

*Basic Bookkeeping For  
Townships*

**David Williamson, CPA Partner**

**PSLZ, LLP**

**Phone=734-453-8770**

**Fax=734-453-0312**

**david@pslz.com**

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## Agenda

**Workshop designed for newer officials  
or those wanting a refresher:**

■ **Basic Bookkeeping Concepts**

■ **Use of the Uniform Chart of  
Accounts**

■ **Reporting System**

## Accounting Information System

### Accounting Information System

- Basic terminology
- Debits and credits
- Basic equation
- Financial statements

### The Accounting Cycle

- Identification and recording
- Journalizing
- Posting
- Trial balance
- Adjusting entries
- Adjusted trial balance
- Preparing financial statements
- Closing
- Post-closing trial balance
- Financial statements

## Basic Terminology

- **Event**
- **Transaction**
- **Account**
- **Real Account**
- **Nominal Account**
- **Ledger**
- **Journal**
- **Posting**
- **Trial Balance**
- **Adjusting Entries**
- **Financial Statements**
- **Closing Entries**

## Posting Activity to the Books

- **Posted to accounts either directly to the general ledger or summarized in batches.**
- **Governments are required to use multiple accounting entities called “Funds”**
- **Use of the “Uniform Chart of Accounts” is required by State Law.**

## Debits and Credits-and Accounts

- **An Account shows the effect of transactions on a given asset, liability, equity, revenue, or expenditure account.**
- **Double-entry accounting system (two-sided effect).**
- **Recording done by debiting at least one account and crediting another.**
- **DEBITS must equal CREDITS.**

## Debits and Credits

**Account** →

- An arrangement that shows the effect of transactions on an account.
- Debit = “Left”
- Credit = “Right”

**An Account can be illustrated in a T-Account form.** →

Cash 101-000-001	
Debit / Dr.	Credit / Cr.

## Debits and Credits

If Debit entries are greater than Credit entries, the account will have a debit balance.

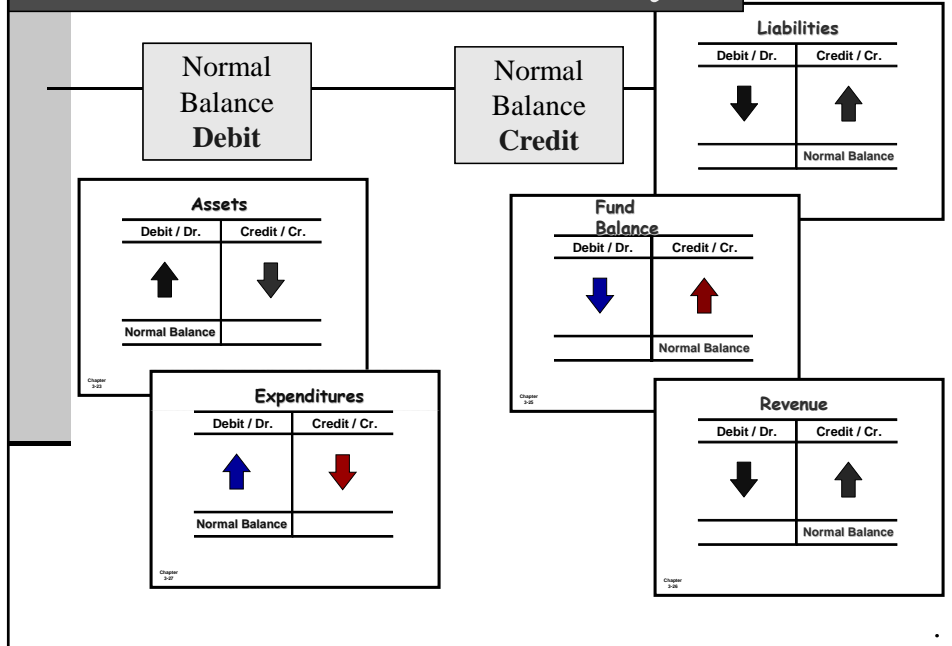
Cash 101-000-001		
	Debit / Dr.	Credit / Cr.
Transaction #1	\$10,000	\$3,000
Transaction #3	8,000	
Transaction #2		
Balance	\$15,000	

## Debits and Credits

If Credit entries are greater than Debit entries, the account will have a credit balance.

Acc. Pay. 101-000-201		
	Debit / Dr.	Credit / Cr.
Transaction #1	\$10,000	\$3,000
Transaction #2		8,000
Transaction #3		
Balance		\$1,000

## Debits and Credits Summary



## Nature and Purpose of Fund Acct.

- The fund accounting system was developed to provide the public with results which demonstrate stewardship over restricted resources.
- Initially, this effort was limited to establishment of separate bank accounts, known as “funds”.
- This concept has evolved into maintenance of separate accounting records, for financial resources dedicated for specific purposes, known as “fund accounting”.

