CHAPTER 3
FINANCIAL ACCOUNTING AND RECORD KEEPING PROCEDURES

LIBRARY FUNDS

Pursuant to IC 36-12-3-11, the library board may establish funds for money and securities of the public library. All money from whatever source derived is to be receipted into funds established by the library board under authority of law. The authorized funds of public libraries are as follows.

LIBRARY OPERATING FUND [IC 36-12-3-11(a)(1)]

"All money collected from tax levies, interest on investments, fees, fines, rentals, and other revenues shall be deposited into the 'library operating fund,' except as otherwise provided in this section, and must be budgeted and expended in the manner required by law."

Petty Cash. A "Petty Cash Fund" may be established, for the purpose of paying small or emergency items of operating expense. A receipt must document each disbursement made from the fund. Periodically a voucher must be filed by the custodian of the fund to reimburse the fund for disbursements made. However, no reimbursement can be made unless the original receipts totaling the disbursements claimed are attached to the petty cash voucher. Reimbursement shall be approved and made in the same manner as required for other disbursements for the library. [IC 36-1-8-3]

All receipts (from fines, taxes, etc.) must be deposited to the library's operating fund. According to IC 36-12-3-11, the library is prohibited from spending any of its receipts (with the exception of certain gifts and bequests) except by appropriation. Therefore, fine money may not be spent for the purchase of small items.

The following procedure is advised for minor cash purchases:

1. The library board should authorize the establishment of a petty cash fund by placing an item in the budget under "Other Services and Charges" labeled "To establish petty cash fund $_____" (the amount to be determined by the library board). This figure is written into the budget when it is prepared in July or August.

   Note: Although the law states that the petty cash fund may be established without appropriation, it is recommended that the library board make an appropriation for petty cash when the fund is established.

2. In January, when the new budget becomes effective, a warrant should be issued to the person designated by the board to be responsible for the petty cash fund as custodian. The custodian may then purchase small items through the petty cash fund. A receipt (such as a sales check or cash register receipt) must be obtained for each disbursement.

3. Receipts and disbursements are then to be entered in a small book used for petty cash along with the balance in cash shown.

4. When the need arises to replenish the cash in the fund, all receipts for disbursements from the fund are presented to the board with a claim or other similar certification, just as all other bills are presented.

5. After the board approves the claim, another warrant will be issued to the custodian, in the amount of the claim, to reimburse the petty cash fund and bring it back to the original amount.

6. At all times the amount of cash plus unreimbursed receipts must equal the original amount of the petty cash fund. Thus, if the fund is $50.00, and $42.33 has been spent for miscellaneous items, the cash on hand should be $7.67 and unreimbursed receipts should total $42.33.

7. Expenditures from petty cash are classified in the same manner as all other library disbursements. For example, the total amount of a warrant to reimburse petty cash should be entered in the financial records; and then broken down according into the proper classified columns. A warrant totaling $42.33 may be posted as follows:

Disbursements	Postage	Office Supplies	Cleaning Supplies	Books
$ 42.33	$ 12.50	$ 10.56	$ 3.96	$ 15.31

During the course of the year, several warrants to reimburse petty cash may be issued but, in all instances, the expenses must be classified, charged to and limited by the proper appropriation accounts as above.

8. If the custodian of the petty cash funds changes, the entire fund must be returned to the library operating fund, or turned over and receipted for by the person designated by the board to have future custody.

CONSTRUCTION FUND [IC 36-12-3-11(a)(2)]

Sources

All money received from the sale of bonds or other evidences of indebtedness for the purpose of construction, reconstruction, or alteration of library buildings, except the premium and interest accrued on the bonds, shall be deposited into the construction fund.

Note: All premium or accrued interest received in the sale of the bonds should be deposited into the Bond and Interest Redemption Fund. [IC 36-12-3-11(a)(3)]

Uses

Money deposited into the construction fund shall be appropriated and expended solely for the purpose for which the indebtedness is created. As provided in the resolution, all expenses incidental to the issuance of the bonds, (including advertising, printing of bonds, attorney fees and any other expenses), and all other costs of construction, reconstruction, or alteration of library buildings incurred should be paid from the proceeds of the bond issue and would be posted, when paid, as disbursements for the Construction Fund. [IC 5-1-14-11]
[IC 36-12-3-11(a))2)]

Surplus

Any surplus remaining in the Construction Fund after the purpose for which the bonds were issued has been accomplished or abandoned is required to be transferred by order of the library to the Bond and Interest Redemption Fund and used for the payment of interest bearing indebtedness. [IC 36-12-3-9(c)]

Recording

The "E" Columns, or any other columns not in use, of the Library Financial and Appropriation Record, provide space for entering all transactions affecting the Construction Fund; "E-1" receipts, "E-2" disbursements, and "E-3" balance.

BOND AND INTEREST REDEMPTION FUND [IC 36-12-3-11(a)(3)]

Source

All money derived from the taxes levied for the purpose of retiring bonds or other evidence of indebtedness, together with any premium or accrued interest that may be received, shall be receipted into the "Bond and Interest Redemption Fund."

Uses

Money in the bond and interest redemption fund shall be used for no other purpose than the repayment of indebtedness.

Recording

The "D" columns of the Library Financial and Appropriation Record provide space for entering all transactions affecting the Bond and Interest Redemption Fund; "D-1" received, "D-2" disbursed, and "D-3" balance. The forth column "Approp. Debt Service" provides for posting of the total amount appropriated from the Bond and Interest Redemption Fund for the retirement of bond principal and payment of interest.

RAINY DAY FUND

IC 36-1-8-5.1 allows a library to establish a rainy day fund to receive transfers of unused and unencumbered funds. The rainy day fund is subject to the same appropriation process as other funds that receive tax money. The fund should be established by resolution and the resolution should state the purposes and sources of funding for the fund. In any fiscal year, a library may transfer not more than ten percent (10%) of the library's total annual budget for that fiscal year to the rainy day fund.

If a library receives supplemental distributions of CAGIT under IC 6-3.5-1.1-21.1 or COIT under IC 6-3.5-6-17.3, such distributions must be receipted to the rainy day fund. Dormant fund balances under IC 36-1-8-5 may also be transferred to the rainy day fund. Transfers of supplemental distributions of CAGIT or COIT transfers of dormant fund balances are not subject to the ten percent (10%) transfer limit.

Transfers to the rainy day fund may be made at any time during the year. [IC 36-1-8]

Transfers from a debt service fund may not be made to the rainy day fund.

The Department of Local Government Finance may not reduce the actual or maximum permissible levy of a library as a result of a balance in the rainy day fund of the library.

LIBRARY IMPROVEMENT RESERVE FUND [IC 36-12-3-11(a)(4)]

Purpose and Permitted Uses

"Money or securities may be accumulated in any library improvement reserve fund for the purpose of anticipating necessary future capital expenditures such as the purchase of land, the purchase and construction of buildings or structures, the construction of additions or improvements to existing structures, the purchase of equipment, and all repairs or replacements of buildings or equipment."

