

# Reconciliations

Chris Kerby  
Retired Fiscal Officer, Village of South Zanesville

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## Objectives

- What is a reconciliation?
- Timing of reconciliation
- What items are needed?
- Helpful hints
- Problems that have been encountered



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## What is a Reconciliation?

The process ensuring that cash balances presented in the cash journal are in agreement with depository balances.

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## When Should you Perform Reconciliation?

### MONTHLY –

... within the first week of the new month is best.



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## Why is it Important to do this Monthly?

### Many reasons:

- ✓ The process allows you to determine if all items have been recorded in the system as well as posted correctly. If there is a discrepancy, this can be corrected fairly quickly.
- ✓ The accuracy of the transactions within the system allows the Council or Trustee to have an accurate and up to date information to make the best decisions for the government.

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## Why is it Important to do this Monthly? *(cont'd)*

- ✓ A new fiscal status concern – fiscal caution. If a township, municipal corporation, or county has not reconciled its accounting journals and ledgers with the treasury treasury/bank for more than three months and is unable to reconcile the records within one month of written notification by the Auditor of State.
- ✓ Unauditable letters – Auditors can declare entities unauditable due to reconciliations not being performed or for them being so poorly presented.

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### Example of Reconciliation Issue:

Bank Balance:	\$ 100,000
Outstanding Checks	\$ (15,000)
Deposit In Transit	<u>\$ 5,000</u>
Total	\$ 90,000
Book Balance	<u>\$ 100,000</u>
Variance	<u>\$ (10,000)</u>

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### Corrections found when Recalculate the Reconciliation from the \$10,000 Variance

Deposits not posted - \$150,000

- ☒ General Fund \$10,000
- ☒ State Highway Fund \$30,000
- ☒ Water Fund \$110,000

Wire Transfers not posted - \$160,000

- ☒ General Fund \$160,000

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### Total Adjustment by Fund

General Fund	\$ (150,000)
State Highway Fund	\$ 30,000
Water Fund	<u>\$ 110,000</u>
Overall Total Variance to all Funds	<u>\$ (10,000)</u>

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### General Fund Affect



General Fund Balance Before Adjustment	\$ 75,000
Adjustments from corrections	\$ (150,000)
Accurate General Fund Balance	\$ (75,000)

*General Fund went from positive balance to a negative balance and the reconciliation was only off \$10,000.*

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### Are You Able To Reconcile Other Than Monthly?

- ✓ Most banks send their bank statements after month end. That is why it is required to be done monthly.
- ✓ If you have access to your bank accounts on-line, the option to check off checks and deposits cleared on bank to system can be done daily or weekly to lessen the load at month end. Many banks offer the on-line services for no cost.

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**HELP – I am new and something seems wrong**

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### Tips to Determine if There is an Issue

- ✓ Ask for the latest bank reconciliation performed by Clerk/Finance Director.
  - Also determine if Council/Trustees are receiving a copy monthly
- ✓ Look at the bank reconciliations and determine if there is a large reconciling item amount listed
  - Does the reconciling items have descriptions for each item and amounts?
  - If no descriptions are listed for each amount, ask what they are?

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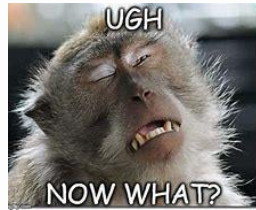
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### Tips to Determine if There is an Issue *(cont'd)*

#### Now what?

- ✓ Depending on how many months it is behind, you will need to start at the last reconciled month with no issues and move forward
  - Options: in-house or contract
- ✓ If you have several reconciling items, you need to check following:
  - Is the amount fixed in following month
  - Is the amount getting larger or fluctuating



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### Items Must Have . . .



- ✓ All Bank Statements
  - Checking, Savings, CDs, Investments
- ✓ Computer System or Manual Cash Journal

