

SECTION 482: POSTING ENCUMBRANCES TO GENERAL LEDGER

1. General Description. This section describes the posting of encumbrance transactions to the GENERAL LEDGER maintained by DAGS Accounting Division. The GENERAL LEDGER contains a complete self-balancing group of accounts for each fund. The specific funds to which encumbrance transactions are posted include:
 - (a) General Fund
 - (b) Special Funds
 - (c) Bond Funds(Encumbrance transactions in Trust and Agency Funds are posted in the GENERAL LEDGER directly to "fund balance", rather than to a separate GENERAL LEDGER account for encumbrances.)
2. Purpose. The primary purpose for posting encumbrances to the GENERAL LEDGER is to record encumbrances, on a monthly and cumulative basis, that are applicable to each GENERAL LEDGER account, and to provide a control over subsidiary accounts.
3. Legal Authority. Section 40-3, Hawaii Revised Statutes, requires the Comptroller to "...keep ledgers in which he shall open, arrange, and keep in a methodical and systematic manner the various State accounts so that the status and condition of all funds and appropriations, of all assets and liabilities, and for all income and expenditures of the State may at any time be ascertained and known...".
4. Posted By. DAGS Accounting Division, Uniform Accounting and Reporting Branch.
5. Posting of Encumbrances. The posting of entries to the GENERAL LEDGER affects only two encumbrance-related accounts, as follows:
 - (a) Unencumbered Allotments (a/c 915). This is a control account representing the total balances of allotments available for expenditures and purchase commitments, and not yet encumbered or expended. This is normally a credit-balance account with the following types of credit and debit entries:

SECTION 482: POSTING ENCUMBRANCES TO GENERAL LEDGER(1) Credit Entries.

- Periodic allotments per REQUEST FOR ALLOTMENT/ALLOTMENT ADVICES (SAFORM A-19), ALLOTMENT ADVICES (SAFORM A-15), and JOURNAL VOUCHERS (SAFORM A-27), including allotments made from appropriated revenue and non-revenue receipts realized.
- Reductions of contract and unvouchered claims encumbrances per contract reduction advices and JOURNAL VOUCHERS.
- Reversions of unrequired balances of unvouchered claims and contract encumbrances per JOURNAL VOUCHERS.

(2) Debit Entries.

- Contracts and unvouchered claims encumbered.
- Reversion of unencumbered allotment balances to the related appropriation.
- All expenditures and other commitments.

(b) Unliquidated Encumbrances (a/c 917). This is a control account representing the total balance of encumbrances outstanding and not liquidated by approved vouchers. This is normally a credit-balance account with the following types of credit and debit entries:

(1) Credit Entries.

- Contracts encumbered.
- Encumbrances of unvouchered claims.

(2) Debit Entries.

- Contracts and unvouchered claims encumbrances liquidated.
- Reductions of contracts and unvouchered claims encumbrances.
- Reversions of unrequired balances of unvouchered claims and contract encumbrances.

6. Source of Posting Data. Postings for encumbrance type transactions are made via the JOURNAL VOUCHER, SAFORM A-27, although the data for the transactions are obtained from a variety of sources.

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- (a) Various debit and credit entries, as discussed in paragraph 5, are recorded via JVs, from which the encumbrance-related transactions are actually posted to the GENERAL LEDGER.
- (b) The balance of the encumbrance account is brought forward from the previous end-of-the-year balance as of June 30 to begin the new fiscal year, based on closing and opening entries for all GENERAL LEDGER accounts. The JV entry records a debit to the closing fiscal year account as of June 30, and a credit to the new fiscal year account beginning July 1.