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STATE BOARD OF ACCOUNTS



Fall Bookkeeping Workshop

November 21, 2024

Mitch Wilson & Beth Goss





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PAUL D. JOYCE, CPA STATE EXAMINER

Indiana's State Examiner and the agency head for the State Board of Accounts, Paul Joyce coordinates and manages the post-audits and examinations of over 4,000 state and local governmental entities in Indiana.



PURCHASING



DONATIONS, GIFTS
AND
CONTRIBUTIONS



NEPOTISM AND
CONFLICT OF
INTEREST



LIBRARY
IMPROVEMENT
RESERVE
FUND



YEAR END ITEMS

TOPICS OF DISCUSSION

PUBLIC PURCHASES



Purchases under \$50,000

- IC 5-22-8-2
- Purchases must be made in accordance with your local policy

Purchases between \$50,000 and \$150,000

- IC 5-22-8-3
- Quotes required from at least three vendors

Purchases exceeding \$150,000

- IC 5-22-7
- Requires issuance for invitation of bids

PUBLIC PURCHASING THRESHOLDS

PURCHASING POLICIES

- Unique to each library
- Adopted by Library Board
- Cannot conflict with Indiana Code
- Can be more stringent than Indiana Code
- **Recent Change:** include allowability of advance payments

ADVANCE PAYMENTS

- Indiana Code 5-11-10-1.6 (Effective July 1, 2023)
 - Allows advance payments to contractors
 - Allows payment prior to delivery of goods or completion of services
- Advance payment of meal expenses is still allowable

ADVANCE PAYMENTS

- Advance payment of meal expenses
 - Employee traveling on library business
 - Ordinance established that allows advance payment entails:
 - Maximum amount to be paid in advance
 - Required invoices/documentation that must be submitted
 - Reimbursement from wages if documents not submitted

ADVANCE PAYMENTS

- Advance payment to contractors
 - Cannot exceed lesser of 50% of contract or \$2 million
 - Solicitation for contract must include:
 - Library will make advance payments
 - Limitations on the amount of advance payments
 - Requirements for documentation
 - Any other useful information pertaining to advance payments

ADVANCE PAYMENTS

- Advance payment of goods and services
 - Cannot exceed lesser of 50% of contract or \$2 million
 - Fiscal body must authorize advance payments
 - Fiscal officer or designee must:
 - Track prepayments
 - Create prepayment invoice
 - Require insurance or surety bond if prepayment is >\$150,000

PREPAYMENT PURCHASE ORDER

NOTE: NO CLAIMS WILL BE APPROVED FOR PAYMENT UNLESS ORIGINAL COPY OF THIS ORDER OR THE P.O. NUMBER IS MADE PART OF THE CLAIM

P.O.

This number must be on invoice, Voucher and Delivery Memoes

DATE

REQ

IN ACCORDANCE WITH BID AND CONTRACT DATED

If subject to discount please indicate on invoice

Charge to Appropriation for Appropriation Number

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	AMOUNT

Do you have the local ordinance? Y/N

TOTAL AMOUNT OF ORDER

PREPAYMENTS

	Prepaid Amount	
	Prepaid check #	
	Prepaid check date	
	Invoice Number	
	Is there a surety bond or has a determination been made that one is not required?	

IC 5-11-10-1.6 specifies the requirements for prepayments

TOTAL AMOUNT REMAINING OF ORDER

I HEREBY CERTIFY THAT THERE IS AN UNOBLIGATED BALANCE IN THIS APPROPRIATION SUFFICIENT FOR THE ABOVE ORDER

BILLING ON THIS ORDER MUST BE ACCOUNTING TO PRICES SHOWN ABOVE

SIGNATURE

TITLE

PREPAYMENT PURCHASE ORDER FORM

(FORM 98P)

DONATIONS, GIFTS & CONTRIBUTIONS



LIBRARY GIFT FUNDS



Pursuant to IC 36-12-3-11 (a)(5), 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.



TYPES OF GIFTS

Restricted - Gifts received to which the donor has attached terms, conditions and purposes. These may be quite specific or very general, such as “books” etc.

Unrestricted – Gifts received to which the donor has not attached terms, conditions or purposes.

GIFTS CONTINUED



It is the prerogative of the Library 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.



Contributions, donations, and gifts can be invested as long as the requirements noted in IC 5-13 titled "Investment of Public Funds" are followed.

ACCOUNTING FOR GIFTS



Gift funds may be handled in 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.
- 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 re-appropriated before the disbursement.

ACCOUNTING FOR GIFTS, CONTINUED



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".



ACCOUNTING FOR GIFTS, CONTINUED



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.

ACCOUNTING FOR GIFTS, CONTINUED



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.

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.



NEPOTISM AND CONFLICT OF INTEREST

NEPOTISM



IC 36-1-20.2-1

- ▶ This chapter applies to all units.

IC 36-1-2-23

- ▶ "Unit" means county, municipality, or township.

