

## Basic Steps for Annual Accountings

You are advised to consult with an attorney concerning all aspects of your duties as a personal representative. The following is for informational purposes only.

### **TAKE NOTICE**

FAILURE TO PRODUCE A PROPER ACCOUNTING MAY RESULT IN PERSONAL LIABILITY TO YOU.

Sending to the Court Clerk a box of receipts or a stack of bank statements does not satisfy your accounting duties. It is YOUR obligation to produce a line-by-line accounting for the Court's review.

Anything less than a detailed accounting may be rejected by the Court and result in personal liability to you.

**Step 1:** Start with the BEGINNING BALANCE for the accounting period.

- Initial Period
  - If this will be your first accounting period since being appointed as the personal representative, your beginning amount will be the monies and assets turned over to you when you were appointed.
- Subsequent Periods
  - For all other periods other than the first accounting period, your beginning balance will be the ending balance brought forward from the prior accounting period.

**Step 2:** Make a list of each item of INCOME received during the accounting period.

- List each deposit made into the account individually. For each item, indicate the source, amount and date of each deposit. The list must include deposits made into the account of every type, to name a few:
  - social security benefits
  - VA benefits
  - retirement benefits
  - interest from all accounts
  - dividends
  - gifts

**Step 3:** Add together all items of INCOME listed in Step 2.

- Calculate the total of all income received. This number will be used in Step 4.

**Step 4:** Add the BEGINNING BALANCE and the INCOME = "TOTAL CHARGE"

- Add together the beginning balance from Step 1 and the total income received during the accounting period from Step 3.
  - This is the total amount of property you were in charge of during the accounting period.

**Step 5:** List all EXPENDITURES for the period.

- Make a detailed list of each time money was used. For each item, include the date and amount of expense, including the purpose for the expense. The list should include:
  - each check written
  - any automatic withdrawals
  - any cash withdrawals
  - bank service charges or check charges

\*\*Cash withdrawals are not recommended and may be prohibited given your circumstances. Check with your attorney.

**Step 6:** Add together all EXPENDITURES listed in Step 5. This number will be used in Step 7.

**Step 7:** Subtract EXPENDITURES from TOTAL CHARGE = ENDING BALANCE

- When you subtract the total expenditures from the total charge, you will end up with the ENDING BALANCE for the accounting period.
  - The ending balance should equal the balance on deposit in the bank account.

**Step 8:** Summarize all of the above in a simple, separate table. It may look something like this:

Line 1 - Beginning Balance
Line 2 - Total Income
Line 3 - Total Charge (Line 1 plus Line 2)
Line 4 - Total Expenditures
Line 5 - Ending Balance (Line 3 minus Line 4)

**Step 9:** Attach all relevant financial documentation to the accounting.

- Even the simplest accountings involve bank records.
- This will require the personal representative to produce all records relevant to deposits and expenditures concerning the account, including:
  - original monthly bank statements, brokerage statements, etc.
  - original cancelled checks written on the account
  - original receipts from all cash expenditures

**Step 10:** Complete and sign the Oath of Accounting that is required to go with your annual accounting. This is a sworn statement that the accounting is complete and accurate.

\*\*The Oath of Accounting must be signed in front of a Notary Public or a Court Clerk.