

Key Ideas

Chapter 6: Getting Started: Budget Forms

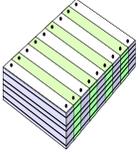


In this section, we will discuss the following:

- *Tips for putting together a local government budget.*
- *The DLGF Budget Order.*
- *Filling out City/town Budget Form 1.*
- *Filling out City/town Budget Form 2.*
- *Filling out City/town Budget Form 3.*
- *Filling out City/town Budget Form 4.*
- *Filling out City/town Budget Form 4A.*
- *Filling out City/town Budget Form 4B.*

GETTING STARTED

FORMS



- **City/Town Ledger**
- Current DLGF Budget Order
- Approved DLGF Additional Appropriation Orders
- Budget Form 1 – City/Town Budget Estimate
- Budget Form 2 – Estimate of Miscellaneous Revenue
- Budget Form 3 – Notice to Taxpayers of Budget Estimates and Tax Levies
- Budget Form 4 – Ordinances for Appropriations and Tax Rates
- Budget Form 4A- Certificate of Appropriations
- Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate



The first step in putting a budget together is to analyze the past year and current year budgets.

TIPS

- Determine whether current items appropriated are actually needed.
- Should some appropriations be increased or should some be decreased?
Look at current and prior year disbursements; if money has been left over at the end of the year, you may want to consider reducing the appropriation, if additional appropriations were made, consider increasing the appropriation.
- Is there something new that will need to be funded?
- If I do add an item can the city/town afford it?
- Don't wait until last minute to formulate the new budget – Begin preparation as soon as possible after June 30.

Note: Budget forms are available on the DLGF's Web site and are revised in early spring of each year (www.in.gov/dlgf/).

THE BUDGET PROCESS

As an overview of the budget process, in May/June the Clerk-Treasurer will distribute the Budget Form 1 (Budget Estimate) to all county officeholders and department heads to analyze the appropriations that will be needed for the ensuing year. In July, the Clerk-Treasurer will compile the data from the Budget Form 1 (Budget Estimate) which has been submitted by each City/Town department. The Clerk-Treasurer will also prepare the Budget Form 2 (Estimate of Miscellaneous Revenue) and Budget Form 4B (Financial Statement-Proposed Tax Rate) each by fund and Budget Form 3 (Notice to Taxpayers). These forms will be reviewed with the DLGF budget field representative at the budget workshops held in July/August. A Line 2 Worksheet will be prepared at this time confirming cash balances and expenditures. The DLGF budget field representative will also advise the Clerk-Treasurer of statutory deadlines and assist, if necessary, in the determination of publication dates and other information that is needed.

After the budget workshop, the Clerk-Treasurer will need to finalize the City/Town budget and publish the Budget Form 3 in two newspapers no later than the publication deadlines established by statute. All budget forms are discussed in detail in the sections that follow. The budget calendar which details statutory deadlines is also included in another chapter of this manual.

The City/Town Council will hold a public hearing and adoption meeting adopting their budget per statutory deadlines.

In September/October the County Council will review the budgets of all civil taxing units (does not include schools) and issue a non-binding recommendation prior to the unit's adoption date. (Reference the budget calendar for the statutory deadlines relating to the non-binding review and recommendation process.)

The deadline for all units of government to adopt their respective budgets is November 1. Units must file two (2) copies of their adopted budgets with the County Auditor not later than two (2) days after the adoption of their budget. The County Auditor should provide one (1) copy of each unit budget to the DLGF budget field representative.

In November, after the statutory deadline for adoption of unit budgets, the DLGF will schedule a public hearing in each county before they review, revise, reduce, or increase a unit's budget, tax rate, and tax levy. When all budgets within a county have been worked by the budget field representative, a 1782 Notice will be prepared and submitted to each unit specifying any revision, reduction, or increase the DLGF proposes in a unit's tax levy or tax rate. Each unit has ten (10) calendar days to provide a written response to the DLGF. The DLGF will consider the proposed adjustments and deliver a final decision to the unit.

