

Checking Accounts

Before YOU READ

What You'll Learn

Work, spend, and play—all in a week's time. You'll work for money so it can pay for the basics in life, as well as recreation on the weekend. More than likely you'll use a checking account to hold and track your money coming and going.

Section 4-1 Compute the total checking account deposit.

Section 4-2 Write a check.

Section 4-3 Figure out the balance in a check register.

Section 4-4 Calculate the present balance on a checking account bank statement.

Section 4-5 Reconcile a check register with a bank account statement.

Section 4-6 Compute online banking charges and update the check register.

When Will You Ever Use This?

You need a place to store your money (and under your bed isn't the best place). With the bank safekeeping your money in a checking account, you have the security and the convenience of a business tracking your transactions.

Key Words to Know

- deposit
- automatic teller machine (ATM)
- personal identification number (PIN)
- checking account
- check
- check register
- balance
- bank statement
- service charge
- reconcile
- online banking

Mathematics Online

To learn more about checking accounts, visit busmath.glencoe.com.



Living in the Real World

Fleet Footed Finances

Zach Pinsky works as the manager of Fleet Footed, a shoe store that specializes in athletic shoes. He's training a new manager, Wendy Yang, who has worked in sales for three years but has no managerial experience. As the newest manager, Yang will work the evening and weekend shifts. Read how this business operates its checking account.

Read on. Go to . . .

What's in the Bag? p. 166

How to Avoid the Bounce p. 169

A Safe Habit p. 172

Timing Is Everything p. 175

Tracking Your Money p. 178

Shopping Around p. 182

Review p. 189

SECTION 4-1 Deposits

Section Objective

Compute the total checking account deposit.

You've got a check in your hand from your employer, but what good is that when you need cash to fill up the car? You'll need to **deposit** that check in your bank account. A deposit is an amount of money that you put into a bank account.

If you want to make an electronic deposit, then use the **automatic teller machine (ATM)**. To use an ATM machine you'll need an ATM card (it looks like a credit card) and a **personal identification number (PIN)**. The card allows you to access your bank account and deposit your check into the machine. Remember that:

$$\text{Total Deposit} = (\text{Currency} + \text{Coins} + \text{Checks}) - \text{Cash Received}$$

Living in the Real World

Fleet Footed Finances

What's in the Bag? "We make deposits twice a day," Pinsky explains to Yang. "When you take money to deposit in the bank, you should know how much of each kind of sales income—bills, coins, and checks—you are depositing."

Draw Conclusions What's the purpose of a deposit slip?

Continued on page 169

Need Help? Go to...

- ▶ **Workshop 4:** Adding Decimals, page 10
- ▶ **Workshop 5:** Subtracting Decimals, page 12
- ▶ **Skill 5:** Adding Decimals, page 732
- ▶ **Skill 6:** Subtracting Decimals, page 733

Example 1

Margaret Miller makes a deposit at an ATM. She has a check for \$235.42 and a check for \$55.47. She would like to receive \$40 in cash and deposit the rest of the money in her checking account. What is her total deposit?

STEP: Compute the total checking account deposit.
 $(\text{Currency} + \text{Coins} + \text{Checks}) - \text{Cash Received}$

Figure 4.1

CHECKING DEPOSIT		DOLLARS	CENTS
Margaret C. Miller			
First City Bank			
Date	March 11, 20--		
CASH	CURRENCY		
	COINS		
CHECKS	LIST SEPARATELY	7639	235 42
		11752	55 47
SUBTOTAL		290	89
◇ LESS CASH RECEIVED		40	00
TOTAL DEPOSIT		250	89

SIGN HERE IF CASH RECEIVED FROM DEPOSIT	
<i>Margaret C. Miller</i>	Miller's Account Number
753 243 3332 8765 213	

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.
Find the total deposit.

1. $(\$60.00 + \$0.90 + \$14.00) - \$0.00 =$
2. $(\$45.00 + \$80.00) - \$20.00 =$

Example 2

Manuel Romeo is making a deposit in his checking account. He has checks for \$435.20, \$271.19, and \$327.96. He has cash consisting of 15 one-dollar bills, 7 five-dollar bills, 3 ten-dollar bills, 24 quarters, 5 dimes, 15 nickels, and 14 pennies. He would like to keep \$75 in cash. What is his total deposit?

STEP: Compute the total deposit.

$$\begin{aligned} \text{The currency deposit} &= \$15 + (7 \times \$5) + (3 \times \$10) \\ &= \$15 + \$35 + \$30 \\ &= \$80 \end{aligned}$$

$$\begin{aligned} \text{The coins deposit} &= (24 \times \$0.25) + (5 \times \$0.10) + (15 \times \$0.05) + \$0.14 \\ &= \$6.00 + \$0.50 + \$0.75 + \$0.14 \\ &= \$7.39 \end{aligned}$$

Figure 4.2

CHECKING DEPOSIT		DOLLARS	CENTS
Manuel Romeo			
DATE			
<u>9/27/20--</u>			
First City Bank			
CASH		CURRENCY	80 00
		COINS	7 39
CHECKS		LIST SEPARATELY 85-40	435 20
		116-25	271 19
		897-32	327 96
SUBTOTAL		1121	74
LESS CASH RECEIVED		75	00
TOTAL DEPOSIT		1046	74

Currency + Coins + Checks →

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.
Find the total deposit.

3. Checks: \$231.09 and \$987.67.
Cash: 9 one-dollar bills, 9 five-dollar bills, 8 ten-dollar bills, 14 quarters, 25 dimes, 18 nickels, and 64 pennies. Less \$40.00 cash received.
4. Checks: \$341.79 and \$17.96.
Cash: 35 one-dollar bills, 17 five-dollar bills, 44 ten-dollar bills, 54 quarters, 36 dimes, 32 nickels, and 21 pennies.

Find the subtotal and total deposit.

	Currency	Coins	Checks	Subtotal	Less Cash Received	Total Deposit
5.	\$ 30.00	\$11.80	—	a.	—	b.
6.	74.00	9.65	—	a.	—	b.
7.	—	—	\$ 84.50 93.70	a.	\$10.00	b.
8.	—	—	124.26 48.79	a.	20.00	b.
9.	400.00	—	734.00 141.55	a.	35.00	b.
10.	975.00	40.00	986.53 91.11	a.	80.00	b.

More than 500 million checks are forged every year, according to the accounting firm Ernst & Young. Some experts estimate that check fraud costs American banks and businesses about \$50 billion per year.

