



Bank Reconcilements

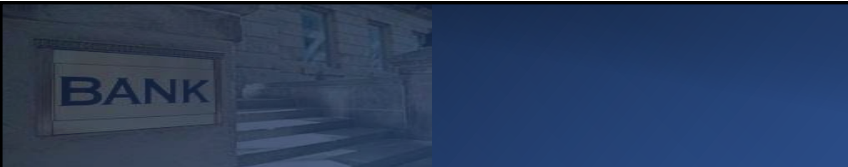
A Discussion with Examples



Fall District Meeting

August 2021


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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 Reconciliation
Town of Toddville
March 2019

Bank Account Balance - March 31, 2019	\$74,832.14
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Bank Reconcilements

Bank Reconciliation
Town of Toddville
March 2019


Bank Account Balance - March 31, 2019	\$74,832.14
Add:	
Deposits in Transit	150.17
<i>(money you have receipted in your ledger but the deposit hasn't shown up on the bank account by the end of the period)</i>	

Date	Amount
3/29/2019	125.17
3/30/2019	25.00
	150.17

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Bank Reconcilements

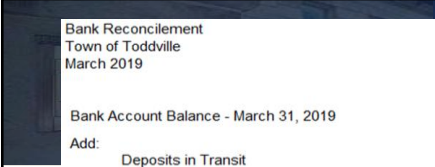
Bank Reconciliation
Town of Toddville
March 2019

Bank Account Balance - March 31, 2019	\$74,832.14			
Add:				
Deposits in Transit	150.17	<u>Date</u>	<u>Amount</u>	
<i>(money you have receipted in your ledger but the deposit hasn't shown up on the bank account by the end of the period)</i>		3/29/2019	125.17	
		3/30/2019	<u>25.00</u>	
			150.17	
Less:				
Outstanding Checks	(5,170.54)	<u>Check</u>	<u>Date</u>	<u>Amount</u>
<i>(checks you have written and posted to your ledger, but they have not been paid - or "cleared" - the bank)</i>		123	12/15/2018	4.50
		125	1/4/2019	17.55
		130	1/24/2019	100.00
		131	3/15/2019	678.99
		132	3/29/2019	<u>4,369.50</u>
				5,170.54

Reconciling items:
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Bank Reconcilements


Bank Reconciliation
Town of Toddville
March 2019

Bank Account Balance - March 31, 2019	\$74,832.14			
Add:				
Deposits in Transit	150.17	<u>Date</u>	<u>Amount</u>	
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				5,170.54

Reconciling items:

Add or Subtract				
Interest	(3.21)			
<i>(put into bank account but not yet receipted)</i>				
NSF Checks	50.00			
<i>(checks presented to you, receipted, but the checks bounce when they get to the bank)</i>				
Service Fees	5.00			
<i>(fees charged by bank - taken out of account but not yet posted as disbursement to ledger)</i>				
Encoding Error	9.90			
<i>(bank runs a check you wrote for \$100.10 as \$110.00; they took out 9.90 too much)</i>				
Encoding Error	(0.10)			
<i>(bank runs a deposit you recorded at \$55.55 as \$55.65; they gave you \$.10 too much)</i>				

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Bank Account Balance - March 31, 2019				
Bank Account Balance - March 31, 2019	\$74,832.14			
Add:				
Deposits in Transit	150.17	<u>Date</u>	<u>Amount</u>	
<i>(money you have receipted in your ledger but the deposit hasn't shown up on the bank account by the end of the period)</i>		3/29/2019	125.17	
		3/30/2019	25.00	
			150.17	
Less:				
Outstanding Checks	(5,170.54)	<u>Check</u>	<u>Date</u>	<u>Amount</u>
<i>(checks you have written and posted to your ledger, but they have not been paid - or "cleared" - the bank)</i>		123	12/15/2018	4.50
		125	1/4/2019	17.55
		130	1/24/2019	100.00
		131	3/15/2019	678.99
		132	3/29/2019	4,369.50
				5,170.54
Reconciling items:				
Add or Subtract				
Interest	(3.21)			
<i>(put into bank account but not yet receipted)</i>				
NSF Checks	50.00			
<i>(checks presented to you, receipted, but the checks bounce when they get to the bank)</i>				
Service Fees	5.00			
<i>(fees charged by bank - taken out of account but not yet posted as disbursement to ledger)</i>				
Encoding Error	9.90			
<i>(bank runs a check you wrote for \$100.10 as \$110.00; they took out 9.90 too much)</i>				
Encoding Error	(0.10)			
<i>(bank runs a deposit you recorded at \$55.55 as \$55.65; they gave you \$.10 too much)</i>				
Subtotal	69,873.36			
Ledger Balance March 31, 2019	<u>69,873.36</u>			
Difference	<u>-</u>			

Bank Reconcilements



BANK		Bank Reconcilements	
<i>as 55.65; they gave you \$.10 too much)</i>			
Subtotal		→	69,873.36
Ledger Balance March 31, 2019			<u>69,873.36</u>
Difference			<u><u>-</u></u>



		Bank Reconciliation Town of Toddville July 31, 2021		<h2 style="margin: 0;">Bank Reconcilements</h2>
		Bank Statement Balance 7-31-21		
		\$	74,832.14	
	General Bank Account (bank #1)		9,876.54	
	Town Checking Account (bank #2)		112,375.64	
	Water Account (bank #3)		47,999.99	
	Wastewater Account (bank #4)		<u>47,999.99</u>	
Add				
	Deposits in Transit #1	150.17		
	Deposits in Transit #2	-		
	Deposits in Transit #3	1,277.57		
	Deposits in Transit #4	395.94	1,823.68	
			<u>1,823.68</u>	
Subtract				
	Outstanding Checks #1	(7,247.23)		
	Outstanding Checks #1	(112.00)		
	Outstanding Checks #1	(4,567.89)		
	Outstanding Checks #1	(572.12)	(12,499.24)	
			<u>(12,499.24)</u>	
Adjustments				
	NSF #1	50.00		
	NSF #3	127.99		
	Encoding Error #1	(3.21)	174.78	
			<u>174.78</u>	
	Subtotal		\$ 234,583.53	
	Ledger Balance 7-31-21		<u>234,583.53</u>	
	Difference		<u><u>-</u></u>	

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		Bank Reconcilements		
				Subtotal
		\$	234,583.53	
	Ledger Balance 7-31-21		<u>234,583.53</u>	
	Difference		<u><u>-</u></u>	
Ledger				
	General	34,462.49		
	MVH	9,439.12		
	MVHR	7,195.01		
	LRS	11,735.12		
	Park	4,950.13		
	Donations	9,764.54		
	Water Operating	82,987.12		
	Water B&I	26,226.19		
	Wastewater Operating	17,295.33		
	Wastewater B&I	20,102.00		
	Wastewater Depreciation	10,426.48	234,583.53	

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Doesn't Reconcile – Then What?

- 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 – Then What?



- 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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Internal Controls

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



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Contact Info



Todd Caldwell, CFE
Director of Audit Services



Susan Gordon, CPA, CFE
Director of Audit Services



cities.towns@sboa.in.gov
317-232-2513

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