at the end of 1937, and where these anticipated balances have been reappropriated in the maintenance program of 1938, it will now be necessary to disregard these balances in connection with maintenance work of 1938. However, they are available for appropriations by the county council to any worthy construction or reconstruction program. My point is that the maximum expenditure in the maintenance and repair program of 1938, irrespective of what may have been the budget, is to be controlled by the amount of gasoline tax which will come to the county in the four quarterly distributions of January, April, July, and October, provided of course that these distributions do not exceed the appropriation heretofore made.

OFFICE RECORDS FOR A COUNTY ROAD DEPARTMENT
Otto K. Jensen
Deputy Examiner, State Board of Accounts, Indianapolis

Grateful acknowledgment is made of the very fine cooperation of the county surveyors and highway supervisors in responding to my request for information and opinions concerning office records of the county road department. Various suggestions were offered, and their trend is to the effect that better records are needed in the office and would aid the county road departments in doing their work more efficiently.

It seems that all or nearly all the county road departments are equipped with the forms and records which have been prescribed by the State Board of Accounts. These forms and records are designed for the purpose of enabling the supervisor to control his funds and operate within his budget.

These remarks are directed to the average county road departments. We have some departments which apparently have rather comprehensive and adequate records. We have other departments which have a collection of records, rather than a system of records. We have other departments which have no records.

In many counties, the records must be kept by the supervisor personally, since no provision has been made for clerical assistance. This is unfortunate, because the bookkeeping work in such cases must be done at odd moments, and as a result becomes an unpleasant task. The records prescribed, however, would give the office of the county road department adequate information concerning funds and budget, if such records are properly posted and balanced regularly with the county auditor.

REQUISITIONS AND PURCHASE ORDERS

We have found some objection to the use of the requisitions and purchase orders. If these instruments are not used as
they were intended and for the purposes for which they are used in commercial business, no particular benefit will accrue. The purpose of requisitions and purchase orders is to establish a definite commitment as to purchases and as to outstanding orders. We suspect that in some instances the officials have no very definite idea as to their liabilities until invoices from vendors are received, and they have no definite method of auditing such invoices as to correctness of the claim.

As previously stated, these forms and records have been designed and prescribed for the purpose of controlling the funds and budget. Probably the supervisor is inclined to feel sorry for himself since he does not have the time necessary to develop these records, and in addition knows that the county auditor won't let him get very far from the path as to funds and budget. The county auditor does not, however, control the amount of outstanding orders, which may be incurred to a certain extent under the present system without his knowledge. The supervisor should at all times have a record of these encumbrances, because they constitute a definite commitment against his budget. Possibly we may have erred in not providing for a record that would give the supervisor something that would aid him in his work, rather than something that will assist us in accounting for the actual dollars and cents in the fund and as provided for expenditure in the budget.

**EQUIPMENT AND MAINTENANCE COSTS**

The county highway departments have grown in stature and importance, and their assets in the nature of equipment today total a vast sum. Possibly we should have an equipment record designed in simplicity for service which would provide the supervisor with an intelligent statement of operating cost of equipment. Such a record could easily be maintained, and it would appear that this information would be invaluable to the supervisor. We know that equipment is lost, strayed, or stolen, and it is easy to forget when there is no record to satisfy. In no other business in the land could an operation of such magnitude as the county road departments be sensibly carried on without a better record of equipment and equipment costs than we have.

More and more miles of roads are being added to the system, and better roads are demanded by the motorist who pays the bill. Possibly, we should have a record of the various costs of road maintenance on the various types of roads. A comparative record of these costs over a period of time would surely be of value in developing our road-building and maintenance program. The State Highway Commission has a record of the cost of maintenance of each section of road in the State of Indiana which is included in the state system. Such a record would seem to be desirable for the county road departments,
and, in my opinion, must some day soon be developed if maintenance of county roads is to be retained by the county road departments.

County road departments in many instances do not have adequate records of material received, such as gravel, stone, gasoline, and oil. Lack of such record makes it almost impossible for the supervisor to approve the payment of claims intelligently. The memory of man, wonderful though it may be, should not be depended upon in the matter of spending other people's money.