- Olive Baker stops at an ATM location in the lobby of her office building. She has a paycheck for \$173.45 and a refund check for \$3. She would like to receive \$25 in cash and deposit the remaining amount. What is her total deposit?
- Jess Norton stopped at an ATM location to deposit a check for \$474.85 and a check for \$321.15. He received \$50 in cash. What was his total deposit?
- Jocelyn & Donnell Schelling made a deposit at an ATM location. Their paychecks were \$611.33 and \$701.45 and a check from their insurance company was \$75.25. They received \$150 in cash. What was their total deposit?
- Morgan Meers stopped at his bank to deposit his paycheck for \$201.20, a refund check from a store for \$19.78, and deposit \$34.23 in cash. What was his total deposit?
- Carole Winer deposits checks for \$425.22, \$883.99, and \$57.05. She has cash consisting of 45 one-dollar bills, 15 five-dollar bills, 12 ten-dollar bills, 28 quarters, 16 dimes, 19 nickels, and 65 pennies. She would like to receive \$60 in cash. What is her total deposit?
- Ignazio Rubio deposits checks for \$598.20, \$2,274.26, and \$3,248.79. He has cash consisting of 75 one-dollar bills, 78 five-dollar bills, 33 ten-dollar bills, 80 quarters, 32 dimes, 95 nickels, and 5 pennies. He would like to receive \$40 in cash. What is his total deposit?

MAINTAINING YOUR SKILLS

Need Help? Go to...

► Skill 6: Subtracting Decimals, page 733

Subtract.

17. $\$734.40 - \75.00

19. $\$718.32 - \65.00

18. $\$619.20 - \40.00

20. $\$316.37 - \55.00

SECTION 4-2 Writing Checks

Section Objective

Write a check.

First you need to open a **checking account**. This monetary account allows the holder to write checks against money that has been deposited into it. After you open a checking account and make a deposit, you can write checks. A **check** directs a bank to deduct money from your checking account to make a payment. Your account must contain as much money as the amount of the check you are writing so that you do not overdraw your account. To write checks you need to be able to write dollar amounts in *word form*, with the decimal portion expressed as a fraction.

Living in the Real World

Fleet Footed Finances

How to Avoid the Bounce Pinsky opens the book of business account checks to show Yang how the store's finances operate. He explains that managers write checks to pay for shoe shipments, employee sales bonuses, and advertising.

Draw Conclusions What does it mean if you bounce a check?

Continued on page 172

Need Help? Go to...

- **Workshop 1:** Writing and Reading Numbers, page 4
- **Skill 1:** Numbers, page 727

Example 1

Write the following in word form.

a. \$65.29

b. \$235.58

STEP: Write the amounts in word form.

a. \$65.29 in word form is **sixty-five and $\frac{29}{100}$ dollars**

b. \$235.58 in word form is **two hundred thirty-five and $\frac{58}{100}$ dollars**

CONCEPT CHECK

Complete the problems, then check your answers at the end of the chapter. Write each of the following in word form.

1. \$26.55

2. \$156.92

Example 2

Margaret Miller is buying a gift at the Department Store on March 23. The cost of the gift is \$45.78. Miller is paying by check. How should she write the check?

STEP 1: Write the date. (All writing should be in *pen*.)

STEP 2: Write the name of the person or organization to whom payment will be made.

STEP 3: Write the amount of the check as a numeral.

Continued on next page

STEP 4: Write the amount of the check in words with cents expressed as a fraction of a dollar.

STEP 5: Make a notation on the check to indicate its purpose.

STEP 6: Sign the check.

Figure 4.3

Margaret C. Miller	Date <u>March 23, 20--</u>	202 6-32/1
Pay to the order of <u>Department Store</u>	\$ <u>45.78</u>	
<u>Forty-five and $\frac{78}{100}$</u>		Dollars
<i>First City Bank</i>		
Memo <u>Kendra's Birthday</u>	<u>Margaret C. Miller</u>	
531 876 5220 2795 202		

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter. Write each of the following as a numeral.

- thirty and $\frac{20}{100}$ dollars
- three thousand two hundred fifty-six and $\frac{23}{100}$ dollars

Manuel Romeo is buying a drill press at Harry's Hardware Store. The cost is \$165.52. He is going to write a check. Answer the following questions about the check:

Figure 4.4

Manuel Romeo	Date _____	555 32-568/231
Pay to the order of <u>Harry's Hardware</u>	\$ <u>165.52</u>	
		Dollars
<i>First City Bank</i>		
Memo _____	_____	
565 851 2541 5867 555		

- To whom is the check payable?
- How do you write the amount in word form?
- What should be put in the memo portion?
- Who signs the check?

SECTION 4-2 PRACTICE

Write each amount in word form as it would appear on a check.

- \$40.40
- \$703.00
- \$63.74

SECTION 4-3 Check Registers

Section Objective

Figure out the balance in a check register.

You use a **check register** to keep a record of your deposits, electronic transfers (or automatic transfers, AT), and the checks you have written. The **balance** is the amount of money in your account. When you make a deposit, add the amount of the deposit to the balance. When you write a check or electronically transfer funds out of your account, subtract the amount from the balance.

Important Question	What Formulas Do I Use?
How do I calculate the new balance?	<p>Step 1: $\text{New Balance} = \text{Previous Balance} - \text{Check Amount} - \text{Automatic Transfers}$</p> <p>Step 2: $\text{New Balance} = \text{Previous Balance} + \text{Deposit Amount}$</p>

Living in the Real World

Fleet Footed Finances

A Safe Habit Yang notices that the Fleet Footed checkbook, which is the size of a large photo album, contains many checks printed on a single page. Each check has a “self-carbon,” which produces a copy identical to the check. In addition, Pinsky insists that the managers keep a separate check register, which is a continuous record of all checks written and deposits made. After each transaction, the manager must figure out the balance in the account.

Draw Conclusions Why is it good to get in the habit of tracking the money in your checking account?

Continued on page 175

Need Help? Go to...

- ▶ **Workshop 4:** Adding Decimals, page 10
- ▶ **Workshop 5:** Subtracting Decimals, page 12
- ▶ **Skill 5:** Adding Decimals, page 732
- ▶ **Skill 6:** Subtracting Decimals, page 733
- ▶ **Application A:** Formulas, page 760

Example 1

The previous balance in your check register is \$345.98. You make a deposit of \$75.00. You write a check for \$45.00. What is your new balance?

STEP: Figure out the balance.

$$\$345.98 + \$75.00 - \$45.00 = \$375.98 \text{ new balance}$$

CONCEPT CHECK

Complete the problems, then check your answers at the end of the chapter.

SELF-CHECK

- | | |
|--|---|
| <p>1. Balance \$1,236.29</p> <p> Deposit + 235.50</p> <p> Balance</p> <p> Amount of Check - 35.28</p> <p> Balance</p> | <p>2. Balance \$992.71</p> <p> AT - 45.20</p> <p> Balance</p> <p> Deposit + 138.84</p> <p> Balance</p> |
|--|---|

Example 2

Margaret Miller’s checking account had a balance of \$313.54. She wrote a check for \$45.78 on March 2. On March 5 the bank made an automatic transfer (AT) of \$52.55 to pay her phone bill. She made a deposit of \$240.32 on March 10. What is the new balance in Miller’s account?

STEP: Figure out the balance.

