

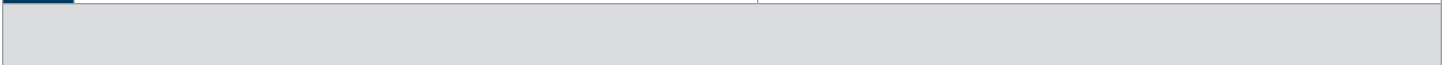
Cash Basis - Bank Reconciliation

Please follow your district's policies and procedures as not everything listed below will pertain to your district. This guide provides a step-by-step process for performing bank reconciliations, ensuring accurate financial records and compliance with district policies. It covers essential tasks such as gathering necessary documents, comparing bank statements to district records, adjusting balances for discrepancies, and maintaining proper documentation, all aimed at achieving a fully reconciled bank account. Regular monthly reconciliations help prevent errors and ensure transparency in district financial management.

GATHER NECESSARY DOCUMENTS

- Obtain the bank statement for the relevant month.
- Retrieve the district's cash receipts and disbursements journal or ledger.
- Gather a list of outstanding checks and deposits in transit from the previous reconciliation.

COMPARE BANK STATEMENT TO DISTRICT RECORDS	Deposits	Checks
	<ul style="list-style-type: none"> • Cross -check deposits recorded in the district's cash ledger with deposits on the bank statement. • Identify deposits in transit (recorded in the ledger but not yet reflected on the bank statement). 	<ul style="list-style-type: none"> • Match checks issued by the district to those cleared by the bank. Identify outstanding checks (issued but not yet cleared by the bank).



ADJUST THE BANK STATEMENT BALANCE	Start with the ending balance on the bank statement and adjust as follows:
	<ul style="list-style-type: none"> • Add: Deposits in transit (district records show, but bank statement does not). • Subtract: Outstanding checks (checks issued but not cleared by the bank). • Adjust for Errors: Correct any bank errors discovered during the review.

ADJUST THE DISTRICT'S RECORDS

Begin with the cash balance in the district's accounting records and adjust as follows:

- Add: Interest earned or other deposits not yet recorded in the district's books.
- Subtract: Bank fees, service charges, or automatic withdrawals not yet recorded.
- Correct for Errors: Adjust for any discrepancies caused by errors in the district's records.

RECONCILE THE ADJUSTED BALANCES

After adjusting both the bank statement and district records, ensure that the adjusted bank balance matches the adjusted district ledger balance.

If they do not match:

- Investigate discrepancies, such as missed transactions, data entry errors, or unauthorized charges.
- Repeat the reconciliation process until the balances align.

DOCUMENT THE RECONCILIATION BALANCES

- Prepare a reconciliation report summarizing the adjustments and the final reconciled balance.
- Include supporting documentation, such as copies of the bank statement, ledger pages, and lists of outstanding items.
- Ensure the report is reviewed and signed off by appropriate district personnel, such as the business manager or treasurer.

RETAIN RECORDS

- Maintain copies of bank reconciliations for audit and compliance purposes, as required by Illinois school district financial regulations.

IMPLEMENT

- Perform reconciliations monthly to ensure timely identification of discrepancies and errors.
- Follow up on unresolved issues from previous reconciliations.