

# *Key Ideas*

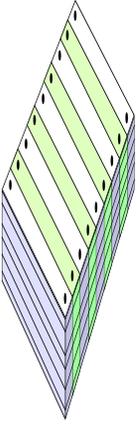
## **Chapter 6: Getting Started: Budget Forms**



*In this section, we will discuss the following:*

- *Tips for putting together a local government budget.*
- *The Department Budget Order.*
- *Filling out Township Budget Form 2.*
- *Filling out Township Budget Form 3.*
- *Filling out Township Budget Form 4.*
- *Filling out Township Budget Form 4-B.*
- *Filling out Township Budget Form 5.*

## GETTING STARTED BUDGET FORMS



- **Township Ledger**
- Current Department Budget Order
- Approved Department Additional Appropriation Orders
- Budget Form 1 – Township Budget Estimate
- Budget Form 2 – Estimate of Miscellaneous Revenue
- Budget Form 3 – Notice to Taxpayers of Budget Estimates and Tax Levies
- Budget Form 4 – Certificate of Appropriations
- Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate
- Budget Form 5 – Budget Submission Letter and Certificate of Tax Rates
- Line 2 Worksheet
- Debt Worksheet, if applicable

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

### ***TIPS***

- Determine whether current items appropriated are actually needed.  
*Budgetary items that show no expenditures should not be appropriated.*
- 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 Township afford it?
- Don't wait until last minute to formulate the new budget –  
Begin preparation as soon as possible.



**Note:** The budget forms can be found on the Department's Web site ([www.in.gov/dlgf/4952.htm](http://www.in.gov/dlgf/4952.htm)).

## **THE BUDGET PROCESS**

As an overview of the budget process, in May/June the Township Trustee will prepare the Budget Form 1 (Budget Estimate) estimating the necessary expenditures for the ensuing budget year. The Township Trustee 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 Department 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 Department budget field representative will also advise the Township Trustee of statutory deadlines and assist, if necessary, in the determination of publication dates and other information that is needed.

After the budget workshop, the Township Trustee will 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 Township Trustee will submit its proposed budget to the County Council. The County Council must 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 Department budget field representative.

In November, after the statutory deadline for adoption of unit budgets, the Department 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 Department proposes in a unit's tax levy or tax rate. Each unit has ten (10) calendar days to provide a written response to the Department. The Department will consider the proposed adjustments and deliver a final decision to the unit.

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

## TOWNSHIP TRUSTEE'S BUDGET ESTIMATE BUDGET FORM 1

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 Service** 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 township 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 applicable to townships.

The "Items" column is used to indicate that amount which the trustee will present to the Township Board 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 on Form 1 headed "Approved" is for use by the Township Board in adopting the budget. The board 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 trustee 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 needs which the trustee considers necessary to perform the township's governmental function without limiting the needs to comply with the maximum levy. In order for the Township Board to consider an excessive levy appeal a need for the increase must be itemized. It becomes the Township Board's responsibility to either make application for an excessive levy appeal or reduce appropriations to fall within the maximum levy guidelines.

*This completes Budget Form 1*



**ESTIMATE OF MISCELLANEOUS REVENUES  
BUDGET FORM 2**

**General:**

Budget Form 2, Estimate of Miscellaneous Revenues reports 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 township. 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 two-year period, adjusting for any increases or decreases. The County Auditor will provide information on some revenues for Columns A and B such as excise tax, commercial vehicle 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, contract fees 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, which 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
Poor Relief	12,883	12%	\$1,737
Fire	<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 township. Each year's total can be found on the Auditor's Certificate of

Distribution (form 22) which 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 divided by \$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 X .24 = \$3,474)

It must be realized that the calculation of license excise tax will not be totally accurate. If the township can estimate 90% of its actual distribution, 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 the amount of excise tax collected and 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.

