Maricopa County Schools
Finance Department

RECONCILIATION

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The County School Superintendent's Office is responsible for the monthly reconciliation of fund cash balances between the County Schools accounting system and the County Treasurer's cash tracking system for 41 school districts.

The following reasons for the reconciliation are outlined in the Uniform Accounting Manual for Arizona County School Superintendents:

>Verifies the actual amount of cash available within each fund as of the reconciliation date

>Detects bookkeeping errors that may exist within either system

>Levy fund cash balances at fiscal year end are an integral part of the Primary Property Tax Levy and rate calculation

>Correct cash balances are needed to comply with A.R.S. 15-304

>Requiring adequate cash on hand to cover expenditures from cash controlled funds

The monthly reconciliation process involves examining total revenues and expenditures for each school district fund and agreeing those accounting records to the County Treasurer's accounting records. The County School Superintendent's Office investigates and documents any differences. A copy of the monthly reconciliation is sent to each school district to enable them to reconcile their accounting records to the County School Superintendent's accounting records.

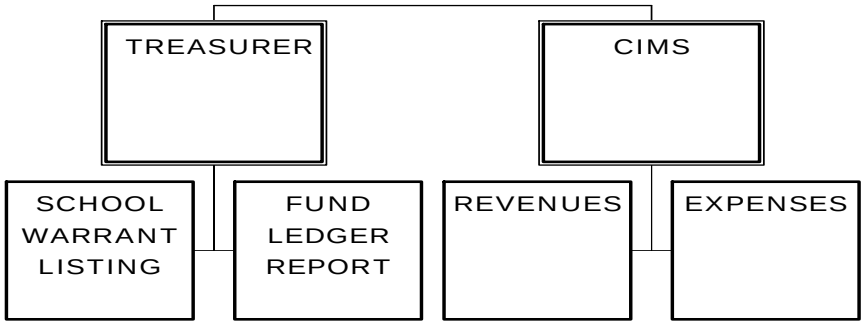
OVERVIEW

The goal of reconciliation is to match the Treasurer's monthly reports

Fund Ledger Report—
all detail of deposits and expenditures
Schools Warrant Listing—
shows all warrants paid during the month and all outstanding and paid warrants

with the input into the CIMS system

Revenues-County Schools Office inputs
Expenses-district inputs



The desired result is to get the reconciliation reports at the end of one month and balance all districts by the end of the next month.

Example: At the end of January, the reports would be available about February 8, the reconciliation process takes about one month, and everything should be completed about March 8th The reconciliation process always takes at least 5-6 weeks to be completed

CIMS Reconciliation Reports

- **GNL.575 Cash Balance**
  -Month End Balances

- **GNL.565 Transaction Detail Review**
  -Revenue-Expense and adjustment journal entries for the month

- **GNL.520 Adjusting journal entries**
  -Detail of journal entries

- **MCS.534CL Multi Fund Voucher**
  -Expenses paid in CIMS broken down by fund

PROCEDURES

STEP 1: ENTER BALANCES

Using the **School Fund Ledger report**, enter ending balances for each fund in the "Treasurer Balance" column of the reconciliation report.

Using the **Cash Balance report**, enter the ending balances for each fund in the "CIMS Balance" column of the reconciliation report

STEP 2: DELETE ENTRIES

Using the **School Fund Ledger report**, compare the journal entries listed on the report with the entries on the reconciliation report. Delete any matches from the reconciliation report.

STEP 3: COMPARE REPORTS

Using the **Transaction Detail report**, compare entries from this report with those on the **School Fund Ledger report**. Check off matching entries.

Differences are usually journal entries, voids, W/H entries, interest, revenues, deposits, apportionment, missing vouchers or voucher amounts different to the treasurer's transfer amount.

STEP 4: ENTER DIFFERENCES

Enter differences in the "Adjust" column of the reconciliation report.

Differences from the fund ledger report will be entered on the reconciliation opposite of how they appear on the report (i.e.: items in "TO" column will be entered as negative amounts and vise versa).

Differences from the detail report will be entered on the reconciliation as they appear on the report.

