

State Board of Accounts

*Indiana Public Library Spring
Workshop
May 23, 2023*



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Capital Assets and Accumulated
Depreciation and
Electronic Payments

*Indiana Public Library Spring Workshop
May 23, 2023*

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Definition of Capital Asset

- GASB Statement 34 paragraph 19
 - *The term capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.*



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Uniform Compliance Guidelines

- Guidance from Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Libraries:
 - *Every unit must have a capital asset policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records.*



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Current Requirements

- Capitalization Policy with Threshold
 - Threshold for all assets or groups of assets
 - Estimated Useful Life
 - Depreciation Method
- Current inventory of capital assets
 - Detail listing of capitalized items
 - Inventory of non-capitalized assets
- Two-year inventory or other control over accuracy of inventory
 - Additions and deletions



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CAPITAL ASSETS LEDGER General Form No. 369 (Rev. 2019)

FUND _____

DEPARTMENT OR BUILDING _____

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Fixed Asset	Amount Received on Disposal or Trade in	Types of Capital Assets						Total Fixed Assets	
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress		Books and Other
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Land

- Land is often closely associated with another asset
 - Land under a building
- Land should always be classified separately and not part of the cost of the other asset
- Records must include a description, amount of acreage (if relevant), acquisition date and purchase price.
- Land is assumed to have an indefinite life and is not depreciated
- Usually, all land is capitalized.



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Infrastructure

- Physical systems of government: Examples include computer hardware, computer network, telecommunications, wireless equipment
- Relative longer useful lives
- Non moveable



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Buildings

- Permanent Structures
- A capital asset account for buildings must reflect the location of each building and the purchase price or construction cost of improvements, if applicable. If a building is acquired by gift, record the appraised value at the time of acquisition.
- Library buildings
- Useful life often long – maybe even 50 years – estimate based on use, maintenance, & quality.



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Improvements Other than Buildings

- Improvements to land other than buildings that add value to the land but do not have an indefinite life.
- Examples include fences, retaining walls, sidewalks, parking lots and most landscaping
- Useful life will depend on the improvement and can depend on the material used and environment



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Equipment

- Machinery, trucks, cars, computer servers, safes, furnishings, desks, cabinets and other office equipment.
- Small but sensitive items. Track but don't capitalize.
- GASB recommended practice is that the capitalization threshold should be at least \$5,000.
- Can have different thresholds for different equipment
- Separately account for equipment purchased with federal dollars and be aware of Federal requirement.
- Useful life by category of equipment. Often 5 to 10 years



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Books and Other

- Books
 - New category of Annual Financial Report
 - Collections valued as a whole, will be exhausted through general use
- Other Collections with Indefinite Life
 - Museums and historical collections
 - Art Collections
 - If the purpose of the collection is display or research, the collection is being adequately maintained and the proceeds from the sale of collection items must be applied to acquiring new items – no depreciation.



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Construction Work in Progress

- This category allows for the collection of costs in the construction of a capital asset such as a new building.
- When the project is completed, it is moved from Construction Work In Progress to the applicable capital asset category such as building or infrastructure.
- Category is not depreciated – once placed in service depreciation will start.



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How is a Capital Asset Valued?

- Historical Cost
 - Claim for purchase
 - Contract for construction costs
 - Board minutes or other historical documents
- Estimating Historical Cost
 - Current cost of asset
 - Consumer Price Index calculation
 - Basis for estimate and documentation of basis
 - Table in *Libraries Bulletin*



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ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed. Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset. In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

As an example, if the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1948, then the estimated cost of the asset should be reported as \$6,080.00 (\$76,000.00 X .08 = \$6,080.00).