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## Possible Items Needed

- ✓ Cash Journal/Check Register/Receipt Register printed if on computer system

DATE	DESCRIPTION	AMOUNT	DEBIT	CREDIT
1/1/2025	SALES	100.00		100.00
1/2/2025	SALES	200.00		200.00
1/3/2025	SALES	300.00		300.00
1/4/2025	SALES	400.00		400.00
1/5/2025	SALES	500.00		500.00
1/6/2025	SALES	600.00		600.00
1/7/2025	SALES	700.00		700.00
1/8/2025	SALES	800.00		800.00
1/9/2025	SALES	900.00		900.00
1/10/2025	SALES	1000.00		1000.00
1/11/2025	SALES	1100.00		1100.00
1/12/2025	SALES	1200.00		1200.00
1/13/2025	SALES	1300.00		1300.00
1/14/2025	SALES	1400.00		1400.00
1/15/2025	SALES	1500.00		1500.00
1/16/2025	SALES	1600.00		1600.00
1/17/2025	SALES	1700.00		1700.00
1/18/2025	SALES	1800.00		1800.00
1/19/2025	SALES	1900.00		1900.00
1/20/2025	SALES	2000.00		2000.00
1/21/2025	SALES	2100.00		2100.00
1/22/2025	SALES	2200.00		2200.00
1/23/2025	SALES	2300.00		2300.00
1/24/2025	SALES	2400.00		2400.00
1/25/2025	SALES	2500.00		2500.00
1/26/2025	SALES	2600.00		2600.00
1/27/2025	SALES	2700.00		2700.00
1/28/2025	SALES	2800.00		2800.00
1/29/2025	SALES	2900.00		2900.00
1/30/2025	SALES	3000.00		3000.00
1/31/2025	SALES	3100.00		3100.00
2/1/2025	SALES	3200.00		3200.00
2/2/2025	SALES	3300.00		3300.00
2/3/2025	SALES	3400.00		3400.00
2/4/2025	SALES	3500.00		3500.00
2/5/2025	SALES	3600.00		3600.00
2/6/2025	SALES	3700.00		3700.00
2/7/2025	SALES	3800.00		3800.00
2/8/2025	SALES	3900.00		3900.00
2/9/2025	SALES	4000.00		4000.00
2/10/2025	SALES	4100.00		4100.00
2/11/2025	SALES	4200.00		4200.00
2/12/2025	SALES	4300.00		4300.00
2/13/2025	SALES	4400.00		4400.00
2/14/2025	SALES	4500.00		4500.00
2/15/2025	SALES	4600.00		4600.00
2/16/2025	SALES	4700.00		4700.00
2/17/2025	SALES	4800.00		4800.00
2/18/2025	SALES	4900.00		4900.00
2/19/2025	SALES	5000.00		5000.00
2/20/2025	SALES	5100.00		5100.00
2/21/2025	SALES	5200.00		5200.00
2/22/2025	SALES	5300.00		5300.00
2/23/2025	SALES	5400.00		5400.00
2/24/2025	SALES	5500.00		5500.00
2/25/2025	SALES	5600.00		5600.00
2/26/2025	SALES	5700.00		5700.00
2/27/2025	SALES	5800.00		5800.00
2/28/2025	SALES	5900.00		5900.00
2/29/2025	SALES	6000.00		6000.00
3/1/2025	SALES	6100.00		6100.00
3/2/2025	SALES	6200.00		6200.00
3/3/2025	SALES	6300.00		6300.00
3/4/2025	SALES	6400.00		6400.00
3/5/2025	SALES	6500.00		6500.00
3/6/2025	SALES	6600.00		6600.00
3/7/2025	SALES	6700.00		6700.00
3/8/2025	SALES	6800.00		6800.00
3/9/2025	SALES	6900.00		6900.00
3/10/2025	SALES	7000.00		7000.00
3/11/2025	SALES	7100.00		7100.00
3/12/2025	SALES	7200.00		7200.00
3/13/2025	SALES	7300.00		7300.00
3/14/2025	SALES	7400.00		7400.00
3/15/2025	SALES	7500.00		7500.00
3/16/2025	SALES	7600.00		7600.00
3/17/2025	SALES	7700.00		7700.00
3/18/2025	SALES	7800.00		7800.00
3/19/2025	SALES	7900.00		7900.00
3/20/2025	SALES	8000.00		8000.00
3/21/2025	SALES	8100.00		8100.00
3/22/2025	SALES	8200.00		8200.00
3/23/2025	SALES	8300.00		8300.00
3/24/2025	SALES	8400.00		8400.00
3/25/2025	SALES	8500.00		8500.00
3/26/2025	SALES	8600.00		8600.00
3/27/2025	SALES	8700.00		8700.00
3/28/2025	SALES	8800.00		8800.00
3/29/2025	SALES	8900.00		8900.00
3/30/2025	SALES	9000.00		9000.00
3/31/2025	SALES	9100.00		9100.00
4/1/2025	SALES	9200.00		9200.00
4/2/2025	SALES	9300.00		9300.00
4/3/2025	SALES	9400.00		9400.00
4/4/2025	SALES	9500.00		9500.00
4/5/2025	SALES	9600.00		9600.00
4/6/2025	SALES	9700.00		9700.00
4/7/2025	SALES	9800.00		9800.00
4/8/2025	SALES	9900.00		9900.00
4/9/2025	SALES	10000.00		10000.00
4/10/2025	SALES	10100.00		10100.00
4/11/2025	SALES	10200.00		10200.00
4/12/2025	SALES	10300.00		10300.00
4/13/2025	SALES	10400.00		10400.00
4/14/2025	SALES	10500.00		10500.00
4/15/2025	SALES	10600.00		10600.00
4/16/2025	SALES	10700.00		10700.00
4/17/2025	SALES	10800.00		10800.00
4/18/2025	SALES	10900.00		10900.00
4/19/2025	SALES	11000.00		11000.00
