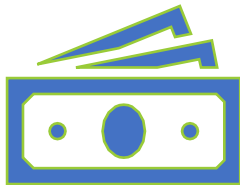


BUDGETS, APPROPRIATIONS AND ENCUMBRANCES

NEWLY ELECTED AUDITORS
JANUARY 2021

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BUDGETS

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CONTROLS OVER DISBURSMENT OF FUNDS



To disburse, you need to consider both

- 1) Balance in fund (Cash balance)
- 2) Permission to spend (Appropriation)

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BASIC AUDIT POSITION



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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DISBURSEMENTS



Made without an appropriation

- IC 36-2-9-14
- Specific statutes – Chart of Accounts Fund Descriptions

Appropriated by Council only

See handout

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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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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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TRANSFER OF APPROPRIATION



Within the same departmental budget

Same major budget classification

Auditor only or Council approval - county policy

Between major budget classification

Requires Council Approval

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TRANSFER OF APPROPRIATION



Across departmental budgets

- Council reduces appropriation in first department
- Council adopts additional appropriation for second dept.
- Requires State approval - DLGF

- 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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EXCEPTIONS TO ADDITIONAL APPROPRIATIONS



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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GRANTS



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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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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GRANTS



Reimbursement Grants

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

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ENCUMBRANCES

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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 – local match

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QUESTIONS

APPROPRIATIONS - WHEN NOT REQUIRED

In some instances statutory authority is given the county auditor to make disbursements without an appropriation having been previously made for the specific purpose. Examples are as follows:

1. Premiums on official bonds. (IC 5-4-5-3)
2. Tax refunds. (IC 36-2-9-14)
3. Any money belonging to the state, school fund, or any fund of any township, town or city and commanded by law to be paid to such municipality. (IC 36-2-9-14)
4. Any money collected from a taxpayer from an assessment and is being paid on a public improvement such as ditches and drains. (IC 36-2-9-14)
5. Redemption of property sold at tax sale. (IC 36-2-9-14)
6. Per diem, lodging, and mileage for conferences called by State Board of Accounts. (IC 5-11-14-1)
7. Examination of records. (IC 5-11-4-4)
8. Line fence assessments. (IC 32-26-9-4)
9. Federal grants, if advanced and not received as a reimbursement of expenditures.
10. Advances to conservancy districts on order of court. (IC 14-33-7-15)
11. Surplus tax refunds. (IC 6-1.1-26-5)
12. Refund of money erroneously received. (IC 6-1.1-18-9)
13. Correction of errors in posting. (IC 6-1.1-18-9)
14. Jail commissary fund. (IC 36-8-10-21)
15. Investment of funds.
16. Title IV-D incentive fund (clerk and prosecuting attorney portions). (IC 31-25-4-23)
17. Repayment of temporary loans.
18. Recorder's records perpetuation fund. (IC 36-2-7-10)
19. Firearms Training Fund. (REFUNDS ONLY) (IC 35-47-2-3).
20. Accident Report Fund. (IC 9-29-11-1)
21. County Law Enforcement Continuing Education Fund. (IC 5-2-8-1)
22. Special Death Benefit Fee Fund. (IC 5-10-10; IC 35-33-8-3.2)
23. Military Fines. (IC 10-16-9-3)
24. Payment of accrued interest on cemetery trust funds paid on the last Monday in January (IC 23-14-70-2).

There may be other laws under which funds may be disbursed without appropriation; however, appropriations are required before disbursements may be made from any fund subject to the Budget Laws unless specific authority to disburse without appropriation is provided by law.

APPROPRIATIONS - REQUIRED BY COUNTY COUNCIL ONLY

The following is a list of funds which require county council approval of an appropriation. Due to the nature of the funds, the Department of Local Government Finance does not require submission of an additional appropriation request before the local appropriation can be approved.

1. County Supplemental Adult Probation Services Fund. (IC 35-38-2-1)
2. County Supplemental Juvenile Probation Services Fund. (IC 31-40-2-2)
3. County User Fee Fund. (IC 33-37-8-6)
4. Plat Book Fund. (IC 36-2-9-18)
5. Local Emergency Right to Know Fund. (IC 13-25-2-10.6)
6. Pretrial Diversion Fund (Excess). (IC 33-37-8-7)
7. Community Corrections Home Detention Fund. (IC 11-12-7-3; IC 35-38-2.5-8)
8. County Extradition Fund. (IC 35-33-14)
9. County Misdemeanant Fund (IC 11-12-2-11)
10. Supplemental Public Defender Services Fund. (IC 33-40-3-2)
11. Emergency Telephone System Fund. (IC 36-8-16.7-38)
12. Cumulative Bridge Fund. (IC 8-16-3-3)
13. Local Health Maintenance Fund. (IC 16-46-10)
14. Vehicle Inspection Fund. (IC 9-17-2-12)
15. Community Corrections Grant and Project Income Fund (IC11-12-2-2)
16. Payments from State or Federal Grant as reimbursement of expenses (IC 6-1.1-18-7.5)
17. Firearms Training Fund. (IC 35-47-2-3).