Figure 4.6

Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (–)	✓	Deposit/Credit (+)	Balance
Previous Balance – Check Amount – Automatic Transfer						313 54
202	3/2	Department Store	45 78			267 76
AT	3/5	Phone Bill	52 55			215 21
	3/10	Deposit			240 32	455 53
Previous Balance + Deposit Amount						

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.

- | | |
|--|---|
| <p>3. Balance \$625.39
 Deposit + 875.80
 Deposit + 14.27
 Balance
 Amount of Check – 953.24
 Amount of Check – 74.96
 Balance</p> | <p>4. Balance \$7,357.87
 Amount of Check – 132.75
 AT – 6,544.55
 Balance
 Deposit + 138.84
 Balance</p> |
|--|---|

SECTION 4-3 PRACTICE

Find the new balance after each check or deposit.

Check Register						
	Payment/Debit (–)	✓	Deposit/Credit (+)		Balance	
	Balance Brought Forward				→	448 35
5.	46 92					
6.			216 84			
7.	251 55					

- | | |
|--|--|
| <p>8. Your balance is \$89.75 on May 23. Deposit \$156.90 on May 30. Write a \$34.79 check on June 1. ATM withdrawal of \$50.00 on June 1. What is your new balance?</p> | <p>9. Your balance is \$131.02 on April 4. Write a \$31.28 check on April 9. Write a \$45.92 check on April 14. AT deposit of paycheck for \$215.48 on April 15. What is your new balance?</p> |
|--|--|

Continued on next page



10. Mac Valent opened a new checking account and deposited his paycheck for \$209.81. The check register shows his transactions since opening his account. What is his balance after each transaction?

Figure 4.7

Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (–)	✓	Deposit/Credit (+)	Balance
			Balance Brought Forward →			209 81
101	8/12	Electric Energy	47 15			a.
102	8/18	Grocery Store	53 03			b.
103	8/20	Department Store	107 30			c.

11. Magdala Santos's checkbook balance was \$149.21 on October 5. Her check register shows her transactions since then. What is her balance after each transaction?

Figure 4.8

Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (–)	✓	Deposit/Credit (+)	Balance
			Balance Brought Forward →			149 21
571	10/6	Pettisville Flower	45 79			a.
	10/9	Deposit			213 80	b.
572	10/10	Bookstore	16 94			c.
AT	10/19	Phone Co.	75 25			d.

12. Leah Ahren's latest transactions are shown on the check register. Find her balance after each transaction.

Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (–)	✓	Deposit/Credit (+)	Balance
			Balance Brought Forward →			397 16
916	9/20	Baggett Auto Store	83 28			a.
	9/22	Deposit			45 10	b.
917	10/3	Rolland Buchele	134 67			c.
918	10/4	First Federal S&L	201 99			d.
	10/5	Deposit			139 40	e.
919	10/19	Vollmars Ceramics	111 15			f.
920	10/20	Cash	30 00			g.
921	10/22	Rapids Pharmacy	48 92			h.

MAINTAINING YOUR SKILLS

Need Help? Go to...

- Skill 5: Adding Decimals, page 732
- Skill 6: Subtracting Decimals, page 733

Add.

13. $\$414.85 + \265.50 14. $\$845.96 + \400.00 15. $\$192.78 + \112.50
 16. $\$72.85 + \393.36 17. $\$2,371.81 + \491.48 18. $\$371.80 + \444.75

Subtract.

19. $\$579.23 - \212.60 20. $\$347.89 - \99.92 21. $\$261.85 - \8.47
 22. $\$141.82 - \64.73 23. $\$3,427.80 - \635.60 24. $\$671.82 - \314.91

SECTION 4-4 Bank Statements

Section Objective

Calculate the present balance on a checking account bank statement.

When you have a checking account, you receive a **bank statement** from the bank each month. It lists all your checks that the bank has cleared, including any automatic transfers, ATM transactions, and deposits that the bank has recorded since your last statement. A bank might tack on a **service charge** to your statement. This is a fee charged for services rendered. Here's a sample of what's explained on your account balance:

$$\text{Present Balance} = \text{Previous Balance} + \text{Deposits} - \text{Withdrawals} - \text{Service Charges} + \text{Interest}$$

Living in the Real World

Fleet Footed Finances

Timing Is Everything Yang flips through the monthly statements and notices the information they provide. Each month's statement lists the number and amount of each check that has been cashed. Photocopies of the cancelled checks are attached. In addition, the statement indicates the deposits made and a few withdrawals of cash.

Draw Conclusions What are the penalties for being overdrawn?

Continued on page 178

Need Help? Go to...

- **Workshop 4:**
Adding Decimals,
page 10
- **Workshop 5:**
Subtracting
Decimals, page 12
- **Skill 5: Adding**
Decimals, page 732
- **Skill 6: Subtracting**
Decimals, page 733
- **Application A:**
Formulas, page 760

Example 1

Your bank statement shows a previous balance of \$944.50. You make deposits of \$755.50 and \$210.40, and write checks for \$355.50 and \$125.50. You have a \$3.00 service charge and earn \$0.25 in interest. What is your present balance?

STEP: Calculate the balance in the account.

	Previous Balance	+	Deposits	-	Withdrawals	-	Service Charges	+	Interest
=	\$944.50		(\$755.50 +\$210.40)		(\$355.50 +\$125.50)		\$3.00		\$0.25
=	\$944.50		+\$965.90		-\$481.00		-\$3.00		+\$0.25
=	\$1,426.65 present balance								

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.

	Previous Balance	+	Deposits	-	Withdrawals	-	Service Charges	+	Interest	=	Present Balance
1.	\$280.00	+	\$120.00	-	\$140.00	-	\$2.50	+	\$0.30	=	
2.	275.00	+	105.00	-	312.60	-	4.00	+	0.00	=	

Example 2

Margaret Miller received her bank statement and cancelled checks for March. She checks the statement. Verify her present balance.

Figure 4.9

First City Bank			Monthly Statement					
Margaret Miller 175 LaPlas Court San Diego, California			Statement Period 3/2 through 3/31		Account Number 87652			
3/1	Previous Balance	313.54						
	2 Deposits	913.40						
	5 Withdrawals	554.54						
	Service Charge/Fee							
	Interest Earned							
4/1	Present Balance	672.40						
CHECKS								
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
202	3/2	45.78	203	3/12	137.42	204	3/19	275.81
DEPOSITS/CREDITS			PAYMENTS/DEBITS					
Date	Amount	Description	Date	Amount	Description			
3/10	240.32	Deposit	3/5	52.55	Phone Bill 11564			
3/15	673.08	Appliance Corp. Payroll 25760	3/28	42.98	Elec Pwr 11020			
DAILY BALANCE								
Daily Balance	Daily Balance	Daily Balance	Daily Balance	Daily Balance	Daily Balance			
3/1	313.54	3/5	215.21	3/12	318.11	3/19	715.38	
3/2	267.76	3/10	455.53	3/15	991.19	3/28	672.40	

STEP: Calculate the balance in the account.

$$\text{Total Deposits} = \$240.32 + \$673.08 = \$913.40$$

$$\text{Total Withdrawals} =$$

$$\$45.78 + \$137.42 + \$275.81 + \$52.55 + \$42.98 = \$554.54$$

$$\text{Previous Balance} + \text{Deposits} - \text{Withdrawals} - \text{Service Charges} + \text{Interest}$$

$$\$313.54 + \$913.40 - \$554.54$$

$$= \$672.40 \text{ balance}$$

CONCEPT CHECK

SELF-CHECK ✓

Complete the problems, then check your answers at the end of the chapter.

