




RECONCILING

January 2020 – Newly Elected Treasurers

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How Often?

- Daily:
 - ▣ Cashbook charges to Cashbook credits
- At least Monthly:
 - ▣ Treasurer Funds Ledger to Auditor Funds Ledger
 - ▣ Bank Balance to Cashbook



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Compliance

□ Cashbook:

□ IC 5-13-5-1

Sec. 1. (a) Every officer who receives or distributes public funds shall:

(1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and

(2) balance the cashbook daily to show funds on hand at the close of each day.

(b) The cashbook is a public record and is open to public inspection in accordance with IC 5-14-3.

(c) A person who violates this section is subject to IC 35-44.2-2-2

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Compliance

□ Reconciling:

□ IC 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.

□ **Accounting and Uniform Compliance Guidelines Manual for County Treasurers**

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee.

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Internal Controls

- Control Environment
- Risk Assessment
- **Control Activities:**
 - ▣ Segregation of Duties
 - ▣ Reconciliation
- Information and Communication
- Monitoring



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Segregation of Duties

- IC 36-2-10-9
 - The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor.
- IC 36-2-9-12
 - The auditor shall keep an accurate account current with the county treasurer.
- Statutory segregation of duties by office.
 - ▣ Receipts, warrants, reconciliation
- Care should be taken to preserve this segregation of duties

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Cashbook Charges to Cashbook Credits

- Prescribed Form 47
- Left side contains all of the charges
 - Tax collections – not quietused
 - Other sources – not quietused
 - Funds ledger
 - Investment ledger
- Right side contains all of the credits
 - Deposits
 - Investments
 - Cash on hand



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Cashbook Charges to Cashbook Credits

- Investments for specific fund vs. from all funds
 - Specific fund should be on investment ledger
 - Investment of all funds (taxes) would be on funds ledger
- Right side should reconcile to left side.
 - All monies that should be accounted for
 - Left side-how all monies are deposited, invested or included in cash on hand

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TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES

December 30, 2018

| | CHARGES | Prior Collections Not Received By Quietus | Day's Collections | Lock Box Collections | Escrow Tapes | Transferred By Quietus at Time of Settlement | Balance Collections Forwarded |
|------------------------|----------|---|----------------------|-------------------------|-----------------|--|-------------------------------------|
| | 1 | 2 | 3 | 3A | 3B | 4 | 5 |
| TAX COLLECTIONS | | | | | | | |
| 1 | Aqua | 19,471.23 | | | | | 19,471.23 |
| 2 | Yellow | 26,022.92 | | | | | 26,022.92 |
| 3 | Green | 600,981.46 | 10,280.01 | | | | 611,261.47 |
| 4 | White | 17,762.02 | | | | | 17,762.02 |
| 5 | Purple | 17,106.98 | | | | | 17,106.98 |
| 6 | Red | 17,839.73 | | | | | 17,839.73 |
| 7 | Blue | 11,082.09 | | | | | 11,082.09 |
| 8 | Pink | 44,208.86 | | | | | 44,208.86 |
| 9 | Orange | 3,236.22 | | | | | 3,236.22 |
| 10 | Black | 29,030.79 | 38.99 | | | | 29,069.78 |
| 11 | Peach | 5,297.19 | 501.98 | | | | 5,799.15 |
| 12 | Hunter | 54,022.27 | | | | | 54,022.27 |
| 13 | Burgandy | 1,783.93 | | | | | 1,783.93 |
| 14 | Cyan | 21,034.33 | 117.36 | | | | 21,151.69 |
| 15 | Gray | - | | | | | - |
| 16 | Magenta | 77.20 | | | | | 77.20 |
| 17 | Violet | 83,694.20 | 933.09 | | | | 84,617.29 |