The Library Improvement Reserve Fund is intended to meet future capital expenditures and repairs for which taxes cannot reasonably be levied in any one year. The plan for using the fund should determine the amount to be appropriated annually to the Library Improvement Reserve Fund as well as the number of years requiring appropriations for this purpose.

Sources

Sources for the Library Improvement Reserve Fund may include endowments and gifts as well as money provided in the budget raised by taxation. However, no authority exists for a separate tax levy for the Library Improvement Reserve Fund.

Establishment

The Library Improvement Reserve Fund may be established by resolution of the library board at any time. However, any tax money to be accrued to the Library Improvement Reserve Fund must be anticipated in the annual budget.

Amount Budgeted

The amount budgeted annually for the Library Improvement Reserve Fund is not statutorily limited.

Any amount intended for an accretion to the Library Improvement Reserve Fund should appear in the annual operating budget in the "Other Services and Charges" section under the classification "Transfer to Library Improvement Reserve Fund."

Additional Appropriations

When Library Improvement Reserve Fund is to be advertised as an additional appropriation, the steps outlined in "Procedure for Requesting Additional Appropriation," should be followed. This information is found in Chapter 2 of this manual. The model form includes the statement: "These appropriations are made from the unappropriated Library Improvement Reserve Fund balance."

Deposit and Accounting

The sum appropriated for the Library Improvement Reserve Fund should be transferred from the Library Operating Fund to the Library Improvement Reserve Fund. This transfer is achieved through proper authorization by the library board and a warrant drawn on the Library Operating Fund in favor of the Library Improvement Reserve Fund. The library treasurer should endorse the warrant and deposit it in the designated depository. (The Library Improvement Reserve Fund is not to be set up in a separate bank account.) The amount is receipted on the financial and appropriation record in columns "A-1" and "C-1".

While the transfer may be made at any time, it is advisable to make it immediately after each tax draw is received. If the transfer is made after each tax draw, the amount may be half the total amount appropriated to the Library Improvement Reserve Fund or, depending on the library's cash situation, the total amount may be transferred at one time. Unless the transfer is made, the appropriation for the Library Improvement Reserve Fund will expire at the end of the year like any other appropriation balance.

Disbursement Transactions

An appropriation is necessary before any disbursement from the Library Improvement Reserve Fund may be made, except for investments. Appropriation of this fund may be made in the annual budget or, if an emergency arises, an additional appropriation may be made in the regular legal manner, including advertising notice to the taxpayers, public hearing, action by the library board, and approval by the Department of Local Government Finance. The matters of budget, additional appropriation, giving of notices, hearings, etc., are governed by IC 6-1.1-17 and 6-1.1-18.

Disbursements can be made only upon a warrant of the library board, drawn on that bank in which the fund is deposited.

Library Improvement Reserve Fund disbursements should be made directly from the Library Improvement Reserve Fund. Library Improvement Reserve Fund appropriations should not be transferred to the Library Operating Fund before disbursement. Unencumbered balances of appropriations, if any, in the Library Improvement Reserve Fund revert to the Library Improvement Reserve Fund on December 31 of each year.

GIFT FUND [IC 36-12-3-11(a)(5)]

Establishment

Money or securities accepted and secured by the library board as a grant, gift, donation, endowment, bequest or trust may be set aside in a separate fund or funds, and shall be expended, without appropriation, in accordance with the conditions and purposes specified by the donor.

Definitions

The following definitions apply to the gift fund.

"Restricted" gifts are those to which the donor has attached terms, conditions and purposes. These may be quite specific or very general, such as "books", etc.

"Unrestricted" gifts are those to which the donor has not attached terms, conditions or purposes.

Sources

Grants, gifts, donations, endowments, and bequests (hereinafter required to collectively as "gift"). It is the prerogative of the Board to accept or reject any gift.

Income in the form of tax receipts, fees, sale of library property, rental, etc. may not be receipted into the library gift fund.

Accounting

Gifts may be handled in any of the following ways:

Operating Fund. If the gift is unrestricted, the library may receipt the gift into the library operating fund.

a. If deposited into the library operating fund, the gift money must be budgeted, appropriated (in the regular budget or by additional appropriation) in the manner prescribed, including advertising and approval by the Department of Local Government Finance. Any gift receipted to the Library Operating Fund must be posted to Columns A-1 and B-1 of the Library Financial and Appropriation Record. Disbursements are to be posted to Columns A-2 and B-2 and also in the applicable appropriation columns.

b. Gift money placed into the library operating fund may be spent as determined by the library board within the scope of its statutory authority. It is to be expended as other funds of the library.

c. Gift money placed in the library operating fund does not accumulate and must be spent or encumbered within the fiscal year or it will revert to the library operating fund balance and must be reappropriated before the disbursement.

Separate Fund or Funds. A separate fund may be established for each gift; gifts for like purposes may be receipted into separate funds for each purpose; or all gifts may be placed into one "Gift Fund".

Use of Gift Funds. If the library board chooses to receipt any gift (restricted or unrestricted) to a separate fund or funds, the following will apply.

1. Gift money may be spent without budgeting or appropriation.

2. If restricted, it must be spent according to the donor's restrictions.

3. If unrestricted, it may be spent as determined by the library board within the scope of its statutory authority.

4. The fund or funds may be accumulated and may be spent at any time the library board determines, unless otherwise required by the terms of the donor.

Accounting. If all gifts are placed into a "Gift Fund", the following accounting will be necessary:

1. A subsidiary record to keep track of the disbursements relating to each gift must be maintained.

2. The subsidiary record may be kept on any appropriate commercial form or columnar worksheet, such as a cash journal.

3. A separate sheet should be opened in this subsidiary record for each restricted gift. Entries to this separate sheet would include the receipt of the restricted gift and disbursements chargeable to each gift including the date, amount and explanation of each.

4. Income from the interest on gifts may be receipted into the same fund in which the principal of such gift has been receipted provided it is to be used for the same purpose as the principal. However, if, under the terms of the trust, the principal must be held in trust in perpetuity and only the income used by the governmental unit, there should be two accounts established, one designated as "Trust Principal" and the other designated "Trust Income."

5. Unrestricted gift fund monies may be invested as part of the "total monies on deposit," and the interest thereon receipted to the library operating fund.

6. All funds, regardless of source, are deposited by the treasurer in only one bank account in each designated depository.

7. Receipts to and disbursements from a separate gift fund or funds may be posted in columns D-1, D-2, E-1, E-2, and E-3 or F-1, F-2 , and F-3 on the Library Financial and Appropriation Record if such columns are not being used. If space for additional funds is needed, the optional flyleaf sheet (Library Form No. 1C) should be used. This form contains columns for four additional funds.

Community Foundation Transfers

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 the 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. [IC 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.

CONTRACTUAL SERVICE FUND [IC 36-12-3-11(a)(6)]

"All money received in payment for library services or for library purchases made or to be made under the terms of a contract between two (2) or more public libraries under section 6 of this chapter shall be deposited into a contractual service fund. This money shall be expended solely for the purposes specified in the contract and shall be disbursed without further appropriation." [IC 36-12-3-11(a)(6)]

LEVY EXCESS FUND [IC 6-1.1-18.5-17]

Establishment

When the 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 for 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.

