



Association of Indiana Counties

Serving county officials so they can better serve taxpayers.

**Association of Indiana Counties
December 2020
New Elected County Council
Appropriations and Encumbrances**



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Home Rule

The “Dillion’s Rule” was the concept that Courts viewed local units of government as extensions of the state subject to the will of the General Assembly. This rule held that local units of government only have the power expressly granted by the Indiana Constitution or the General Assembly.

“Home Rule” was adopted in Indiana in 1980 (IC 36-1-3-4) giving units:

- (b) (1) All powers granted by statute; and
- (2) All other powers necessary or desirable in the conduct of its affairs, even though not granted by statute
- (c) The powers that units have under subsection (b)(1) are listed in various statutes. However, these statutes do not list the powers that units have under subsection (b)(2); therefore, the omission of a power from such a list does not imply that units lack that power.



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State Agencies

SBOA - State Board of Accounts –

- Establishes all fund accounting principals
- Audits the tracking of receipts and disbursements
- Hosts state called training for elected officials

DLGF - Department of Local Government Finance –

- Oversees the assessment regulations and monitors results
- Administers Gateway
- Certifies budget orders establishing tax levies and appropriations
- Certifies several different values used in the budget process
- Host training for local officials



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How Do I Begin

Familiarize Yourself of Current Year Budget

Get a Copy of the Current Year Budget

Copy of Form 1s from Gateway

Report from financial system

Budget Status Report – Harris Financials

Location Budget by Account/Object/Location – LOW

Get a Copy of the Monthly Financial Statement

Cash Balance

Receipts

Expenditures



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How Do I Begin

Familiarize Yourself with Chart of Accounts

You can find a chart of accounts on the State Board of Accounts web page

Fund numbers consist of 4 digits

Disbursement fund numbers

- Funds beginning with 1000 – set by statute

- Funds beginning with 4000 – created by local ordinance

- Funds beginning with 5000 – clearing accounts

- Funds beginning with 6000 – funds used for settlement

- Funds beginning with 7000 – clearing funds

- Funds beginning with 8000 & 9000 – grant funds

Appropriations within the funds

- Appropriations beginning with 1000 - Personal Services

- Appropriations beginning with 2000 - Supplies

- Appropriations beginning with 3000 - Other Services and Charges

- Appropriations beginning with 4000 - Capital Purchases



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How Do I Begin

Familiarize Yourself with Chart of Accounts

The General Fund is also departmentalized

Check with your County Auditor for a list in your county

Other funds may be departmentalized

MVH Fund is a fund with a sub-fund

1176 MVH and 1173 MVH Restricted Fund

Revenues

Detailed ledger of receipts

Form 2 from Gateway



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Appropriations vs Cash Balance

Cash Balance is the amount of money in a fund

Collected into a specific fund

Cannot transfer cash between funds

Appropriations is the **authority** to spend the cash



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Appropriations

Indiana Code 36-2-5-2(b) - Money **must** be appropriated by the County Council before it is spent unless otherwise provided by law. A list of many of the expenditures that do not require appropriation can be found in the Auditor's Manual Chapter 9 page 14

Appropriations are created by

- Request of Administrative officials

- Noticed to the public

- Gateway for budgets

- Newspaper for additional appropriations throughout the year

- Approved by the County Council in a meeting

- Overseen by the County Commissioners



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Appropriations

There are some expenditures that may be paid without appropriation. Some of the more common expenditures when appropriations are not required:

- Premiums on official bonds – most counties budget
- Tax refunds
- Redemption of property sold at tax sale
- Expenses for SBOA called conferences – most counties budget
- Examination of records – most counties budget
- Federal Grants
- Surplus tax
- Refunds of erroneous receipts and corrections in posting
- Investment of funds
- Title IV-D for Clerk and Prosecutor
- Temporary loans and repayment
- Recorders Perpetuation Fund
- Community Crossings Grant



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Appropriations

There are also some exceptions of revenue that require an appropriation:

Insurance fund – IC 6-1.1-18-7 – does not require appropriation

Reimbursements of some state and federal grant funds – IC 6-1.1-18-7.5

Federal grants received as an advance do not require appropriation

Follow grant agreement for allowable expenditures

State grants require appropriation, however, the SBOA has stated they will not take exception if it is an advance grant with a detail budget in the grant agreement

Reimbursement grants require appropriation

Erroneous or excessive disbursements – IC 6-1.1-18-9 – does not require appropriation

Payroll liability funds



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Appropriations

There is a list in Chapter 9 on page 15 of the County Auditor's manual of statutorially created funds that do require appropriations. Some of the more commonly used are:

- Adult Probation Services Fund
- Juvenile Probation Services Fund
- County User Fee Fund
- Plat Book Fund
- Local Emergency Right to Know
- Pretrial Diversion Fund
- Community Corrections Home Detention Fund
- Local Health Maintenance Fund

If it is not specifically stated in statute that revenue can be spent without appropriation, then it shall be appropriated



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Appropriations

Before money can be disbursed from a fund, you need to consider:

1. If there is sufficient appropriations in place
2. If there is a cash balance in the fund in excess of the expenditure amount

Most appropriations are established during the annual budget process

Under the budget process, the appropriations must be established for a year not to exceed the maximum levy plus miscellaneous revenues.