The DLGF is directed by statute to complete the process of certifying a budget order to the County Auditor by February 15.

CITY/TOWN BUDGET ESTIMATE BUDGET FORM 1

Budget Form 1 is prepared for each fund budget within the City/Town. The Clerk-Treasurer normally compiles budget information from the individual officeholders by July 1 to come up with a total budget estimate for line 1, Budget Form 4B. Budget Form 1 is utilized to estimate the necessary expenditures for the ensuing budget year. The form is divided into four (4) budget classifications as follows:

- **Personal Services** includes salary, wages and employee benefits.
- **Supplies** include office supplies, operating supplies and repair and maintenance.
- **Other Services and Charges** are appropriated for services other than personal services, which are required by the city/town in carrying out its assigned functions such as legal services, communication and transportation, printing, insurance, rentals and debt service.
- **Capital Outlays** are for the acquisition of land, buildings, machinery and equipment.

This is further divided into the most common funds that are applicable to city/towns.

The “Items” column is used to indicate that amount which the Clerk-Treasurer will present to the City/Town Council for their approval at time of adoption. The “Total Estimate” column is used to total each budget classification. The total of the form is then transferred to Line 1 of Budget Form 4B in the “Amount Used to Compute Published Budget” column.

The right most column headed “Approved” is for use by the City/Town Council in adopting the budget. The City/Town Council should approve each line item and each major category is then totaled. This total is transferred to Line 1 of Budget Form 4B in the “Appropriating Body” column.

The form must be completed for each fund to be appropriated. To arrive at this amount, the clerk-treasurer must look at historical expenditures and anticipate future needs. As previously stated, if a certain item was increased in the previous year through additional appropriation, consideration should be given to increase the expenditure. If a substantial amount went unused in the previous year then the possibility of reducing or eliminating the item should be considered.

The Budget Form 1 should reflect those needs, which the clerk-treasurer considers necessary to perform the city/town’s governmental function, without limiting the needs to comply with the maximum levy. In order for the City/Town Council to consider an excessive levy appeal, a need for the increase must be itemized. It becomes the City/Town Council’s responsibility to either make application for an excessive levy appeal or reduce appropriations to fall within the maximum levy guidelines.

IC 36-4-7-6 outlines the procedures for formulation of budget estimates. Simply, it is a five-step process.

- Step 1:** Each department head prepares for his department an estimate of the amount of money required to operate his department in the ensuing budget year. Detailed line item estimates should be presented to the clerk-treasurer.
- Step 2:** The city/town fiscal officer prepares revenue estimates for the ensuing budget year, and prepares the itemized estimate of expenditures for all departments proposed for the ensuing budget year.
- Step 3:** The city/town executive meets with department heads and the fiscal officer to review the various estimates.
- Step 4:** After the executive reviews and revises the proposed estimates, the fiscal officer prepares for the executive a list of estimated departmental budgets, miscellaneous expenses and revenues needed to support the estimates.
- Step 5:** The fiscal officer presents the budget estimates to the city/town legislative body. The legislative body prepares an ordinance fixing the rate of taxation for the ensuing year and an ordinance making appropriations for the various departments and other city purposes for the ensuing year. The legislative body may reduce any item it chooses but may not increase an item without a recommendation from the executive.

IC 36-4-7-11 reads that if a city legislative body does not pass the required ordinances by the adoption date set by statute, the most recent annual appropriations and tax levy are continued for the ensuing budget year.

This completes Budget Form 1

**ESTIMATE OF MISCELLANEOUS REVENUES
BUDGET FORM 2**

General:

Budget Form 2, Estimate of Miscellaneous Revenues accounts for revenue from all sources other than property taxes. The form is divided into two sections. Column A is for amounts expected to be received between July 1 and December 31 of the current budget year. Column B is for amounts expected to be received between January 1 and December 31 of the incoming budget year. This process accounts for revenues over an eighteen (18) month period

A separate Estimate of Miscellaneous Revenues must be prepared for each fund maintained by the city/town. No fund, of course, is likely to use every line or row on the form, but every fund should generate some revenue. There are various means to estimate the anticipated monies but the most common is by historical evidence. Base the estimates over a three-year period, adjusting for any increases or decreases. The County Auditor will provide information on some revenues such as Column A excise tax, financial institution tax and certified share distributions. These estimates will be forwarded on the Auditor’s Certificate. Other sources of revenue are loan proceeds and interest on investments.