Follow these steps for all funds. Use the "Reconciliation Descriptions" cheat-sheet for entries in the "Explanation" column of reconciliation report. When all variances have been entered, the "Final Variance" column should indicate a zero variance.

JOURNAL ENTRIES

Using the "**Adjusting Journal Entries**" report, search for entries using the cash code "0103". Only entries affecting cash will be entered on the reconciliation report. Occasionally, entries will have only one cash entry – these are one fund entries and need to be indicated on the reconciliation as such. They are the responsibility of the school district to correct.

Journal entries with two cash entries need treasurer's transfers (pink sheets) completed. Before completing a transfer, be sure the district has not already done one so as not to duplicate transfers.

WAREHOUSE ENTRIES

These entries are found in the **transaction detail report**, listed as "W/H". They are usually positive entries in Fund 001 and negative entries in other funds. A pink sheet will need to be completed for these entries.

REVENUES

Occasionally, there will be revenues in the detail report which are not indicated on the fund ledger report. These are differences which need action by the treasurer.

DEPOSITS

As with revenues, there may be deposits in the **fund ledger report** which are not indicated in the detail report. These are differences which need action by the school.

APPORTIONMENTS

Some districts receive interest apportionments throughout the month. These will be on the fund ledger as apportionments and in the detail report as revenues. If you cannot match all the entries between the detail and fund ledger reports, enter remaining amounts on reconciliation. These differences need to be corrected by the school.

If necessary, you can print a report showing the breakdown of the revenues. This is helpful if the detail report lists revenues in a lump sum.

MISSING VOUCHERS

Using the **Multifund Voucher report**, you can compare the voucher amounts with those amounts indicated on the **fund ledger report**.

If vouchers are indicated on the voucher report but not the ledger report, indicate these differences on the reconciliation as a "T" to indicate action needed on the treasurer's side. You may enter an "NT" if you can determine when the transfer will be made to cover the amount of the voucher (i.e.: the beginning of the next month) or when a pink sheet has been completed to correct the difference.

VOUCHERS DIFFERENT THAN THE TREASURER'S TRANSFER

Occasionally, the vouchers listed in the voucher report will be pennies different than the treasurer's transfer. Usually, you can find the differences between a few funds involved in that particular voucher and fund 40. When this occurs, do a pink sheet between the funds and enter on the reconciliation as a "NT", indicating the treasurer transfer was completed.

OTHER VARIANCES

Entries entered backwards will need to be reversed and corrected on pink sheets. This means there will be 2 entries on the reconciliation – one showing the reversal and one showing the correct entry.

Duplicate entries will need to be reversed with an entry on a pink sheet. Only one entry will show up on the **reconciliation report**.

Write-offs are done for entries dating back to prior years. Pink sheets will be done (usually by the Expense Supervisor) and are usually written off to fund 001. The variance will show up when the pink sheet is entered. It is indicated on the reconciliation as a "C" for the school to correct.

Stale warrants are warrants still outstanding after 1 year. A transfer is done by the accounts payable person and will be a variance between funds 001, 30 and/or 40. Enter the transfer details on the reconciliation with an "NT" as the variance will be corrected when the pink sheet is entered.

Interest on registered warrants or recon call interest will be a variance between funds 001, 30 and/or 40. Interest charged to the school must have a journal entry in CIMS system.

Pink sheets should be done when there is action by both the treasurer and the school. A warrant has to be voided in the CIMS system and cancelled in the treasurer's system. The school is responsible for sending in the ***"cancel warrant"*** forms to the county schools office. If a warrant is cancelled but no void has been done in the CIMS system, this difference is recorded on the reconciliation as a "C" , action needed by the school. If there is a void in the CIMS system but the warrant has not been cancelled, it is recorded on the reconciliation as a "T" to indicate action be taken on the treasurer's side but the school needs to prepare the cancel warrant form for the county schools office.

FUNDS 30 AND 40

Enter the ending balance from the School Fund Ledger report on the first line.

Enter the outstanding warrants number indicated at the end of the fund on the School Warrants Listing report. This number is entered as a negative amount.
Compare voucher totals from the warrant report with the transfers on the School Fund Ledger report. Check off matching entries.