	Previous Balance	+	Deposits	-	Withdrawals	-	Service Charges	+	Interest	=	Present Balance
3.	\$290.00	+	\$120.00 +150.00	-	\$140.00 +110.00	-	\$2.70	+	\$0.25	=	
4.	965.15	+	125.54 +175.98	-	265.32 +210.03 + 30.20	-	2.30	+	0.00	=	

SECTION 4-4 PRACTICE

	Previous Balance	Deposits	Withdrawals	Service Charge	Interest	Present Balance
5.	\$ 40.10	\$ 200.00	\$ 190.10	\$2.34	\$ 0.00	
6.	487.67	430.75	598.17	0.00	1.38	
7.	1,949.07	4,201.00 + 750.90	319.80 + 289.34	4.15	0.00	
8.	9,421.99	7,509.23 +1,412.46 + 256.40	1,397.86 +1,209.32	5.60	12.47	

9. A portion of Takeisha Hallett's bank statement is shown. Her previous balance was \$271.31. What is her present balance?

Figure 4.10

CHECKS								
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
304	6/11	19.45	305	6/15	21.02	307	6/30	95.98
DEPOSITS/CREDITS					PAYMENTS/DEBITS			
Date	Amount	Description	Date	Amount	Description			
6/12	115.90	Deli Payroll 11002	6/26	25.85	Gas Bill 11564			
6/19	115.90	Deli Payroll 11012	6/28	2.00	Service Charge			
6/26	345.85	Deposit						

MAINTAINING YOUR SKILLS

Need Help? Go to...

- Skill 5: Adding Decimals, page 732
- Skill 6: Subtracting Decimals, page 733

Add.

10. $\$346.50 + \$215.50 + \$35.97$ 11. $\$543.07 + \$172.40 + \$351.23$
 12. $\$917.35 + \$448.55 + \$627.25$ 13. $\$43,906.54 + \$3,172 + \$4.20$

Subtract.

14. $\begin{array}{r} \$915.87 \\ - 748.42 \\ \hline \end{array}$ 15. $\begin{array}{r} \$684.31 \\ - 83.49 \\ \hline \end{array}$ 16. $\begin{array}{r} \$342.18 \\ - 191.84 \\ \hline \end{array}$ 17. $\begin{array}{r} \$2,346.39 \\ - 983.42 \\ \hline \end{array}$



SECTION 4-5

Reconciling the Bank Statement

Section Objective

Reconcile a check register with a bank account statement.

When you receive your bank statement, compare the bank statement and your check register to be sure they agree. You **reconcile** the statement to make sure it agrees with your check register. You may find some outstanding deposits (or outstanding checks) that didn't post or that didn't clear. These appear on your register but didn't reach the bank in time to list them on your statement. When comparing the two, remember that:

$$\text{Adjusted Balance} = \text{Statement Balance} - \text{Outstanding Checks/ Payments or Debits} + \text{Outstanding Deposits}$$

Living in the Real World

Fleet Footed Finances

Tracking Your Money "One of the most important jobs you will have as a manager," Pinsky says, "is reconciling the store's monthly bank statement with the information on the account's check register."

"That can be tricky," Yang says, "especially when you have a lot of outstanding checks that haven't been cashed yet."

Draw Conclusions What documents are needed to reconcile your monthly bank statement?

Continued on page 182



Example 1

Your statement balance is \$598.67. You have an outstanding check for \$125.44 and an outstanding debit of \$235.42 that didn't post yet. You also have an outstanding deposit of \$231.98. What is your adjusted balance?

STEP: Calculate the adjusted balance.

Statement Balance	−	Outstanding Checks/ Payments or Debits	+	Outstanding Deposits
\$598.67	−	(\$125.44 + \$235.42)	+	\$231.98
= \$598.67	−	\$360.86	+	\$231.98
= \$469.79 adjusted balance				

Need Help? Go to...

- ▶ **Workshop 4:** Adding Decimals, page 10
- ▶ **Workshop 5:** Subtracting Decimals, page 12
- ▶ **Skill 5:** Adding Decimals, page 732
- ▶ **Skill 6:** Subtracting Decimals, page 733
- ▶ **Application A:** Formulas, page 760

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.

- | | | | |
|-------------------------|----------|-------------------------|----------|
| 1. Statement balance | \$374.47 | 2. Statement balance | \$772.33 |
| Outstanding checks | − 238.98 | Outstanding checks | − 283.75 |
| Outstanding deposits | + 140.00 | Outstanding deposits | + 427.75 |
| Adjusted balance | | Adjusted balance | |

Example 2

Margaret Miller’s check register balance is \$2,261.50. She compares her statement and check register. For each check and deposit listed on her statement, she places a check mark next to the information in her register. She notes that the bank paid her \$0.86 in interest. Miller finds these outstanding checks and deposits:

Check #525 \$341.50 Check #527 \$266.25 Deposit \$709.75


How does Miller reconcile her statement?

STEP: Reconcile the balance.

Miller uses the reconciliation form on the back of her bank statement to reconcile her account.

Figure 4.11

Reconciliation Statement				
Check Register Balance	\$2,261.50	Statement Balance		\$2,160.36
Service Charges/ Fees		Outstanding Checks/ Payments/Debits		
		Check #525	\$341.50	
Interest	+0.86	Check #527	266.25	
		(Total outstanding checks/payments/debits)		−607.75
		Outstanding Deposits/ Credits		
		Deposit	709.75	+709.75
New Balance	\$2,262.36	Adjusted Balance		\$2,262.36



$2261.50 + 0.86 = 2262.36$
 $341.50 + 266.25 \text{ M+ } 2160.36 - \text{RM} = 607.75 =$
 $1552.61 + 709.75 = 2262.36$

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.

3. Asuko Naito’s check register balance is \$8,754.33. He compares his statement with his check register. He notes that the bank paid him \$2.86 in interest and charged him \$1.20 for bill payment fees. He finds these outstanding checks and deposits:
- Check #845 \$751.75 Check #847 \$2,455.89 Deposit \$805.14

Continued on next page

Reconcile the statement by filling in the blanks.