The proper allocation of revenues to funds is extremely important. From a historical perspective not only can total amounts be estimated but also whether those amounts are staggered throughout the year. The allocation of excise tax among the funds is probably the most difficult to estimate, especially for Column B. License Excise Tax is distributed to only those funds that receive a tax levy. The allocation is based upon the percentage of total levy to each fund. The total amount of license excise tax does not, in most cases, significantly change. However, the allocation between the funds can be dramatic.

Example:

Total Actual Excise Distribution	2007	\$12,577
	2008	\$14,856
	<u>2009</u>	<u>\$15,992</u>
Three-Year Avg.		\$14,475

Fund	Levy	Percent of Levy	Excise to be Distributed
General	26,155	24%	\$3,474
MVH	12,883	12%	\$1,737
Park	<u>69,138</u>	<u>64%</u>	<u>\$9,264</u>
Total	108,176	100%	\$14,475

Step 1: Compute a three-year average of total actual excise tax received by the city/town. Each year’s total can be found on the Auditor’s Certificate of Distribution that is sent with the June and December Distribution.

- Step 2: Add the total amount levied from each fund for the incoming year.
- Step 3: Of the total amount from Step 2, divide that amount into each fund levy (e.g. $\$26,155 \div \$108,176 = 24\%$)
- Step 4: Multiply the three-year excise tax average by the result of Step 3. This represents the amount of excise tax allocated to the fund. (e.g. $\$14,475 \times .24 = \$3,474$)

It must be realized that the calculation of license excise tax will not be totally accurate. If the city/town can estimate within 90% of its actual distribution, then that is about as close as can be expected. The amount of excise to be distributed to each taxing unit during June and December Settlement is based upon that taxing unit's total property tax rates(s) as compared to other taxing unit's property tax rate(s). Excise distributions will fluctuate based on increases/decreases in property tax levies. Any excise refunds made in a taxing district also reduces the amount of excise distributions made between the taxing units in the district.

The DLGF Hearing Officers can provide guidance on making excise estimates. The DLGF monitors the growth or decline in excise estimates for a three-year period.

This completes Budget Form 2

NOTICE TO TAXPAYERS OF BUDGET ESTIMATES AND TAX LEVIES BUDGET FORM 3

General

Budget Form 3 is used to advertise to the taxpayers the budgets and levies which are to be raised in the ensuing year. In addition, this form notifies the taxpayers of the dates of the public hearing and adoption of the budget. The current forms are found on the DLGF Web site at <http://www.in.gov/dlgf/4924.htm>.

Publication of Form 3

This form is to be published two (2) times with at least seven (7) days separating the two publications. This form must be published for the first time a minimum of ten (10) days prior to the public hearing and then again for the second publication at least three (3) days prior to the public hearing. If the budget is to be published by a daily and a weekly newspaper, the first publication in both newspapers must appear at least ten (10) days prior to the public hearing. Also, there must be a minimum of ten (10) days between the public hearing and the adoption meeting.

Ex: If Public Hearing is held September 5, the adoption hearing cannot be held before September 15.

If an error was made in the preparation of the advertisement of a budget, rate or levy, it may be corrected in the second advertisement without penalty. If the newspaper fails to properly publish the advertisement, a statement by the newspaper is sufficient. The newspaper must provide the documentation to the taxing unit to be included in the budget paperwork.