There are reports that may be requested from the County Auditor for your review for tracking appropriations.

1. Harris Financial Software – Budget Status Report
2. Low Financial Software - Summary of Balances by Account/Object/Location



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Additional Appropriations

If an appropriation is not sufficient you may request:

Transfer of appropriation **IC 6-1.1-18-6**

- a. Transfer within budget classification – no prior Council approval and may be done by the Auditor or Council per county policy

1000	Personal Services
2000	Supplies
3000	Other Services and Charges
4000	Capital Purchases

- b. Transfer from one classification to another – **must** have prior Council approval
- c. Transfers can **ONLY** be made within a department
- d. If needed from one department to another, a reduction of an appropriation and an additional appropriation will need adopted



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Appropriations

If an appropriation is not sufficient you may request:

Additional appropriation **IC 6-1.1-18-5**

- a. Requested by Department Head
- b. Auditor must check to ensure sufficient funds are available
- c. Notice of Public Meeting must be published 10 days prior to date of the meeting
- d. Approved in a noticed meeting by resolution or ordinance

Reduction of appropriations are processed in the same manner as an additional appropriation

Reduction of appropriations may be done:

1. To allow for an appropriation needs between departments
2. To reduce the ability to spend



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Appropriations

A. DLGF Fund Number	0101/1000	0706/1169
B. Fund Name	General Fund	LRS
C. Appropriation Requested		
D. Amount of Reduction (enter a positive number)		
E. Net Amount of Increase (C minus D)	-	-
1. Property Tax Levy (Line 11 - 1782 Notice)	2,365,994	-
2. Levy Excess (Line 10)	132	-
3. Misc Revenue (Line 13)	5,298,894	292,000
4. January 1, Cash Balance (include investments)	1,618,872	490,884
5. Subtotal of Funds (Lines 1 thru 4)	9,283,892	782,884
6. Less Circuit Breaker	2,000	-
7. Total of Funds (Line 5 minus 6)	9,281,892	782,884
8. DLGF Approved Budget (Line 15 - 1782 Notice)	8,001,762	407,450
9. Encumbered Appropriations from previous year		
10. Temporary Loans Outstanding January 1		
11. Beginning Obligations (Add line 8 thru 10)	8,001,762	407,450
12. Surplus Funds (Line 7 minus 11)	1,280,130	375,434
13. Previous Additional Appropriations since Jan 1		
14. Amount transferred to Rainy Day		
15. Surplus Funds Remaining (Lines 12 minus 13 minus 14)	1,280,130	375,434



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1782 Notice

July to December - 2020		
Revenues	Fund: 0101	Fund: 0706
1. June 30th Cash Balance (6)	1,756,961	477,640
2. Property Taxes to be Collected (7)	987,737	-
3. Miscellaneous Revenue (8a)	2,674,656	146,007
4. Total Cash and Revenues	5,419,354	623,647
Expenses		
5. Necessary Expenditures (2)	3,844,789	214,346
6. Additional Appropriation (3)	300,000	50,000
7a. Outstanding Temp Loans (4a)	-	-
7b. Permanent Transfers (4a)	-	-
7c. School Transfers (4a)	-	-
8. Total Expenses	4,144,789	264,346
9. Est. Dec.31st, 2020 Cash Balance	1,274,565	359,301

Compare this line to the Monthly Financial Statement as of December 31, 2020



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1782 Notice

Budget Year - 2021		
Revenues		
10. Levy Excess (15)	132	-
11. Property Tax Levy (16)	2,365,994	-
12. Property Tax Cap Impact	(2,000)	-
13. Miscellaneous Revenue (8b)	5,298,894	292,000
14. Budget Year Total Revenues	7,663,020	292,000
Expenses		
15. 2021 Budget Estimate (1)	8,001,762	407,450
16a. Outstanding Temp Loans (4b)	-	-
16b. Permanent Transfers (4b)	-	-
16c. School Transfers Out (1a)	-	-
17. Total 2021 Expenses	8,001,762	407,450
18. Operating Balance (11)	935,823	243,851
19. Tax Rate (17)	0.1641	-
20. Assessed Value	1,441,800,140	1,441,800,140

Verify lines 11 and 12 to the abstract when calculated in February or March

Verify line 13 periodically throughout the year



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1782 Notice

Fund Code	Fund	Assessed Value	Rate	Levy	Control
	0101 GENERAL	1,441,800,140	0.1641	2,365,994	UT
	0124 2015 REASSESSMENT	1,441,800,140	0.0065	93,717	UT
	0182 BOND #2	1,441,800,140	0.0423	609,881	00
	0702 HIGHWAY	1,441,800,140	-	-	UT
	0706 LOCAL ROAD & STREET	1,441,800,140	-	-	UT
	0790 CUMULATIVE BRIDGE	1,441,800,140	0.0246	354,683	UT
	0801 HEALTH	1,441,800,140	0.0360	519,048	UT
	1185 JAIL LEASE RENTAL	1,441,800,140	0.0374	539,233	00
	2391 CUMULATIVE CAPITAL DEVELOPMENT	1,441,800,140	0.0294	423,889	UT
UNIT TOTAL			0.3403	4,906,445	