Investment

The money in the Levy Excess Fund may be invested in the same manner in which other funds may be invested. However, any income derived from such an investment must be deposited in the levy excess fund. [IC 6-1.1-18.5-17]

Accounting

The Levy Excess Fund should be established as a separate fund apart from the operating fund.

PLAC CARD FUND [IC 4-23-7.1-5.1]

All money received from the sale of PLAC cards should be receipted to a PLAC Card fund. Payments are to be made to the State Library of such receipts on a quarterly basis as required by 590 IAC 3.

LIBRARY CAPITAL PROJECTS FUND [IC 36-12-12]

Establishment

Pursuant to IC 36-12-12, the library may establish a library Capital Projects Fund for the following purposes.

Facility. With respect to a facility used or to be used by the library district, the fund may be used to pay for planned construction, repair, replacement, or remodeling; site acquisition; site development; repair, replacement, or site acquisition that is necessitated by an emergency.

Equipment. Money in the fund may be used to pay for the purchase, lease, or repair of equipment to be used by the library district.

Computer Hardware and Software. The library capital projects fund may also be used for the purchase, lease, upgrading, maintenance, or repair of computer hardware or software.

Information regarding the procedures to establish a library capital projects fund and the use of such fund are contained in Chapter 2 of this manual.

STATE GRANT FUNDS

IC 36-1-8-12 states that if a political subdivision receives state grant money requiring local matching money, the political subdivision shall create a special fund and deposit the grant money and matching money into the special fund. The money in the fund may be used only for the purposes of the grant.

If a political subdivision completes the project for which the state grant money was provided and money remains in the fund: (1) the political subdivision shall transfer the state's share of the remaining money to the Treasurer of State for deposit in the fund from which the grant was made; and (2) the political subdivision's pro rata share of the remaining money reverts to the political subdivision's general fund.

PAYROLL FUND

A Payroll Fund may be used as a clearing account for all payroll transactions. The total gross payroll would be receipted to the fund at each payroll and the net payroll and the withholdings would be disbursed from the fund.

DORMANT FUND BALANCES

Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the library board shall order, by resolution, the balance of the fund to be transferred to the Library Operating Fund or the Rainy Day Fund.

This section applies only to funds raised by a general or special tax levy. [IC 36-1-8-5]

PRESCRIBED FORMS AND ACCOUNTING PROCEDURES FOR LIBRARIES

For general information on prescribed forms and the form approval process see Chapter 4.

LIBRARY FINANCIAL AND APPROPRIATION RECORD

Description

The Library Financial and Appropriation Record is Library Form No. 1. The insert sheets are Library Form Nos. 1A and 1B. Libraries having more than five (5) funds will also use the optional insert sheet, Library Form 1C.

Accounting Procedures

The Library Financial and Appropriation Record should be posted as follows.

Original Appropriations. The original appropriation for each item as shown by Library Budget Form No. 4 should be entered on Line 1 of the Library Financial and Appropriation Record. This same amount is to be carried forward to Line 1 of each succeeding page of the Financial and Appropriation Record.

Note that the Budget Estimate, Library Budget Form No. 1, is in more detail than the Resolution of Appropriations, Library Budget Form No. 4. For example, on Library Budget Form 1, electric current, gas, and water are listed as separate items. On Library Budget Form No. 4 these items are combined into one appropriation for utility services. This permits the library to expend more than the amount estimated on Library Budget Form No. 1 for water or any one of the items, as long as the total amount expended for heat, light, power, and water does not exceed the amount appropriated as shown on Library Budget Form No. 4., utility services.

The amounts included on Library Budget Form No. 4 govern the maximum amount that a library may expend. An additional appropriation is not required unless the disbursement for a certain item will exceed the amount appropriated as shown on Library Budget Form No. 4 which is also shown on Line 1 at the top of each page of the Financial and Appropriation Record.

Additional Appropriations. All approved additional appropriations are to be noted on Line 1, added to the original appropriation, and the total amount carried forward to Line 1 of the next page.

Encumbrances. Appropriations that are carried forward due to encumbrances from the previous year should be 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 ledger sheets.

Appropriation Transfers by Board Resolution. If within one of the major classifications one or more of the detail account appropriation balances becomes exhausted, then one or more of the detail account appropriation balances within that same major classification may be decreased and transferred to the detail account or accounts which have become exhausted, (with the exception of transfers to "Transfer to Library Improvement Reserve Fund"). A resolution of the library board is necessary to effectuate this transfer. However, this transfer is not required to be approved by the Department of Local Government Finance.

If the library board determines that a transfer of funds from one major classification to another is necessary, that transfer may be accomplished by resolution of the board, with the exception of the Library Improvement Reserve Fund and the unanticipated revenue. Upon such action, the appropriation balances of the affected classifications may be decreased and increased as specified in the resolution. Approval of the Department of Local Government Finance is not required.

Column Usage. The "A" columns provide for a control: "A-1" receipts - all funds, "A-2" disbursements - all funds, and "A-3" balance - All funds.

The "B" columns provide for all transactions in the Library Operating Fund "B-1" receipts, "B-2" disbursements, and "B-3" balance. The "C" columns provide for all transactions in the Library Improvement Reserve Fund; the "D" columns for the Bond and Interest Redemption Fund; the "E" and "F" columns for other funds as needed; the "G" columns provide for employee Payroll Deductions: "G-1" receipts of federal withholding tax deductions, "G-2" receipts of O.A.S.I. or Social Security deductions, "G-3" receipts of state withholding tax deductions, "G-4" receipts of county withholding tax, "G-5" receipts of P.E.R.F. withholdings, and "G-6" receipts of group insurance withholdings. Columns "G-7" and "G-8" may be used for other payroll deductions as needed.

Additional inserts, Library Form No. 1C, may be added as are necessary. Each insert provides for four funds, columns "H", "I", "J", and "K".

The Library Operating Fund Appropriation Columns as shown on the Financial and Appropriation Record are used in making the distribution of disbursements and charging the same to the proper appropriation.

In the Library Improvement Reserve Fund column "Appropriations Capital Expenditures," all disbursements from said fund are to be charged to this appropriation. Investments from Library Improvement Fund should be entered in the "Library Improvement Fund Investments" column.

The "Bond and Interest Redemption Fund" appropriation columns are to be used for all disbursements from said fund for bond principal and interest.

Record of Receipts and Disbursements. Receipts and Disbursements should be posted as follows:

Receipts. Each receipt is to be posted in column A-1 and also in the receipt column of the appropriate fund.

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. Refunds of moneys improperly or erroneously received by the library, such as an overpayment of a fine, may be paid without appropriation.

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 may be appropriated by the Library Treasurer and 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 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.

General Disbursements. Each disbursement is to be posted in column A-2 and also the disbursement column of the appropriate fund. Each disbursement is also posted to the proper appropriation column of the Library Financial and Appropriation Record.

Disbursements for Personal Services. Disbursements for personal services should be posted in the following manner.