Conduct of Hearings

The public hearing is for the benefit of the taxpayer. Copies of the budget should be made available to interested taxpayers. The City/Town Council should ask for comments from those in attendance and allow them the opportunity to speak for or against any budgetary items. The adoption meeting is where the City/Town Council meets to take final action on the budget. Ten (10) or more taxpayers have the right to submit their objections to the budget within seven (7) days after the public hearing. The City/Town Council, at the adoption meeting, must consider those objections and submit their findings and final actions, in writing, with the budget when presented to the County Auditor. In short, each objection must be addressed and the reason for the action taken. The adoption hearing is a public meeting, however, taxpayers do not have the right to testify or comment on the City/Town Council's actions. If the City/Town Council fails to satisfy taxpayer concerns, taxpayers may appeal the tax rates advertised (if applicable) by the County Tax Adjustment Board or County Auditor. Taxpayers also have the right to attend and object to budgets, rates, and/or levies during the budget hearings conducted by the DLGF in each county.

Notification Section: Form 3 – Notice to Taxpayers

- Blank 1:* Insert city/town name
- Blank 2:* Insert county name
- Blank 3:* Insert location where public hearing will take place (to include address)
- Blank 4:* Insert date when public hearing will take place.
- Blank 5:* Insert year when public hearing will take place
- Blank 6:* Insert the time of the public hearing
- Blank 7:* Insert location where adoption meeting will take place (to include address)
- Blank 8:* Insert month and date of adoption meeting (must be at least ten (10) days from public hearing date above)
- Blank 9:* Insert year of adoption meeting
- Blank 10:* Insert time of adoption meeting
- Blank 11:* Insert assessed valuation used for calculations

Budget Estimates and Tax Levies

Column 1: *Fund Name:* Insert the appropriate fund names.

Column 2: *Budget Estimate:* The budget estimate is the amount of money that is to be appropriated for each fund. This amount is taken from Budget Form 1, Total Budget Estimate. If an amount is not placed in this section, no appropriation may be approved regardless of action taken by the appropriating body at the time of adoption.

Column 3: *Maximum Estimated funds to be raised (including appeals and levies exempt from maximum levy limitations):* This amount represents the tax levy required to fund the appropriation indicated in Column 2 (Budget Estimate). The amount is taken from Line 16 of Budget Form 4B. This line must also include any amounts that represent excessive levy appeals. *If no amount is indicated in this section, no tax levy may be approved regardless of action taken by the appropriating body at time of adoption.*

Column 4: *Excessive Levy Appeals (included in Column 3):* This column represents the additional amount to be levied above the maximum permissible levy. This amount is included in Column 3 (maximum estimated funds to be raised). The amount in Column 4 is supported by an appeal to the DLGF under IC 6-1.1-18.5.

Column 5: *Current Tax Levy:* This column represents the amount of tax levy currently being collected for each fund. This amount is indicated on the Budget Order Certification form for the current year.

Levy Section: Form 3

- Blank 1:* Insert ensuing budget year.
- Blank 2:* Insert city/town maximum levy from Maximum Levy Sheet provided by the DLGF.
- Blank 3:* If the county has adopted the County Adjusted Gross Income Tax (CAGIT) the County Auditor will inform each city/town of the amount of property tax replacement credit applicable. This figure can also be obtained from the Maximum Levy Sheet provided by the DLGF.
- Blank 4:* Insert the month and date the form was signed.
- Blank 5:* Insert name of fiscal officer of the city/town.

This completes Budget Form 3

**ORDINANCE FOR APPROPRIATIONS AND TAX RATES
BUDGET FORM 4**

This form is the ordinance formally approving the money appropriated on Budget Form 4A for the ensuing budget year. Additionally, this form supports/negates the action taken with respect to Budget Form 4B for levies and tax rates. The City/Town Council members affirm their action by signing in the appropriate column, “yea” or “nay.”

The Mayor approves the action of the Council members and the Clerk-Treasurer attests the signatures. This form must be completed by the City/Town Council to approve the city/town budget for the ensuing year.

The adoption date on this form should be the last date the council acted on the budgets, tax rates and tax levies for the city or town. This form should not be completed during the initial public hearing(s).