## Funds and Fund Types

- ***Governmental funds*** used to account for the government's "governmental operations"
- ***Proprietary funds*** proprietary funds are used to account for the "business" type activities of a government
- ***Fiduciary funds*** account for assets held by the government in a trustee capacity or as an agent on behalf of others

## Governmental Fund Types

- **Fund 101**-the general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Funds 201-299**-the special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

## Governmental Fund Types

- **Funds 301-399-the debt service funds account for the servicing of general long-term debt.**
- **Funds 401-499-the capital project funds account for the acquisition of fixed assets or construction of major capital projects.**

## Proprietary Fund Types

- **Funds 501-599-enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business.**
- **Funds 601-699-internal service funds account for operations that provide services to other departments or agencies of the government.**



## Trust and Agency Funds

- **Trust funds are used to account for assets held by the government in a trustee capacity.**
- **Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.**

## State Chart of Accounts

- **The Michigan chart of accounts uses 9 digits, with an option for an additional three numbers for “sub accounts”:**
- **The First Three digits indicate the Fund number.**
- **The next three indicate the department(no departments for balance sheet accounts or revenues).**
- **The last three digits are line item.**

## State Chart of Accounts

- **All townships in Michigan are required to use the Uniform Chart of Accounts published and maintained by the Michigan Department of Treasury. The web address to obtain this publication:**
- **[http://www.michigan.gov/documents/uniformchart\\_24524\\_7.PDF](http://www.michigan.gov/documents/uniformchart_24524_7.PDF)-or call the department at 517-373-3221.**

## State Chart of Accounts

<b>101-000-001</b>	<b>General Fund Cash</b>
<b>206-000-001</b>	<b>Fire Fund Cash</b>
<b>101-253-706</b>	<b>Treasurer's Salary</b>
<b>206-336-706</b>	<b>Fire Fund Salaries</b>

## Michigan Chart of Accounts

- **Structure is left mostly up to individual governmental units; only a limited number of “required accounts”:**
- **Revenues-401 Taxes, 450 Licenses and Permits, 501 Federal Grants, 539 State Grant, 580 Contribution from Local Units ,600 Charges for Services 655, Fines and Forfeits, 664 Interest and Rents, 671 Other Revenue**

## Michigan Chart of Accounts-detail

- **Only 6 mandatory expenditure line items:**
  - **701 Personal Services, 726 Supplies, 800 Other Services and Charges, 970 Capital Outlay, 990 Debt Service, 999 Transfer Out.**
  - **More accounts may be necessary to assist in budgeting and analysis.**

## Departmental Examples

- **101-Township Board**
- **171- Supervisor**
- **191-Accounting Department**
- **215-Clerk**
- **247-Board of Review**
- **253-Treasurer**

## Departmental Examples

- **301--Police/Sheriff**
- **336--Fire Department**
- **851--Insurance and Bonds**
- **852-860--Various Employee Fringe Benefits**
- **871--Workers Compensation Insurance**

## Double-Entry System Exercise

- Received \$100,000 in current property taxes from residents and businesses (Tax Fund account).

Assets	=	Liabilities	+	Fund Balance
+ 100,000		+ 100,000		

## 1. Journalizing

**General Journal** – a chronological record of transactions. **Journal Entries** are recorded in the journal.

date	Acct desc	number	debit	credit
1/3/2012	Cash	701-000-001	100,000	
	Undistributed Taxes	701-000-253		100,000

## Double-Entry System Exercise

2. Received \$10,000 in current property taxes from Tax Fund-General Fund (general rule).

Assets	=	Liabilities	+	Fund Balance
+ 10,000				+ 10,000 (Revenue)

## Journalizing-continued

date	Acct desc	number	debit	credit
1/3/2012	Cash	101-000-001	10,000	
	Prop tax revenue	101-000-401		10,000

## Double-Entry System Exercise

4. Received \$3,200 from Property Tax Fund- December (winter roll)-township year end is 12/31-General Fund Entry

Assets	=	Liabilities	+	Fund Balance
+ 3,200		+ 3,200		

## Journalizing-continued

date	Acct desc	number	debit	credit
12/31/11	Cash	101-000-001	3,200	
	Deferred Revenue	101-000-339		3,200