4/20/2025	SALES	11100.00		11100.00
4/21/2025	SALES	11200.00		11200.00
4/22/2025	SALES	11300.00		11300.00
4/23/2025	SALES	11400.00		11400.00
4/24/2025	SALES	11500.00		11500.00
4/25/2025	SALES	11600.00		11600.00
4/26/2025	SALES	11700.00		11700.00
4/27/2025	SALES	11800.00		11800.00
4/28/2025	SALES	11900.00		11900.00
4/29/2025	SALES	12000.00		12000.00
4/30/2025	SALES	12100.00		12100.00
5/1/2025	SALES	12200.00		12200.00
5/2/2025	SALES	12300.00		12300.00
5/3/2025	SALES	12400.00		12400.00
5/4/2025	SALES	12500.00		12500.00
5/5/2025	SALES	12600.00		12600.00
5/6/2025	SALES	12700.00		12700.00
5/7/2025	SALES	12800.00		12800.00
5/8/2025	SALES	12900.00		12900.00
5/9/2025	SALES	13000.00		13000.00
5/10/2025	SALES	13100.00		13100.00
5/11/2025	SALES	13200.00		13200.00
5/12/2025	SALES	13300.00		13300.00
5/13/2025	SALES	13400.00		13400.00
5/14/2025	SALES	13500.00		13500.00
5/15/2025	SALES	13600.00		13600.00
5/16/2025	SALES	13700.00		13700.00
5/17/2025	SALES	13800.00		13800.00
5/18/2025	SALES	13900.00		13900.00
5/19/2025	SALES	14000.00		14000.00
5/20/2025	SALES	14100.00		14100.00
5/21/2025	SALES	14200.00		14200.00
5/22/2025	SALES	14300.00		14300.00
5/23/2025	SALES	14400.00		14400.00
5/24/2025	SALES	14500.00		14500.00
5/25/2025	SALES	14600.00		14600.00
5/26/2025	SALES	14700.00		14700.00
5/27/2025	SALES	14800.00		14800.00
5/28/2025	SALES	14900.00		14900.00
5/29/2025	SALES	15000.00		15000.00
5/30/2025	SALES	15100.00		15100.00
5/31/2025	SALES	15200.00		15200.00
6/1/2025	SALES	15300.00		15300.00
6/2/2025	SALES	15400.00		15400.00
6/3/2025	SALES	15500.00		15500.00
6/4/2025	SALES	15600.00		15600.00
6/5/2025	SALES	15700.00		15700.00
6/6/2025	SALES	15800.00		15800.00
6/7/2025	SALES	15900.00		15900.00
6/8/2025	SALES	16000.00		16000.00
6/9/2025	SALES	16100.00		16100.00
6/10/2025	SALES	16200.00		16200.00
6/11/2025	SALES	16300.00		16300.00
6/12/2025	SALES	16400.00		16400.00
6/13/2025	SALES	16500.00		16500.00
6/14/2025	SALES	16600.00		16600.00
6/15/2025	SALES	16700.00		16700.00
6/16/2025	SALES	16800.00		16800.00
6/17/2025	SALES	16900.00		16900.00
6/18/2025	SALES	17000.00		17000.00
6/19/2025	SALES	17100.00		17100.00
6/20/2025	SALES	17200.00		17200.00
6/21/2025	SALES	17300.00		17300.00
6/22/2025	SALES	17400.00		17400.00
6/23/2025	SALES	17500.00		17500.00
6/24/2025	SALES	17600.00		17600.00
6/25/2025	SALES	17700.00		17700.00
6/26/2025	SALES	17800.00		17800.00
6/27/2025	SALES	17900.00		17900.00
6/28/2025	SALES	18000.00		18000.00
6/29/2025	SALES	18100.00		18100.00
6/30/2025	SALES	18200.00		18200.00
7/1/2025	SALES	18300.00		18300.00
7/2/2025	SALES	18400.00		18400.00
7/3/2025	SALES	18500.00		18500.00
7/4/2025	SALES	18600.00		18600.00
7/5/2025	SALES	18700.00		18700.00
7/6/2025	SALES	18800.00		18800.00
7/7/2025	SALES	18900.00		18900.00
7/8/2025	SALES	19000.00		19000.00
7/9/2025	SALES	19100.00		19100.00
7/10/2025	SALES	19200.00		19200.00
7/11/2025	SALES	19300.00		19300.00
7/12/2025	SALES	19400.00		19400.00
7/13/2025	SALES	19500.00		19500.00
7/14/2025	SALES	19600.00		19600.00
7/15/2025	SALES	19700.00		19700.00
7/16/2025	SALES	19800.00		19800.00
7/17/2025	SALES	19900.00		19900.00
7/18/2025	SALES	20000.00		20000.00
7/19/2025	SALES	20100.00		20100.00
7/20/2025	SALES	20200.00		20200.00
7/21/2025	SALES	20300.00		20300.00
7/22/2025	SALES	20400.00		20400.00
7/23/2025	SALES	20500.00		20500.00
7/24/2025	SALES	20600.00		20600.00
7/25/2025	SALES	20700.00		20700.00
7/26/2025	SALES	20800.00		20800.00
7/27/2025	SALES	20900.00		20900.00
7/28/2025	SALES	21000.00		21000.00
7/29/2025	SALES	21100.00		21100.00
7/30/2025	SALES	21200.00		21200.00
7/31/2025	SALES	21300.00		21300.00
8/1/2025	SALES	21400.00		21400.00
8/2/2025	SALES	21500.00		21500.00
8/3/2025	SALES	21600.00		21600.00
8/4/2025	SALES	21700.00		21700.00
8/5/2025	SALES	21800.00		21800.00
8/6/2025	SALES			