Figure 4.12

Reconciliation Statement				
Check Register Balance	\$8,754.33	Statement Balance		\$11,158.49
Service Charges/ Fees	a.	Outstanding Checks/ Payments/Debits		
		Check #845	\$ 751.75	
Interest	b.	Check #847	2,455.89	
		(Total outstanding checks/payments/debits)		d.
		Outstanding Deposits/ Credits		
		Deposit	805.14	e.
New Balance	c.	Adjusted Balance		f.

SECTION 4-5 PRACTICE

Complete the table. Do the register and statement balances agree?

	Check Register Balance	Interest	Service Charge/Fees	New Balance	Statement Balance	Outstanding Checks	Outstanding Deposits	Adjusted Balance
4.	\$ 147.60	\$ 0.00	\$4.70	a.	\$ 388.29	\$345.39	\$ 100.00	b.
5.	505.85	0.00	9.80	a.	507.21	132.90	121.74	b.
6.	1,439.76	7.13	0.00	a.	1,360.44	432.81	519.26	b.
7.	4,581.62	22.91	0.00	a.	1,328.66	421.99	3,697.86	b.

8. David Cassadore received his bank statement and cancelled checks for the period ending November 20. He compared the check register (Figure 4.13a) with the cancelled checks and deposits listed on the statement (Figure 4.13b), then placed a check mark next to the items processed. He reconciles the bank statement (Figure 4.13c).
- What total amount does he have in outstanding checks?
 - What total amount does he have in outstanding deposits?
 - What is his adjusted balance?
 - What is his new check register balance?
 - Do the register and adjusted balances agree?

Figure 4.13a

Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (-)	✓	Deposit/Credit (+)	Balance
			Balance Brought Forward →			389 49
047	11/03	Country Pride	47 29	✓		342 20
	11/04	Deposit		✓	400 00	742 20
048	11/09	General Telephone Co.	37 35	✓		704 85
	11/15	Cash	50 00	✓		654 85
	11/20	Deposit			191 37	846 22
049	11/20	Consumer Power Co.	44 89			801 33

Figure 4.13b

Sky Bank			Monthly Statement		
David Cassadore			Statement Period 10/20 through 11/20		Account Number 83-30283
10/20	Previous Balance	389.49			
	1 Deposit	400.00			
	3 Withdrawals	134.64			
	Service Charge/Fee	6.50			
	Interest Earned				
11/20	Present Balance	648.35			
CHECKS					
Check	Date	Amount	Check	Date	Amount
047	11/03	47.29	048	11/09	37.35
DEPOSITS/CREDITS			PAYMENTS/DEBITS		
Date	Amount	Description	Date	Amount	Description
11/04	400.00	Deposit	11/15	50.00	ATM Cash
DAILY BALANCE					
Daily Balance		Daily Balance		Daily Balance	
10/20	389.49	11/04	742.20	11/15	654.85
11/03	342.20	11/09	704.85	11/20	648.35

Figure 4.13c

Reconciliation Statement				
Check Register Balance	\$801.33	Statement Balance		\$648.35
Service Charges/ Fees	6.50	Outstanding Checks/ Payments/Debits		
		Check #049	\$ 44.89	
Interest	0.00	(Total outstanding checks/payments/debits)		a.
		Outstanding Deposits/ Credits		
		Deposit	191.37	b.
New Balance	d.	Adjusted Balance		c.

Need Help? Go to...

► Skill 6: Subtracting
Decimals, page 733

Subtract.

- | | | |
|-------------------------|-------------------------|------------------------|
| 9. \$412.30 - \$1.25 | 10. \$219.63 - \$2.50 | 11. \$96.78 - \$3.00 |
| 12. \$349.82 - \$116.78 | 13. \$491.60 - \$247.83 | 14. \$127.80 - \$64.92 |

MAINTAINING YOUR SKILLS

SECTION 4-6 Online Banking

Section Objective

Compute online banking charges and update the check register.

It's 1 A.M. and you're dying to know your account balance. Or perhaps it's snowing out and you need to transfer some funds. **Online banking**, or Internet banking, allows you to bank from anywhere. All you need is a connection to the Internet, and you can access your account(s) round-the-clock, even on weekends.

Once you've logged onto your account at the online bank, you can:

Figure 4.14

Online Banking Charges	
Service	Fee
Basic Monthly Charge	\$ 6.95
Bill Payment—first 5 N/C	0.50
Printed Statement	4.00
Replace Lost Card	5.00
Overdraft	25.00
International Wire Transfer	20.00
ATM Transaction Charges	
Local Network	N/C
Regional Network Surcharge	1.00
National Network Surcharge	2.00
Out-of-Network Surcharge	3.00
Cash Advance—2.00% of Amt. \$10.00 Max	

- transfer funds from checking to savings or savings to checking,
- make loan payments from checking to loan accounts,
- make payments to third parties (such as utility companies),
- get information about account balances, previous deposits, previous withdrawals, and loan balances.

You may be charged a fee for these services. **Figure 4.14** shows some online banking charges.

Remember that:

$$\text{Total Fees} = \text{Basic Charge} + \text{Bill Payments} + \text{Statement} + \text{ATM Surcharge} + \text{Cash Advance Fee}$$

Living in the Real World

Fleet Footed Finances

Shopping Around Pinsky's boss has asked him to look into how Fleet Footed might pay less in bank service fees. Pinsky is a big fan of online banking—your account is available and live 24 hours a day, 7 days a week. He starts shopping around for rates and packages presented by online banks, and then presents his findings to his manager.

Draw Conclusions How might online banking affect Pinsky's knowledge of the money in Fleet Footed's bank account?

Continued on page 189

- **Workshop 18:**
Reading Tables and Charts, page 38
- **Workshop 36:**
Problem Solving Strategy: Using Simple Algebraic Operations, page 74
- **Workshop 30:**
Problem Solving Strategy: Identifying Information, page 62
- **Application A:**
Formulas, page 760
- **Application B:**
More Formulas, page 761
- **Application C:**
Tables and Charts, page 762

SELF-CHECK**Example 1**

Tiwana Gombash uses online banking. She pays the basic charge, 7 bills, plus she requests a printed statement. She also has ATM transactions, including 1 out-of-network, and a cash advance of \$400.00. What are her total fees for the month?

STEP: Add the fees.

Basic Charge	+	Bill Payments	+	Statement	+	ATM Surcharge	+	Cash Advance Fee
\$6.95	+	\$0.50(7 - 5)	+	\$4.00	+	\$3.00	+	(2% × \$400)
\$6.95	+	\$1.00	+	\$4.00	+	\$3.00	+	\$8.00
= \$22.95 total fees								



$$6.95 \text{ M+ } 0.50 \text{ × } 2.00 \text{ M+ } 4.00 \text{ M+ } 3.00 \text{ M+}$$

$$400.00 \text{ × } 0.02 \text{ M+ MR } 22.95$$

CONCEPT CHECK

Complete the problems, then check your answers at the end of the chapter. Use Figure 4.14 on page 182 to compute the total fees.

1. Service: Basic charge, 8 bills paid, lost card replacement.
ATM: 2 National, 2 Out-of-Network.
2. Service: Basic charge, 6 bills paid, 1 overdraft.
ATM: 3 Regional, \$500 advance.