Verdict – Nepotism is not applicable to libraries

CONFLICT OF INTEREST



What is a conflict of interest?

- ▶ IC 35-44.1-1-4(b)
- ▶ A public servant who knowingly or intentionally has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the governmental entity served by the public servant.
- ▶ Level 6 felony



CONFLICT OF INTEREST



How to avoid felony offense

- ▶ IC 35-44.1-1-4(c) lists unique exceptions
- ▶ Most common is to file disclosure statement
 - ▶ IC 35-44.1-1-4(c)(6)



CONFLICT OF INTEREST



"(d) A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; and
- (7) contain, if the public servant is appointed, the written approval of the elected public servant (if any) or the board of trustees of a state supported college or university (if any) that appointed the public servant."

CONFLICT OF INTEREST DISCLOSURE UPLOAD TOOL



Conflict of Interest Disclosure Statement Upload Tool

The legal requirement for filing disclosures of conflict of interest can be found in the Indiana Code in Title 35 Section 44.1-1-4 (IC 35-44.1-1-4) available at <https://iga.in.gov/laws/2024/ic/titles/35#35-44.1-1-4/>. If you have any questions regarding this law or disclosure, you should contact your attorney for legal advice.

Individuals are required to file this disclosure with the State Board of Accounts (SBOA) using this form: [CQI Form](#). Once you have filled out the form, scan it as a pdf and upload using the tool below. If the Conflict of Interest is on multiple pages, all pages must be in one file, in order and in the correct orientation so that it is readable.

NOTE: The filename should be formatted with only one period before the extension (ex. .pdf, .tif, .jpg). Neither IBRC nor SBOA review the uploads for content. **It is the responsibility of the individual reporting the conflict of interest to verify that the document that was submitted is correct and complete.**

Upload Disclosure Form

Enter the name of the individual required to disclose a conflict of interest:

Enter the email address of individual required to file this disclosure:

Select name of the Government Entity:

Select county Select unit type Select unit

Select the file to upload (PDF):



Type the code from the image



LIBRARY IMPROVEMENT RESERVE FUND
(LIRF)

LIBRARY IMPROVEMENT RESERVE FUND



Purpose and uses [IC 36-12-3-11(a)(4)]

- ▶ Money or securities may be accumulated in any library improvement reserve fund to anticipate necessary future capital expenditures, such as:
 - ▶ (A) the purchase of land;
 - ▶ (B) the purchase and construction of buildings or structures;
 - ▶ (C) the construction of additions or improvements to existing structures;
 - ▶ (D) the purchase of equipment; and
 - ▶ (E) all repairs or replacement of buildings or equipment

LIBRARY IMPROVEMENT RESERVE FUND



► Establishment

- Via Resolution
- Tax money accrued to LIRF must be anticipated in budget



LIBRARY IMPROVEMENT RESERVE FUND



Funding Sources

- ▶ Transfer from Operating Fund
 - ▶ Typically done after each tax draw
 - ▶ No separate tax levy allowable
 - ▶ Amount budgeted for LIRF is not limited by statute
- ▶ Endowments and Gifts



LIBRARY IMPROVEMENT RESERVE FUND



Appropriations

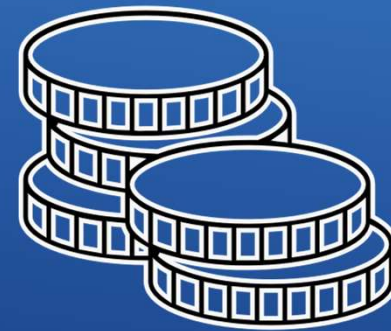
- ▶ LIRF requires an appropriation
 - ▶ Exception: investments
- ▶ May be made in annual budget or through additional appropriation

LIBRARY IMPROVEMENT RESERVE FUND



Expenditures

- ▶ Required to follow purchasing guidelines
- ▶ Transfers out are not advisable
 - ▶ Not allowable to Operating or Rainy Day



YEAR - END CONSIDERATIONS





ITEMS TO CONSIDER

- ✓ Salary Schedules
- ✓ Appropriations
- ✓ Encumbrances
- ✓ Payroll
- ✓ Cancellation of Warrants
- ✓ Names & Addresses to County Treasurer
- ✓ Internal Controls
- ✓ Miscellaneous



SALARY SCHEDULES

- IC 36-12-2-22** Board sets compensation of Treasurer
- IC 36-12-2-24(a)** Board sets compensation of Director
- IC 36-12-2-24(b)** Board adopts schedules of salaries of Librarians & other employees



SALARY SCHEDULES



Considerations:

- Number of pays in 2025
- Has enough been appropriated
- Bonuses
- Longevity
- Benefits (leave, insurance, HSA's, deferred comp)

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APPROPRIATIONS

Check for line items that are overspent

- Transfer from other line items if necessary
- From one major classification to another; board approval by resolution [IC 6-1.1-18-6]

Need an additional appropriation?

