

APPROPRIATIONS and FUNDS

Newly Elected Training
December 2022

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FUND ACCOUNTING

- Fund Accounting is an accounting system organized on the basis of funds. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of receipts, disbursements, and its investment and cash balance.
- Counties use the Standard Chart of Accounts for Indiana Counties



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CHART OF ACCOUNTS

- General Fund
 - Main operating fund
 - Office budgets
- Special Revenue Funds
 - Statutory Funds
 - Local Authority Funds
- Capital Project Funds
- Debt Service Funds

• <https://www.in.gov/sboa/political-subdivisions/counties/auditor/>


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ANNUAL FINANCIAL REPORT (AFR)

- Completed and submitted by the County Auditor
- Basis for the Audit Report Financial Statements
- Gateway
 - https://gateway.ifionline.org/report_builder/
 - Link to Annual Financial Report


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CONTROL OVER FUNDS

- To disburse, you need to consider
 - I. Balance in fund (Cash balance)
 - a. Funds may not be overspent as a rule
 - II. Permission to spend
 - a. There must be authority to disburse the funds

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UNIFORM COMPLIANCE GUIDANCE

Indiana Code 36-2-5-2(b) states:

The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law.


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PUBLISHING THE BUDGET

- Indiana Code 6-1.1-18-1
- "... the officers of a political subdivision may not fix a budget or tax levy which exceeds the amount published by the political subdivision. The portion of a budget or tax levy which exceeds the published amount is void."


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DISBURSEMENTS UNDER BUDGET

- IC 6-1.1-18-4
- Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article.


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**DISBURSEMENTS
WITHOUT
APPROPRIATIONS**

- Statute does provide for disbursements without an appropriation
 - IC 36-2-9-14
 - SBOA called conferences
 - Surplus tax refunds
 - Distributions to other taxing units
 - Title IV-D Incentive funds
 - Repayment of temporary loans


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**HOME RULE
FUNDS**

- Established by local ordinance
- Still require appropriation
- Part of budget process


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ADDITIONAL APPROPRIATIONS

- IC 6-1.1-18-5
- If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation.


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EXCEPTIONS

- Insurance funds – IC 6-1.1-18-7
- Reimbursements of state and federal grant funds – IC 6-1.1-18-7.5
- Erroneous or excessive disbursements – IC 6-1.1-18-9


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TRANSFER OF APPROPRIATION

- Within the same departmental budget and the same major budget classification
 - Auditor or Council per county policy
- Between major budget classification
 - Council Approval

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TRANSFER OF APPROPRIATION

- Across departmental budgets
 1. Council reduces appropriation
 2. Council adopts additional appropriation
 3. Requires State approval

See IC 6-1.1-18-6


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Transfer of Funds

- You may transfer from a fund's cash balance only if there is authority to make the transfer.
- Example: Rainy Day Statute IC 36-1-8-5.1


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GRANT FUNDS

- Federal grants received as an advance grant do not require appropriation
- Follow grant agreement for allowable/costs
- Grant funding would provide the limit


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STATE GRANTS

- State grants require appropriation
 - We will not take audit exception:
 - Advance state grant
 - Detail budget in grant agreement and grant fund is set up with those budget constraints


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REIMBURSEMENT GRANTS

- Reimbursement Grants
 - The initial expenditure from county funds needs appropriation
 - Reimbursements may be re-appropriated by council


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ENCUMBRANCES

- Accounting mechanism to hold over a portion of the prior year's budget for expenses paid in the current year.
 - Approved by council
 - Must have underlying reason


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REASONS FOR ENCUMBRANCES

- ❖ Lawful contract that has not been fully paid
- ❖ Purchase order dated prior to December 31
- ❖ Bond Issue Proceeds
- ❖ State or Federal grant contract or agreement with local match of funds

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Fiscal Year Grants

- Budget January 1 to December 31
 - Encumbrances needed to carry appropriations into new budget year
- Grant period July 1 to June 30
 - No encumbrances needed on June 30

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CONTACTS

- Lori Rogers - Technical Assistance Director lrogers@sboa.in.gov
- Ricci Hofherr – Director for Counties
- Stacie Byrns – Director for Counties

- Counties@sboa.in.gov (317) 232-2512

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