

Dust Off Your Checkbook Register

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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		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(Payee Name)	xxx	xx	✓			New Balance

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

Balance							
No.	Date	Transaction Description	Payment (-debit)	✓	Deposit (+credit)	\$56,932.90	
xxx 233	xx 6/29	(Payee Name) Local Farm Store	xxx 8,933	xx 00 ✓		New Balance 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**

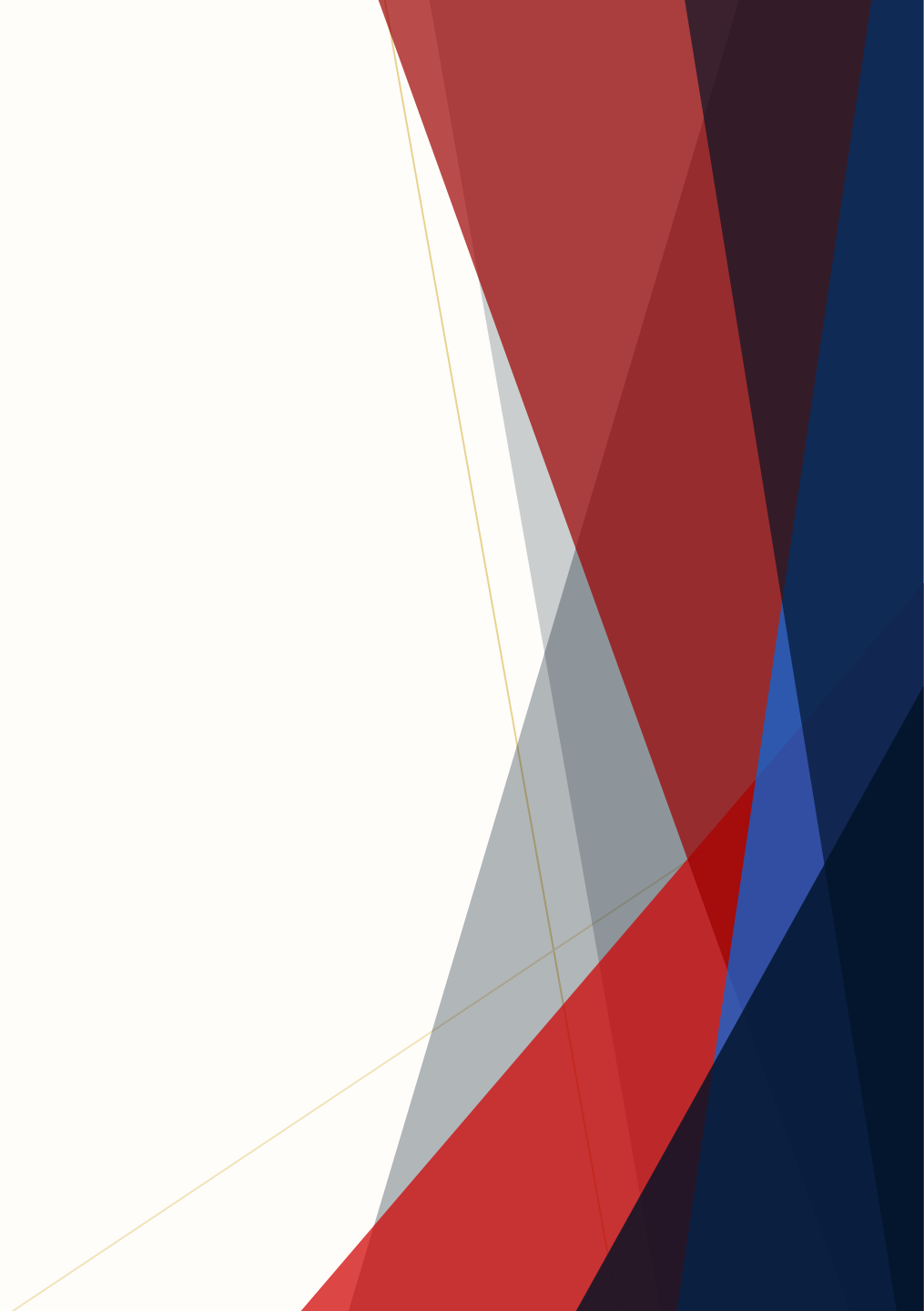
Balance								
No.	Date	Transaction Description	Payment		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(Payee Name)	xxx	xx	✓			New Balance
233	6/29	Local Farm Store	8,933	00				47,999.90
DEP	6/29	Hometown Bank				10,000	00	57,999.90

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		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(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

Two-line system




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

OR

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

Balance								
No.	Date	Transaction Description	Payment		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(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		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(Payee Name)	xxx	xx	✓			-xxx
		(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	
xxx	xx	(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	
xxx	xx	(Payee Name)	xxx	xx	✓		-xxx
		(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