1. Post the net amount of the warrant to column A-2, the gross amount to column B-2, the gross amount (gross salary before payroll deductions) to the proper appropriation column, and the payroll deductions in columns G-1, G-2, G-3, etc.

2. Disbursements to the Internal Revenue Service or the bank designated to receive withholding tax, Indiana State Department of Revenue, Public Employees' Retirement Fund and other parties or agencies authorized are to be posted in Columns A-2 and G-1 through G-8 as appropriate. G column disbursements should be indicated by the use of parenthesis to distinguish them from receipts.

   The employer's (library's) contribution for retirement or O.A.S.I. is to be paid from Library Operating Fund and charged to Personal Services, Employee Benefits, unless the related salaries are not paid from the Library Operating Fund.

   Payrolls are to be prepared on General Form No. 99 - Payroll Schedule and Voucher.

   The record of each employee's compensation and payroll deductions is to be kept on General Form No. 99B.

   The days or hours worked by each employee is to be recorded on General Form No. 99A - Employee's Service Record. This form is also used to account for vacation leave, sick leave and other leave as authorized by the Library Board of Trustees.

Monthly Totaling and Balancing. The Library Financial and Appropriation Record 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. The proofs of posting to be made at the end of each page are:

1. The sum total of amounts in column B-1, C-1, D-1, E-1, F-1; F-2; G-1, H-1, I-1, J-1, and K-1, should equal the total amount in column A-1;

2. The sum total of amounts in columns B-2, C-2, D-2, E-2, G-2, H-2, I-2, J-2, and K-2, should equal the sum totals in amounts in columns A-2 and balances in G-1 through 8.

3. The sum totals of amounts B-3, C-3, D-3, E-3, F-3;G balances, H-3, I-3, J-3, and K-3 (other than investments from total monies on deposit) should equal the total amount in column A-3. This amount should also be equal to the bank balance plus deposits in transit, less any outstanding warrants, plus petty cash and investments from total monies on deposit.

4. The sum total of amounts charged to appropriations in the Library Operating Fund should equal the total amount in column B-2.

5. The sum total of amounts charged to Appropriations Capital Expenditures column should equal the total amount in Column C-2. (Except for purchase of investments and temporary loans.)

6. The sum total of amounts charged to Bond and Interest Appropriation Columns should equal the total amount in column D-2. (Except for purchase of investments and temporary loans.)

7. At the close of each month, the total of "G-1" (Federal Withholding Tax) must be paid by warrant to the bank designated to receive tax, or a warrant for this amount must be written to the Internal Revenue Service. The amount of this warrant is posted to "A-2" and "G-1" columns only. Therefore, at the close of each month there will be no balance in the "G-1" column.

8. The "G-2" column (O.A.S.I.) should be closed out monthly when the payment of Social Security is made to the designated bank or Internal Revenue Service.

   The total amount of this warrant, which includes both the employee's deductions and the employer's (library's) contribution would be posted to "A-2" column. The employer's contribution for O.A.S.I. is to be paid from and posted to "B-2" column, Library Operating Fund and charged to Personal Service, Employee Benefits.

   The amount of this warrant which represents employee's payroll deductions should be posted to column "G-2" in parenthesis. Therefore, there would be no balance in the "G-2" columns at the end of each month.

   The same warrant may be used for federal withholding as O.A.S.I. when depositing with the bank designated to receive the taxes or in payment to the Internal Revenue Service.

9. The "G-3" column (State Withholding Tax) should be closed out monthly when the report and payment of State tax withheld is made to the Indiana Department of Revenue.

10. The "G-4" column (County Withholding Tax) should be closed out monthly when the report and payments are due at the designated agency for which the deductions were made.

11. The "G-5" column (PERF) should be closed out quarterly when the report and payment of Retirement is made to the Public Employees' Retirement Fund.

    Note: All "G" columns should be closed out on December 31st of each year. At the close of all other months, there may be a balance in some "G" columns which must be used in proving the Financial and Appropriation Record at the close of each month.

Alternate Forms

In lieu of the Library Financial and Appropriation Record, libraries also have the option of using Cities and Towns Form Nos. 208, 209 and 209A. Larger libraries which need to use more than one insert sheet in the Library Financial and Appropriation Record may wish to consider using cities and towns forms. Any libraries wishing to use these forms may do so by passing a board resolution to that effect. The following forms would be used in place of Library Form Nos. 1, 1A, 1B, and 1C.

City and Town Form No. 208, Ledger of Receipts, Disbursements and Balances. A separate ledger sheet is used for each fund. All receipts and disbursements to a particular fund are entered in order by date. This form is similar in use to column B-1, B-2 and B-3 for the Library Operating Fund on Library Form No. 1.

Warrants may be posted individually or grouped and posted in total if written on the same date and are in numerical sequence.

The subtraction of total disbursements of a fund from the sum of the total receipts and the cash balance at the beginning of a particular period should produce the cash balance of that fund. This calculation is to be made monthly and reconciled to bank account balances.

Total disbursements for the month should also be reconciled with total disbursements as shown by the Ledger of Appropriations, Encumbrances, Disbursements and Balances, Form No. 209.

City and Town Form No. 209 - Ledger of Appropriations, Encumbrances, Disbursements and Balances. A separate ledger sheet should be used for each major budget category (Personal Services, Supplies, Other Services and Charges, and Capital Outlays). Otherwise a separate ledger sheet for each budget classification as per Library Budget Form No. 4 should be used. Columns are provided for listings of purchase orders and warrants.

The full amount of the original annual appropriation plus any additional appropriations is entered in the "Appropriation" column. The balance in the "Appropriation Balance" column represents the amount of the appropriation not disbursed.

This form may be used with or without purchase orders. If purchase orders are used the last amount in the "Balance" column, under purchase orders, represents the total of the unpaid or outstanding purchase orders. To determine the unencumbered balances, the final amount in this column is subtracted from the final amount in the "Appropriation Balance" column.

The total disbursements for the month should be reconciled with the total monthly disbursements as shown by the Ledger of Receipts, Disbursements and Balances, Form No. 208.

City and Town Form No. 209A - Detailed Ledger of Disbursements (Optional Form). For those Libraries wishing to account in greater detail for their disbursements, optional Form No. 209A may be used. The detail per Budget Form No. 4 should be entered on this form. This form is used as a supplement form with City and Town Form No. 209 to provide a detailed breakdown of the disbursement posted to Form No. 209. The form consists of a column for date, warrant number, and nine columns with blank headings in which to enter the minor categories of each major budget category.

PUBLIC LIBRARY WARRANT - LIBRARY FORM NO. 2

The State Board of Accounts has prescribed the following warrant form for use by all public libraries operating under the provisions of IC 36-12. Each warrant should be signed by the treasurer of the library board.

Printing specifications for this form are as follows:

this form is to be printed and print ruled in duplicate as per attached mimeographed copy on substance 20 No. 1 bond paper, any color, size of each copy approximately 3 5/16 by 8 inches, 5 warrants per sheet, original and duplicate prenumbered, original perforated between warrant, sheet to be folded and perforated between original and duplicate copies, and duplicate punched for post binder.