UNIT	
Normal Max Levy	4,785,921
Minus LOIT	1,561,260 <small>This is a levy freeze county – most of you will not have this amount in your budget</small>
Minus Levy Excess	132
Plus Misc Changes	538,531 <small>These adjustments are usually CCD, Mental Health & Disabilities</small>
Working Max Levy	3,763,060

CTL UT Working Max **\$3,763,060** Under Max by **\$5,729**



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Encumbrances

Expenses that have been incurred in one year but not yet processed through the claim pay process may be encumbered into the current year from the previous year upon request and approval of the County Council

In order to request an expense to be encumbered the following requirements must be met:

- a. A lawful contract has been entered into prior to December 31 of the current year and all or part of that contract has not been satisfied
- b. An invoice for goods or services received dated prior to December 31 of the current year
- c. An existing appropriation is in place and has not been expended in the current year

Only the amount required to meet the balance due or the remainder of the appropriation not expended, whichever is less, may be encumbered

The encumbrance may **only** be expended for the contract or invoice for which it is was encumbered

Encumbrances impact the available cash for appropriation



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Acronyms

	<i>Department</i>	
ABC	Alcohol and Beverage Commission	old name for the ATC
AG	Attorney General	http://www.in.gov/attorneygene
AIC	Association of Indiana Counties	http://www.indianacounties.org
AOS	Auditor of State	http://in.gov/auditor
ATC	Alcohol and Tobacco Commission	http://www.in.gov/atc/
BMV	Bureau of Motor Vehicles	http://in.gov/bmv
CAGIT	County Adjusted Gross Income Tax	Repealed July 2016 Now LIT
CCD	Cumulative Capital Development Fund	
CCI	Cumulative Capital Improvement Fund	
CEDIT	County Economic Development Income Tax	Repealed July 2016 Now LIT
CNAV	Certified Net Assessed Value	
COIT	County Option Income Tax	Repealed July 2016 Now LIT
CPF	Capital Project Fund	
CVET	Commercial Vehicle Excise Tax	
DCS	Department Of Child Services	http://www.in.gov/dcs/
DLGF	Department of Local Government Finance	http://www.in.gov/dlgf
DOR	Department of Revenue	http://www.in.gov/dor
EDC	Economic Development Commission	
FIT	Financial Institutions Tax	Also known as Bank Tax
FSSA	Family and Social Services Administration	Now DCS
GATEWAY	Gateway Reporting for SBOA and DLGF	http://gateway.ifionline.org/
GOB	General Obligation Bond	
HSC	Homestead Credit	

IACC	Indiana Association of County Commissioners	http://www.indianacountycomm
IACT	Indiana Association of Cities and Towns	http://www.citiesandtowns.org/
IASBO	Indiana Association of School Business Officials	http://www.indiana-asbo.org/
ICAA	Indiana County Auditors Association	http://indianaauditors.org/
IBTR	Indiana Board Of Tax Review	http://www.in.gov/ibtr/
ICCA	Indiana County Council Association	http://www.indianacounties.org/
IDOA	IN Department of Administration	http://www.in.gov/idoa/
IEDC	Indiana Economic Development Corporation	http://iedc.in.gov/
ILMCT	Indiana League of Municipal Clerk Treasurers	http://www.ilmct.org/
INPRS	Indiana Public Retirement System	http://www.in.gov/inprs/
ITA	Indiana Township Association	http://www.indianatownshipassoc
LIT	Local Income Tax	Replaced CAGIT/COIT/CEDIT/LOI
LOIT	Local Option Income Tax	Repealed July 2016 Now LIT
LRS	Local Road and Street	
MVH	Motor Vehicle Highway	http://www.in.gov/auditor/2523
NAV	Net Assessed Value	
OPEB	Other Post Employment Benefits	
PTABOA	Property Tax Assessment Board of Appeals	
PTRC	Property Tax Replacement Credit	
SBA	State Budget Agency	http://www.in.gov/sba/
SBOA	State Board of Accounts	http://www.in.gov/sboa/
SOS	Secretary Of State	http://www.in.gov/sos/
SWETA	State Welfare Excise Tax Allocation	
TAB	Tax Adjustment Board	Used with TAB Rate Sheet- adver
TAXING DISTRICT	District that adds up all the Taxing Units within that geographic taxing area	
TAXING UNIT	A Governmental Entity (School, town, county, etc.)	
TIF	Tax Increment Finance	
TIR	Tax Increment Replacement Levy	
TRECS	Tax Replacement Exchange & Compliance System	
WIC	Women Infant and Children	http://www.state.in.us/isdh/196



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