The popular conception of the problem seems to be that the county auditor should keep the necessary records for the county road department; and so he should, and does, so far as the funds and budget are concerned. The auditor, however, is not called upon to pass on the merits of various types of equipment as to operating cost, and the maintenance of various types of roads. The auditor's obligation ceases when he has satisfied himself that the claims presented are justly due and owing and are within the budget limitation. The auditor is not interested as an official in the many details which are of vast importance to the supervisor, and would probably resist any attempt to add more detail work to his office.

It would seem then that we are expecting the auditor to provide records to satisfy the supervisor and, on the other hand, we are asking the supervisor to keep records which are already maintained to a certain extent by the county auditor.

It seems reasonable to think that the control should be maintained in the auditor's office and the detail of the funds and budget carried in the office of the supervisor, because he is the individual who is, or should be, interested in the detail.

In addition to the detail of funds and budget then, it seems reasonable that a simple but adequate record of costs should be maintained. This would include a proper record of equipment inventory and operating cost. It would also include a material inventory record and a record of cost of materials used. It would also include a record of maintenance and construction cost by roads and structures.

**SUGGESTED ACCOUNTING SYSTEM**

The following outline of an accounting system for county road departments is suggested. It is simple in form and may be expanded in detail where conditions warrant. The following forms and records would be required:

1. Requisition for Purchases.
2. Emergency Purchase Order.
5. Payroll Claim.
6. Claim Register.
8. Cost Ledger.
9. Control Ledger.

1. Requisition for Purchases. This form is used to notify the auditor that certain purchases are to be made. The copy remaining in the office of the road department will be used as the basis for the entry to encumber the budget. In order to encumber the budget properly, an estimate must be made of the cost of the proposed purchases in the event the exact cost is not known. The amount of unpaid requisitions and emergency purchase orders will agree at any time with the encumbrances in any division of the budget.

2. Emergency Purchase Order. This form is used for the purpose of making emergency purchases. It is also used as the basis for encumbering the budget, instead of the requisition when no requisition is used.

3. Material Receiving Memo. This form must be executed and sent to the office acknowledging the receipt of any material, equipment, or supplies. It will be matched with the requisition or emergency purchase order and will become the basis of audit of the claim when filed by the vendor.

4. Material Issue Memo. This form is designed for use in making the proper charge to expense for items which were purchased and charged to stock, such as gasoline, oil, and cement. A Material Issue Ticket will be executed when such materials are issued from stock, and the ticket will bear the account number indicating the proper cost account and road number, if any. The charge to expense and the credit to the stock account will be made by journal entry from a summary of the material issue tickets.

5. Payroll Claim. The claim for wages must be so designed that a distribution of the amount paid may be allocated to the various cost accounts from the individual claims. This can be done on a claim similar to the one now in use with revision to provide for cost distribution.

6. Claim Register. In this record will be recorded all the claims in the order in which they are approved by the supervisor and sent to the county auditor for payment. The record will be columnar in form and will contain the following column headings:

1. Total
2. Equipment Operation and Repair
3. Maintenance of Main Paved Surface
4. Maintenance of Shoulders .................Earth
   Sod
   Paved
5. Maintenance of Roadside ........................................
   Fills and Cuts
   Side Drainage
   Vegetation
   Fences

6. Maintenance of Bridges and Culverts

7. Traffic Service ........................................
   Guardrail Maintenance
   Road Marker
   Snow Removal
   Removal of Wrecks and Dead Animals

8. Maintenance General (Unusual items not chargeable to any road)

9. Miscellaneous Field Tools—Purchase and Repair

10. Equipment Purchased

11. Salaries

12. Construction

13. Right-of-Way

14. Stock

The total column of the claim register will be credited to the cash account in the control ledger, and the total of each of the other thirteen columns will be debited to accounts of the same names in the control ledger, thus establishing the total costs for the department according to the divisions set out above.