The above form may be purchased from public printing suppliers in Indiana. At the option of the purchaser the name of the fund, name of public library, name of public depository and bank symbol, and number of the depository may be overprinted on the above forms. Payroll warrants, with perforated stubs on which to enter amounts withheld, may also be ordered.

DAILY RECORD OF DESK COLLECTIONS - PRESCRIBED LIBRARY FORM NO. 3

This form has been prescribed to provide a method of recording the total daily receipts of a public library and each of its branches, if any. As money is received during a day it should be segregated by notations classifying the receipts into the three categories shown on the prescribed form. At the end of the day the totals should be entered on the form.

It is recommended that the library board establish a cash change fund in accordance with IC 36-1-8-2 for each library and each branch to be kept on hand. Each branch library is to maintain the prescribed form.

The first column of the form, "Balance Beginning of Day," will show the balance on hand at the beginning of each day, including the cash change fund. To this balance will be added all daily receipts as indicated in the next three columns. Then, deposits will be deducted and the remainder entered in the last column, "Balance End of Day," which should accurately reflect the actual cash on hand. The cash change fund should not be deposited.

Receipts should be deposited daily pursuant to IC 5-13-6-1. The receipts should be posted to the Financial and Appropriation Record each time a deposit is made; thus, the receipts recorded on Form 3 for the month should equal the receipts entered on the Financial and Appropriation Record.

This form is to be reproduced on white paper, 8 ½" X 11", padded and punched in the left margin for a ring binder.

ACCOUNTS PAYABLE VOUCHER - PRESCRIBED LIBRARY FORM NO. 4

This form is 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.

IC 36-12-3-16 provides that "each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director must certify to the library board before payment that each claim for payment is true and correct. The certification must be on a form prescribed by the State Board of Accounts." To satisfy the certification requirements, the library director may either sign each accounts payable voucher individually or sign in the area designated on the Accounts Payable Voucher Register, General Form 364.

The Accounts Payable voucher should be properly filled out and signed by the library director before presentation to the board for approval. A majority of the library board must approve each payment. The board may choose one of three methods to record their approval:

1. Signatures of a majority of the board on each Accounts Payable Voucher.

2. Signatures of a majority of the board on General Form No. 364 (Accounts Payable Voucher Register) listing each payment to be made.

3. Inclusion of a list of the approved payments in the board minutes, which are then signed by a majority of the board.

After Accounts Payable Vouchers have been completely processed, allowed, and warrants issued, they should be filed numerically and maintained with the applicable Accounts Payable Voucher Register, General Form 364.

BOND REGISTER - GENERAL FORM NO. 53

This form provides columns and space for all data required in connection with the issuance of either general obligation or revenue bonds.

When bonds and interest coupons are paid, they should be cancelled and the date of payment entered in the bond register. This will enable the treasurer to determine the total amount of the outstanding bonds and interest coupons at any time.

If any bond has more than 20 coupons attached, the space on the right, headed, "Memoranda" may be cut off, thus forming a short leaf, and coupons spread on next page, beginning with Coupon No. 21 and continuing on, until all coupons are recorded. Additional short leafs may be used as necessary. The size of the bond register will be determined by the total amount of the bond issue.

CONTRACTOR'S COMBINATION BID BOND AND BOND
FOR CONSTRUCTION - GENERAL FORM NO. 86

This form properly filled out may accompany any bid for public work and may be used as a guarantee of faithful performance in the case of the successful bidder if approved as such by the awarding body. [IC 36-1-12-14]

CONTRACTOR'S BOND FOR CONSTRUCTION - GENERAL FORM NO. 86A

This form properly filled out and approved by the awarding body will be furnished by the successful bidder as a guarantee of faithful performance in connection with contract for public work. [IC 36-1-12-14]

CONTRACTOR'S BID FOR PUBLIC WORK - GENERAL FORM NO. 96

This form provides for a bid or proposal in connection with the letting of contracts for public work such as construction, reconstruction, alteration or renovation in accordance with the statutes. [IC 36-1-12]

PURCHASE ORDER - GENERAL FORM NO. 98

This form is used in conjunction with The Library Financial and Appropriate Record, Library Form No. 1, provision is made for certification of an unobligated balance being available in the appropriation from which purchase is to be made, in compliance with the law.

This will require the encumbering of appropriations for each order as it is issued.

It is necessary that all orders pass through the hands of the person responsible for appropriation accounting, even if purchasing is not centralized.

The original will be delivered to the vendor, the duplicate copy filed with the purchasing authority and the triplicate copy filed with the person responsible for appropriation accounting.

The purchase order number must appear on all invoices and claims or original order prepared by the vendor.

Provision is made on copies for certificate of the party receiving the merchandise. In case of centralized purchasing, a copy should be delivered to the department for execution of this certificate, to be signed and returned to the purchasing authority upon receipt of the merchandise.

Purchase orders issued on bids and contracts must be delivered to the vendor within thirty (30) days after acceptance by the board. [IC 5-22-18-5]

The original copy of a purchase order must be given to the vendor at the time of purchase.

The original purchase order issued to the vendor at the time the purchase is made must accompany the bill or invoice and accounts payable voucher to the department before payment is made, or the number thereof must be shown on the bill or invoice and accounts payable voucher.

An itemized accounts payable voucher covering the purchase must be filed with the department after delivery is made.

It will be observed that there is a sequence of time that must be followed. The order comes first, in the same manner as though an order was being made from a catalog. The person responsible for appropriation accounting must be advised of the order so that the fund will be encumbered and not obligated more than once. The bill or invoice and accounts payable voucher must be fully prepared, not just a statement of account.

It is to the advantage of the person responsible for appropriation accounting to know at all times what purchases have been entered into and how the appropriation ledger stands, for purposes of anticipating the year's needs.

This form is illustrated in The Appendix of this chapter, Page A-27.

Completion of Form and Accounting for Funds

Certification that a sufficient unobligated appropriation balance is available to cover the purchase must be made on the purchase order form. This will require the encumbering of appropriations with each order as it is issued.

It is necessary that all purchase orders pass through the hands of the person responsible for appropriation accounting, even if purchasing is not be centralized.

The person receiving the merchandise or services must certify such on the purchase order form. In case of centralized purchasing, a copy should be delivered to the department for execution of this certificate and returned to the purchasing authority.

PAYROLL CLAIM - GENERAL FORM 99

Use and Description

This form should be used for all payrolls. Form No. 99 is printed in two sizes, 8 ½" X 14" and 17" X 14". The smaller size contains space for 16 names. If more than 16 are regularly employed, the 17" X 14" size may be used.

Completion of Form

Each claim should be certified by the library director and the secretary of the library board in the appropriate sections on the back.

Approval by a majority of the library board is also required in the appropriate section unless an Accounts Payable Voucher Register, General Form 364, is signed by a majority of the library board.

Posting and Filing

Posting from this form will be to the Library Financial and Appropriation Record, Library Form 1, for the gross amount of pay and to the Employee's Earnings Record, General Form 99B.

Payroll claims should be numbered with other claims and filed with other claims in warrant number order.

