Refunds. Refunds from erroneous or excessive disbursements or from the return of an item should be entered in Columns A-1 and B-1, and added to the appropriation line of the proper appropriation column. NO additional appropriation is needed if the refund is from a disbursement made during the current budget year. However, if the refund is from a disbursement of a prior year, the refund must be placed in miscellaneous receipts and appropriated before use.

Rebates. Rebates on purchases should be entered in columns A-1 and B-1, and shown as a miscellaneous receipt. An additional appropriation will be required before the funds may be used by the library.

Voided Checks. Voided checks, if not replaced, should be entered in columns A-1 and B-1 and added to the appropriation line of the proper appropriation column.

Insurance Claim Proceeds. Receipts from insurance claims should be entered into columns A-1 and B-1, and added to the appropriation line of the proper appropriation column. No additional appropriation is need if the insurance claim payment is used to replace the damaged items within a twelve month period from the date the check is received. [IC 6-1.1-18-7].

Rental Income. Rental income should be entered in columns A-1 and B-1, and shown as a miscellaneous receipt. An additional appropriation will be required before the funds may be used by the library. Rental income may not be added to the appropriation covering the expenses of the rental property.

Levy Excess Fund [IC 6-1.1-18.5-17]

When property tax collections for a particular calendar year exceed the library’s approved levy by more than 100% the library must establish a special fund to be known as the “Levy Excess Fund” for amounts over one hundred dollars ($100). Delinquent property taxes that are collected during a particular calendar year that were assessed and an assessment date that precedes the assessment date for the current year in which the taxes are collected are to be excluded from the amount which is used to compute the amount of the levy excess.

Each year the Department of Local Government Finance will certify to each library the figure that represents 100% of the tax levy.

This figure should be compared to the total shown on the County Auditor’s Certificate of Tax Distribution of Taxes under the heading “General Property” for the June and December tax distributions. Do not include the license excise or bank and building and loan taxes in the comparison.

Source and Use

The part of the levy which exceeds 100% must be deposited in the fund and may not be spent until the disbursement of the money has been included in a budget approved by the Department of Local Government Finance. However, if the amount for any particular calendar year is less than $100, no money shall be deposited in the Levy Excess Fund for that year.

The Department of Local Government Finance may require a library to include the amount in its Levy Excess Fund in the library’s budget. After the budget has been approved, the amount in the Levy Excess Fund should be transferred from the Levy Excess Fund by warrant and receipted into the Library Operating Fund.

Appropriation Transfers

Pursuant to IC 6-1.1-18-6, the library board may transfer money from one major budget classification to another within a department or office if:

1. They determine that the transfer is necessary
2. The transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under IC 6-1.1; and
3. The transfer is made a regular public meeting and by proper resolution.

A transfer may be made under this section without notice and without the approval of the Department of Local Government Finance.

Temporary Fund Transfers

Pursuant to IC 36-1-8-4(a), a library, by resolution, may transfer a prescribed amount for a prescribed period to a depleted fund from another fund of the library if the following conditions are met:

1. It must necessary to borrow money to enhance the depleted fund;
2. There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
3. Except as provided in IC 36-1-8-4(b), the prescribed period must end during the budget year of the year in which the transfer occurs.
4. The amounts transferred must be returned to the other fund at the end of the prescribed period.
5. Only the revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.

IC 36-1-8-4(b) states: If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

1. Passes an ordinance or a resolution that contains the following:
   1. A statement that the fiscal body has determined that an emergency exists.
   2. A brief description of the grounds for the emergency.
   3. The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
2. Immediately forwards the ordinance or resolution to State Board of Accounts and the Department of Local Government Finance.

Lapsing of Current Appropriations

Unexpended or unobligated appropriations shall lapse at the close of the year. Every effort should be made to have bills and claims presented before the end of the year, so that such items may be charged to the appropriation and disbursement account of the year in which the service or commodity was supplied.

A claim of a prior year may be paid in the following year if the prior year’s appropriation is properly encumbered and sufficient funds are available.

Encumbrance of Appropriation Balances

Appropriations may be encumbered only through a contract or purchase order dated on or before December 31 of that year.

Balances should be carried to the succeeding year only to the extent of unpaid balances due on contracts or purchase orders.

The library board of trustees should make a listing of all encumbered items and make it a part of the minutes of the last business meeting of the year.

Appropriations that are carried forward should be shown as separate amounts on the corresponding appropriation ledger sheets of the previous year with an explanation and then added to the succeeding year’s appropriations. The disbursements charged to the appropriations of the previous year should be identified as such on the succeeding year’s appropriation ledger sheets.

Bond Interest and Redemption Fund [IC 36-12-3-11(a)(3)

(3) All money derived from the taxes levied for the purpose of retiring bonds or other evidence of indebtedness, and any premium or accrued interest that may be received, shall be deposited into the bond and interest redemption fund. The fund shall be used for no other purpose than the repayment of indebtedness.