Budget Form 4 is extremely important. The top section of the form is used by the Clerk-Treasurer to certify to the County Auditor that the budget in-fact was adopted.

Blank 1: Insert the name of the city/town. (Mark out the taxing districts names that do not apply such as County and Fire Protection District.)

Blank 2: Insert the ensuing budget year.

Move to the center section of the form under “Common Council or Town Council”.

Blank 3: Insert the month and date of the final adoption. This date must agree with the date advertised for the adoption of the final budget or minutes must be submitted showing the adoption meeting was continued.

Blank 4: Insert the current year.

The bottom section of the form serves as an ordinance for the budgets adopted. It specifies which council members voted “yea” and which council members voted “nay.”

The bottom section has the date the Mayor approved the budget and is attested by the Clerk-Treasurer or City Clerk.

This completes Budget Form 4

CERTIFICATE OF APPROPRIATIONS BUDGET FORM 4A

General

Budget Form 4A is used to account for appropriations as *adopted* by the City/Town Council. The form is divided by fund and major budget classification totals. Reference to individual line items should be indicated on Budget Form 1.

Budget Form 4A is the only form which indicates the official action of the appropriating body; therefore, it is necessary that this form be completed in proper form.

Unit Identification Section

The top of the form is used to identify the unit and to certify the date of the adoption meeting. The top left of the form, which indicates ID, YEAR, CO, TYPE and FUND may be left blank. The proper preparation of the form is as follows:

- Blank 1:* Taxing Unit: Insert City/ Town name
- Blank 2:* County: Insert name of county
- Blank 3:* Insert fund number i.e. 0101 (general)
- Blank 4:* Insert fund name
- Blank 5:* Function (blank)

City/Town Budget Classification Section

This section is used to indicate the amount *adopted* for each fund by major budget classification. Each category should be indicated by an amount, even if that amount is \$0 to insure that each category has been considered and not omitted. Each fund should be totaled and should agree with the Budget Form 1 as modified by the appropriating body.

Next Section: Repeat for each fund.

Column for Tax Adjustment Board reflects action taken by the County Board of Tax Adjustment or the County Auditor and would be filled in if applicable.

Column for Final Budget after reduction ordered by the DLGF reflects final action taken at the DLGF budget hearing.

This completes Budget Form 4a

City and Town Budget Manual – A Guide Through the Process of Local Government Budgeting
BUDGET ESTIMATE – FINANCIAL STATEMENT – PROPOSED TAX RATE
BUDGET FORM 4-B

General

Budget Form 4-B is used to account for those monies necessary to be raised for the ensuing budget year. The form is designed to account for an eighteen (18) month period, being the last six (6) months of the current budget year and the entire ensuing budget year.

This form is commonly referred to as the **16 Line Statement**, which is derived from the numbers in the left most column. (In past years the line indicating the Net Tax Rate was not indicated by a number.) The form is also broken into four (4) sections:

(a) **AMOUNTS USED TO COMPUTE PUBLISHED BUDGET:** This section is completed based upon the budget estimate as originally prepared from Budget Form 1. The aggregates of Line 16's, for controlled funds under the maximum levy, may exceed the maximum permissible levy. That part which does exceed the maximum levy may be reflected in the "Excessive Levy Appeal" column (4) of form 3 if an appeal is being pursued. If no appeal is being pursued, the levies will be reduced to the maximum allowed, which may result in budget cuts unless there is a sufficient operating balance projected on line 11.

(See Excessive Levy Appeal Process)

(b) **APPROPRIATING BODY:** This section is completed based upon the budget as adopted by the City/Town Council. The Line 1 and Line 16 amounts may be the same or less than advertised, but cannot be more. The adopted rates are reflected on the bottom of this form.

(c) **TAX ADJUSTMENT BOARD:** the City/Town does not complete this section.

(d) **CONTROL BOARD AND DLGF FINAL ACTION:** the DLGF hearing officer completes this section.

