

RECONCILING SECURITY DEPOSIT ACCOUNTS

1. Your Security Deposit (SD) Liability Account should equal the amount of security deposits listed on the rent roll (Cash Basis).

SD LIAB = SD ON RENT ROLL
2. The sum of your Security Deposit Liability account plus your Interest on Deposits account should equal the amount in your Security Deposit Cash Account (Cash Basis).

SD LIAB + SD INT = SD CASH
3. Run the Security Deposit Activity Report (Analytics~Operations~Residential, Report Type: Security Deposit Activity)
 - A. Note the Total Deposits on Hand
 - B. Note the Total (Prpd)/Delinq Deposits
4. Run the Trial Balance Report (Analytics~Financial~Financial, Book: Accrual, Report Type: Trial Balance)
 - A. Balance in Security Deposit Liability Account on the Trial Balance should tie to Total Deposits on Hand plus Total (Prepd)/Delinq Deposits on the Security Deposit Activity report.
5. Run the Trial Balance Report (Analytics~Financial~Financial, Book: Cash, Report Type: Trial Balance)
 - A. Balance in Security Deposit Liability Account on the Trial Balance should tie to Total Deposits on Hand on the Security Deposit Activity report.
6. Common reasons for differences between the Security Deposit Report and the General Ledger:
 - A. Journal Entries posted to Security Deposit Liability account.
 - B. Security Deposit Refund Payables coded directly to Security Deposit Liability account rather than clearing account.

Note: Each client is unique. Please contact MM Consulting Solutions if you would like to develop a custom solution for your business.