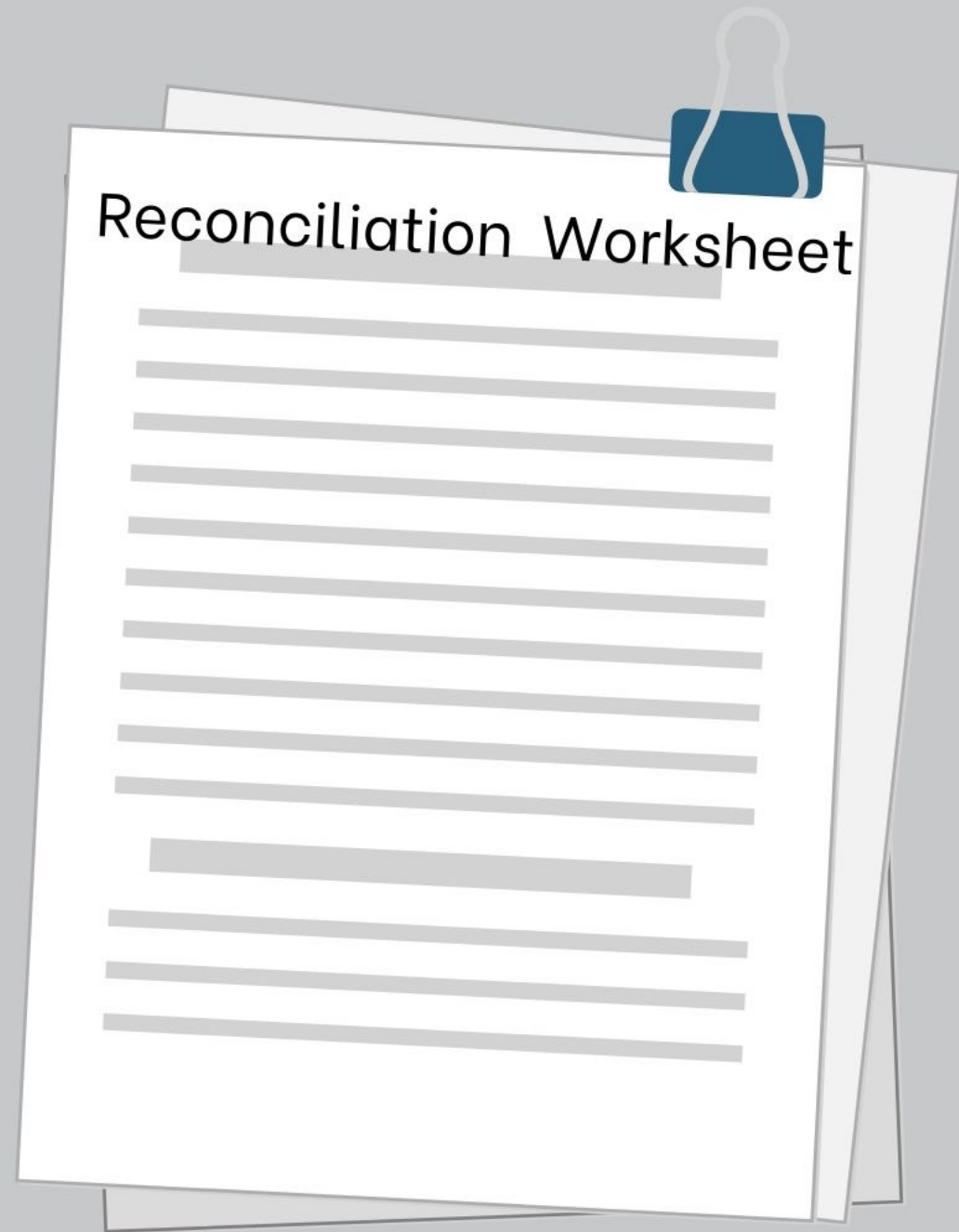
Balance								
No.	Date	Transaction Description	Payment		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(Payee Name)	xxx	xx	✓			New Balance
233	6/29	Local Farm Store	✓8,933	00				47,999.90✓
DEP	6/29	Hometown Bank				10,000	00	57,999.90



Balance								
No.	Date	Transaction Description	Payment		✓	Deposit		\$56,932.90
			(-debit)			(+credit)		
xxx	xx	(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



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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	<i>56,776.00</i>
Total Uncleared Deposits	<i>10,000.00</i>
Total	<i>66,776.00</i>
Subtract Uncleared Checks	<i>-8,933.00</i>
Adjusted Bank Balance	<i>57,843.00</i>

- ▶ 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		✓	Deposit		\$45,921.90
			(-debit)			(+credit)		
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
 Add Total Uncleared Deposits
 Total
 Subtract Uncleared Checks
 Adjusted Bank Balance

	56,776.00
+	10,000.00
	66,776.00
-	8,933.00
	57,843.00

No.	Date	Transaction Description	Payment		✓	Deposit		\$45,921.90
			(-debit)			(+credit)		
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**