

# RETURNED CHECKS

From time to time, checks written to your site may be returned by the bank due to non-sufficient funds, closed accounts, etc. The district does not charge a fee for returned checks. The board of education has not approved such a fee. The budget code used to record these returned checks is:

**74.LOC.00.2319.1000.000.0000.0000.00.BRO.00**

- **Description**

When a check is returned by the bank, the dollar amount is no longer revenue. The Accounting Department will debit your location's returned check activity revenue account for the amount of the returned check. The check is then returned to your site attached to a returned check notice.

When you receive the notice, review the check to determine where the check was originally deposited. Your site is responsible for requesting a [journal entry](#) to debit that account and credit the returned checks activity fund account (listed above). In order to accurately reflect account balances, request the journal entry upon receipt of the returned check notice – do not wait for reimbursement.

**NOTE:** *In the memo area of checks received, write the budget code where the funds will be deposited. This will make dealing with returned checks easier.*

The 2139 returned check activity program is included on the [Activity Revenues and Expenditures financial report](#). Transactions will show up on [APS GL Transaction History Download \(M367\) reports](#). Look for journal entries with a 724 location code and "R/C" in the description.

- **Procedure**

To request a journal entry:

See the [web form](#) for requesting a journal entry for returned checks.

Make three attempts (written or verbal contact to home/work) to collect cash or a money order for the returned check. Document those attempts on the returned check notice.

If the funds are collected, give the check back to the maker at that time. Write a receipt and make a deposit to the account originally credited with the revenue. Mark the returned check notice as "PAID" and keep for your files.

If the funds are not collected after three attempts, mark the returned check notice as “UNCOLLECTIBLE” and keep for your files.

If several checks are returned from the same person, the administrator may approve a written notice be issued to the individual stating checks will not be accepted until such time as the debts are paid in full.