Using the School Fund Ledger report, compare the journal entries listed on the report with the entries on the reconciliation report. Delete any matches from the reconciliation report.

VARIANCES

Variances are usually due to stopped, stale, cancelled or manual warrants or voucher total differences to the treasurer's transfers.

Go through the warrant report and look for entries marked on the left side of report with a "S", "P", or "C".

"P": Stale warrants. A pink sheet will have been done for these warrants by the accounts payable person. Enter the information on the reconciliation with a "NT" in the action required column as it will be corrected when the pink sheet is entered. These amounts are entered as negative amounts.

"S": Stopped warrants. Warrants are stopped by the school when they are thought to be lost but the school doesn't physically have the warrant. This status can be changed to "cancelled" if the actual warrant is located. Before entering the stopped warrants on the reconciliation, look at the warrants at the very end of the fund, those without a voucher number and out of sequence, to determine if they have been reissued as a manual warrant. If not, they need to be listed on the reconciliation, entered as a negative amount.

"**Manual warrants** are listed at the very end of the fund on the warrant report. Any warrant issued and paid in the month you are working on, that doesn't match a stopped warrant, needs to be entered on the reconciliation as a positive amount. Check the manual warrant books for a description as to why the warrant was issued.

Manual warrants for direct deposits NOT included on the fund ledger have either paid in the wrong district or will be dated by the treasurer for the next month. They are entered on the reconciliation as a positive amount. A pink sheet needs to be done if the warrant paid in the wrong district to correct. No pink sheet is necessary if the amount will be included on the fund ledger in the next month.

To determine which district a warrant should have paid in, enter the warrant number before and after the one you have listed in the treasurer's computer.

If a warrant is for a vendor (fund 40) but was issued/paid from the payroll clearing fund (fund 30), do a pink sheet between the funds to correct. There should be an entry in the reconciliation in both funds.

Some manual warrants are issued because an employee's direct deposit rejected their check. Check the surepay report for the warrant. The surepay will offset the manual warrant then next month.

Differences may be between the actual amount of the voucher and the treasurer's transfer or a voucher listed in the warrant report but not in the fund ledger and vise versa. Some of these will be timing differences which will show up next month. If on the fund ledger but not the warrant report, enter as a negative amount. If on the warrant report but not the fund ledger, enter as a positive amount.

Occasionally there will be a problem with the entry of vouchers into the treasurer's or CIMS systems and a voucher will be duplicated or not entered at all. Pink sheets can be completed to correct these errors.

FUNDS 002 AND 200

These funds are a compilation of several funds. While the school breaks out the individual funds, the Treasurer combines them. These funds will only be on the **school fund ledger report**.

Differences in these funds usually result from deposits made to these funds which need to be split into the smaller funds. To correct these variances, make entries on a blue sheet which will show the corrections on the fund ledger report when entered.

If a school makes a deposit and enters the wrong fund number for the treasurer's side (i.e.: the deposit is going to school fund 515 {treasurer's fund 002} and they enter 001 for the treasurer's fund), the error will show up on the fund exception report. The accounts payable person will make the corresponding entries on a pink sheet. On the reconciliation report, the information from the pink sheet needs to be entered in the explanation field and will be corrected when the pink sheet gets entered.

If a school sends a treasurer's transfer directly to the treasurer's office, bypassing the superintendent's office, a difference will occur. A copy of the transfer will be needed from the treasurer's office and the information entered on the reconciliation.

Occasionally, schools will have non-sufficient funds checks returned to them. These will show up on the school fund ledger as "returned items". The treasurer puts them in 002 or 200 and a blue sheet will need to be done to put it in the correct school fund.

For the **outside districts only**, quarterly interest will need to be distributed to the individual funds. It will not show on the fund ledger in funds 002 or 200 but will be totaled in funds 500 and 100. If it has been broken out in the CIMS system, you can do a blue sheet as FROM 500, TO the other 002 funds and FROM 100, TO the other 200 funds. The entries will go on the reconciliation and be corrected on the fund ledger the next month. If the school has not broken it out in CIMS, it goes on the reconciliation report as a "C" in funds 500 and 100 and will remain there until the school allocates which funds it will get broken into.