Year	Index	Year	Index	Year	Index	Year	Index
2021	0.96	1994	0.53	1967	0.12	1940	0.05
2020	0.94	1993	0.52	1966	0.12	1939	0.05
2019	0.93	1992	0.50	1965	0.11	1938	0.05
2018	0.91	1991	0.48	1964	0.11	1937	0.05
2017	0.89	1990	0.46	1963	0.11	1936	0.05
2016	0.88	1989	0.44	1962	0.11	1935	0.05
2015	0.87	1988	0.42	1961	0.11	1934	0.05
2014	0.86	1987	0.40	1960	0.11	1933	0.05
2013	0.85	1986	0.40	1959	0.11	1932	0.06



Determining the useful life

- Capitalization policy
- Library experience with similar assets
- Other Library useful lives determinations
- Estimate and documentation for basis
- Update as needed based on actual experience



Depreciation

- Allocates the deferred cost (capitalized amount) to the future accounting periods. This is based on the value of the asset (historical cost) over the useful life of the asset.
- Example: Bookmobile purchased for \$50,000 and estimated life is 5 years with no salvage value using straight line method
 - Capitalize at \$50,000
 - Depreciation: $\$50,000/5$ years is \$10,000 per year.



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Accumulated Depreciation

- Total Depreciation used for each asset.
- For Enhanced Regulatory reporting you will not report depreciation expense
- Bookmobile Example of \$50,000 acquisition cost and \$10,000 depreciation
 - Accumulated Depreciation:
 - Year 1 \$10,000
 - Year 2 \$20,000
 - Year 3 \$30,000
 - Year 4 \$40,000
 - Year 5 \$50,000

Fully depreciated



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Accumulated Depreciation Schedule

- Schedule is a summary of accumulated depreciation by category for all assets in capital asset schedule that are being depreciated.
- Beginning balance would tie to ending balance of prior year
- Additions represent the depreciation expense allocated for that year.
- Reductions represent that the capital asset was disposed of and the accumulated depreciation is removed for that asset from the schedule.
- Ending balance is the accumulated depreciation at year end for the capital asset schedule



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Additions to Capital Assets

- Additions
 - Procedures in place to gather and report capital asset purchases from current claims:
 - Capital Outlay Classification
 - Flagged by software – generates reports
 - Segregate Claims
 - Capital Asset Addition forms
 - Internal controls in place to ensure procedures are followed



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Reductions to Capital Assets

- Reductions
 - Procedures in place to gather and report reductions
 - Trade – ins (capital asset addition forms)
 - Sale of assets (Capital asset disposal forms)
 - Salvage (Board Minutes)
 - Inventories
 - Internal Controls in place to ensure procedures are followed.



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Book Value

- Asset value less accumulated depreciation
- Bookmobile Example Year 2 $\$50,000$ less $\$20,000 = \$30,000$ Book value
- Schedule shows summary for each classification and not individual assets but does show within a classification how “old” the assets are and gives some idea of when replacement costs may be needed.



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Physical Inventories

- If, the capital asset records are not complete, a physical inventory of assets above the threshold may be needed-specifically for equipment and vehicles.
- Once every two years have the departments do a physical inventory of equipment in their department- especially important for disposals that may not have been reported.
- Inventory small items that may be at higher risk of misappropriation such as laptops, cell phones, tablets, tools for example. Keep those inventories up to date.



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Capital Asset Example

- Completing the Capital Asset Ledger
- Calculating Depreciation and Accumulated Depreciation