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| | | | | | | | | |
|----|--|----------------------|-----------------|-------------------------|--|-------------------------|----------------------|--|
| 56 | OTHER SOURCES | | | | | | | |
| 57 | DELINQUENT PAYMENTS | - | | | | | - | |
| 58 | FUTURE PAYMENTS | 40,525.08 | 5,251.38 | | | | 45,776.44 | |
| 59 | STORMWATER | 65,008.89 | 3,402.22 | | | | 68,011.11 | |
| 60 | BARRETT | - | | | | | - | |
| 61 | CASH CHANGE FUND | 1,000.00 | | | | | 1,000.00 | |
| 62 | CIVIL PENALTY | 20.00 | | | | | 20.00 | |
| 63 | DEMAND FEES | 64.00 | | | | | 64.00 | |
| 64 | WEED CUT | 3,011.02 | | | | | 3,011.02 | |
| 65 | DITCH RECONSTRUCTIONS | - | | | | | - | |
| 66 | DITCH MAINTENANCE | 4,814.73 | 93.99 | | | | 4,789.72 | |
| 67 | LATE ASSESSMENT PENALTIES ON SA | 5,908.28 | 249.54 | | | | 6,155.82 | |
| 68 | INELIGIBLE HOMESTEAD CREDITS | - | | | | | - | |
| 69 | SURPLUS | - | | | | | - | |
| 70 | SEWAGE COLLECTIONS | 1,777.53 | | | | | 1,777.53 | |
| 71 | TAX SALE COSTS | 1,452.11 | | | | | 1,452.11 | |
| 72 | AIRCRAFT LICENSE EXCISE TAX | - | | | | | - | |
| 73 | AUTO RENTAL EXCISE TAX | 80,248.68 | | | | | 80,248.68 | |
| 74 | VEHICLE LICENSE EXCISE TAX | 1,066,419.60 | | | | | 1,066,419.60 | |
| 75 | BOAT EXCISE | 8,676.73 | | | | | 8,676.73 | |
| 76 | BMW HOLDING ACCOUNT | 457,132.37 | | | | | 457,132.37 | |
| 77 | BAD CHECK CHARGE - NSF | - | 2.64 | | | | 2.64 | |
| 78 | TAX SALE ADMINISTRATION | - | | | | | - | |
| 79 | WASTE | - | | | | | - | |
| 80 | TOTAL OTHER SOURCES | 1,738,457.00 | 8,999.77 | | | | 1,745,456.77 | |
| 81 | NOTE: Reconciliation items shown on line 80 include investments | | | | | | | |
| 82 | capital & investments portfolio shown on line 72. Entries on line 72 should include only those investments purchased from specific fund in the funds ledger. | | | | | | | |
| 83 | | | | 371,158.74 | | | | |
| 84 | | | | 74,189.28 | | 74,189.28 | | |
| 85 | | | | (177,334.35) | | | | |
| 86 | Other than Funds Ledger | | | | | | | |
| 87 | FUNDS LEDGER - CASH | 51,503,753.48 | | 208,010.87 | | 416,119.13 | 51,355,645.00 | |
| 88 | | | | Investments | | Invest Cash | Balance | |
| 89 | | Previous Day | | Purchased (cost) | | (Purchased Cost) | Close of Day | |
| 90 | FUNDS LEDGER - INVESTMENTS | | | | | | | |
| 91 | TOTAL CHARGES (Add Col 5, lines 43,65,69,87) | 51,503,753.48 | | | | | 54,225,865.08 | |