## Double-Entry System Exercise

8. Paid Payroll (Gross=\$1,000, withholdings=\$300, net=\$700)

Assets	=	Liabilities	+	Fund Balance
<b>- 700</b>		<b>+ 300</b>		<b>-1,000</b> (Expenditure)

## Journalizing-continued

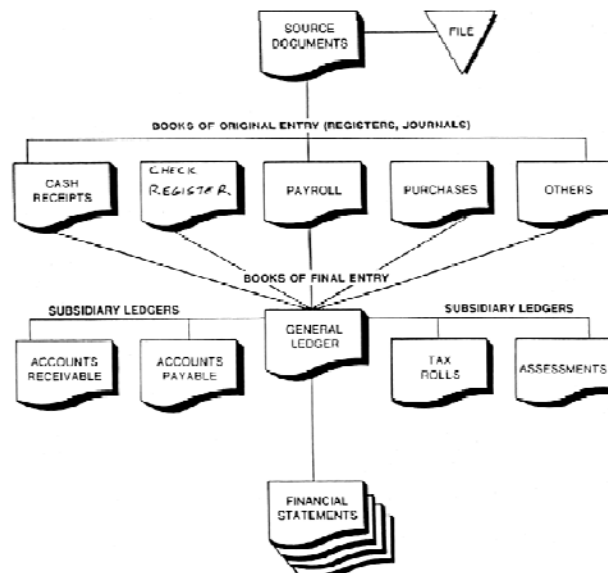
date	Acct desc	number	debit	credit
1/3/2012	Clerk Payroll	101-215-701	1,000	
	Cash	101-000-001		700
	Payroll			
	Withholding			
	Payable	101-000-231		300
	(Assume payroll paid was Clerk's payroll)			



## General Ledger

- The Township's main financial records
- Normally maintained by the clerk
- Posted from "books of original entry"
- Cash Receipts Journal, Check Register, Payroll Journal and General Journal
- The general ledger is the backbone of all financial accounting and reporting and is normally posted on a monthly basis

### Overview of Accounting System Data Flow



## Books of Original Entry

- **Cash Receipts**
- **Cash Disbursements**
- **Payroll Journal**
- **Purchase or Voucher Journal**

## Manual Cash Receipt

OFFICIAL RECEIPT	CHERRY LANE TOWNSHIP GENERAL FUND	NO: 103 DATE: <u>6-30-2012</u>	
RECEIVED FROM: <u>Bank Of Cherry Lane</u>		\$ <u>1,243.22</u>	
TWO THOUSAND EIGHT HUNDRED EIGHT AND NO/100'S .....		DOLLARS	
FUND	ACCOUNT NO.	AMOUNT	IN PAYMENT FOR: <u>INTEREST</u>
GENERAL	101-000-664	1,243.22	_____
			_____
			_____
			_____
			_____
			_____
			_____
			_____

\_\_\_\_\_  
AUTHORIZED SIGNATURE

## Cash Receipts Journal-Non Taxes

Receipt Number	Date	Amount	Description	Lice. And Permits	Interest	State Share
				101-000-450	101-000-664	101-000-539
101	6/15/2012	225.00	Fees	225.00		
102	6/18/2012	44,279.00	State of Michigan			44,279.00
103	6/30/2012	1,243.22	Bank of Cherry Lane		1,243.22	
<b>Total</b>		45,747.22		225.00	1,243.22	44,279.00

Cash		Fund Balance	
101-000-001		101-000-390	
12,000.00		BB	12,000.00
45,747.22			
57,747.22		EB	12,000.00
101-000-450		101-000-539	
	225.00		44,279.00
101-000-664			
-	1,243.22	total	total
		debits	credits
		57,747.22	57,747.22

## Computerized Cash Receipt

- Integrated systems like BS&A and Fund Balance have specific “modules” that generally:
  - Accepts payments using a barcode scanner
  - Interfaces with Cash Drawers and Receipt Printers
  - Provide multiple detailed receipt and deposit reports
  - Distribute payment information to the appropriate other applications (e.g. water billing) and to General Ledger
- Can define different GL account numbers for each receipt type

CR System User: CR Database: Examples \*\*\* DEMONSTRATION USE ONLY! \*\*\*

File List Tasks Reports SetUp Help

Prev Next New Edit Save Void Print Tools Jnl

Rec'd of: BOB THE BUILDER  Receipt: 000000001 Status: Completed

Description/Notes: CONTRACTOR LICENSE CASHIER: CR Post Date: 04/05/2002

Workstation: TEST

Receipt Item	Reference	Amount
1 LICENSE	CONTRACTOR LICENSE	75.00
2		
3		
4		
5		
6		