Each road in the county will be given a name or number and each claim must bear the designation indicating the road for which the expenditure was incurred. This regulation must of course apply to payroll claims as well as vendors' claims in order to allocate the expense properly. Certain items of expense cannot be allocated to specific roads. These expenses appear in columns 2, 8, 9, 10, 11, and 14, as described above. Each item, however, which appears in columns 3, 4, 5, 6, 7, 12, and 13 must be allocated to specific roads. By this arrangement then we find the total of maintenance of main paved surface for the entire county in the control account, and find that amount broken down to specific roads in the cost ledger, which is described in a subsequent paragraph.

7. Budget Ledger. This record will be in ledger form and divided on the following control items as provided by County Budget Form Number 26:

   100 Services Personal.
   200 All Other Operating Expense.
   300 Materials.
   400 Cement Charges.
   500 Current Obligations.
   600 Properties.

   Each of these control accounts will be subdivided as provided by the county budget form.
The column heading of the budget ledger would be as follows:

1. Date.
2. Reference Number.
3. Description.
4. Amount Encumbered.
5. Amount Unencumbered.
7. Claim Number.
8. Amount of Expenditure.
9. Expenditure Total.
10. Total Deductions.
11. Appropriation.

This record is designed to provide at any time the information indicated by the column headings. Postings will be made from the purchase requisitions, emergency purchase orders, and the claims.

8. **Cost Ledger.** An account in this ledger will be opened for each road in the county by name, number, or both. The ledger will be columnar in form, and will have the following headings:

1. Maintenance of Main Paved Surface.
3. Maintenance of Roadside.
4. Maintenance of Bridges and Culverts.
5. Traffic Service.
6. Construction.
8. Total.

Since properly descriptive account names are necessarily long, account numbers should be assigned for convenience. The totals of column number one on all roads will equal the total in the control account, which is for maintenance of main paved surface. The same explanation applies to all columns in the cost ledger. The cost of items which are not chargeable to specific roads will appear in the control ledger as taken from the claim register.

9. **Control Ledger.** This record will be similar to the general ledger used in commercial business and will contain the control accounts previously described and, in addition, such other accounts as cash, equipment, office furniture and equipment, and other accounts which normally appear in a general ledger.

10. **General Journal.** This record will be the book of original entry to the cost ledger and control ledger for all items other than those made from the claims. Examples of these
transactions are gasoline and oil issued from stock, cement issued from stock, and notice of cash apportionment received. The scrapping or sale of equipment or other items will be recorded in this record.

I cannot recommend the installation of this system of accounting unless provision is made for a trained and competent bookkeeper. To attempt to maintain this or any other system otherwise will most surely prove unsatisfactory.

In some counties, at present, the road departments employ full-time bookkeepers, and the State Board of Accounts has not objected when the charge for such service is reasonable.

The savings, convenience, and added efficiency which will result from the use of an adequate accounting system in the county road departments will amply justify the necessary expense. It will provide for a proper audit of claims which we suspect is not possible at present in many counties. It will provide a record of materials and equipment owned, which is sadly needed in so many places. It will provide a cost record, which the supervisor needs to guide him in his maintenance and construction program. It will provide for keeping the office open during the entire working day without interrupting the supervision which the supervisor should give to outside work.

FUNCTIONING OF INDIANA'S DRAINAGE LAWS

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I come here today to discuss in my humble way some provisions of the Drainage Law in Indiana, and shall attempt at the close of my discussion to answer questions concerning the various phases of the Drainage Law. As I said before this body three years ago, the Drainage Law in Indiana is probably discussed and cussed more than any other law we have on the statute books.

In petitioning for a drain before 1933, your petition might be under the act of 1917, the references made pursuant to the act of 1925, the report made according to the statute of 1929, and other steps taken pursuant to other statutes. During my period of the practice of law, practically every Legislature has changed the Drainage Law.

The Legislature in 1933 gave us a general drainage law covering proceedings in court for the construction and reconstruction of a drain, and also for the repair of drains. This law in some respects was a very good law.

The Legislature of 1935, two years afterwards, saw fit to make a large number of changes in the law. In fact, it amended about 10 or 15 sections of the Drainage Act of 1933.