SECTION IV--ACCOUNTING RECORDS

Journals

General Journal

Various journals are used to record the transactions of the county. On the basis of evidence provided by source documents, the transactions are first entered in chronological order in these journals or books of original entry. The first such journal is the general journal. The general journal is used to record non-cash transactions. In other words, any transaction that does not include the issuance of a receipt or a warrant should be recorded in the general journal. Examples of this type of transaction might include opening entries, interfund transfers of resources, investment transactions and adjusting and closing entries. These journal entries are individually posted to the general ledger as they occur.

The general journal should show the date of the journal entry, the name of the funds and accounts to be credited, the fund and account numbers, and the amount of the debit and credit to each fund and account. Each general journal entry should be followed by an explanation of the reason for the entry.

A sample general journal is shown as Illustration No. 3.

Miscellaneous Cash Receipts Journal

The miscellaneous cash receipts journal is a book of original entry in which all miscellaneous receipts are listed numerically. A duplicate miscellaneous receipt is issued by the county treasurer each time a transaction transpires in which the county receives money other than taxes that may be apportioned. A column is set up for each fund administered by the county in which resources are receipted. The receipt should be coded as to the fund(s), general ledger account(s) or revenue classification affected. The receipts are spread upon the cash receipts journal to the appropriate column(s), coded by revenue classification and totaled. These totals are posted monthly to the general ledger by a debit to cash and a credit to the appropriate receivable, investment or the revenue control account. The revenue classifications are then recapped by revenue type and posted to the respective fund's revenue budget record.

In a computer environment, receipts should be entered into the computer system during the month. The computer should be programmed to distribute the receipt activity to the proper revenue or general ledger accounts on a monthly and year-to-date basis. At the end of the month, the various revenue reports should be printed. Before the reports are filed, corresponding amounts on the different reports should be compared to detect any posting errors. Some entities test for errors on computer reports by footing receipt documents and comparing the totals with computer monthly or batch totals.

A sample miscellaneous cash receipt journal is shown as Illustration No. 4.

CHECK REGISTER

The check register is a book of original entry in which all warrants or checks are numerically recorded. Each warrant should be supported by a voucher or other source document authorizing the disbursement. The check register should show the date of the warrant, to whom paid, the warrant number, the amount of the warrant and the account or accounts to be charged. Warrants should be listed chronologically in numerical order.

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At the end of each month, the expenditure classifications and general ledger account coding should be recapped by fund and posted to the expenditure budget record and the general ledger accounts.

In a computer environment, checks should be entered into the computer system during the month. The computer should be programmed to distribute the disbursement activity to the proper expenditure or general ledger accounts on a monthly and year-to-date basis. At the end of the month, the various revenue reports should be printed. Before the reports are filed, corresponding amounts on the different reports should be compared to detect any posting errors.

A sample check register is shown as Illustration No. 5.

Payroll Journal (Optional)

Accurate payroll information is necessary to determine operating expenditures and to report earnings to employees, federal and state agencies. One means of obtaining easy access to this information is to use a "special" payroll journal. This journal facilitates the recording of all payroll transactions in one place and saves time in recording and in posting. The sample journal illustrated on the following page may be used by counties who do not have their payroll on an automated system.

Those counties who are currently using the check register to issue payroll checks may want to consider this option to simplify the recapping and posting procedures.

A sample payroll journal is shown as Illustration No. 6.

Purchase Order Journal (Optional)

The purchase order journal is a special journal in which all issued purchase orders are numerically listed. This journal provides control over the appropriation amounts for each activity as they relate to the purchases function. The purchase order journal should be used in conjunction with formal purchasing procedure policies established within each county.

The control the purchase order journal provides over the purchase function is accomplished by charging the appropriations for the outstanding purchase orders. For example, the auditor's office was authorized a $2,000 appropriation for supplies; to date $1,700 worth of expenditures have been charged against the appropriation. In addition to the actual expenditures the auditor has issued purchase orders in the amount of $250 as evidenced by the open items in the purchase order journal. These outstanding purchase orders are charged against the budget item as encumbrances, thus reducing the budget balance to $50 rather than showing an unexpended balance of $300. This method of recording charges against the budget may avoid an overexpenditure of the particular budget item.

To properly maintain this record the first step is to record all issued purchase orders numerically, showing vendor, amount, fund, activity and object to be charged. As invoices and vouchers are received against the related purchase orders, the voucher number and date of the voucher are recorded in the purchase order journal. By listing the voucher number, the unrecorded encumbrance is automatically cancelled. However, this automatic cancellation only applies to current month's outstanding purchase orders as they have not yet been posted in the ledgers.

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At the end of the first month, all outstanding or open items in the purchase order journal are recapped by fund, activity and object and are posted to the appropriate fund's general ledger accounts "196 Encumbrances" and "251 Reserve for Encumbrances." The activity and object codes are posted to the appropriate fund's expenditure budget record as charges against the appropriation.

In the subsequent months the purchase orders are again listed and recapped in the same manner; however, any vouchers issued against the prior month's outstanding purchase orders will require an adjusting general journal entry against the encumbrance account and the reserve for encumbrances accounts in the appropriate fund's general ledger. An adjustment must also be made in the appropriate expenditure budget record to reverse the encumbrance of the budget item which is now charged as an expenditure.

A sample purchase order journal is shown as Illustration No. 7.

Voucher Register (Optional)

The voucher register is a book of original entry, in that vouchers are source documents which are numerically recorded into the register. No claims, whether for the purchase of supplies, materials or services, must be allowed unless a duly verified and signed voucher is submitted (SDCL 7-22-1). Once the goods or services are received and the voucher, supported by an invoice, is submitted, the county has a liability. This liability exists even though the county board has not yet given approval for payment.

In addition to being a book of original entry, the voucher register also serves as a subsidiary ledger for accounts payable. All vouchers remaining unpaid in the individual funds will constitute the amount of the general ledger accounts payable control account for those funds.

Vouchers received should be numbered, coded with the appropriate fund(s) and expenditure classification(s) and spread upon the voucher register to the appropriate columns. (See page 20) The voucher register includes a column for each fund administered by the county from which expenditures are made. At the close of the accounting period this register should be totaled by fund and the expenditure classifications recapped for posting to the appropriate fund's expenditure budget record. The total expenditures by fund are debited to the expenditure control account in that fund's general ledger. The offsetting credit is to be posted to accounts payable.

After the board has authorized payment, the county auditor issues a warrant which is recorded in the budget expense journal. Each warrant should be coded with the voucher number(s) and as a debit to accounts payable. This is done because the expenditure account has already been charged in the voucher register. Each paid voucher should be marked as such and the date and warrant number recorded beside the appropriate voucher number in the voucher register. Those vouchers remaining unpaid at the end of the accounting period should equal the accounts payable account in the appropriate fund's general ledger.

A sample voucher register is shown as Illustration No. 8.