GL Distribution

Receipt Line 1: Item Code: LICENSE Amount: 75.00

Line	Debit GL#	Credit GL#	Bank Code	Amount
1	DR 101-000-658 000	MISCELLANEOUS FFF	GFN	75.00
2	DR			0.00
3	DR			0.00
4	DR			0.00
5	DR			0.00
6	DR			0.00

Project:

Amt. Distributed: 75.00

Lot: 0.00

# Cash Disbursements Manual

- Start With Checks
- Post Checks to Journal
- Journal To General Ledger

The screenshot shows the QuickBooks Pro interface for creating a paycheck. The window title is "Cherry Lane Township QuickBooks Pro [Paycheck 101 000 001 Cash checking]". The menu bar includes File, Edit, Lists, Activities, Reports, Online, Window, and Help. The "Bank Account" is set to "101 000 001 Cash checking" with an "Ending Balance" of 312,193.23. The paycheck form includes the following fields:

- No. 20
- Date 12/31/2000
- Pay to the Order of: Sherry L Myway
- Amount: \$ 1,821.00
- Text description: One thousand eight hundred twenty-one and 00/100\*\*\*\*\* Dollars
- Address: Sherry L Myway, Chery Lane, MI 48111
- Memo: (empty)

Below the form is a "Paycheck Summary" table:

Paycheck Summary		Pay Period	12/01/2000 - 12/31/2000
Earnings	2,000.00	Hours Worked	0
Additions	0.00		
Taxes	-179.00		
Deductions	0.00		

A "Paycheck Detail" button is located at the bottom right of the summary table.

Earnings			
Name	Rate	Hours	Customer/Job
Clerk's Salary	2,000.00		

Other Payroll Items		Employee Summary	
Name	Rate	Quantity	

Company Summary		
Name	Amount	YTD
Medicare Township	29.00	348.00

Employee Summary		
Name	Amount	YTD
Clerk's Salary	2,000.00	24,000.00
Federal Withholding	-100.00	-1,200.00
Medicare Employees	-29.00	-348.00
MI - Withholding	-50.00	-600.00

Check Amount:	1,821.00
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## Cash Disbursement Journal

Date	Num	Payee	Amount	Account no.			amount	Account
				229.001	229.002	228		
6/10/2009	3379	Lenaw ee County Treasu	1,793.98				1,793.98	101-446-818
6/10/2009	3380	Doubleday Bros.	120.00				120.00	101-190-726
6/10/2009	3382	MTA	500.00				500.00	101-101-958
6/10/2009	3383	City of Cherry Lane	3,500.00				3,000.00	101-336-818
							500.00	101-301-818
6/10/2009	3384	Patrick Pushover	985.50	0	-14.5		1,000.00	101-171-706
6/10/2009	3385	Shery Myway	1,821.00	-100	-29	-50	2,000.00	101-215-706
6/10/2009	3386	Tammy Treasurer	1,697.00	-100	-153	-50	2,000.00	101-253-706
6/10/2009	3387	National Bank	593.00	200	196.5		196.50	01-250-715
Totals			11,010.48	0	0	-100	11,110.48	
		Credit to cash	11,010.48					
		credit to due to						
		State	100.00					
		Debits to various						
		expenditure accts	11,110.48					
		Balance	-					

## Cash Disbursement Entry

Account	Debit	Credit
101-446-818 Highways and Street	1,793.98	
101-190-726 Election Supplies	120.00	
101-101-958 Membership	500.00	
101-336-818 Fire Protection Con	3,000.00	
101-301-818 Law Enforcement Con	500.00	
101-171-706 Supervisor Salary	1,000.00	
101-253-706 Treasurer Salary	2,000.00	
101-215-706 Clerk Salary	2,000.00	
101-000-228 Due to State W/H		100.00
101-000-001 Cash-checking		11,010.48
101-250-715 Payroll Taxes	196.50	
	<b>11,110.48</b>	<b>11,110.48</b>

<b>101-000-001</b>	<b>101-000-228</b>
12,000.00	BB -
11,010.48	100.00
989.52	EB 100.00
<b>Due to Federal 101-000-229</b>	<b>Fund Balance 101-000-390</b>
BB -	BB 12,000.00
396.50	396.50
EB -	EB 12,000.00
<b>101-101-958</b>	<b>101-190-726</b>
500.00	120.00
<b>101-171-706</b>	<b>101-215-706</b>
1,000.00	2,000.00
<b>101-250-715</b>	<b>101-253-706</b>
196.50	2,000.00
<b>101-301-818</b>	<b>101-336-818</b>
500.00	3,000.00
<b>101-446-818</b>	total
1,793.98	debits
	12,100.00
	total
	credits
	12,100.00