*This completes Budget Form 2*

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**ID      YEAR      CO      TYPE      KEY**

\_\_\_\_\_ **TOWNSHIP** \_\_\_\_\_ **COUNTY, INDIANA**

ESTIMATE OF MISCELLANEOUS REVENUES  
 FROM SOURCES OTHER THAN GENERAL PROPERTY TAXES  
 FOR USE IN PREPARATION OF ESTIMATE OF FUNDS TO BE RAISED, YEAR 20\_\_

PREPARE SEPARATE ESTIMATE FOR EACH FUND

ESTIMATED AMOUNTS TO BE RECEIVED			
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	-A- July 1, 2010 To Dec.	-X- Dept. of Local Government Finance	-B- Jan. 1, 2011 To Dec. 31, 2011	-X- Dept. of Local Government Finance
0101 TOWNSHIP FUND				

<b>SPECIAL TAXES:</b>				
201 Financial Institutions Tax/PCA.....	_____	_____	_____	_____
202 License Excise Tax.....	_____	_____	_____	_____
203 CAGIT Certified Shares.....	_____	_____	_____	_____
212 County Option Income Tax (COIT).....	_____	_____	_____	_____
217 Commercial Vehicle Excise Tax.....	_____	_____	_____	_____
<b>ALL OTHER REVENUE:</b>				
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
9999 Total Columns A and B.....	=====	=====	=====	=====

**0840 TOWNSHIP ASSISTANCE FUND**

<b>SPECIAL TAXES:</b>				
204 Financial Institutions Tax/PCA.....	_____	_____	_____	_____
205 License Excise Tax.....	_____	_____	_____	_____
206 CAGIT Certified Shares.....	_____	_____	_____	_____
213 County Option Income Tax (COIT).....	_____	_____	_____	_____
<b>ALL OTHER REVENUE:</b>				
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
9999 Total Columns A and B.....	=====	=====	=====	=====

**1111 FIRE FIGHTING FUND**

<b>SPECIAL TAXES:</b>				
207 Financial Institutions Tax/PCA.....	_____	_____	_____	_____
208 License Excise Tax.....	_____	_____	_____	_____
209 CAGIT Certified Shares.....	_____	_____	_____	_____
214 County Option Income Tax (COIT).....	_____	_____	_____	_____
<b>ALL OTHER REVENUE:</b>				
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
-----	_____	_____	_____	_____
9999 Total Columns A and B.....	=====	=====	=====	=====

Note: Col. A is for the period from July 1 to December 31 of the present year  
 Col. B is for the period from January 1 to December 31 of the incoming year  
 Cols. X are reserved for the Department of Local Government Finance adjustments  
 (CAGIT) means County Adjusted Gross Income Tax

## **DEBT WORKSHEET**

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

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 1 and December 31 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 these payments are subject to annual appropriations by the fiscal body.

The bottom section is for signature and certification purposes.

## **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. It includes a comparison of the current year's tax levy. In addition, this form notifies the taxpayers of the dates, time, and location of the public hearing and adoption meeting for the budget.

### **Publication of Form 3**

This form must be published two times prior to the public hearing (first meeting) in either one or two newspapers as indicated in IC 5-3-1-4. The first advertisement must appear ten or more days before the public hearing and second advertisement must appear at least seven days after the first advertisement but a minimum of three days prior to the public hearing per IC 5-3-1-2. There must be a minimum of ten days between the public hearing and the adoption meeting according to IC 6-1.1-17-5.

Ex: If Public Hearing is held September 5, the adoption hearing cannot be held prior to September 15 and the first advertisement must be on or before August 26<sup>th</sup> and the second publication on or before September 2<sup>nd</sup> with a minimum of seven days between the advertisements. \*See calendar on page 20 for statutory deadlines.

If an error was made in the preparation of the advertisement, 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 (IC 5-3-1-2).

### **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 Township Board 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 Township Board meets to take final action on the budget. The Township Board, 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 Township Board's actions (IC 6-1.1-17-5).

### **Notification Section: Form 3 – Notice to Taxpayers**

*Blank 1:*      Insert township name  
*Blank 2:*      Insert county name

- Blank 3:* Insert address of meeting place
- Blank 4:* Insert date of public hearing
- Blank 5:* Insert year of public hearing
- Blank 6:* Insert time of public hearing
- Blank 7:* Insert ensuing budget year
- Blank 8:* Insert location of adoption meeting
- Blank 9:* Insert date of public hearing
- Blank 10:* Insert year of public hearing
- Blank 11:* