Dust Off Your Checkbook Register

Jessica Groskopf
308-632-1247
jgroskopf2@unl.edu

Where to get a checkbook register?

- Come with your checks
- Pick up for free at your local bank.
- Create one in Excel
- Download a PDF version: https://go.unl.edu/checkreg

Why?

- Check registers give you a real-time record of your bank account balance

Enter & Balance.

ARTICLE: https://go.unl.edu/checkreg

What is a transaction?

- an instance of buying or selling something.
- A debit (withdrawals) or credit (deposit) to an account
  - fees, interest etc.

One-line system

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXX	XXX	(Payee Name)	XXX	XX	✓			New Balance

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓			New Balance
233	6/29	Local Farm Store	8,933	00				47,999.90

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No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)			$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓				New Balance
233	6/29	Local Farm Store	8,933	00					47,999.90

$56,932.90
-$8,933.00
$47,990.90

Automatic Deposits and Withdraws

- **AD – Automatic Deposit**
- **ACH – Automatic Clearing House**
- **AP – Automatic Payment**
- **ATM – Automatic Teller Machine**
- **SC – Service Charge**
- **DC – Debit Card**
- **DEP – Deposit**
- **EFT – Electronic Funds Transfer**
- **FT – Funds Transfer**

Automatic Deposits and Withdraws

Often, automatic deposits (like interest payments) or withdrawals (like service fees) are omitted from the checkbook register.

Make sure to take care to record these!

- **Unrecorded credit (deposit) = check register will understate your balance**
- **Unrecorded debit (withdrawal)= check register will overstate your balance**

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXX	XXX	(Payee Name)	XXX	XX	✓			New Balance
233	6/29	Local Farm Store	8,933	00				47,999.90
DEP	6/29	Hometown Bank				10,000	00	57,999.90

When to record & “clear”

- Recording transactions when the check is written, the deposit is made, or the transaction is authorized.

- A transaction may not clear for a few days (✓)
  - **Unrecorded credit (deposit) = check register will understate your balance**
  - **Unrecorded debit (withdrawal)= check register will overstate your balance**

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓			New Balance
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DEP	6/29	Hometown Bank				10,000	00	57,999.90

Two-line system

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓			New Balance
		(Tax Category), (Memo Line)						

OR

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓			-XXXXX
		(Tax Category), (Memo Line)						New Balance

									Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)			$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓				New Balance
		(Tax Category), (Memo Line)							
233	6/29	Local Farm Store	8,933	00					47,999.90
		Supplies, Fencing							

OR

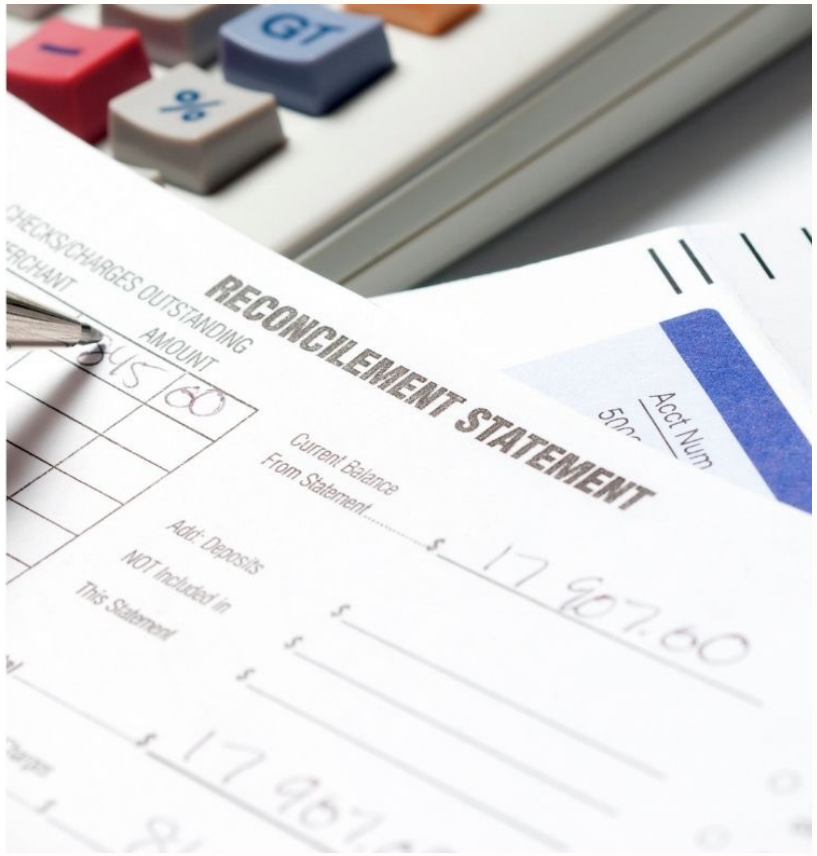
									Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)			$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX	✓				-XXXXX
		(Tax Category), (Memo Line)							New Balance
233	6/29	Local Farm Store	8,933	00					-8,933.00
		Supplies, Fencing							47,999.90

										Balance
No.	Date	Transaction Description	Payment (-debit)			✓	Deposit (+credit)			$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX		✓				New Balance
		(Tax Category), (Memo Line)								
233	6/29	Local Farm Store	8,933	00						47,999.90
		Supplies, Fencing								

WHY TWO-LINE?

										Balance
No.	Date	Transaction Description	Payment (-debit)			✓	Deposit (+credit)			$56,932.90
XXXX	XXX	(Payee Name)	XXX	XX		✓				-XXXXX
		(Tax Category), (Memo Line)								New Balance
233	6/29	Local Farm Store	8,933	00						-8,933.00
		Supplies, Fencing								47,999.90

Reconcile.



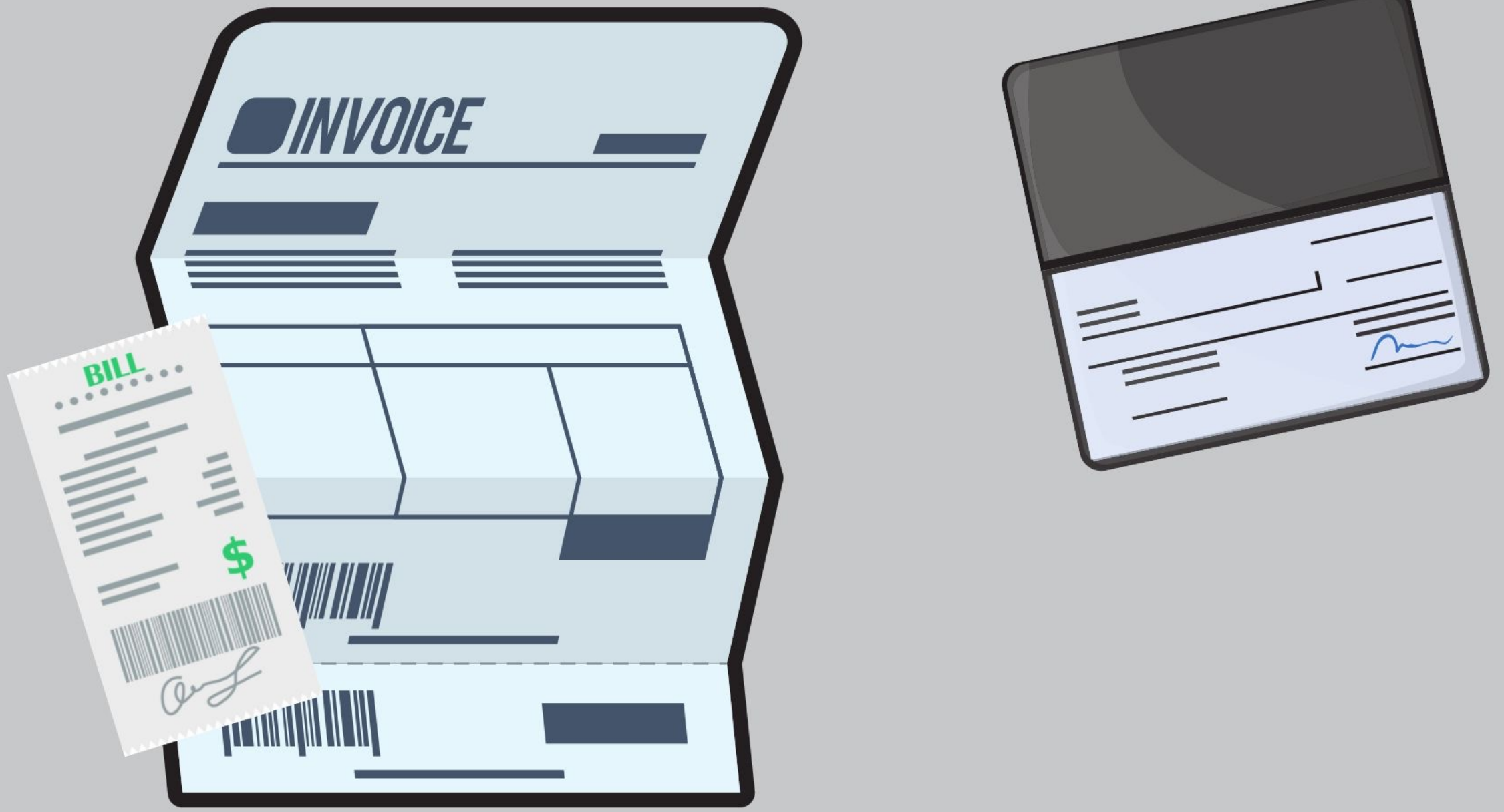
ARTICLE: https://go.unl.edu/recon

Reconciling?

- Is the process of making sure one record of a financial account is consistent with another.
  - Bank Statement
  - Checkbook
  - Financial Software

Reconcile monthly

INVOICE
BILL
$


INVOICE
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								Balance
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233	6/29	Local Farm Store	8,933	00				47,999.90
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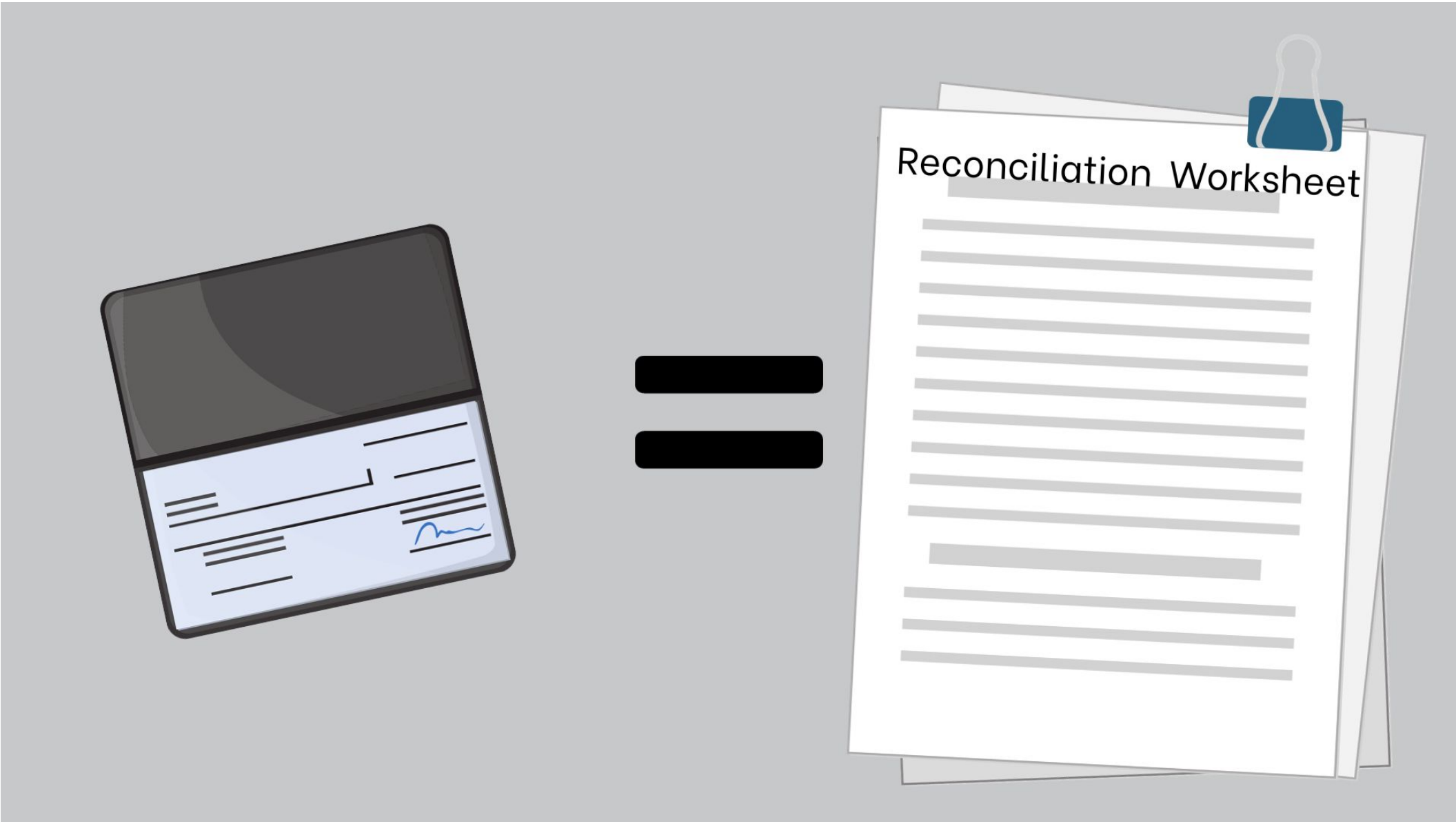
Reconciliation Worksheet

								Balance
No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$56,932.90
XXX	XXX	(Payee Name)	XXX	XX	✓			New Balance
233	6/29	Local Farm Store	8,933	00	✓			47,999.90 ✓
DEP	6/29	Hometown Bank				10,000	00	57,999.90


Reconciliation Worksheet

Where to get a reconciliation worksheet?

- Typically provided with the bank statement
- Create one in Excel
- Download a PDF version: https://go.unl.edu/recon

Example

Jon & Joan received their June bank statement. The bank statement contains an ending balance of $56,776.00 on June 30th, whereas their check register shows an ending balance of $57,999.90. They found the following discrepancies between their bank statement and check register.

1. Jon incorrectly recorded a deposit on June 5. The correct deposit amount was $11,011.10. It was recorded as $11,011.00.
2. The bank statement shows a service charge of $15.
3. The bank statement shows interest income of $48.
4. On June 29th, Case Farms issued check #233 for $8,933 that has not yet cleared the bank.
5. On June 29th, Case Farms also deposited $10,000 but this did not appear on the bank statement.
6. An Automatic Clearing House (ACH) payment for electricity was paid from the bank account for $190.

Example

Jon & Joan received their June bank statement. The bank statement contains an ending balance of $56,776.00 on June 30th, whereas their check register shows an ending balance of $57,999.90. They found the following discrepancies between their bank statement and check register.

1. Jon incorrectly recorded a deposit on June 5. The correct deposit amount was $11,011.10. It was recorded as $11,011.00. – Check Register
2. The bank statement shows a service charge of $15. . – Check Register
3. The bank statement shows interest income of $48. . – Check Register
4. On June 29th, Case Farms issued check #233 for $8,933 that has not yet cleared the bank. – Reconciliation worksheet
5. On June 29th, Case Farms also deposited $10,000 but this did not appear on the bank statement. – Reconciliation worksheet
6. An Automatic Clearing House (ACH) payment for electricity was paid from the bank account for $190. – Check Register

- The bank statement contains an ending balance of $56,776.00 on June 30th.
- On June 29th, Case Farms issued check #233 for $8,933 that has not yet cleared the bank.
- On June 29th, Case Farms also deposited $10,000 but this did not appear on the bank statement.

Ending Bank Balance	56,776.00
Total Uncleared Deposits	10,000.00
Total	66,776.00
Subtract Uncleared Checks	-8,933.00
Adjusted Bank Balance	57,843.00

- **Their check register shows an ending balance of $57,999.90.**
- **Jon incorrectly recorded a deposit on June 5. The correct deposit amount was $11,011.10. It was recorded as $11,011.00.** (Add $0.10)
- **The bank statement shows a service charge of $15.**
- **The bank statement shows interest income of $48.**
- **An Automatic Clearing House (ACH) payment for electricity was paid from the bank account for $190.**

No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$45,921.90
DEP	6/5	Hometown Bank			✓	11,011	00	56,932.90
233	6/29	Local Farm Store	8,933	00				47,999.90
DEP	6/30	Hometown Bank				10,000	00	57,999.90
DEP		Hometown Bank			✓	0	10	58,000.00
Auto		Hometown Bank	15	00	✓			57,985.00
Dep		Hometown Bank			✓	48	00	58,033.00
ACH		Local Utility Provider	190	00	✓			57,843.00

Ending Bank Balance		56,776.00
Add Total Uncleared Deposits	+	10,000.00
Total		66,776.00
Subtract Uncleared Checks	-	8,933.00
Adjusted Bank Balance		57,843.00

No.	Date	Transaction Description	Payment (-debit)		✓	Deposit (+credit)		$45,921.90
DEP	6/5	Hometown Bank			✓	11,011	00	56,932.90
233	6/29	Local Farm Store	8,933	00				47,999.90
DEP	6/30	Hometown Bank				10,000	00	57,999.90
DEP		Hometown Bank			✓	0	10	58,000.00
Auto		Hometown Bank	15	00	✓			57,985.00
Dep		Hometown Bank			✓	48	00	58,033.00
ACH		Local Utility Provider	190	00	✓			57,843.00

Other tips & tricks.

Supporting Business Documents for taxes…

Expenses - "…should identify the payee, the amount paid, proof of payment, the date incurred, and include a description of the item purchased or service received that shows the amount was for a business expense. "

Note: A combination of supporting documents may be needed to substantiate all elements of the purchase.
https://www.irs.gov/businesses/small-businesses-self-employed/what-kind-of-records-should-i-keep

Write invoice and “vendor” account number on your checks.

Use "duplicate" checks and deposit slips that have a carbon copy sheet

Use “Security” envelopes.

Print checks from your software