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Capital Asset Ledger for 2021-2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Fixed Assets	
1/1/1964	Library Building		1 Main St	400,000.00	80 years				400,000.00					400,000.00	
1/1/1964	Library Building Land		1 Main St	100,000.00				100,000.00						100,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022				5,000.00				5,000.00	
11/1/2016	Paintings		1 Main St	5,000.00									5,000.00	5,000.00	
11/1/2016	Historical Collection of Books		1 Main St	3,000.00									3,000.00	3,000.00	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years						50,000.00			50,000.00	
5/1/2020	1 Acre of Land Next to Library		2 Main St	50,000.00				50,000.00						50,000.00	
	Started 2021 New Children's Wing		1 Main St									100,000.00		100,000.00	
12/31/2021 Ending Balance								150,000.00	400,000.00	5,000.00	50,000.00	100,000.00	8,000.00	713,000.00	
7/1/2022	New Fence and Landscaping		1 Main St	20,000.00	10 years				20,000.00					20,000.00	
8/1/2022	New Children's Wing (moved CIP)		1 Main St	100,000.00	50 years				100,000.00			moved 100,000		-	
8/1/2022	New Children's Wing (add'l cost)		1 Main St	150,000.00	50 years				150,000.00					150,000.00	
12/31/2022 Additions									250,000.00	20,000.00				270,000.00	
12/31/2022 Reductions										5,000.00		100,000.00			105,000.00
12/31/2022 Ending Balance								150,000.00	650,000.00	20,000.00	50,000.00	-	8,000.00	878,000.00	



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Capital Asset Ledger - 2021

Miketon Public Library

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Capital Asset Ledger - 2021

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Capital Asset Ledger - 2021

Miketon Public Library

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Capital Asset Ledger - 2021

Miketon Public Library

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Capital Asset Ledger - 2022

Miketon Public Library

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Capital Asset Ledger - 2022

Miketon Public Library

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7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022				5,000.00				5,000.00	
11/1/2016	Paintings		1 Main St	5,000.00									5,000.00	5,000.00	
11/1/2016	Historical Collection of Books		1 Main St	3,000.00									3,000.00	3,000.00	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years					50,000.00				50,000.00	
5/1/2020	1 Acre of Land Next to Library		2 Main St	50,000.00				50,000.00						50,000.00	
	Started 2021 New Children's Wing		1 Main St									100,000.00		100,000.00	
12/31/2021 Ending Balance								150,000.00	400,000.00	5,000.00	50,000.00	100,000.00	8,000.00	713,000.00	
7/1/2022	New Fence and Landscaping		1 Main St	20,000.00	10 years					20,000.00				20,000.00	
8/1/2022	New Children's Wing (moved CIP)		1 Main St	100,000.00	50 years				100,000.00			moved 100,000		-	
8/1/2022	New Children's Wing (add'l cost)		1 Main St	150,000.00	50 years				150,000.00					150,000.00	
12/31/2022 Additions									250,000.00	20,000.00				270,000.00	
12/31/2022 Reductions										5,000.00		100,000.00			105,000.00
12/31/2022 Ending Balance								150,000.00	650,000.00	20,000.00	50,000.00	-	8,000.00	878,000.00	



Indiana State Board of Accounts

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Capital Asset Ledger - 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Fixed Assets
1/1/1964	Library Building		1 Main St	400,000.00	80 years				400,000.00					400,000.00
1/1/1964	Library Building Land		1 Main St	100,000.00				100,000.00						100,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022				5,000.00				5,000.00
11/1/2016	Paintings		1 Main St	5,000.00									5,000.00	5,000.00
11/1/2016	Historical Collection of Books		1 Main St	3,000.00									3,000.00	3,000.00
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years						50,000.00			50,000.00
5/1/2020	1 Acre of Land Next to Library		2 Main St	50,000.00				50,000.00						50,000.00
	Started 2021 New Children's Wing		1 Main St									100,000.00		100,000.00
12/31/2021 Ending Balance								150,000.00	400,000.00	5,000.00	50,000.00	100,000.00	8,000.00	713,000.00
7/1/2022	New Fence and Landscaping		1 Main St	20,000.00	10 years					20,000.00				20,000.00
8/1/2022	New Children's Wing (moved CIP)		1 Main St	100,000.00	50 years				100,000.00			moved 100,000		-
8/1/2022	New Children's Wing (add'l cost)		1 Main St	150,000.00	50 years				150,000.00					150,000.00
12/31/2022 Additions									250,000.00	20,000.00				270,000.00
12/31/2022 Reductions										5,000.00		100,000.00		105,000.00
12/31/2022 Ending Balance								150,000.00	650,000.00	20,000.00	50,000.00	-	8,000.00	878,000.00