### It's Time to Start the Reconciliation Process

- ✓ Bank balances from bank statements need input into reconciliation
- ✓ Investment balances on system should be reviewed and updated at end of month to match statements, if they are CDs, savings, and STAROhio
  - If they are an investment that has market value, do not match statement to reconciliation as this is posted at purchase price until sold



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### Tip #1

# 1

Whether it is deposits, checks, electronic receipts or withdrawals, or interest earned, use a pencil to mark items on the bank statement and system reports to show what matches. Items that aren't marked off the statements and/or the system reports will be reconciling issues.

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### Tip #2 - Revenue

**Deposits on bank statement need to be matched to the receipts posted to system:**

- ✓ Some systems make you mark receipts on system when matched to bank deposits
- ✓ Receipts posted but not on bank statement at end of month, should be listed as Deposits in Transit reconciling item
- ✓ Any receipt that doesn't match deposit slip needs to be listed as reconciling item for the amount that doesn't match

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### Tip #3 - Revenue

#### Electronic Receipts on Bank Statement:

- ✓ May or may not have received documentation in mail or via email
- ✓ Determine if it is posted in system
- ✓ Find source of receipt

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### Tip #4

#### Bank Corrections:

- ✓ May note during the month or the month prior, a receipt on system doesn't match bank. If bank caused error, they will show correction.
- ✓ Bank correction needs matched up to the potential reconciling item in prior month or the original receipt
- ✓ Be aware of NSF and additional charges

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### Tip #5 - Revenue

#### Things to Remember:

- ! Property Tax Revenue is posted at gross amount. To make sure it is posted correctly per bank, the deductions must be included with gross amount to reach net that was received.
- ! Income Tax Revenue collected by outside company has fees. Therefore, it is posted at gross with deductions just like property tax revenue.

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### Tip #6 - Revenue

#### Things to Remember:

- ! Interest is only shown on statements and needs posted or it is a reconciling item.
- ! Investment interest needs to be flagged to hit investment account on system to allow the investment balance match the investment statements. Example – STAROhio
- ! NSF on receipts returned – Make sure it is matched up with the original receipt when received

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### Tip #7 - Expenditures

#### Checking Account Cleared Checks:

- o Cleared checks on bank statements need marked in system
- o Double check that amounts of the cleared check on bank to the system
  - o Any differences should be listed as reconciling items on bank reconciliation and researched
- o Checks not cleared will be listed as outstanding checks

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### Tip #8 - Expenditures

#### Outstanding Check List:

- ! Review the outstanding check list monthly.  
Please note if any checks are over 6 months old or older. If they are, consider calling vendor or person listed on check to determine if it was received or sent in error

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### Tip #9 - Expenditures

#### Wire Payments or Electronic Debits:

- ✓ Most wire payments shown on bank statements are debt payments. These items must match memo expenditures posted in system
- ✓ Any item listed on bank as debit or expense not related to check must be posted in system or it is reconciling item

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### Tip #10 - Expenditures

#### Bank Charges:

- ! Several banks have a monthly bank charge. This is only listed on statement and must be posted to system.
- ✓ At times, bank charges are for new checks issued and that is also listed on bank.

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### Tip #11 - Expenditures

#### Things to Remember:

- ✓ All memo charges posted in system must be listed on bank statement
- ✓ Checks that are voided – make sure they are noted in the system. This keeps the outstanding check list up to date

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### Tip #12 - Investment Accounts

#### Possible Items:

- ? Receipts for investment is possible movement of money from another bank account to investment.
- No receipt posted
- ? Deduction from investment possible movement to another bank account. - No expenditure posted
- ? Other items

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### IT BALANCES!!

No greater feeling than when you have reached the end and the books reconciled to the bank.



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