GREATROCK NORTH
WATER & SANITATION DISTRICT

TO: The Board of Directors

FROM: Divena Mortimeyer, District Accountant

DATE: November 22, 2014

RE: Bank Reconciliation Process

Lisa Johnson asked that I provide a summary of the bank reconciliation process. I will present the reconciliation process for both the liquid asset account and the checking account.

FirstBank Liquid Asset Account

The FirstBank Liquid Asset account holds all utility receipts. Generally, the only transactions out of this account are the monthly O&M transfers to the checking account.

After the meter reads have been uploaded, Paula Rhoades initiates the utility billing process on the 12th of each month. The information is sent to Mail Services who then mails out the bills. The address on the bills is the District's lockbox with FirstBank so the majority of payments are sent to this address. FirstBank sends a daily .csv file to Paula that details the daily payments received. Paula then uploads the spreadsheet into the Utility Billing module of Caselle, the accounting software. She then initiates a ledger update which transfers all the transactions to the General Ledger module in Caselle.

There is a portion of the customers who choose to have the District initiate payments out of their checking accounts via ACH. Paula initiates these payments on a monthly basis and the funds are directly deposited into the FirstBank account. The payments are entered into the Utility Billing module and then updated to the General Ledger.

There are also a few customers who choose to use the SIPA website to make payments. A report is downloaded from the SIPA website and payments are manually entered into the Utility Module and then updated to the General Ledger. Actual cash for these payments is deposited into the FirstBank account three business days later.

At the beginning of the subsequent month, Divena Mortimeyer prints the bank statement off the

FirstBank website. She then reconciles the bank statement via the General Ledger module in Caselle. Divena reviews and reconciles the transactions uploaded from the Utility Billing module to the deposits per the bank statement; any differences are reconciled and corrected with Paula. If there are any manual entries that need to be made (e.g. bank fees, charge-back items, etc.), Divena will initiate those at the time of reconciliation.

FirstBank Checking Account

The checking account is used to initiate payments for the monthly O&M expenses. The account is funded with a monthly transfer from the Liquid Asset account.

During the month, Louann Sullivan prepares the monthly checks for the O&M expenses of the District. Divena reviews the checks and will initiate a transfer of funds from the Liquid Asset account to cover the monthly expenses; she will record a manual entry to post this transfer to the General Ledger. Once the checks have been signed and released, Louann initiates an update to the General Ledger.

At the beginning of the subsequent month, Divena prints the bank statement off the FirstBank website. She then reconciles the bank statement via the General Ledger module in Caselle. If there are any manual entries that need to be made (e.g. e-payments of utilities, bank fees, etc.), Divena will initiate those at the time of reconciliation.