Unit and Fund Identification Section: Form 4B

The top of the form is used to identify the unit, fund name and assessed value of the fund necessary to compute the tax rate. The top left of the form, which indicates ID, YEAR, CO, TYPE, and FUND may be left blank.

- Blank 1:* Taxing Unit – insert name of the City/Town.
Blank 2: County – insert name of the county.
Blank 3: Fund – insert the name of the fund being computed.
Blank 4: Net Assessed Valuation – insert the assessed valuation applicable to the fund. The County Auditor provides this figure in the Auditor's Certificate provided to each Taxing Unit by August 1.

Financial Section

The financial section of the form, Lines 1 through 17, is divided into four sections:

1. The Appropriations Section – Lines 1 through 5
2. The Income Section – Lines 6 through 9
3. Amounts to be Raised by Tax Levy – Lines 10 through 16
4. Net Tax Rate – Line 17

The Appropriations Section - Lines 1 through 5

Line 1: Represents the total budget estimate for the ensuing budget year. This figure is taken from the total of Budget Form 1 for the appropriate fund.

Line 2: Represents the amount of remaining appropriations for the period July 1 through December 31 of the current budget year. This line is not estimated. It is the result of the following:

(a) Current year approved appropriations from DLGF Budget Order

PLUS

(b) Any amounts encumbered from the immediate prior year

PLUS

(c) DLGF approved additional appropriations during the period January 1 through June 30 of the current year. (This does not include additional appropriations which may have been held prior to July 1, but rather those that have been approved by the DLGF for the period.)

MINUS

(d) Appropriated disbursement during the period January 1 to June 30 of the current year. (Do not include disbursements that are not appropriated, (e.g.. investment purchases or disbursements to the levy excess fund.)).

The resulting computation is placed on Line 2

Line 3: Represents the amount of additional appropriations anticipated, if any, during the period July 1 to December 31 of the current year.

Line 4: Represents temporary loans, which have not been repaid prior to July 1 of the current year. This line is set out into two sections.

Line 4a: Represents temporary loans outstanding but must be repaid by December 31 of the current year.

Line 4b: Represents temporary loans outstanding but will not be repaid by December 31st of the current year. If line 4B is used, a resolution declaring an emergency is required. (This amount must be accompanied by a resolution of the City/Town Council stating the date of repayment.) ***If levy excess has not been removed from the fund prior to July 1, then that amount is recognized as being a loan from the levy excess fund.***

Line 5: Represents the total of Line 1 through Line 4b which represents the amount of appropriations needed for an eighteen (18) month period: Line 1 represents the ensuing year and Lines 2 through 4b represent current year appropriations.

The Income Section – Lines 6 through 9

Line 6: Represents the June 30 cash balance. This amount also includes any investments, which are evidenced by disbursements from the fund. Total monies invested or NOW accounts are not considered investments. This line must be the same as the June 30 ledger cash balance plus investments.

Line 7: Represents the amount of property tax money to be received in the current year's December distribution. If the June distribution was deposited after June 30, then this amount would reflect the entire year tax distribution, minus any advance draws distributed and received before June 30.

Line 8a Represents funds that the unit anticipates receipting into the fund during the period July 1 to December 31 of the current year other than property tax receipts. This amount is taken from the total of Column A, Budget Form 2.

Line 8b Represents funds that the unit anticipates receipting into the fund during the period January 1 to December 31 of the ensuing budget year other than property taxes. This amount is taken from the total of Column B, Budget Form 2.

Line 9: Represents the total of Lines 6 through 8b, which is the total amount of cash from all sources to be received during the eighteen-month period July 1 of the current year to December 31 of the ensuing year.

Amounts to be Raised by Tax Levy – Lines 10 through 16

Line 10: The amount of tax money necessary to fund the ensuing budget (Line 1), which is the remainder of Line 9 from Line 5.