When you bank online, you need to maintain a check register to keep a record of your finances. One feature of online banking is that you can download your current online transactions and put the information into a computer program (such as an Excel spreadsheet, Microsoft Money, or Quicken) that will contain a check register.

Example 2

On March 15, Tiwana Gombash uses online banking and downloads these transactions so she can put them on her spreadsheet where she keeps a check register. Note that the transactions since her last log on are shown.

Continued on next page

Figure 4.15

Date	Amount	Check Number	Description
03/06/20--	400.00		ATM Withdrawal
03/06/20--	2.00		ATM National Network Fee
03/15/20--	1661.57	+	Payee/Description: AT DEPOSIT Memo: COMPUTER INC. EDIPAYMENT 0555
03/15/20--	0.50		Memo: BILL PAYMENT FEE
03/15/20--	0.50		Memo: BILL PAYMENT FEE
03/15/20--	3341.29		CREDIT CARD PYMT TO 004:555-555 Online Payment
03/15/20--	100.00		FINDLAY YOUTH PYMT TO 009:W555 Online Payment
03/15/20--	30.55	1289	CHECK Memo: Food Town
03/15/20--	153.39		AT WITHDRAWAL Memo: INSURANCE 031202

Update the check register.

STEP: Compute the new balance.

Gombash had check number 1288 entered and started with a balance of \$2,895.90 – \$59.46 = \$2,836.44. She subtracted the \$400.00 ATM withdrawal and the \$2.00 ATM fee. Then she added the payroll check and subtracted the other items. **The new balance is \$469.78.**

Figure 4.16

Check Register						
Trans. Type or Check No.	Date	Description of Transaction	Payment/ Debit (–)	✓	Deposit/ Credit (+)	Balance
Balance Brought Forward →						2,895 90
1288	12-Mar	Fabric Store	59 46			2,836 44
ATM	06-Mar	ATM withdrawal	400 00			2,436 44
ATM	06-Mar	ATM fee	2 00			2,434 44
AT	15-Mar	Computer Inc. Payroll			1,661 57	4,096 01
Online	15-Mar	Bill Payment Fee	0 50			4,095 51
Online	15-Mar	Bill Payment Fee	0 50			4,095 01
Online	15-Mar	Credit Card Pmt	3,341 29			753 72
Online	15-Mar	Findlay Youth Pmt	100 00			653 72
1289	15-Mar	Food Town	30 55			623 17
AT	15-Mar	Insurance Company	153 39			469 78

CONCEPT CHECK

SELF-CHECK

Complete the problems, then check your answers at the end of the chapter.

- Tiwana Gombash (from Example 2) had these online transactions on April 1. Note that the balance is \$871.78.

Figure 4.17

Date	Amount	Check Number	Description
04/01/20--	1661.57	+	Payee/Description: AT DEPOSIT Memo: COMPUTER INC. EDIPAYMENT 0555
04/01/20--	0.50		Memo: BILL PAYMENT FEE
04/01/20--	38.49		WIRELESS STORE TO 003:4555-555 ONLINE PAYMENT
04/01/20--	14.07	1290	CHECK Memo: Office Supply
04/01/20--	86.95		Payee/Description: AT WITHDRAWAL Memo: GAS OH SERV PYMT 031202

Complete the check register for these transactions.

Figure 4.18

Check Register						
Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (-)	✓	Deposit/Credit (+)	Balance
Balance Brought Forward						871.78
AT	01-Apr	Payroll			a.	b.
Online	01-Apr	Bill Payment Fee	c.			d.
Online	01-Apr	Wireless Service	e.			f.
1290	01-Apr	Office Equip.	g.			h.
AT	01-Apr	Gas Comp.	i.			j.

SECTION 4-6 PRACTICE

Use Figure 4.14 on page 182 to determine the total fees.

- Service: Basic charge, 9 bills paid, lost card replacement.
ATM: 3 National, 3 Out-of-Network.
- Service: Basic charge, 8 bills paid, 1 overdraft.
ATM: 3 Regional, \$450 cash advance.

Continued on next page



6. On June 15 Benton Andrews uses First USA online banking and downloads these transactions so he can put them on his spreadsheet where he keeps a check register. Use **Figure 4.19a** to complete the check register for the transactions on **Figure 4.19b**.

Figure 4.19a

Date	Amount	Check Number	Description
06/01/20--	6.95		Online Banking Basic Charge
06/05/20--	250.00		ATM Withdrawal
06/12/20--	5,850.00	+	AT DEPOSIT Memo: Transfer from Savings Act. 066555
06/15/20--	0.50		Memo: BILL PAYMENT FEE No. 6
06/15/20--	0.50		Memo: BILL PAYMENT FEE No. 7
06/15/20--	557.86		Credit Card PYMT TO 008-555-555 Online Payment
06/15/20--	35.00		Fair Board Trophy PYMT TO 002:W6555 Online Payment
06/15/20--	85.55	789	CHECK Memo: Food
06/15/20--	853.39		AT WITHDRAWAL Memo: Real Estate Taxes

Figure 4.19b

Check Register							
Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (-)	✓	Deposit/Credit (+)	Balance	
Balance Brought Forward →						1,574	99
Bank Charge	01-June	Online Basic Charge	a.			b.	
ATM	05-June	ATM Withdrawal	c.			d.	
AT	15-June	Transfer from Savings			e.	f.	
Online	15-June	Bill Payment Fee	g.			h.	
Online	15-June	Bill Payment Fee	i.			j.	
Online	15-June	Credit Card Payment	k.			l.	
Online	15-June	Fair Board Trophy	m.			n.	
789	15-June	Food	o.			p.	
AT	15-June	Real Estate Taxes	q.			r.	

7. **Figure 4.20** shows George Kaquatosh’s end-of-month bank statement. Notice the last activity is at the top of the list. *Start at the bottom of the list and calculate the balance for each date shown.*

Figure 4.20

National City—Online Banking				
Account: Checking 555-561-663				ACTIVITY
Date	Amount		Check	Description
d.	01-Apr	?		Balance
	01-Apr	\$ 6.95		Online Banking Fee
	31-Mar	78.94	5174	
	31-Mar	25.00	5172	
	31-Mar	321.20		Debit Card, Dept. Store—Point-of-Sale Purchase
	31-Mar	172.73	5167	
	31-Mar	24.95	5170	
	31-Mar	252.70	5161	
	31-Mar	147.80		AT—American Electric Power
c.	31-Mar	?		Balance
	20-Mar	150.00		ATM Withdrawal
	20-Mar	2.00		ATM National Network Chg.
	20-Mar	0.50		Bill Payment Fee No. 8
	20-Mar	1,095.73		Household Credit Online Pmt. 200-55-5555
	20-Mar	65.32	5165	
	20-Mar	495.72	5166	
b.	20-Mar	?		Balance
	19-Mar	2,458.50	“+”	AT—Payroll MSNBC Inc.
	19-Mar	45.62		Debit Card, Joe’s Pizza—Point-of-Sale Purchase
	19-Mar	0.50		Bill Payment Fee No. 7
	19-Mar	365.89		Commercial Truck Plate—Online Pmt.
a.	19-Mar	?		Balance
	10-Mar	0.50		Bill Payment Fee No. 6
	10-Mar	468.52		Credit Card Pmt.
	10-Mar	300.00		ATM Withdrawal
	10-Mar	3.00		ATM Out of Network Charge
	01-Mar	2,365.99		Balance

MAINTAINING YOUR SKILLS

Need Help? Go to...