EMPLOYEE'S SERVICE RECORD - GENERAL FORM 99A

This form must be kept by each office or department for each employee in order to properly prepare Payroll Schedule and Voucher, General Form No. 99. It records the hours or days worked, sick leave, vacation and days lost. It may also be used to comply with the requirements of IC 5-11-9-4 regarding recording hours worked each day by an employee.

It is suggested that these be arranged alphabetically in a binder.

EMPLOYEE'S EARNINGS RECORD - GENERAL FORM 99B

This form is for the purpose of recording the compensation paid each employee and, at the same time, to record the various authorized deductions from such pay.

Provision is made for name and address of employee, social security number, rate of pay, gross pay, deductions for withholding tax and other items, and net amount paid. Provision is also made for quarterly totals and grand totals at the close of the calendar year.

All compensation paid to each employee shall be recorded on this form. An account will be carried for each employee regardless of whether or not tax or other deductions are made.

Posting to this record will be made from Payroll Schedule and Voucher, General Form No. 99.

The library director will make the necessary returns to the District Director of Internal Revenue and Indiana Department of Revenue from information recorded on these forms. Forms furnished by the Revenue Offices must be used for reporting this information.

At the close of the year or the last pay period of any employee whose service has been discontinued, the grand totals taken from this record will serve for issuing the earnings statements, Forms W-2 and WH-2 to the employee.

The total of the accumulations of each kind of deduction on all individual accounts should agree at all times with the amount set aside in each special fund.

It is suggested that these accounts be arranged alphabetically by calendar year.

EMPLOYEE'S WEEKLY EARNINGS RECORD - GENERAL FORM 99C

This form must be prepared and maintained for all employees who are not exempt from minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA), are not on a fixed work schedule, and are paid weekly.

PUBLISHER'S CLAIM - GENERAL FORM 99P

Use

This form is designed to serve as a claim in all cases where the law provides for the publication of notices in any newspaper. It is also to be used as a medium for posting to the proper appropriation accounts.

Description

Provision has been made on the inside of the form to show: governmental unit; name and address of publisher; line count; Computation of charges; date for computing cost; certification of publisher; publisher's affidavit and attached copy of advertisement.

Space on the outside of the form has been provided for entering: claim no.; warrant or check No.; name of publisher; amount and general budget classification; verification of disbursing officer and certification by the library director.

Filing

After the claim has been completely processed, allowed, the warrant issued and all postings recorded, it should be filed numerically by warrant number with other claims pertaining to the same period.

REPORT OF NAMES, ADDRESSES, DUTIES AND COMPENSATION OF PUBLIC EMPLOYEES - 100R REPORT

This form is filed on the Gateway. It lists the name, office address, duties and compensation of each and all officers and employees. [IC 5-11-13]

It must be filed by January 31 each year.

MILEAGE CLAIM - GENERAL FORM 101

Use

The mileage claim form is designed to serve as a claim for mileage to be presented to the library board for allowance. It should be used for claiming mileage for all business trips. It is also to be used as a medium for posting to the proper appropriation accounts.

Description

Provision has been made on the inside of the form to show: governmental unit, name of individual furnishing motor vehicle; appropriation chargeable; date of trip; destination; odometer readings; nature of business; auto miles traveled; rate per mile; total claimed, date and certification of claimant. [The odometer reading columns on this form are to be used only when distance between points cannot be determined by fixed mileage or official highway map.]

Space on the outside of the form has been provided for entering: claim number; warrant or check number; name of individual furnishing motor vehicle; amount and general budget classification; date allowed and amount; signatures of trustees; filing information; verification of disbursing officer and certification of the library director.

Expenses to be Reimbursed

Library officers and employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the library at a reasonable rate per mile as fixed by resolution of the library board. Reimbursement mileage should not include travel to and from the library board member's or employee's home and the library. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable. The odometer reading columns on this form are to be used only when distance between points cannot be determined by fixed mileage or official state highway map.

Mileage Rate

The mileage rate (and amounts allowable for food and lodging expenses) should be fixed by the library board and entered in the board minutes as a permanent record.

Appropriation

An appropriation balance must be available before any disbursements for reimbursement of professional meetings and traveling expenses may be made. The appropriation should be under the budget classification "Other Services and Charges," Communication and Transportation.

Filing

After claim has been completely processed, allowed, warrant issued and all postings recorded, it should be filed numerically by warrant number along with other claims pertaining to the same period.

REGISTER OF INVESTMENTS - GENERAL FORM 350

Use

This form is designed to record investment transactions as they occur. It is similar in use to a trust register, except that instead of reflecting trust funds received and disbursed, it will reflect investments purchased and sold (or exchanged).

The current inventory at all times will consist of those investments for which no disposal data is entered, and must be represented either by safekeeping receipts from a duly designated depository or actual custody of the securities.

The Register of Investments is to be kept by the custodian of the securities. A duplicate register may be kept by the custodian of the records.

A separate line should be used for recording each security, and separate sheet(s) should be used for each investment fund. More than one investment may be kept in the same post binder.

The register should be set up as soon as forms are received by entering the data for all investments on hand. Thereafter, entries will be made chronologically as investments are sold and/or purchased.

Accounting for Purchase Transactions

Purchases of investments should be posted in the following manner:

1. Date Purchased. Enter the date of the warrant by which the payment was made.

2. Nature of Investments. Show the kind of investment such as U.S. Treasury Note, U.S. Bond, etc.

3. Serial Number.

4. Safekeeping Receipt. The subcolumns under this heading are for use when a safekeeping receipt is issued in lieu of physical delivery of the security:

   a. Issued by.

   b. Number.

5. Maturity Date.

6. Rate of Interest. Enter the total interest rate as shown on the face of the investment.

7. Maturity Value.

8. Amount Paid. The subcolumns under this heading show detail of the total paid:

   a. Principal. Enter that portion of the total payment representing the principal cost, including any miscellaneous charges but not accrued interest. THIS AMOUNT IS RECEIPTED TO THE INVESTMENT FUND AT THE TIME OF PURCHASE AND DISBURSED FROM THE SAME FUND AT THE TIME OF SALE OR OTHER DISPOSAL.

   b. Accrued Interest. Enter that portion of the total amount representing the accrued interest purchased.

   c. Total Paid. Enter the total payment, i.e., (a) plus (b). THIS IS THE AMOUNT DISBURSED OUT OF THE FUND FROM WHICH THE INVESTMENT IS MADE.

Accounting for Sale or Exchange Transactions

The sale, exchange, or disposal of an investment should be posted in the following manner:

1. Date Sold or Redeemed.

2. Amount Received. The subcolumns under this heading show the detail of the total received.

   a. Principal. Enter the portion of the total received representing the principal amount. (This should equal the principal in the "Amount Paid" columns. Any gain between the principal amount paid at the time of purchase and the maturing value should be shown at "Interest.")

   b. Interest. Enter the portion of the total received representing interest.

   c. Total Received. Enter the total received, i.e., (a) plus (b). THIS AMOUNT IS RECEIPTED TO THE FUND FROM WHICH THE INVESTMENT WAS MADE.