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| CASH DRAWER: | | | | |
|--|---------------|------------|--------------|---------------|
| | Previous Day | Receipts | Deposited | Close of Day |
| 8 CASH OPENING Col 12, line 60 Previous Day | 1,000.00 | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX |
| 0 Received Col 3, 3A, 4 Line 54 | XXXXXXXXXX | 11,876.50 | XXXXXXXXXX | XXXXXXXXXX |
| 1 Received State PRTC & Homestead | XXXXXXXXXX | | XXXXXXXXXX | XXXXXXXXXX |
| 2 Received Col 3, 3A, 4 Line 79 | XXXXXXXXXX | 8,999.77 | XXXXXXXXXX | XXXXXXXXXX |
| 3 Received Col 3, Line 87 | XXXXXXXXXX | 268,010.67 | XXXXXXXXXX | XXXXXXXXXX |
| 4 Received Col 11, Line 45 | XXXXXXXXXX | - | XXXXXXXXXX | XXXXXXXXXX |
| 5 Total Cash Receipts | XXXXXXXXXX | 288,886.94 | XXXXXXXXXX | XXXXXXXXXX |
| 6 Deposited Col 8 line 26 | XXXXXXXXXX | XXXXXXXXXX | 392,035.01 | XXXXXXXXXX |
| 7 Deposited Col 9 line 26 | XXXXXXXXXX | XXXXXXXXXX | 1,322,665.65 | XXXXXXXXXX |
| 8 | XXXXXXXXXX | XXXXXXXXXX | | XXXXXXXXXX |
| 9 Total Deposited | XXXXXXXXXX | XXXXXXXXXX | 1,714,700.66 | XXXXXXXXXX |
| 0 CASH ON HAND - CLOSING | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | 1,000.00 |
| 1 Currency | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 2 Coins | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 3 Checks & Money Orders | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 4 | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 5 | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 6 | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 7 TOTAL CASH - CLOSING | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | 1,000.00 |
| 8 ANALYSIS OF CASH LONG & SHORT | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX |
| 9 | Prior to 2015 | After 2015 | XXXXXXXXXX | XXXXXXXXXX |
| 0 Net Cash Short Prior (Add) | - | 4,049.73 | XXXXXXXXXX | 4,049.73 |
| 1 Cash Short Today to be applied to Prior to 2015 (+ to increase, - to reduce) | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 2 Cash Short Today to be applied to After to 2015 (+ to increase, - to reduce) | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 3 Net Cash Long - Prior (Deduct) | - | (4,425.26) | XXXXXXXXXX | (4,425.26) |
| 4 Cash Long Today to be applied to Prior to 2015 (- to increase, + to reduce) | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 5 Cash Long Today to be applied to After to 2015 (- to increase, + to reduce) | XXXXXXXXXX | XXXXXXXXXX | XXXXXXXXXX | |
| 6 Net Cash Short (Add) or Long (Deduct) | - | 288,511.41 | 1,714,700.66 | (375.53) |
| 7 TOTALS - CASH PROOF | 1,000.00 | - | 1,322,665.65 | 624.47 |
| 8 TOTAL CREDITS (Add Col 12 lines 46 & 75) | | | | 54,225,665.08 |

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Treasurer Funds Ledger to Auditor Funds Ledger

- IC 36-2-10-15(a)
 - (a) The treasurer shall maintain:
 - (1) separate accounts of receipts for and expenditures from each specific county fund or appropriation; and
 - (2) a general account of all county receipts and expenditures.
 - Both Auditor and Treasurer prepare a monthly report and funds ledgers need to be reconciled between the two offices.

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Treasurer Funds Ledger to Auditor Funds Ledger

- Funds ledger is part of the Cash Book
 - ▣ Cash deposits
 - ▣ Investments from general funds
 - ▣ Investments from specific funds

NOTE: Receipts/disbursements shown on line 69 include investments cashed & investments purchased as shown online 72. Entries on line 72 should include only those investments purchased from specific fund in the funds ledger

| | Balance Previous Day | Transferred From Accounts Above By Quietus | Today's Cash Receipts By Quietus | Fund Ledger Balance Correction | Auditor Corrected Entries | Disbursed | Balance Close of Day |
|---|-------------------------|--|--|--------------------------------------|---------------------------------|-----------------------------------|-------------------------|
| Other than Funds Ledger | | | 371,158.74 | | | | |
| FUNDS LEDGER - CASH | 51,503,753.46 | - | 371,158.74 | - | - | 341,932.85 | 51,532,979.35 |
| | Balance Previous Day | | Investments Purchased (cost) | | | Invest Cashed (Purchased Cost) | Balance Close of Day |
| FUNDS LEDGER - INVESTMENTS | - | | - | | | - | - |
| TOTAL CHARGES (Add Col 5, lines 43,65,69&72) | 51,503,753.46 | | | | | | 54,402,999.43 |

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Bank Balance to Cashbook

- Cash Book is your record balance.
- There will be timing differences
 - ▣ Deposits in transit
 - ▣ Outstanding checks
 - ▣ Credit cards
 - ▣ Interest/Bank charges
 - ▣ NSF checks

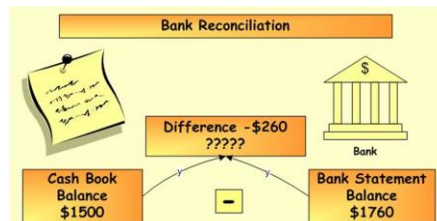


**** You must be able support the amounts used in the reconciliation. All differences need to be identified or else you are not reconciled.**