- **Skill 6: Subtracting**
Decimals, page 733
- **Skill 5: Adding**
Decimals, page 732

Subtract.

- | | |
|---|--|
| <p>8. \$9,887.89 – \$23.61</p> <p>10. \$564,648.50 – \$1,568.39</p> | <p>9. \$16,246.64 – \$887.35</p> <p>11. \$942.35 – \$58.28</p> |
|---|--|

Add.

- | | |
|---|--|
| <p>12. \$568.35 + \$98.23</p> <p>14. \$791.29 + \$54.68</p> | <p>13. \$89,564.89 + \$85.21</p> <p>15. \$231.31 + \$50.00</p> |
|---|--|

SECTION 4-1

CONCEPT CHECK (p. 167)

- $(\$60.00 + \$0.90 + \$14.00) = \74.90
- $(\$45.00 + \$80.00) - \$20.00 = \105.00
- Checks: $\$231.09 + \$987.67 = \$1,218.76$
Cash: $\$9.00 + (9 \times \$5 = \$45) + (8 \times \$10 = \$80) = \134.00
Coins: $(14 \times 0.25 = \$3.50) + (25 \times \$0.10 = \$2.50) + (18 \times \$0.05 = \$0.90) + (\$0.64) = \$7.54$
Total: $\$1,218.76 + \$134.00 + \$7.54 = \$1,360.30 - \$40.00 = \$1,320.30$
- Checks: $\$341.79 + \$17.96 = \$359.75$
Cash: $\$35.00 + (17 \times \$5 = \$85) + (44 \times \$10 = \$440) = \560.00
Coins: $(54 \times 0.25 = \$13.50) + (36 \times \$0.10 = \$3.60) + (32 \times \$0.05 = \$1.60) + (\$0.21) = \$18.91$
Total: $\$359.75 + \$560.00 + \$18.91 = \938.66

SECTION 4-2

CONCEPT CHECK (p. 169, 170)

- Twenty-six and $\frac{55}{100}$ dollars
- One hundred fifty-six and $\frac{92}{100}$ dollars
- \$30.20
- \$3,256.23
- Harry's Hardware
- One hundred sixty-five and $\frac{52}{100}$ dollars
- Drill press
- Manuel Romeo

SECTION 4-3

CONCEPT CHECK (p. 172, 173)

- \$1,471.79; \$1,436.51
- \$947.51; \$1,086.35
- \$1,515.46; \$487.26
- \$680.57; \$819.41

SECTION 4-4

CONCEPT CHECK (p. 176, 177)

- \$257.80
- \$63.40
- \$307.55
- \$758.82

SECTION 4-5

CONCEPT CHECK (p. 179, 180)

- \$275.49
- \$916.33
- a. \$1.20 b. \$2.86
c. \$8,755.99 d. \$3,207.64
e. \$805.14 f. \$8,755.99

SECTION 4-6

CONCEPT CHECK (p. 183, 185)

- Total Fees: $\$6.95 + \$0.50(8 - 5) + \$5.00 + (2 \times \$2.00) + (2 \times \$3.00)$
 $= \$6.95 + \$1.50 + \$5.00 + \$4.00 + \$6.00 = \23.45
- Total Fees: $\$6.95 + \$0.50(6 - 5) + \$25.00 + (3 \times \$1.00) + (2\% \times \$500)$
 $= \$6.95 + \$0.50 + \$25.00 + \$3.00 + \$10.00 = \45.45
- a. \$1,661.57 b. \$2,533.35 c. \$0.50 d. \$2,532.85
e. \$38.49 f. \$2,494.36 g. \$14.07 h. \$2,480.29
i. \$86.95 j. \$2,393.34

Living in the Real World

Fleet Footed Finances

Review Keeping a close eye on your checking account balance keeps you “in check,” and it makes you a smart consumer. When you’re aware of how much you’ve got to spend, you’ll start to spend more wisely and choose things you need and can afford, as opposed to what you want.

Calculating. Ask your family if you can be in charge of calculating and reconciling the family checking account for two months. Each day, record in the check register checks, transferred funds, and deposits. Then calculate the balance. When the monthly statement arrives, reconcile it with the balance in the check register. If there is a discrepancy, try to figure out why.

Researching. Call your local bank and find out what happens when a bank customer bounces a check. Must a deposit be posted by mid-afternoon to be recorded as deposited on that day? What about a withdrawal? Has the speed of electronic banking affected the number of overdrawn accounts? What happens if someone chronically overdraws his or her account? Does the bank take some kind of action? Does it affect the customer’s credit rating?



After YOU READ

REVIEW OF KEY WORDS

automatic teller machine (ATM) (p. 166)

personal identification number (PIN) (p. 166)

deposit (p. 166)

check register (p. 172)

balance (p. 172)

reconcile (p. 178)

online banking (p. 182)

checking account (p. 169)

check (p. 169)

bank statement (p. 175)

service charge (p. 175)

Match one of the key words above with a definition below.

- to obtain agreement between two financial records by accounting for outstanding items.
- the amount of money that you put into an account.
- the amount of money in your account.
- a written order directing the bank to deduct money from your checking account to make a payment.
- a record prepared by the bank listing all transactions the bank has recorded.
- a type of account that allows you to pay for goods and services with a written order instead of cash.
- the ledger where you record the deposits you made and the checks you’ve written.
- a fee charged by the bank for handling your account.
- an electronic process of paying bills while connected to the Internet.

Skills and Concepts

SECTION OBJECTIVE 4-1 AND EXAMPLES

Compute the total checking account deposit.

Robin Jenkins deposited currency totaling \$119.00 and coins totaling \$12.36. She also deposited a check for \$532.19. What was her total deposit?

STEP: Compute the total checking account deposit.

$$(\text{Currency} + \text{Coins} + \text{Checks}) - \text{Cash Received}$$

$$\$119.00 + \$12.36 + \$532.19 = \$663.55 \text{ total deposit}$$

REVIEW EXERCISES

10. Christopher Cummings deposited a check for \$86.55 and a check for \$387.44. He received \$75.00 in cash. What was his total deposit?
11. Achak Akule has a check for \$256.00 and a check for \$194.55. He would like to deposit the checks and receive 3 ten-dollar bills, 7 one-dollar bills, 8 quarters, and 3 dimes. What is his total deposit?
12. You deposit the following in your checking account: 13 one-dollar bills, 8 five-dollar bills, 11 half-dollars, 18 quarters, 109 dimes, 63 nickels, 12 pennies, and a check for \$25.66. What is your total deposit?
13. You deposit a check for \$287.66 and one for \$873.55 in your checking account. You would like to receive 3 ten-dollar bills, 4 one-dollar bills, 16 quarters, and 13 dimes. What is your total deposit?