## Cash Disbursements Integrated

**Integrated Systems generally provide sophisticated results:**

- **Most systems require setting up data entry for invoices**
- **Many systems allows printing of individual checks in addition to batch processing**
- **Maintains recurring invoices and automatic notification of invoices due to be paid**
- **Automatic warning on invoices that exceed budgeted amounts**

## Cash Disbursements Integrated

- **Check reconciliation that integrates with General Ledger bank reconciliation**
- **Ability to create positive pay files**
- **Vendor-based default GL distribution**
- **Multi fund cash requirements**
- **Generally a multiple step process-set up invoices in the system, then select invoices to be paid.**



Vendor   Ref  Status  Journalize

Bank  Inv #  Invoice Date  Post Dt

Desc  PO#

Due Date  Expected Ck Run  Disc Date  Gross

Approval List?  Disc Pct  Discount

Hold?  1099?  Notes  Print on Separate Check?  Net

GL Number	Description	Gross	Net
1	<input type="text"/>	0.00	0.00
2	<input type="text"/>	0.00	0.00
3	<input type="text"/>	0.00	0.00
4	<input type="text"/>	0.00	0.00
5	<input type="text"/>	0.00	0.00
6	<input type="text"/>	0.00	0.00
7	<input type="text"/>	0.00	0.00

Amnt Paid  Date  Check

**Check Run Setup**

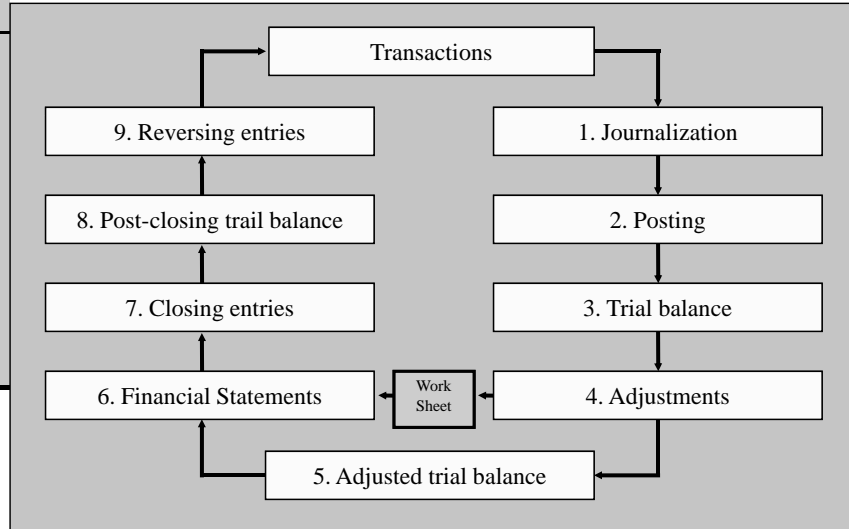
\*\*\* Bank/Check Settings \*\*\*  
 Bank  Check Format   
 Next Check #  Check Date  e-Checks?

\*\*\* Invoice Selection Settings \*\*\*  
 Select Invoices by...   
 -- Enter Invoice Due Date Range --  
 Due Date From  Due Date To   
 Combine Invoices by Vendor?

\*\*\* Vendor Filter (leave blank for All Vendors) \*\*\*  
 from Vendor  (all vendors)  
 to Vendor  (all vendors)

1) Print Check Proof Report      4) Check Preparation Utilities  
 2) Print Test Check                5) Journalize Checks  
 3) Create and Print AP Checks

## The Accounting Cycle



## Trial Balance

**Trial Balance** – a list of each account and its balance; used to prove equality of debit and credit balances.

Acct. No.	Account	Debit	Credit
101-000-001	Cash	\$ 143,000	
101-000-018	Taxes receivable	35,000	
101-000-201	Accounts payable		\$ 3,000
101-000-390	Fund Balance		88,000
101-000-401	Property tax Revenue		185,000
101-000-664	Interest Income		16,000
101-171-706	Supervisor Salary	38,000	
101-215-706	Clerk's Salary	38,000	
101-253-706	Treasurer's Salary	38,000	
		<u>\$292,000</u>	<u>\$ 292,000</u>

## Accounting Methods

- **Cash method-used by many small townships, recognize revenues when received, expenditures when paid.**
- **Modified accrual-required by GAAP for “governmental fund types”, revenues recorded when “measurable and available”, expenditures generally recognized when incurred.**
- **Accrual method-required by GAAP for proprietary funds. Requires capitalization and depreciation of long lived assets, recognition of long term liabilities on the books.**

## Adjusting Entries

- **Used to correct accounting errors or record transactions that don't post to the general ledger through the “books of original entries”**
- **Common examples: record accrued interest on CD's, payroll earned but not paid or insurance paid in advance.**

## Adjusting Entries – “Prepaid Expenses”

**Example:** On December 1, 2012 Cherry Lane Township paid \$12,000 for 2013 insurance coverage. Show the journal entry to record the payment

12-1-	Prepaid insurance	12,000	
2012	Cash		12,000

101-000-123 Prepaid Ins		101-000-001 Cash	
Debit	Credit	Debit	Credit
12,000			12,000

## Adjusting Entries – “Prepaid Ins”

**Example:** Show the adjusting journal entry required at Jan. 31<sup>st</sup>.

Jan. 31	Insurance expense	1,000	
	Prepaid insurance		1,000

101-000-123 Prepaid Ins		101-260-910 Insurance exp	
Debit	Credit	Debit	Credit
12,000	1,000	1,000	
11,000			

## Adjusting Entries – “Accrued Payroll”

Expenses incurred but not yet paid in cash or recorded.

Adjusting entry results in:

Expense Recorded

**BEFORE**

Cash Payment, if any\*

Accrued expenses often occur in regard to:

- Payroll taxes
- Salaries and Wages

## Adjusting Entries – “Accrued Expenses”

**Example:** On Feb. 2<sup>nd</sup>, Cherry Lane Township paid the payroll for the period ending January 31<sup>st</sup>

Jan 31      Payroll Expense                                                  2,000  
                                                                                                 Accrued Payroll Payable                                                  2,000

Clerk's wages 101-215-700		Accad Payroll 101-000-257	
Debit	Credit	Debit	Credit
2,000			2,000



## Preparing Financial Statements

Assume the following Adjusted  
Trial Balance

### Balance Sheet

Adjusted Trial Balance	Debit	Credit		
Cash	\$ 143,000		<b>Assets</b>	
Taxes Receivable	35,000		Cash	\$ 143,000
Accounts Payable		3,000	Taxes Receivable	35,000
Fund Balance		88,000	Total assets	<u>\$ 178,000</u>
Property Tax Rev.		185,000	<b>Liabilities</b>	
Interest income		16,000	Accounts Payable	3,000
Supervisor Salary	38,000		<b>Equity</b>	
Clerk Salary	38,000		Fund Balance	175,000
Treasurer Salary	38,000		Total liab. & equity	<u>\$ 178,000</u>
	<u>\$ 292,000</u>	<u>\$ 292,000</u>		

## Preparing Financial Statements

Adjusted Trial Balance	Debit	Credit		
Cash	\$ 143,000		<b>Revenues:</b>	
Accounts receivable	35,000		Property Taxes	\$ 185,000
Accounts Payable		\$ 3,000	Interest income	16,000
Fund Balance		88,000	Total revenue	<u>201,000</u>
Property Tax Revenue		185,000	<b>Expenditures:</b>	
Interest income		<del>16,000</del>	Supervisor Salary	38,000
Supervisor Salary	38,000		Clerk Salary	38,000
Clerk Salary	38,000		Treasurer Salary	38,000
Treasurer Salary	38,000		Total expenses	<u>114,000</u>
	<u>\$ 292,000</u>	<u>\$ 292,000</u>	<b>Excess of Revenues</b>	<u>\$ 87,000</u>
			<b>Beginning Fund Balance</b>	88,000
			<b>Ending Fund Balance</b>	<u>\$ 175,000</u>

	March 31, 2013	Budget	VARIANCE	% of Budget
<b>Revenue</b>				
101-000-401 Property Taxes	146,213.00	140,000.00	6,213.00	104.44%
101-000-539 State Shared Revenue	172,869.00	170,000.00	2,869.00	101.69%
101-000-600 Charges for Services	410.00	100.00	310.00	410.0%
101-000-664 Interest Income	3,239.00	2,500.00	739.00	129.56%
101-000-671 Miscell. Revenue - Other	12,944.00	12,000.00	944.00	107.87%
<b>Total Revenue</b>	<b>335,675.00</b>	<b>324,600.00</b>	<b>11,075.00</b>	<b>103.41%</b>
<b>Expenditures</b>				
<b>101-171 Supervisor</b>				
101-171-706 Supervisor Salary	3,000.00	3,000.00	0.00	100.0%
<b>Total 101-171 Supervisor</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>0.00</b>	<b>100.0%</b>
<b>101-209-818 Assessing Contract</b>				
101-215 Clerk	25,000.00	30,000.00	5,000.00	83.33%
101-215-706	6,000.00	6,000.00	0.00	100.0%
<b>Total 101-215 Clerk</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>0.00</b>	<b>100.0%</b>
<b>101-250 General Services</b>				
101-250-715 Payroll Taxes	199.36	500.00	300.64	39.87%
101-250-726 General Govt. Supply	4,959.00	6,000.00	1,041.00	82.65%
<b>Total 101-250 General Services</b>	<b>5,158.36</b>	<b>6,500.00</b>	<b>1,341.64</b>	<b>79.36%</b>
<b>101-265-818 Building and Ground</b>				
101-336 Fire Department	25,000.00	25,000.00	0.00	100.0%
101-336-706 Fire Dept. Wages	750.00	1,000.00	250.00	75.0%
101-336-818 Fire Protection Con	87,165.00	100,000.00	12,835.00	87.17%
<b>Total 101-336 Fire Department</b>	<b>87,915.00</b>	<b>101,000.00</b>	<b>13,085.00</b>	<b>87.05%</b>
<b>101-400 Planning Commission</b>				
101-400-706 Planning Comm. Wag	150.00	250.00	100.00	60.0%
<b>Total 101-400 Planning Commission</b>	<b>150.00</b>	<b>250.00</b>	<b>100.00</b>	<b>60.0%</b>
<b>101-446-818 Highways and Street</b>				
101-900-970 Capital Outlay	13,681.00	70,850.00	57,169.00	19.31%
101-965-999 Operating Transfer	66,319.00	70,000.00	3,681.00	94.74%
<b>Total Expenditures</b>	<b>242,911.36</b>	<b>324,600.00</b>	<b>81,688.64</b>	<b>74.83%</b>
<b>Excess of Revenues over Expenditures</b>	<b>92,763.64</b>	<b>0.00</b>	<b>92,763.64</b>	<b>100.0%</b>

## Closing Entries

- To reduce the balance of the income statement (**revenue** and **expenditures**) accounts to zero (Nominal Accounts)
- Balance sheet (**asset**, **liability**, and **equity**) accounts are not closed (Real Accounts)



## Closing “Nominal” Accounts

Adjusted Trial Balance	Debit	Credit		
Cash	\$ 143,000		<b>Revenues:</b>	
Accounts receivable	35,000		Property Taxes	\$ 185,000
Accounts Payable		\$ 3,000	Interest income	16,000
Fund Balance		88,000	Total revenue	<u>201,000</u>
Property Tax Revenue		185,000	<b>Expenditures:</b>	
Interest income		<del>16,000</del>	Supervisor Salary	38,000
Supervisor Salary	38,000	→	Clerk Salary	38,000
Clerk Salary	<u>38,000</u>		Treasurer Salary	38,000
Treasurer Salary	<u>38,000</u>		Total expenses	<u>114,000</u>
	<u>\$292,000</u>	<u>\$292,000</u>	<b>Excess of Revenues</b>	<b>\$ 87,000</b>
			<b>Beginning Fund Balance</b>	<b>88,000</b>
			<b>Ending Fund Balance</b>	<b><u>\$ 175,000</u></b>

## Post-Closing Trial Balance

101-000-001	Cash	\$143,000	
101-000-018	Property Taxes Rec.	35,000	
101-000-201	Accounts Payable		\$ 3,000
101-000-390	Fund Balance		175,000
101-000-401	Property Tax Revenue		-
101-000-664	Interest income		-
101-171-706	Supervisor Salary		-
101-215-706	Clerk Salary		-
101-253-706	Treasurer Salary		-
		<u>\$178,000</u>	<u>\$178,000</u>

## Property Tax Fund

- **Books should be maintained by both Clerk and Treasurer.**
- **Treasurer's records tracks monies collected and disbursed by tax roll, usually totaled by deposit, by month.**
- **Clerk should post general ledger by month.**

## Tax Collections

- **The treasurer must maintain a Tax Collection Receipts Journal of the property tax collections. At least one entry per day for the total amount collected must be made. If desired, the treasurer may enter each individual tax receipt in the journal, however, it is not mandatory. The form of the journal may vary, but it must provide for an immediate determination of the amount collected for each tax collected**
- **Note BSA Equalizer provides reports that meet this purpose**