Indiana State Board of Accounts

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Capital Asset Ledger - 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Fixed Assets
1/1/1964	Library Building		1 Main St	400,000.00	80 years				400,000.00					400,000.00
1/1/1964	Library Building Land		1 Main St	100,000.00				100,000.00						100,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022				5,000.00				5,000.00
11/1/2016	Paintings		1 Main St	5,000.00									5,000.00	5,000.00
11/1/2016	Historical Collection of Books		1 Main St	3,000.00									3,000.00	3,000.00
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years						50,000.00			50,000.00
5/1/2020	1 Acre of Land Next to Library		2 Main St	50,000.00				50,000.00						50,000.00
	Started 2021 New Children's Wing		1 Main St									100,000.00		100,000.00
12/31/2021 Ending Balance								150,000.00	400,000.00	5,000.00	50,000.00	100,000.00	8,000.00	713,000.00
7/1/2022	New Fence and Landscaping		1 Main St	20,000.00	10 years					20,000.00				20,000.00
8/1/2022	New Children's Wing (moved CIP)		1 Main St	100,000.00	50 years				100,000.00			moved 100,000		-
8/1/2022	New Children's Wing (add'l cost)		1 Main St	150,000.00	50 years				150,000.00					150,000.00
12/31/2022 Additions									250,000.00	20,000.00				270,000.00
12/31/2022 Reductions										5,000.00		100,000.00		105,000.00
12/31/2022 Ending Balance								150,000.00	650,000.00	20,000.00	50,000.00	-	8,000.00	878,000.00



Indiana State Board of Accounts

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Accumulated Depreciation – December 31, 2021

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	58		290,000.00					290,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years			500	>10		5,000.00					5,000.00	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	3			15,000.00				15,000.00	
Started 2021 Children's Wing Project																	
12/31/2021 Ending Balance												290,000.00	5,000.00	15,000.00			310,000.00



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Accumulated Depreciation – December 31, 2021

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	58		290,000.00					290,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years			500	>10		5,000.00					5,000.00	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	3			15,000.00				15,000.00	
Started 2021 Children's Wing Project																	
12/31/2021 Ending Balance												290,000.00	5,000.00	15,000.00			310,000.00



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Accumulated Depreciation – December 31, 2021

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	58		290,000.00					290,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years			500	>10			5,000.00				5,000.00
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	3				15,000.00			15,000.00
Started 2021 Children's Wing Project																
12/31/2021 Ending Balance											290,000.00	5,000.00	15,000.00			310,000.00



Indiana State Board of Accounts

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Accumulated Depreciation – December 31, 2021

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	58		290,000.00					290,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years			500	>10			5,000.00				5,000.00
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	3				15,000.00			15,000.00
Started 2021 Children's Wing Project																
12/31/2021 Ending Balance											290,000.00	5,000.00	15,000.00			310,000.00



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Accumulated Depreciation – December 31, 2021

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	58	290,000.00						290,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years			500	>10		5,000.00					5,000.00
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	3			15,000.00				15,000.00
Started 2021 Children's Wing Project																
12/31/2021 Ending Balance										290,000.00	5,000.00	15,000.00	-	-	310,000.00	



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Accumulated Depreciation – December 31, 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59	295,000.00						295,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4			20,000.00				20,000.00
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1		2,000.00					2,000.00
8/1/2022	Childen's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1	5,000.00						5,000.00
12/31/2022 Ending Balance										-	300,000.00	2,000.00	20,000.00	-	-	322,000.00
Beginning Balance 1/1/2022										-	290,000.00	5,000.00	15,000.00	-	-	310,000.00
12/31/2022 Additions										-	10,000.00	2,000.00	5,000.00	-	-	17,000.00
12/31/2022 Reductions										-	-	(5,000.00)	-	-	(5,000.00)	
12/31/2022 Ending Balance										-	300,000.00	2,000.00	20,000.00	-	-	322,000.00