Dormant Fund Balances

**IC 36-1-8-5 Funds raised by general or special tax levy; disposition of unused balance; transfers to local rainy day fund**

*Note: This version of section effective until 1-1-2019*

     Sec. 5. (a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

     (b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:

(1) Funds of a county, to the general fund or rainy day fund of the county, as provided in section 5.1 of this chapter.

(2) Funds of a municipality, to the general fund or rainy day fund of the municipality, as provided in section 5.1 of this chapter.

(3) Funds of a township for redemption of township assistance obligations, to the township assistance fund of the township or rainy day fund of the township, as provided in section 5.1 of this chapter.

(4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter. However, if the political subdivision is dissolved or does not have a general fund or rainy day fund, then to the general fund of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision.

**IC 36-1-8-5.1 Rainy day funds established by political subdivisions**

     Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

(1) an ordinance, in the case of a county, city, or town; or

(2) a resolution, in the case of any other political subdivision.

     (b) An ordinance or a resolution adopted under this section must specify the following:

(1) The purposes of the rainy day fund.

(2) The sources of funding for the rainy day fund, which may include the following:

(A) Unused and unencumbered funds under:

(i) section 5 of this chapter; or

(ii) [IC 6-3.6-9-15](http://iga.in.gov/legislative/laws/2017/ic/titles/036#6-3.6-9-15).

(B) Any other funding source:

(i) specified in the ordinance or resolution adopted under this section; and

(ii) not otherwise prohibited by law.

     (c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.

     (d) In any fiscal year, a political subdivision may, at any time, do the following:

(1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.

(2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:

(A) The amount of the transfer is authorized by and identified in an ordinance or resolution.

(B) The amount of the transfer is not more than ten percent (10%) of the political subdivision's total annual budget adopted under [IC 6-1.1-17](http://iga.in.gov/legislative/laws/2017/ic/titles/036#6-1.1-17) for that fiscal year.

(C) The transfer is not made from a debt service fund.

     (e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.

     (f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

Public Employee’s Retirement Fund (PERF)

Political subdivisions may participate in the Public Employee’s Retirement Fund.

The benefits specified in IC 5-10.2 provide the retirement, disability, and survivor benefits for public employees. This is the only retirement plan in which political subdivisions may participate unless the following applies:

This article does not prohibit a political subdivision from establishing and providing before January 1, 1995, and continuing to provide after January 1, 1995, retirement, disability, and survivor benefits for the public employees of the political subdivision independent of this article if the political subdivision took action before January 1, 1995 and was not a participant in the public employee’s retirement fund on January 1, 1995 [IC 5-10.2-2-1]

Public Employee Deferred Compensation Plans

A political subdivision may do the following:

1. By contract agree with any employee to reduce and defer any portion of such employee’s compensation which under federal law may be deferred under a nonqualified deferred compensation plan and subsequently contract for purchase, or otherwise procure a fixed or variable life insurance annuity contract, or investments for the purpose of funding a deferred compensation plan for such employee.
2. Contribute amounts before January 1, 1995 and continue or begin to contribute amounts after January 1, 1995 to a nonqualified deferred compensation plan on behalf of eligible employees, subject to any limits and provisions under Section 457 of the Internal Revenue Code. [IC 5-10-1.1-1]

Compensation

All compensation paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.

Employee Benefits

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed.

The board should adopt policies governing sick leav, vacation leave, and any other types of special leave.

Leave and Overtime Policy

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies.

Community Foundations

Gifts to the library may be set aside in an account with a nonprofit corporation established for the sole purpose of building permanent endowments within a community (referred to as a “community foundation”). The earnings on the funds in the account, either deposited by library or accepted by the community foundation on behalf of the library, may be distributed back to the library for disbursement, without appropriation, in accordance with the conditions and purposes specified by the donor. A community foundation that distributes earnings under this clause is not required to make more than one (1) distribution of earnings in a calendar year [36-12-3-11(a)(5)(B).

This action must be authorized by the library board by resolution. Note that the statute does not provide for a return of principal to the library.

Treasurer

Elected by Library Board

The “library board shall annually elect a treasurer of the Public Library. The treasurer may be either a member of the library board or an employee of the library. However, the library director may not also be treasurer.” The library board may fix the rate of compensation for the treasurer.

The treasurer shall give a surety bond for the faithful performance of duty and for the accurate accounting of all money coming into the treasurer’s custody. The bond must be:

1. Written by an insurance company licensed to do business in Indiana.
2. For the term of office of the treasurer; (the term of office is one year)
3. In an amount determined by the library board; (It is recommended that the minimum amount of a treasurer’s bond be at least $15,000)
4. Paid for with the money from the library fund;
5. Payable to the State of Indiana;
6. Approved by the library board; and
7. Deposited in the office of the recorder of the county in which the library district is located. [IC 36-12-2-22]