**Accounts payable voucher** – form designed to be used by libraries in processing funds due to vendors from the library and is to be presented to the board for allowance.

**Agency Fund** – used to record funds held by the library for outside entity who has a close relationship to the library; for example, the PLAC Fund

**Cash basis accounting** – like checkbook accounting; you record the income when it is received, and deduct the expenses when they are actually paid.

**Cash Flow** – financial statement that tracks movement of money; shows whether budget is on track, falling behind or if there is a surplus. Cash basis accounting simplifies the accounting process by eliminating the need for payables and receivables however this simplification tends to distort the amount of resources that an organization truly has available. Therefore, libraries should exercise a great deal of care not to overspend resources by failing to consider unpaid invoices.

**Chart of accounts** – tracks the sources and uses of funds

**Encumbrance** – appropriations that are carried forward due to purchase commitment from previous year

**Expenditure –** opposite of revenues. Represents money that is spent to receive services or products.

**Financial statements** – statement of activities; monthly balance of books with statement of revenue, expenses and changes in fund balances. See **monthly report**.

**Funds --** categories for separating revenues into which funds may be received and disbursed. Typical funds include: operating, improvement reserve, construction, bond, rainy day capital projects, gift and petty cash.

Some funds are required to be broken down into smaller categories for expenditures. These categories are called accounts. One of the most important funds, which must have accounts, is the operating fund.

Funds are categories into which money is received and disbursed on paper. They are not actual bank accounts or investments. You could conceivably have every last penny you own in one checking account in one bank and have several funds. The most you can have in one bank is $100,000.

**Gift Fund** –money accepted by library board as a grant, gift, donation.

* **Restricted** – donor has attached terms, conditions and purposes
* **Unrestricted** – the donor has not attached terms, conditions or purposes

**Journal** -- details the activity of the most active accounts

**Ledger --** contains the transactions of all the funds. For example, Library Financial and Appropriation Record (Library Form 1). Should be totaled and balanced at the end of each page and a new ledger sheet should be opened at the beginning of each month

**Monthly report** – no prescribed form for the required monthly financial report. There is suggestion of two types of report: 1. Report by fund showing the previous month’s ending balance, total receipts for the month, total disbursements for the month, and the balances at the end of the month. 2. Report by budget classifications showing the currently approved appropriations, disbursements in each appropriation to date, and the appropriation balance.

**Operating Balance --** the sum of all your monies (cash, investments, etc.) in the operating fund at the end of the year after all receipts for the year have been received and all appropriations that are going to be spent have been spent.

**Revenues (Receipts) --** all of the monies you take in and they can be of several types. There are:

* Property Taxes - paid semi-annually in the summer and at the end of the year
* County Income Taxes - CAGIT is paid twice per year and COIT is paid monthly
* License Excise, FIT (Financial Institutions Tax) - distributed with property tax
* Commercial Vehicle Excise Tax (CVET) -This is an excise tax on commercial vehicles that has recently been moved from property tax rolls.
* To receive money from Indiana State Library a library must meet Standards for Public Libraries.

**State Board of Accounts --** people who supervise the way you spend your money after the Department of Local Government Finance has approved it, and who conduct the audits of governmental units.

**Warrant** – in financial transactions, a warrant is a written order from a first person that instructs a second person to pay a specified amount of money at a specific time. A warrant differs from a check in that the warrant is not drawn on a checking account, is not necessarily payable on demand, and may not be negotiable. It is money set aside for expenses.