Line 11: This line is probably the most misunderstood of the budgeting process. The purpose of Line 11 is to allow the unit of government sufficient funds to operate during the period January 1 to June 30, less any miscellaneous revenues received, of the year subsequent to the ensuing budget year. The reasoning behind this theory is that the first tax distribution does not occur until June, and therefore, it would be reasonable to assume that a unit would not have funds to meet operating expenses during this period. Line 11 is used to estimate the necessary funds for that subsequent period. However, those funds, which are estimated in Line 11, must be raised from the ensuing year maximum permissible levy.

Line 12: Total of Line 10 plus Line 11. This amount represents the total amount of property taxes to be levied in order to fund Line 1, budget for the ensuing

year, and Line 11, operating expenses for the first half of the following year.

- Line 13a:* Represents the amount of property tax replacement credit used to reduce taxpayer property tax burden. If the county has adopted the County Adjusted Gross Income Tax (CAGIT) the County Auditor will supply this amount. The amount can also be found on the maximum levy calculation sheet provided by the DLGF.
- Line 13b* Represents amount from Local Option Income Tax used for Replacement Credits.
- Line 14:* Subtract Line 13a and 13b from Line 12
- Line 15:* Represents that amount of tax money, which was collected in excess of 100% of the certified budget levy calculated by the DLGF in the immediate prior year. **ONLY** the DLGF will utilize this line.
- Line 16:* Subtract Line 15 from Line 14. This amount represents the total amount of taxes to be levied to fund the ensuing year budget and the cash flow for the first half of the subsequent budget year for a particular fund.

Net Tax Rate – Line 17

- Line 17:* Represents the tax rate necessary to raise the levy required by Line 16 by the following steps:
- (a) Divide the Net Assessed Value, at the top of the sheet, by 100 (or move the decimal 2 places to the left).
 - (b) Divide Line 16 by the Net Assessed Value, per \$100 (as determined in step a).
 - (c) The result should be taken to four (4) decimal points.

Example: Net Assessed Value = 300,121,370 divided by 100 or 3,001,213.70
Tax Levy (Line 16) = \$1,986,203
Tax Levy / (Net Assessed Value / 100) = 1,986,203 / 3,001,213.70 = .6618
Tax Rate (Line 17) = .6618

This completes Budget Form 4b

DEBT WORKSHEET

A debt worksheet must be completed for any debt service payments made with property taxes. The debt worksheet is composed of three sections. The top section lists the taxing unit and county information along with the debt fund name and number. A unit may have multiple debt funds, so it is important that the fund name and number of each debt fund is included.

The middle section of the worksheet details the amounts necessary to fund the debt payments. Column one identifies or names the debt issue and reports if the debt was originally issued before 1984. Column two lists the payments to be made between July 1st and December 31st of the current year. Column three is for the ensuing year's debt service payments. Traditionally, there are two semi-annual payments. Column four is for the payment to be made in the first half of the year after the ensuing year. The amount in column four is the maximum amount allowed for an operating balance on line 11 of Budget Form 4-b. The amount of the ensuing year's property tax levy is to be sufficient to pay the principal and interest payments in the ensuing year minus projected miscellaneous revenues. Also allowed are nominal amounts for administrative fees. An amortization schedule is required for each debt issue and is to be included with the debt worksheet. If the payment is for a lease, include a copy of the lease rental agreement and an affidavit from the holding corporation stating there are not sufficient funds available to retire the debt. All lease payments are subject to annual appropriations by the fiscal body.

The bottom section is for signature and certification purposes.

BUDGET ORDER

The budget order is the *final* action of the DLGF. All other work, which a city/town may receive from the DLGF, should be considered as “Work in Progress” and must not be considered as any type of approval. By statute, the DLGF must certify all budgets on or before February 15 of the proposed budget year.

The “Budget Order” informs the unit of the approved budget, levy and rate for each fund which was submitted.

The “Budget Order” also informs the unit how much and to which fund to deposit the amounts carried in the Levy Excess Fund. This form will be utilized when preparing the proposed budget and should be filed for easy access.