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Bank Balance to Cashbook

- Different approaches to reconcile cash book to banks
 1. Reconcile each bank separately and summarize total adjusted bank balances, investments and cash agree to record balance
 2. Reconcile all deposits and investments from all banks on one reconciliation, add cash and compare total to record balance



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Compare Bank Statement to Records

- Trace all deposits shown on bank statement to deposit slips
- Trace all checks from check register to clearing on bank statement
- Keep a list of checks that haven't cleared
- Look for any deposits or checks on the bank statement that don't tie to your records
 - Posting error on records or by bank?
 - Fraudulent activity in account?

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Common Variances

- Interest is added to account, but not posted on records
- Deposits made at end of month have not been credited by bank to account
- Checks that have been issued have not cleared
- Bank fees debited from bank but not posted to records.

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Bank Balance to Cashbook

- Adjustments
 - Posting errors
 - Bank errors
 - Potential problems
 - Receipts don't match deposits
 - Disbursements don't match warrants
 - All unidentified variances need to be noted and investigated
- Note: if all variances have been identified you are reconciled

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Having Fun Yet?



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Receipts and Deposits

- Cash Drawers should be counted and reconciled with applicable reports every day
- Daily Deposits REQUIRED for amounts over \$500
- Account for electronic payments (Debit, Credit, ACH)

END GOAL

Collections = Receipts Posted = Deposit

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Disbursements

- The Treasurer is the custodian of the county funds and should be reviewing each payment or series of payments to determine if there is sufficient money in the treasury to pay those claims.

YOUR NAME
123 YOUR STREET
YOUR CITY, STATE, ZIP
(123)456-7890

9-5678/1234

0301

_____ 20 _____

PAY TO
THE ORDER OF _____ \$ _____

_____ DOLLARS Security Features
Printed on back.

YOUR FINANCIAL INSTITUTION
ANYTOWN, USA

FOR _____ MP _____

⑆ 234567890⑆ 0301 ⑆ 23456789⑆

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Monthly Financial Report

- IC 36-2-10-16 Before the sixteenth of each month, the treasurer shall prepare a report showing, as the close of business on the last day of the preceding month...
- Form 47TR is the prescribed form for this report. It can't be completed until you have reconciled your cash book to the bank and investment statements.

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QUESTIONS?



BANK RECONCILIATION AS OF MARCH 31, 2020

| | Account Number | Balance As Of |
|--|--------------------|----------------------------|
| Per Bank Statement: | | |
| Designated Depository | XXXX-XXX-XX | \$ 459,622.58 |
| Designated Depository | XXXX-XXX-XX | 289,338.59 |
| Designated Depository | XXXX-XXX-XX | 177,495.49 |
| Designated Depository | XXXX-XXX-XX | 274,374.06 |
| Per Investment Stmt. | | |
| Investment | | 27,567.21 |
| Investment | | 450,000.00 |
| Unposted Bank Interest | | (8.52) |
| Deposits In Transit | | 87.00 |
| Outstanding Checks | | (33,208.47) |
| Bank Service Charge: | | 25.00 |
| Other: | | |
| NSF Check #18976 | | 150.00 |
| Adjusted Bank Balance | | <u>1,645,442.94</u> |
| Cash on hand | | <u>45,758.95</u> |
| Adjusted Bank Balance (Total Credits) | | <u>1,691,201.89</u> |
| Cash Fund Balances Included In Account | | |
| | Fund | Amount |
| Balance of taxes to be settled | | 29,661.92 |
| Other sources | | 7,060.77 |
| Funds ledger | | 1,626,911.99 |
| Investment ledger | | 27,567.21 |
| Total Charges | | <u>1,691,201.89</u> |
| Variance | | <u>\$ -</u> |

| Outstanding Checks As Of March 31 | |
|-----------------------------------|-------------------------|
| Check No. | Amount |
| Bank 1 | \$ 31,208.47 |
| Bank 2 | 2,000.00 |
| Total | <u>33,208.47</u> |

| Deposits In Transit As Of March 31 | |
|------------------------------------|------------------------|
| Rec No/Dep Date | Amount |
| 31-Mar | \$ 87.00 |
| Total | <u>\$ 87.00</u> |