General MVH LRS Park Water Utility | 32,016.35 13,745.25 4,321.10 1,234.90 | 69,873.36 | |
| Indiana State Boo | ard of Accounts | | | 2020 |



Bank Reconcilements



Bank Reconcilement Town of Toddville March 2019

 General Account Balance - March 31, 2019
 \$74,832.14

 Water Account Balance - March 31, 2019
 18,555.79

 Sewage Account Balance - March 31, 2019
 \$11,123.45

Add:

Denosite in Transit 150 17

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Bank Reconcilements



Subtotal 0, 104.07 Ledger Balance March 31, 2019 80,861.04 Difference Fund Balances March 31, 2019 General 32,016.35 MVH 13,745.25 LRS 4,321.10 1,234.90 Park Water Utility 18,555.79 Sewage Utility 10,987.65 80,861.04

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Doesn't Reconcile - What To Do





- Look for transactions the bank recorded but you didn't.
- Did you post transactions to the ledger that aren't on the statement.
- Look for encoding errors. Ensure what cleared the bank matches what you posted.
- Is there an entry that matches the difference?
- · Look for reversed transactions

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Doesn't Reconcile - What To Do (continued)





- Is there a transaction for half the variance?
- Did you make a transposition error?
- Don't assume variance is result of only one error!
- · Ask for help.
- Try again next month.

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Doesn't Reconcile - What To Do





- Look for transactions the bank recorded but you didn't
- Did you post transactions to the ledger that aren't on the statement
- Look for encoding errors. Ensure what cleared the bank matches what you posted.
- Is there an entry that matches the difference
- Look for reversed transactions
- Is there a transaction for half the variance?
- Did you make a transposition error
- Don't assume variance is result of only one error
- Ask for help
- · Try again next month

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Bank Reconcilements



Internal Controls

- Process in writing internal control policy
- Reviewed by someone outside the reconcilement process
- Process in writing internal control policy
- Document review by others



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