

AUDITOR'S CORNER

SECOND OF THREE-PART SERIES.

Rental Trust Account Disbursement Cycle

Following these five steps will enable you to correctly maintain trust account records of disbursements on rental properties.

2 If the check pertains to more than one property/owner ledger, prepare a Supplemental Disbursement (Check) Worksheet to detail the property, purpose and amount of the check. This is the basis for an audit trail to the journal and property ledgers.

SUPPLEMENTAL CHECK WORKSHEET YOUR REALTY CO., INC. 1/21/0X - CHECK #103 (E)		
PROPERTY	PURPOSE	AMOUNT
143 North Boulevard	1/0X Management Fees	\$60.00
2500 Johnson Street	1/0X Management Fees	\$55.00
		\$115.00

(E) - Date and check number provide cross-reference to corresponding check.

4 Post the information on the supplemental disbursement (check) worksheet onto the individual property ledger sheets. Calculate and record the running balance on each property ledger sheet.

NAME: Gerald Howard, Owner - - Clark, Tenant		ACCOUNT NO.		
ADDRESS: 143 North Boulevard		SHEET NO.		
DATE	ITEMS	DEPOSITS	CHECKS	BALANCE
1/04	OX Charles Clark Security Deposit	OX-2 \$600.00		\$600.00
1/04	OX Charles Clark Jan Rent	OX-2 \$600.00		\$1,200.00
1/11	OX Ajax Plumbing Repairs	101	\$75.00	\$1,125.00
1/20	OX Gerald Howard Net Jan Rent To Owner	102	\$465.00	\$660.00
1/21	OX Your Realty Co., Inc. Jan Management Fee	103	\$60.00	\$600.00

NAME: Allan Ward, Owner - - Stephens, Tenant		ACCOUNT NO.		
ADDRESS: 2500 Johnson Street		SHEET NO.		
DATE	ITEMS	DEPOSITS	CHECKS	BALANCE
1/04	OX Blake Stephens Security Deposit	OX-2 \$550.00		\$550.00
1/04	OX Blake Stephens Jan Rent	OX-2 \$550.00		\$1,100.00
1/21	OX Your Realty Co., Inc. Jan Management Fee	103	\$55.00	\$1,045.00

1 Prepare the trust account check. If the check is for one property ledger, record the applicable ledger on the memo line.

Your Realty Company Trust Account Anytown, NC 12345	103
	1/21/0X
Your Realty Company, Inc.	\$ 115.00
One hundred fifteen and ⁰⁰ / ₁₀₀ -----Dollars	
1/0X Mgt Fees - SCW	John Broker

3 Record the check on the journal. Calculate and record the running journal balance.

YOUR REALTY COMPANY, INC. TRUST ACCOUNT JOURNAL NC Insured Bank A/C# 123-456-7890					
DATE	DESCRIPTION	NUM	DEPOSITS	CHECKS	BALANCE
1/03/0X	DEPOSIT	OX-1 (A) ✓	\$3,600.00		\$3,600.00
1/04/0X	DEPOSIT	OX-2 ✓	\$2,300.00		\$5,900.00
1/11/0X	Ajax-Plumbing - 143 N. Blvd - Repairs	101 ✓		\$75.00	\$5,825.00
1/20/0X	Gerald Howard - 143 N. Blvd Net Jan Rent to Owner	102		\$465.00	\$5,360.00
1/21/0X	Your Realty Company, Inc. 1/0X Mgt Fees	103 ✓		\$115.00	\$5,245.00
1/22/0X	Jack Thomas - NSF - 1362 Main St	DM (B) ✓		\$2,500.00	\$2,745.00
1/30/0X	Perry Mason, Attorney 119 Maple Closing	104		\$1,000.00	\$1,745.00
1/31/0X	DEPOSIT	OX-3	\$2,500.00		\$4,245.00
1/31/0X	NC Insured Bank Check Printing Charges	DM ✓		\$25.00	\$4,220.00

(A) - Referenced to sequentially numbered deposit tickets
(B) - Debit Memo
✓ - Cleared Bank

5 Reconcile all the individual property ledgers to the journal (i.e., add up the ending running balances on the ledgers and compare to the ending journal balance for agreement).

NAME: Your Realty Company, Inc. - Personal Funds		ACCOUNT NO.		
ADDRESS: 1362 Main Street		SHEET NO.		
DATE	ITEMS	DEPOSITS	CHECKS	BALANCE
1/03	OX Your Realty Company Inc. Personal Funds	OX-1 \$100.00		\$100.00
1/31	OX NC Insured Bank Check Printing Charges	DM	\$25.00	\$75.00

NAME: Clay (Seller) to Thomas (Buyer)		ACCOUNT NO.		
ADDRESS: 1362 Main Street		SHEET NO.		
DATE	ITEMS	DEPOSITS	CHECKS	BALANCE
1/03	OX Jack Thomas EMD	OX-1 \$2,500.00		\$2,500.00
1/22	OX Jack Thomas NSF	DM	\$2500.00	\$0.00
1/31	OX Jack Thomas Redeposit NSF EMD Check	OX-3 \$2,500.00		\$2,500.00