SECTION OBJECTIVE 4-2 AND EXAMPLES

Write a check.

STEP: Write \$403.98 in words as it would appear on a check.

Four hundred three and $\frac{98}{100}$ dollars

REVIEW EXERCISES

14. Carla Caputo wrote a check to Archer's Grocery Store in the amount of \$57.02. Write the amount of the check in words with cents expressed as a fraction of a dollar.
15. Keisha Jackson wrote a check to Greenstone Electric in the amount of \$123.45. Write the amount of the check in words with cents expressed as a fraction of a dollar.

Write each amount in word form as it would appear on a check. Some amounts might require that the cents be expressed as a fraction of a dollar.

- | | |
|--------------|-----------------|
| 16. \$845.00 | 18. \$13,586.16 |
| 17. \$54.33 | 19. \$387.21 |

SECTION OBJECTIVE 4-3 AND EXAMPLES

Figure out the balance in a check register.

Harrison Rohen’s checkbook balance was \$376.22 on May 25. His check register shows the transactions since. What is his balance after each transaction?

STEP: Figure out the balance.

$\text{New Balance} = \text{Previous Balance} - \text{Check Amount}$

$\text{New Balance} = \text{Previous Balance} + \text{Deposit Amount}$

Check Register						
Trans. Type or Check No.	Date	Description of Transaction	Payment/Debit (-)	✓	Deposit/Credit (+)	Balance
Balance Brought Forward						376 22
234	6/27	ABC Cable TV	34 12			a.
235	6/28	Water Company	15 77			b.
	6/28	Deposit			776 50	c.
236	6/29	Carolina Apt.	540 00			d.

- a. \$342.10 b. \$326.33 c. \$1,102.83 d. \$562.83

REVIEW EXERCISES

Find the new balance after each check or deposit.

Check Register						
	Payment/Debit (-)	✓	Deposit/Credit (+)			Balance
	Balance Brought Forward					398 12
20.	112 21					
21.			186 34			
22.	28 27					
23.	129 11					

SECTION OBJECTIVE 4-4 AND EXAMPLES

Calculate the present balance on a checking account bank statement.

Kippen Carter received his checking account statement and cancelled checks for July. His previous balance was \$966.51. What is his present balance?

STEP: Calculate the new balance.

$\text{Previous Balance} + \text{Deposits Recorded} - \text{Checks Paid} - \text{Service Charge} + \text{Interest}$

Continued on next page

Checks and Other Charges			Deposits and Credits		Balance
Date	Number	Amount	Date	Amount	
7/06	213	\$712.90	7/08	\$112.54	
7/14	214	34.29	7/15	459.96	
			Interest	1.29	
Service Charge		5.60	Deposit	572.50	

$\$966.51 + \$572.50 - \$747.19 - \$5.60 + \$1.29 = \787.51 present balance

REVIEW EXERCISES

24. Berta Varblow received her checking account statement and cancelled checks for November. Her previous balance was \$851.97. What is her present balance?

Checks and Other Charges			Deposits and Credits		Balance
Date	Number	Amount	Date	Amount	
3/17	333	\$ 34.55	3/18	\$259.00	
3/18	334	123.44	3/20	102.00	
3/22	335	210.00	3/21	50.00	
Service Charge		3.45			

	Previous Balance	Total Deposits	Total Checks	Service Charge	Interest	Present Balance
25.	\$405.80	\$ 76.13	\$300.00	\$5.00	\$0.00	
26.	187.90	1,200.99	456.66	0.00	2.23	
27.	73.66	1,395.44	123.99	2.45	1.96	
28.	755.32	231.33	878.66	2.50	2.88	

SECTION OBJECTIVE 4-5 AND EXAMPLES

Reconcile a check register with a bank account statement.

STEP: Calculate the adjusted balance.

Statement Balance – Outstanding Checks + Outstanding Deposits



Check Register Balance	\$4,561.20	\$357.99
Interest	6.59	2.33
Service Charge	5.05	2.15
New Balance	a.	c.
Statement Balance	3,987.00	476.35
Outstanding Checks	75.74	435.18
Outstanding Deposits	651.48	317.00
Adjusted Balance	b.	d.

- a. $\$4,561.20 + \$6.59 - \$5.05 = \$4,562.74$
- b. $\$3,987.00 - \$75.74 + \$651.48 = \$4,562.74$
- c. $\$357.99 + \$2.33 - \$2.15 = \358.17
- d. $\$476.35 - \$435.18 + \$317.00 = \358.17

REVIEW EXERCISES

Complete the table.

	Check Register Balance	Interest	Service Charge	New Balance	Statement Balance	Outstanding Checks	Outstanding Deposits	Adjusted Balance
29.	\$176.55	\$0.00	\$4.34		—	—	—	—
30.	525.79	0.00	5.05		—	—	—	—
31.	—	—	—	—	\$477.09	\$404.93	\$100.05	
32.	—	—	—	—	306.55	129.65	343.84	

SECTION OBJECTIVE 4-6 AND EXAMPLES

Compute online banking charges and update the check register.

Hasheem Warren uses online banking. Last month, Hasheem had these charges: basic charge of \$7.50, 8 service charges at \$0.50 each, and \$4.00 for a printed statement. Hasheem also had ATM fees of \$3.00 for out-of-network use and a cash advance fee of 2 percent of \$300. What are the total fees?

STEP: Add the fees.

$$\begin{aligned}
 &\text{Basic Charge} + \text{Bill Payments} + \text{Statement} + \text{ATM Surcharge} + \text{Cash Advance Fee} \\
 &\$7.50 + (8 \times \$0.50) + \$4.00 + \$3.00 + (0.02 \times \$300) \\
 = &\$7.50 + \$4.00 + \$4.00 + \$3.00 + \$6.00 \\
 = &\$24.50 \text{ total fees}
 \end{aligned}$$

REVIEW EXERCISES

- 33. Tula Woods uses online banking. Last month Woods had these charges: basic charge of \$6.95, 7 service charges at \$0.50 each, and \$5.00 to replace a lost card. Woods also had ATM fees of \$4.00 for out-of-network use and a cash advance fee of 2 percent of \$200. What are the total fees?
- 34. Rufus Collier uses Savings and Loan online banking. Last month Collier had these charges: basic charge of \$7.95, 6 service charges at \$0.70 each, and \$25.00 for an overdraft charge. He also had ATM fees of \$2.00 for using the regional network and a cash advance fee of 2.5 percent of \$400. What are the total fees?