

SECTION IV--ACCOUNTING RECORDS

OTHER ACCOUNTING RECORDS

In addition to the basic accounting records described previously, the county must also maintain various other subsidiary control records which are usually maintained by the treasurer. These include:

A. Daily Balance Record

The purpose of this record is to balance the treasurer's assets (cash in office, bank balances, investments, etc.) with the required balance (charging for collections and crediting for disbursements) for a given accounting period. The accounting period is normally daily, with the possible exception that in smaller counties when business is at a minimum, this balancing might be done every three or four days. All revenues received during the accounting period should be deposited intact. (**Illustration No. 13**)

B. Subsidiary Bank Ledger and Investment Transaction Record

This subsidiary record is set up in columnar format listing the various types of accounts being utilized (e.g., checking, passbook, money market, etc.). A separate ledger sheet is maintained for each banking institution in which cash assets are deposited or invested. At the beginning of the accounting cycle the opening balances are recorded in the record and to that, daily deposits, withdrawals, and transfers are added or subtracted leaving an ending balance by account, each day. The last column in the record will show the total monies deposited or invested in that banking institution.

The Subsidiary Bank Ledger and Investment Transaction Record provides useful information for investment purposes. For example, it will show the balances in the individual checking and passbook savings accounts which may be better invested in a certificate of deposit. The record will provide the treasurer with individual banking institution total deposit information for the daily balance record. It will allow bank statement reconciliation against individual accounts rather than trying to reconcile several statements to one balance.

Transactions are posted to the Subsidiary Bank Ledger and Investment Transaction Record based on daily transaction source documents such as deposit slips, adding machine tapes of warrants issued and bank transaction slips. Bank deposits should be made intact into one account to provide clear transaction trail. If higher interest rates can be earned in other deposits the resources can be transferred to them, but all deposits should be cleared through one account. (**Illustration B**)

C. Interest-Bearing Deposit and Investment Record

This subsidiary record is used to account for individual interest bearing deposits and investments, and should support the respective general ledger accounts.

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A suggestion would be to show each individual interest bearing deposit or investment on a separate sheet which should indicate any and all of the following information which is pertinent to the particular interest bearing deposit or investment:

- (1) type of interest bearing deposit or investment
- (2) an identifying number
- (3) date purchased
- (4) maturity date
- (5) cost
- (6) face value if different than cost
- (7) amount of discount or premium
- (8) the fund which provided the amount for the interest bearing deposit or investment (This would indicate the amount of ownership of all funds involved.)
- (9) the bank, in the case of interest bearing deposits, in which the deposit has been made
- (10) interest rate
- (11) interest payment periods
- (12) method of interest payment
- (13) amount of interest received or credited

- (14) receipt number which recognized the interest revenue
- (15) dates interest was received
- (16) amount received when sold
- (17) the date sold or redeemed

The county should also provide a means by which the date and amount of interest received from the payer can be tested for propriety. This can be accomplished most efficiently within this control record.

This record also serves as a control for the interest bearing deposits and investments held by the county in the event one is lost.

A sample suggested format for this record is shown at **Illustration No. 15**. A different format from the one illustrated may be maintained by the county to best suit its individual needs as long as all the pertinent information summarized above is indicated in the record.

The county should establish a written policy concerning the deposit and investment of county funds. (SDCL 4-5-8)

Deposits must be made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1 and 7-20-1.2. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 110 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

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Therefore, the county should be aware of what deposits are uninsured but collateralized or uninsured and uncollateralized. Deposits are reported at cost plus interest, if the account is of the add-on type. The interest should be recorded as earned or at least annually for proper report presentation.

In general, SDCL 4-5-6 permits county funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Investments are stated at fair value.

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the entity's name.

Any Category 2 or 3 amounts would be contrary to the delivery/ custody requirements of SDCL 4-5-9 for individual securities.

Therefore, the county should be aware of the risk category for each investment on hand and for each future investment as to be in compliance with South Dakota laws as applicable. A prospectus should be obtained for each mutual fund investment which will detail the level of risk the county is assuming for the investment.

D. Contract Real Estate Sales Record

The treasurer should maintain a record of all sales of real estate, either by contract or cash sale.

The record can be of loose-leaf sheets. Each sale should be recorded showing purchaser, date of sale, property description and amount of sale. If sold on contract basis, all payments should be recorded showing principal, interest, terms of contract, etc. (**Illustration No. 16**)

E. Registered Warrant Register

The treasurer of each organized county shall provide himself with and keep a warrant register which register shall show in a column arranged for that purpose the number, date, and amount of each warrant presented, the particular fund upon which the same is drawn, the date of presentation, the name and address of the person in whose name the same is registered, the date of payment when

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made, the amount of interest, and the total amount paid thereon, with the date when notice to the person in whose name such warrant is registered is mailed. (SDCL 7-22-8) (**Illustration No. 17**)

F. Tax List

The tax list should be delivered to the treasurer on or before January 1. (SDCL 10-17-7) The treasurer must make notation in the tax list showing all property which has been sold for taxes. (SDCL 10-17-7)

All tax receipts shall be numbered consecutively and a separate series of numbers shall be used for each year. (SDCL 10-21-16)

All taxes paid shall be posted to the tax list.(SDCL 10-21-19)

The treasurer should not make any changes in the tax list. All adjustments, abatements or compromises to the tax list shall be made by the county auditor. (SDCL 10-18-9)

The auditor shall reconcile the unpaid taxes shown in the treasurer's tax list that are no more than six years old to the unpaid balance of taxes in the tax list account each June thirtieth and December thirty-first or within sixty days thereafter. (SDCL 10-17-9)

G. Minutes of Governing Body Proceedings

The minutes of the governing body proceedings are the fundamental communication between the governing body and the taxpayers. It is with this thought in mind that the following format was prepared.

With the exception of the first two and the last paragraphs, topic and subtopic headings have been utilized to make the minutes easier to read. Proceedings may or may not be transacted in the order in which they are presented in the suggested format. Their importance lies not in the order in which they were discussed but rather in the subject matter. Topic and subtopic headings need be shown only for those topics actually discussed at a meeting.

To illustrate some of the items which are discussed in the suggested format the minutes of an actual meeting were converted using fictitious names.

It is the duty of the county auditor to deliver a copy of the official proceedings to the publisher. The publisher is required to publish proceedings within ten days after receiving the same. (SDCL 7-10-1 and 17-2-18.1)