- There still may be time
 - <https://gateway.ifionline.org/AdditionalAppropriations/SelectUnit.aspx>
- Contact DLGF if you have questions
 - <https://www.in.gov/dlgf/files/maps/Field-Rep-Map-Budget.pdf>



ENCUMBRANCES

Unpaid approved purchase orders & contracts

- Can be encumbered – or carried forward – to 2025
- Show as separate amount on 2025 appropriation ledger
- You'll have the amount approved for a line item as one amount
 - Plus the amount encumbered for that line item,
 - Will equal what you can spend in 2025

		2025	
		Approved	New
		Budget	Total
Operating Fund		Encumbered	
Other Services and Charges			
Subscription Services		\$ 987.65	\$3,487.65
		\$2,500.00	



ENCUMBRANCES

By carrying out this procedure, the 2025 budget will not be expected to incur any expense not anticipated in preparing the budget.

We recommend making a list of encumbered appropriations

- List part of meeting minutes
- Not 'required' to be approved by the board, but wouldn't hurt
- Last meeting of the year
- Have copy ready if DLGF requests it

ENCUMBRANCES



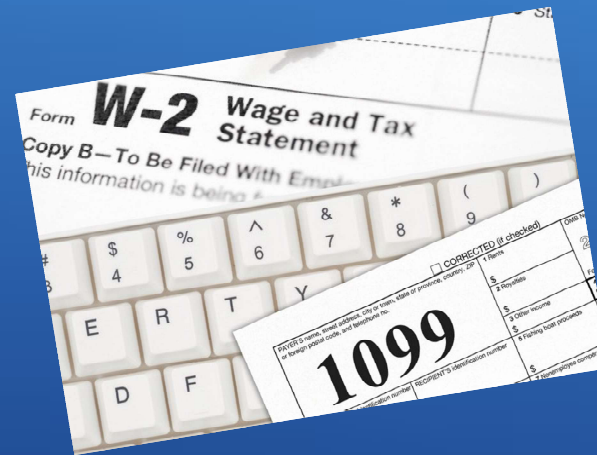
The appropriations encumbered and carried forward can be used for no other purpose other than the purchase order or contract for which they were appropriated.

PAYROLL



Reporting

- W-2s
- 1099s
- Plan ahead



Contact IRS with Questions

- www.irs.gov



CANCELLATION OF WARRANTS

Indiana Code 5-11-10.5

- All checks outstanding and unpaid for a period 2 years as of December 31 of each year shall be declared cancelled.

Example – At December 31, 2024

- Check #1234 was written on February 27, 2022 and has not cleared the bank and is on the outstanding check list. At 12/31/24, it would be considered "void".
- Check #9876 was written on November 2, 2023 and has not cleared the bank and is on the outstanding check list. At 12/31/24, this check would *not* be considered "cancelled" and should remain on the outstanding check list.



CANCELLATION OF WARRANTS

- March 1 – fiscal officer prepares list of all outstanding checks for 2 years or more
- File list of checks with board
- Fiscal officer keeps a copy
- Receipt back in
 - Stale checks are receipted back to your ledger into the fund(s) from which they were originally drawn and removed from the outstanding check list
 - If fund(s) can't be determined – put in Operating fund



NAME & ADDRESSES TO COUNTY TREASURER

IC 6-1.1-22-14

- June 1 & December 1
- Disbursing officer shall certify
 - ✓ name
 - ✓ addressof each person who has money due to them from the library.
- County Treasurer shall search their records to ascertain if anyone on the list is delinquent in payment of property taxes



NAME & ADDRESSES TO COUNTY TREASURER

IC 6-1.1-22-15

If the county treasurer finds that a person whose name is certified is delinquent in the payment of taxes, the treasurer shall certify the name of that person and the amount of delinquency to the official of the political subdivision who is to make payment to the person.

The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer. (*our emphasis*).

INTERNAL CONTROLS



INTERNAL CONTROLS



Indiana Code 5-11-1-27(g)

- ▶ “After June 30, 2016, the legislative body of a political subdivision shall ensure that:
 - 1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
 - 2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.”

INTERNAL CONTROLS



Indiana Code 5-11-1-27(c) defines “personnel”:

“As used in this section, "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.”

INTERNAL CONTROLS



Things to remember:

- ✓ Board should adopt minimum standards - if they haven't already
- ✓ Training for any new employees
- ✓ Certify on the AFR in Gateway correctly

INTERNAL CONTROLS



AFR Unit Questions ?

The following must be filed with the Annual Report per IC 5-11-1-27 (h).	
I certify that my unit has adopted the minimum internal control standards as required per IC 5-11-1-27(e).	☒ Yes ☐ No
If yes, I certify that all personnel defined by IC 5-11-1-27(c) received training concerning the internal control standards adopted by my unit.	☒ Yes ☐ No

Make sure you answer these questions correctly



MISCELLANEOUS



- Bank Reconciliations
- Monthly / Annual Uploads
- Debt Payments
- Capital Assets
- Accounts Receivable / Payable



Contact Information

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