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Financial Accounting Duties

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Financial Accounting Duties

Reference Number: CTAS-815

The register must keep a record of all funds received by the office. The register is under a duty to use a system of accounting approved by the Comptroller of the Treasury. T.C.A. § 9-2-102. The register should enter in a cash journal (whether kept in book form or on computer media) the date of collection, the name of the person or entity from whom funds are collected, the amount collected, and an earmarking of these funds as a fee or tax. The cash journal should also show disbursements from the account of the register to the county trustee or to the State Department of Revenue.

The accounting system is a double entry system which allows for verification of accounting accuracy through trial balances wherein debits and credits should equal. At least two accounts are affected by each transaction. Debits, or charges, increase the balance of asset and expenditure accounts and decrease the balance of liability, revenue, reserve, or surplus accounts. Credits perform the opposite of debits. Credits decrease the balance of asset and expenditure accounts, and increase the balance of liability, revenue, reserve, or surplus accounts. The trial balance tests whether or not the total debit entries equal the total credit entries. Depending upon whether or not the county has centralized accounting, either the register or the accounting officials use this information to form a general ledger, and from the general ledger an operating statement may be made which details the financial transactions of the office. Operating statements are made on a monthly, quarterly and annual basis. Also, special reports may be requested by the county legislative body.

The complexity of the accounting performed by the register will depend in part on whether or not the register turns over all fees to the county trustee on a monthly basis, or whether only surplus fees are turned over quarterly. The county legislative body, by resolution, determines whether or not the fees are remitted monthly, or whether excess fees are remitted quarterly. T.C.A. § 8-22-104. If the fees are remitted monthly, the only disbursements that a register will have will be to the county trustee and to the State Department of Revenue. Conversely, if the register only remits excess fees quarterly to the county trustee, then the register will have disbursements for such items as the salary of the deputies and assistants as well as the register's salary.

Deposits and Bank Accounts-Register of Deeds

Reference Number: CTAS-817

The register, along with every other county official that handles public funds, is required to maintain an official bank account in a bank within this state, and is required to deposit all public funds received into an official bank account within three (3) days of receipt of the funds. Also, the register is authorized to enter into agreements with the bank and with other financial institutions as necessary for the maintenance of collateral to secure the funds on deposit.

The register is required to make all disbursements by consecutively pre-numbered checks drawn on the official bank account. T.C.A. § 5-8-207(b).

A violation of any of the duties regarding deposits and the official bank account is a Class C misdemeanor. T.C.A. § 5-8-207.

Form of Payment

Reference Number: CTAS-818

A register may receive in payment of fees and taxes currency of the United States, checks, money orders, credit cards or debit cards. The county legislative body is authorized by resolution to waive the processing fee that is otherwise added to the amount collected when payment is by credit card or debit card. T.C.A. § 9-1-108.

Receipts

Reference Number: CTAS-819

Whenever the register receives any money in his or her official capacity, the register must issue to the payer a receipt and retain a duplicate in the office. T.C.A. § 9-2-103. The duplicate copy of the receipt must be retained by the register (for at least five (5) years) and be available to state auditors upon demand. The receipts must be consecutively numbered and kept in a well-bound book or in a manner approved by the Comptroller of the Treasury. T.C.A. § 9-2-104.

Reports-Register of Deeds

Reference Number: CTAS-820

County Reports. The register is required to keep a complete account of every fee collected and file an itemized statement monthly, under oath, with the county mayor / executive. T.C.A. § 8-22-104(a). This is often called the "fee and commission" report. Also, in each county which does not have a central accounting system approved by the Comptroller of the Treasury, the register must file a sworn quarterly report with the county mayor / executive showing financial activity by fund accounts which must show all accounts payable and other obligations. A copy of this report must be filed with the county clerk. T.C.A. § 9-2-137. For counties under centralized accounting systems, the register should consult with the financial officers of the county to insure compliance with the reporting rules applicable in the county.

Report of State Taxes Collected. All registers must make monthly reports of the state taxes collected to the Department of Revenue on forms prescribed by the Commissioner of Revenue. T.C.A. § 67-4-409(d). These reports are filed with the Department of Revenue and the taxes collected are remitted by the fifteenth day of the month following the month wherein the funds were collected. T.C.A. § 67-4-213, 67-4-409(d). If the reports and remittances to the state are not made on time, the register forfeits the commission on the delinquent amount and is subject to payment of a penalty of five percent (5%) of the unpaid tax amount for each thirty (30) days or fraction thereof that the tax remains unpaid, up to a maximum of twenty-five percent (25%) of the unpaid amount. When a report or return is delinquent, a minimum penalty of fifteen dollars (\$15.00) is imposed, regardless of the amount of tax due or whether there is any tax due. Additionally, if the Commissioner of the Department of Revenue determines that the failure to report and pay is due to negligence, a penalty of ten percent (10%) of the underpayment is imposed. T.C.A. § 67-1-804.

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