The “Levy Excess Report of Taxes Collected in 20xx”. This report may be included with the “Budget Order” assuming that the County Auditor has made the final distribution and reported such to the DLGF prior to the issuance of the “Budget Order”. If not, the report will be forwarded under separate cover. This statement informs the unit of each fund’s property tax collections in the immediately preceding budget year. The figure shown as “100% of Cert. Levy” represents the amount of property taxes levied for each fund (Line 16 of 16-line statement approved by the DLGF). It is recommended that a new column in the ledger be made and entitled “Levy Excess”. Any amounts that are collected in excess of the 100% must be disbursed from those funds and deposited in the “Levy Excess Fund”. The DLGF may reduce the ensuing the same amount as the total in the Levy Excess Fund.

The “100% of 20XX Budget Levy Certification” shows the levy that was approved for each fund. Please refer to the note at the bottom of the form, which states that if the *total* amount of levy excess from all funds is less than \$100 there is no need to deposit that amount in the Levy Excess Fund.

Budget appropriations may be transferred within each budget classification (i.e. Personal Services, Supplies, etc.). Appropriations may also be transferred between budget classifications (i.e. Supplies to Other Services and Charges), however, this type of transfer must be approved by the City/Town Council.

When the DLGF certifies the total budgets, tax rates and tax levies for each taxing unit and fund, a complete order is mailed to the County Auditor. The County Auditor maintains one copy in the Auditor’s Office, for reference purposes, and distributes one copy of each taxing unit’s budget order. This should be done immediately to allow units the opportunity to review the certified information. It is important for each unit to verify the accuracy of the information.

The budget order consists of three parts:

- Budget order- which specifies the assessed valuation, levy excess information, fund tax rate(s) and budget(s) figures.
- Certified levy - which identifies for each fund the certified tax levy and the maximum amount (100%) that may be collected in the ensuing year for that fund before the application of levy excess takes place.

- Levy excess worksheet- which guides taxing units through the calculation of levy excess.

STATE OF INDIANA

DLGF

BUDGET ORDER AND 100% OF BUDGET LEVY CERTIFICATION

YEAR: _____ **COUNTY:** # and Name **Unit:** # and Name **Type:** _____

Following consideration...

Certified Budget Certified AV Certified Levy Certified Rate

FUND: 0101 GENERAL

Comments pertaining to fund

FUND: 0706 LOCAL ROAD AND STREET

Comments pertaining to fund

FUND: 1312 PARK

Comments pertaining to fund

This form is the DLGF Budget Order. For each fund, the appropriation and rate approved by the DLGF is stated. Any expenditure which exceeds the stated appropriations must be accomplished by the Additional Appropriations procedure.

Note: Comments within the General or Fire Fund is the authority to transfer money from the Levy Excess Fund. This is the only notification given for the transfer.

Levy Excess Fund

A Levy Excess Fund is a separate fund for property tax collections in excess of 100% for a given calendar year. Money in this fund is used to reduce the ensuing year's property tax levy. This reduction is reflected on line 15 of Budget Form 4B. The DLGF notifies each taxing unit of moneys to be deposited into a levy excess fund on the levy excess worksheet provided to the County Auditor.

During the budget process, it is recommended that the taxing unit not detail levy excess on line 15 but rather allow a higher levy on line 16 to be advertised for budget purposes. This allows some flexibility in case a math error was made in determining the levy. The DLGF will insert any levy excess on line 15 during the budget review and hearing process.

Pursuant to IC 6-1.1-18.5-17(f), "A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26."

Summary

Chapter 6: Getting Started: Budget Forms



In this section, we have discussed the following:

- *Tips for putting together a local government budget.*
- *The DLGF Budget Order.*
- *Filling out City/town Budget Form 1.*
- *Filling out City/town Budget Form 2.*
- *Filling out City/town Budget Form 3.*
- *Filling out City/town Budget Form 4A.*
- *Filling out City/town Budget Form 4-B.*
- *Filling out City/town Budget Form 4.*