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Accumulated Depreciation – December 31, 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							-	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4			20,000.00				20,000.00	
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00	
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00	
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00				310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00				17,000.00
12/31/2022 Reductions												(5,000.00)					(5,000.00)
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	



Indiana State Board of Accounts

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Accumulated Depreciation – December 31, 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							-	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4			20,000.00				20,000.00	
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00	
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00	
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00				310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00				17,000.00
12/31/2022 Reductions												(5,000.00)					(5,000.00)
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	



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Accumulated Depreciation – December 31, 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							-	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				20,000.00			20,000.00	
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00	
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00	
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00				310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00				17,000.00
12/31/2022 Reductions											-	(5,000.00)	-				(5,000.00)
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	



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Accumulated Depreciation – December 31, 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation		
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress		Books and Other	
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00	
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							-	
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				20,000.00			20,000.00	
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00	
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00	
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00				310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00				17,000.00
12/31/2022 Reductions											-	(5,000.00)	-				(5,000.00)
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00	



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Accumulated Depreciation Additions & Reductions in 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10							-
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				20,000.00			20,000.00
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00			310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00			17,000.00
12/31/2022 Reductions												(5,000.00)			(5,000.00)	
12/31/2022 Ending Balance											300,000.00	2,000.00	20,000.00			322,000.00



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Accumulated Depreciation Additions & Reductions in 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Accumulated Depreciation					Total Accumulated Depreciation	
										Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress		Books and Other
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		5,000.00					
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				5,000.00			
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					
Beginning Balance 1/1/2022											290,000.00	5,000.00	15,000.00			310,000.00
12/31/2022 Additions											10,000.00	2,000.00	5,000.00			17,000.00
12/31/2022 Reductions													(5,000.00)			(5,000.00)
12/31/2022 Ending Balance											300,000.00	7,000.00	15,000.00			322,000.00



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Accumulated Depreciation Additions & Reductions in 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		5,000.00					
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				5,000.00			
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					
Beginning Balance 1/1/2022										-	290,000.00	5,000.00	15,000.00	-	-	310,000.00
12/31/2022 Additions										-	10,000.00	2,000.00	5,000.00	-	-	17,000.00
12/31/2022 Reductions										-	-	-	(5,000.00)	-	-	(5,000.00)
12/31/2022 Ending Balance										-	300,000.00	7,000.00	15,000.00	-	-	322,000.00



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Accumulated Depreciation Additions & Reductions in 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in-Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		5,000.00					
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				5,000.00			
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					
Beginning Balance 1/1/2022										-	290,000.00	5,000.00	15,000.00	-	-	310,000.00
12/31/2022 Additions										-	10,000.00	2,000.00	5,000.00	-	-	17,000.00
12/31/2022 Reductions										-	-	-	(5,000.00)	-	-	(5,000.00)
12/31/2022 Ending Balance										-	300,000.00	7,000.00	15,000.00	-	-	322,000.00



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Accumulated Depreciation Additions & Reductions in 2022

Miketon Public Library

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		5,000.00					
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				5,000.00			
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					
Beginning Balance 1/1/2022										-	290,000.00	5,000.00	15,000.00	-	-	310,000.00
12/31/2022 Additions										-	10,000.00	2,000.00	5,000.00	-	-	17,000.00
12/31/2022 Reductions										-	-	-	(5,000.00)	-	-	(5,000.00)
12/31/2022 Ending Balance										-	300,000.00	7,000.00	15,000.00	-	-	322,000.00



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Depreciation Example for Miketon Public Library - 2022

Calculation of Accumulated Depreciation for December 31, 2022

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		295,000.00					295,000.00
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			-
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				20,000.00			20,000.00
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				2,000.00
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					5,000.00
12/31/2022 Ending Balance										-	300,000.00	2,000.00	20,000.00	-	-	322,000.00