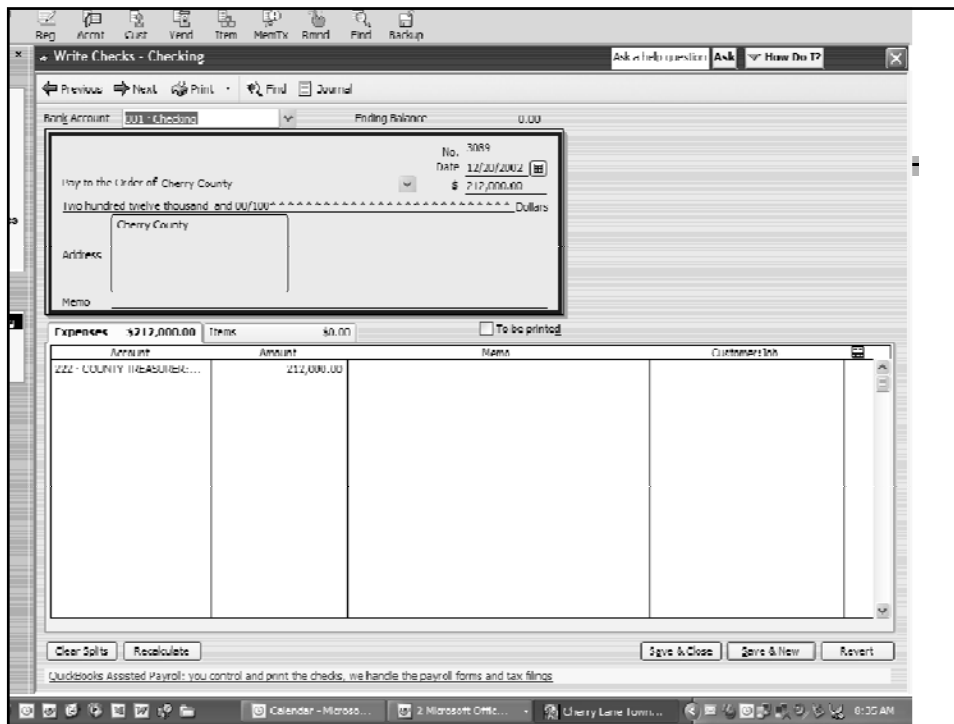
# Property Tax Manual Receipts

## Tax Collection Receipts Journal

Date	Receipt No.	Total	County	Township	S.E.T.	Cherry SD	Admin Fee
1-Dec	1-5	236,340.00	52,000.00	13,000.00	39,000.00	130,000.00	2,340.00
2-Dec							
3-Dec	6-30	181,600.00	40,000.00	10,000.00	30,000.00	100,000.00	1,600.00
Sub Total		417,940.00	92,000.00	23,000.00	69,000.00	230,000.00	3,940.00
6-Dec		0.00					
7-Dec	31-47	181,600.00	40,000.00	10,000.00	30,000.00	100,000.00	1,600.00
8-Dec		0.00					
9-Dec		0.00					
10-Dec	48-60	363,600.00	80,000.00	20,000.00	60,000.00	200,000.00	3,600.00
Sub Total		545,200.00	120,000.00	30,000.00	90,000.00	300,000.00	5,200.00
Month to Date		963,140.00	212,000.00	53,000.00	159,000.00	530,000.00	9,140.00

# Cash Disbursements-Tax Fund

- **Should be Charged to Liability Accounts.**
- **Generally are initiated by Treasurer, and signed by Treasurer.**
- **Townships should consider improvements to internal control over taxes.**



## Tax Fund Manual Disbursement

Date	Num	Payee	Amount	Account no.				
				222	226	222.1	225.00	226.10
12/20/2002	3087	Cherry Lane Twp	62,140		53,000			9,140
12/20/2002	3088	Cherry Schools	530,000				530,000	
12/20/2002	3089	Cherry County	212,000	212,000				
12/20/2002	3090	Cherry County SET	159,000			159,000		
Totals			963,140	212,000	53,000	159,000	530,000	9,140

<b>Cash</b>		<b>Due to County</b>	
<b>703-000-001</b>		<b>703-000-222</b>	
100			-
236,340			52,000
181,600			40,000
181,600			40,000
363,600			80,000
	963,140	212,000	
100		EB	-
<b>Due to SET</b>		<b>Due to SD</b>	
<b>703-000-222.1</b>		<b>703-000-225</b>	
BB	-	BB	-
	39,000		130,000
	30,000		100,000
	30,000		100,000
	60,000		200,000
159,000	-	530,000	-
EB	-	EB	-
<b>Due to Township</b>		<b>Due to Twp-PTAF</b>	
<b>703-000-226</b>		<b>703-000-226.1</b>	
BB	100	BB	-
	13,000		2,340
	10,000		1,600
	10,000		1,600
	20,000		3,600
53,000		9,140	
EB	100	EB	-