Interest Payments

The last four columns on the right margin are for use in recording any interest payments received during the time investment is held. If the investments are such that no periodic interest is paid, these columns should not be used; if interest is received, enter the date and amount here. Space is provided for making eight interest entries. If it is anticipated that more entries will be required, leave the next horizontal line blank and eight additional spaces will be available.

Permanent Record

The form is a continuous record which should not be destroyed or disposed of otherwise. Even though a unit may finally sell all its investments, it could in subsequent months, or years, acquire other investments, and this record would thus be continued.

REGISTER OF INSURANCE - GENERAL FORM NO. 351

Use and Description

The State Board of Accounts has prescribed a Register of Insurance for use by all units of government.

The register of insurance is to be kept and posted by the official who has custody of the other records of the unit.

Postings should be made chronologically as new policies are purchased or as premiums are paid.

This form is designed on 11" X 17" ledger sheet and will fit a standard 11" X 17" post binder. Units keeping a Register of Investments will be able to keep the Register of Insurance in the same post binder, if desired.

Accounting

The Register of Insurance is to be posted as follows:

Upper Margin Headings

1. Unit and Department of Office. This line is used to identify the governmental unit.

2. Classification. This line will be used when it is desirable to subclassify the insurance register by types of policy and/or property covered. E.g., a separate sheet(s) may be kept for buildings as a group under Public Institutional Policies or Multiple Location Rating Plans or for individual buildings by name or number, separate equipment, workmen's compensation, boiler insurance, auto insurance, etc., and a miscellaneous classification for all other policies. The use of this line will depend on the size of the unit and number of insurance policies carried. If this line is used, clearly identify the various classifications. Smaller units will be able to include all policies in one register and will not use this line.

Column Entries

1. Insuring Company. Enter the name of the insurance company issuing the policy.

2. Policy Number.

3. Renewal or Replacement of Policy Number. If this policy renews or replaces an expired policy, enter the old policy number.

4. Amount of Policy. Enter the full amount of coverage as shown on the policy.

5. Type of Coverage. Enter the particular type of coverage provided by this policy; e.g., Fire and Extended Coverage, Auto Liability, Workmen's Compensation, Burglary, etc. Also, enter any coinsurance provisions. (Abbreviate if necessary.)

6. Property Covered. Enter the specific property or group of properties covered; e.g., Library, All Buildings, Autos, etc. This column may not be needed for some types of policies such as Workmen's Compensation, etc.

7. Effective Date. Enter the date coverage begins.

8. Term. Enter the number of years the policy is effective.

9. Expiration Date. Enter the date coverage ends.

10. Fund(s) From Which Paid. Enter the fund or funds from which the premium is paid.

11. Premiums. The subcolumns under this heading will be used to show the premiums for each year during the term of the policy and the date paid. The premium schedule will be posted from the policy and the date of the payment will be posted from the paid claims. Before any claims for insurance premiums are paid, refer to these columns to determine if the premium has been paid previously. This practice will eliminate duplicate payments which occur occasionally.

Lower Margin Lines

1. Remarks. The lines at the lower margin are provided for the purpose of making any explanations that may be required for any policy or policies listed on that ledger sheet. Enter the corresponding reference symbol to identify the policy to which the explanation applies and then briefly explain the facts.

   Explanations should be made under the following circumstances:

   a. policies canceled,

   b. coverage changed,

   c. additional premiums,

   d. premium deductions,

   e. premium refunds, and

   f. other modifications or alterations of policies.

LEDGER OF APPROPRIATIONS, ENCUMBRANCES, DISBURSEMENTS AND BALANCES - GENERAL FORM NO. 359

Posting of Appropriations

The treasurer or designated treasurer of the library board should use a separate ledger sheet for each appropriation in the same detail as the "Resolution for Appropriations," Library Budget Form No. 4, adopted by the library board. Each ledger sheet will then be credited in the "Encumbrance" section with the full amount of the original appropriation plus any additional appropriations that may be made, in accordance with the statutes, during the calendar year. Both the balance in the "Encumbrance" section and the balance in the "Disbursement" section will be increased by the amount of each such credit.

Posting of Purchase Orders

Each appropriation account will be debited with the amount of each purchase order issued, on verification of the proper purchasing authority, and the balance extended under the "Encumbrance" section to show the amount of appropriation still available for disbursement. When the claim for each purchase order is allowed and paid, the warrant number and amount will be posted under "Disbursement" section on the same line opposite the corresponding purchase order showing the transaction completed. The balance of the "Disbursement" section should be extended in order to show the amount of the appropriation still unexpended.

Adjustments

Adjustments will be necessary to correct the unencumbered balance in cases where the estimated expenditures shown on the purchase order is different from the actual cost shown on the claim filed for allowance and payment. If the payment is less than the purchase order, the difference is entered in the credit column and the balance extended under the "Encumbrance" section. If payment is more than the amount of the original purchase order, the difference is entered in the debit column and the balance extended under "Encumbrance" section. In either case, reference is made to the original purchase order number.

Balances

The "Balance Column" under encumbrance will show the unencumbered appropriation. The "Balance Sheet" under disbursements will show the balance of the appropriation unexpended. The difference between the unencumbered balance and the unexpended balance will represent the unpaid purchase orders.

ACCOUNTS PAYABLE VOUCHER REGISTER - GENERAL FORM NO. 364

This form shall be prepared by, or filed with, the disbursing officer together with the supporting accounts payable vouchers. All such documents shall be carefully preserved by the disbursing officer as a part of the official records of the office. It will be optional with each governing board having jurisdiction over the allowance of accounts payable vouchers as to whether to sign each voucher or to sign only General Form No. 364, Accounts Payable Voucher Register. [IC 5-11-10-2 (c)]

In lieu of signing each accounts payable voucher, the library director may certify to the correctness of each claim by signing in the designated area on the Accounts Payable Voucher Register.

Where a mechanized or computerized accounting system is in use, it is permissible to prepare the Accounts Payable Voucher Register on an alternate form. The alternate form must contain the same headings and information shown on the prescribed form and, if accounts payable vouchers are not individually allowed, the form must contain the certification and signatures of the governing body as shown on the prescribed form.

CAPITAL ASSETS LEDGER - GENERAL FORM NO. 369

This form is required to account for all capital assets owned by the library. It is used to record additions and deletions in capital assets owned by the library. A complete inventory should be taken at least once every two (2) years for good internal control and for verifying account balances carried in the accounting records.

MONTHLY REPORT

One of the library treasurer's responsibilities is to make financial reports of library funds and present the reports to the library board each month.

There is no prescribed form for the required monthly financial report. It is suggested that such a report include two types of information:

1. A 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. A report by budget classification showing the currently approved appropriations, disbursements in each appropriation to date, and the appropriation balance.

PROCEDURE FOR PAYMENT OF BILLS

Authority

IC 36-12-3-16 provides that "the library board may disburse according to law all money for lawful library purposes."

Documentation Required

Each payment must be supported by a fully itemized invoice or other documentation. The documentation should be available to the board for their review before approval. The library director must certify to the board before payment that each claim is true and correct and that the goods or services were received. This certification must be on Library Form No. 4, which should be completed with information regarding the payee, invoice date and number, description of service or material, amount to be paid, and the account to be charged.