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Yearly Depreciation	Years in Service	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction-in Progress	Books and Other	Total Accumulated Depreciation
1/1/1964	Library Building		1 Main St	400,000.00	80 years			5,000	59		5,000.00					
7/1/2000	Fence and Landscaping		1 Main St	5,000.00	10 years	7/1/2022		500	>10				(5,000.00)			
7/1/2019	Bookmobile	456	1 Main St	50,000.00	10 years			5,000	4				5,000.00			
7/1/2022	Fence and Landscaping		1 Main St	20,000.00	10 years			2,000	1			2,000.00				
8/1/2022	Children's Wing (moved CIP)		1 Main St	250,000.00	50 years			5,000	1		5,000.00					
Beginning Balance 1/1/2022										-	290,000.00	5,000.00	15,000.00	-	-	310,000.00
12/31/2022 Additions										-	10,000.00	2,000.00	5,000.00	-	-	17,000.00
12/31/2022 Reductions										-	-	-	(5,000.00)	-	-	(5,000.00)
12/31/2022 Ending Balance										-	300,000.00	7,000.00	15,000.00	-	-	322,000.00

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One More Thing – Library Materials

- Included on capital asset ledger at an estimated historical cost
- Included under *Books & Other* category
- Items with a useful life less than 1 year are not included
- Ensure capital asset policy includes:
 - What “Library Materials” entails specifically
 - How materials are depreciated – composite method (group together)



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Determining Historical Cost

- Verify what needs to be included per the Capital Asset Policy
- Accounting Software Report may have the best information
- If you only know the number of items purchased you can consider multiplying the number of items by the average price
 - Calculated potentially with Indiana State Library Statistics Reports
 - Other sources based on personal experience
 - Utilize Consumer Price Index factor to arrive at average price for each year



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Library Materials – Capital Asset Ledger Example

• Assumptions for this example:

- Estimated useful life of library materials is 5 years
- Annual Depreciation = Historical Cost / Estimated Useful Life
- Accumulated Depreciation = Annual Depreciation x Years In Service (up to 5)
- Accumulated Depreciation only includes five years of depreciation since that is the estimated useful life of the group and thus the assumption that library materials that are six years old have been removed from the collection.

	Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation
2021	250,000	5	50,000	1	50,000
2020	225,000	5	45,000	2	90,000
2019	225,000	5	45,000	3	135,000
2018	275,000	5	55,000	4	220,000
2017	275,000	5	55,000	5	275,000
Total	1,250,000				770,000



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Library Materials – Capital Asset Ledger Example

Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Fixed Assets
Library Materials		1 Main St	1,250,000.00	5 years								1,250,000	1,250,000

	Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation
2021	250,000	5	50,000	1	50,000
2020	225,000	5	45,000	2	90,000
2019	225,000	5	45,000	3	135,000
2018	275,000	5	55,000	4	220,000
2017	275,000	5	55,000	5	275,000
Total	1,250,000				770,000



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Library Materials – Capital Asset Ledger Example

- Our corresponding Accumulated Depreciation for Library Materials at 12/31/2021 will be the combined total for each year.

	Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation
2021	250,000	5	50,000	1	50,000
2020	225,000	5	45,000	2	90,000
2019	225,000	5	45,000	3	135,000
2018	275,000	5	55,000	4	220,000
2017	275,000	5	55,000	5	275,000
Total	1,250,000				770,000



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Library Materials – Capital Asset Ledger Example

- In 2022 we are going to purchase \$125,000 in new materials for the library

Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Useful Life of Asset	Date of Disposal of Asset	Amount Received on Disposal or Trade in	Land	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	Total Fixed Assets
Library Materials		1 Main St	1,250,000	5 years								1,250,000	1,250,000
2022 Additions		1 Main St	125,000	5 years								125,000	1,375,000
2022 Reductions		1 Main St	(275,000)	5 years								(275,000)	1,100,000

	Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation
2022	125,000	5	25,000	1	25,000
2021	250,000	5	50,000	2	100,000
2020	225,000	5	45,000	3	135,000
2019	225,000	5	45,000	4	180,000
2018	275,000	5	55,000	5	275,000
2017	275,000	5	None		None
Total			220,000		715,000



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Library Materials – Capital Asset Ledger Example

- For accumulated depreciation our submission would be as follows:
 - Beginning balance: \$770,000
 - Additions: \$220,000
 - Reductions: \$275,000
 - Ending balance: \$715,000

	Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation		Amount spent on library materials	Estimated Useful Life	Annual Depreciation	Years in Service	Accumulated Depreciation
2021	250,000	5	50,000	1	50,000	2022	125,000	5	25,000	1	25,000
2020	225,000	5	45,000	2	90,000	2021	250,000	5	50,000	2	100,000
2019	225,000	5	45,000	3	135,000	2020	225,000	5	45,000	3	135,000
2018	275,000	5	55,000	4	220,000	2019	225,000	5	45,000	4	180,000
2017	275,000	5	55,000	5	275,000	2018	275,000	5	55,000	5	275,000
Total	1,250,000				770,000	2017	275,000	5	None		None
						Total			220,000		715,000



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Electronic Transactions

Receiving and Sending Payments

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Receiving Payments

Indiana Code 36-1-8-11

- Cash
- Check
- Bank Drafts
- Money Orders
- Credit Cards
- Debit Cards
- EFT (Electronic Funds Transfers)
- Other board Approved methods
 - Venmo, PayPal, Cashapp



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Electronic Transactions

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Receiving Credit Cards Payments

Indiana Code 36-1-8-11(f)

If a bank charges the unit a fee for accepting credit cards, you can collect from the customer using the card either **or** both:

- Official fee that cannot exceed the transaction charge from the bank
- Convenience fee
 - Not to exceed \$3
 - Must be uniformly charged

Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees



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Electronic Payments

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Receiving Credit Cards Payments

(continued)

Indiana Code 36-1-8-11(f) (continued)

- Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees

IC 36-1-8-11(g)

- If any service charges are assessed for accepting credit cards, you can pay them under IC 36-1-8-11



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Disbursing Money Electronically

Credit Cards

- Board adopts policy in resolution or ordinance
- In Accordance with [Libraries Manual](#) chapter 1

Credit Card Policy Should Contain

- Purposes for which card can be used
- Procedures for custody of card(s)
- Not used to bypass the accounting system
- Requirements for supporting documentation



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Disbursing Money Electronically

Credit cards – Audit Tips

- Internal Controls
- Supporting documentation
- Purposes for which card can be used
 - Original Receipts
 - Consider copying heat printed receipts & attaching to original
 - Something should exist for each card usage
 - Cannot pay from statement alone
 - Late Fees / Interest



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Disbursing Money Electronically

Electronic Payments

- Online bill pay through bank, ACHs, etc.
- Indiana Code 36-1-8-11.5
- board must adopt resolution to authorize electronic funds transfer method of payment of claims
- Also applies to utility claims
- Electronic payments still have to comply with Indiana Code 5-11-10-1.6 for paying claims and IC 36-12-3-16 regarding paying claims described in an ordinance before board approval



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Disbursing Money Electronically

Electronic Payments before governing body approval

- Ability to pay certain items described in an ordinance prior to governing body approval
 - IC 36-12-3-16
- Resolution is required
- Is not meant to bypass the claims process
- Payments still get approved at the next meeting of the governing board



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Disbursing Money Electronically

Internal Controls

Extremely Important – the nature of electronic payments lends itself to tighter controls and more scrutiny to detect and correct errors, as well as to prevent fraud

- Segregation of duties
- Reviews
- Approvals
- Documentation of all transactions



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