Journals

General Journal

Various journals are used to record the transactions of the school. 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 noncash 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 a consecutive posting reference number, 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 page is shown as Illustration 5.

Cash Receipts Journal

The cash receipts journal is a book of original entry in which all receipts are listed numerically. A duplicate receipt is issued by the business manager each time a transaction transpires in which the school receives money. A column is set up for each fund administered by the school 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 for budgeted funds.

In a computer environment, receipts should be entered in to 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 receipt journal format is shown as Illustration 6.

Check Register

The check register is a book of original entry in which all checks are numerically recorded. The check register should show the date of the check, to whom paid, the check number, the amount and the account or accounts to be charged.
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 for budgeted funds 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 format is shown as Illustration 7.

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 shown as Illustration 8 may be used by schools who do not have their payroll on an automated system.

Those schools who are currently using the budget expense journal to issue payroll checks may want to consider this option to simplify the recapping and posting procedures.

A sample payroll journal format is shown as Illustration 8.

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 school.

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 business manager’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 business manager 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 canceled. However, this automatic cancellation only applies to current month’s outstanding purchase orders as they have not yet been posted in the ledgers.

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 “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 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 format is shown as Illustration 9.