Timing of Payment

All payments should be made after the receipt of the goods or services except for those items specifically exempted by law.

IC 36-12-3-16(a) provides that with the prior approval of the library board, payment may be made in advance of library board allowance for any of the following:

1. Property or services purchased or leased from the United States government or its agencies and the state, its agencies, or its political subdivisions.

2. Dues, subscriptions and publications.

3. License fees.

4. Insurance premiums.

5. Utility connection charges.

6. Federal grant programs where advance funding is not prohibited and the contracting party posts sufficient security to cover the amount advanced.

7. Grants of state funds authorized by statute.

8. Maintenance and service agreements.

9. Legal retainer fees.

10. Conference fees.

11. Expenses related to the educational or professional development of an individual employed by the library board, including:

    a. in service training,

    b. attending seminars or other special courses of instruction; and

    c. tuition reimbursement; if the library board determines that the expenditures under this subdivision directly benefit the library.

12. Leases or rental payments.

13. Bond or coupon payments.

14. Payroll costs.

15. State, federal or county taxes.

16. Expenses that must be paid because of emergency circumstances.

17. Expenses incurred to advertise and promote the programs and services of the library.

18. Other expenses described in a library board resolution.

Claims paid in advance of board allowance shall be reviewed and allowed at the library board's first regular or special meeting following payment of the claims.

Board Approval

A majority of the library board must approve each payment. The board may choose one of three methods to record their approval:

1. Signatures of a majority of the board on each Accounts Payable Voucher (Library Form No. 4).

2. Signatures of a majority of the board on the Accounts Payable Voucher Register (General Form No. 364) listing each payment to be made.

3. Inclusion of a list of the approved payments in the board minutes, which are then signed by a majority of the board.

After payments are approved, warrants may be issued and signed by the treasurer of the library board.

Interest on Public Contracts When Not Paid Timely

IC 5-17-5 provides that every "political subdivision shall pay interest at the rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel, whenever the . . . political subdivision fails to make timely payment." [IC 5-17-5-1(a)]

Timely payment is defined, with some exceptions, to occur if ". . . a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of a properly completed claim or receipt of goods and services, whichever is later. . . ." [IC 5-13-5-1(b)]

Pursuant to IC 5-17-5-1(c), payment by a political subdivision is timely if:

1. a date for payment is not specified in an applicable contract;

2. a claim: (a) for payment for goods or service; and (b) that must be approved by a local legislative body or boards is submitted to the body or board; and

3. the political subdivision pays the claim within thirty-five (35) days following the first regularly scheduled meeting of the body or board that is held at least ten (10) days after the body or board receives the claim.

Pursuant to IC 5-17-5-2, the interest requirement does not apply to the following:

1. Interagency or intergovernmental transactions.

2. Amounts payable to employees of political subdivisions as reimbursements for expenses.

3. Claims subject to a good faith dispute, if before the date of timely payment notice of the dispute is:

   a. sent by certified mail;

   b. personally delivered; or

   c. sent in accordance with procedure in the contract.

4. Contracts entered into before September 1, 1983.

5. Claims, contracts, or projects that are to be paid exclusively with federal funds.

SIGNATURE STAMPS

The decision on whether the number of items to be signed justifies the use of a rubber stamp or other device for affixing a signature must be made by each public official responsible for signing warrants, claims, and other official documents.

A rubber stamp or other signing device should be used only under the personal direction of the public official and should be properly safeguarded when not in use since each official is responsible for his or her own signature.

CANCELLATION OF WARRANTS - OLD OUTSTANDING CHECKS

Pursuant to IC 5-11-10.5, all checks outstanding and unpaid for a period of two years as of December 31 of each year are void.

Not later than March 1 of each year, the treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding. The original copy of each list shall be filed with the board of finance. The duplicate copy shall be filed by the disbursing officer of the library.

The disbursing officer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks.

CASH CHANGE FUND

The library board may permit any of its officers or employees having a duty to collect cash revenues to establish a cash change fund. Such a fund must be established by a warrant drawn on the appropriate fund in favor of the officer or employee, in an amount determined by the library board, without need for appropriation to be made for it.

The officer or employee who establishes a cash change fund shall convert the warrant to cash, shall use it to make change when collecting cash revenues, and shall account for it in the same manner as is required for other funds of the library.

The library board shall require the entire cash change fund to be returned to the appropriate fund whenever there is a change in the custodian of the fund or if the fund is no longer needed. [IC 36-1-8-2]

VACATION, SICK LEAVE, PAID HOLIDAYS, AND OTHER LEAVE

Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district.

Payment of vacation benefits so granted may be made in advance of any vacation taken by such an employee. [IC 5-10-6-1]

GROUP INSURANCE

A library may provide programs of group insurance for its employees and retired employees. A library may exclude part-time employees and persons who provide services to the library under contract from such group insurance programs. A library may provide programs of group insurance through either or both of the following methods:

1. By purchasing policies of group insurance.

2. By establishing self-insurance programs.

3. By electing to participate in the local unit group of local units that offer the state employee health plan under IC 5-10-8-6.6.

A library may pay a part of the cost of group insurance, but shall pay a part of group life insurance for its employees. [IC 5-10-8-2.6(c)]

An insurance contract for library employees may not be canceled by the library during the policy term of the contract. [IC 5-10-8-2.6(d)]

IC 5-10-8-2.6 also requires group health insurance to be made available to retired employees and their spouses retiring after June 30, 1986 who are fifty-five (55) years of age who are not eligible for Medicare coverage. A library may require the retired employee to pay both the employer's and employee's premiums for such coverage.

IC 5-10-8-5 allows two (2) or more local public employers to establish a common or unified plan of group insurance for their employees and retired employees. Such plan shall be affected through a trust, agency or other local arrangement with careful accounting and fiscal responsibility.

OPTICAL IMAGES OF CHECKS

IC 5-15-6-3 states in part: ". . . 'original records' includes the optical image of a check . . . ."

The State Board of Accounts is of the audit position both sides of a check are part of the original record. Therefore, both sides of an "optical imaged check" should be available for public inspection and audit. Encoding, printing and bank certification should exist to ascertain that the back side of a check is part of a particular check; i.e., endorsements should belong to the front side of a check presented.

COLLECTION AGENCIES

A library board or a person designated in writing by the library board may:

1. collect money or library property; or

2. compromise the amount of money;

that is owed to the library.

A library board:

1. shall determine the costs of collecting money or library property, and

2. may add the costs of collection, including reasonable attorney’s fees, to money or library property that is owed and collected under this section.

A library board or the library board's agent that collects money shall deposit the money, less the costs of collection, in the account required by law. A person designated by the library board may collect money from a person for the library only if the amount to be collected from the person is more than ten dollars ($10).

A library board may compromise claims made against the library. [IC 36-12-3-18]

ELECTRONIC FUNDS TRANSFER – PAYMENT OF CLAIMS

A library board may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a library board adopts a resolution, the library may pay money from its funds by electronic funds transfer.

A library that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by the library.

"Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. (IC 36-12-3-16.5)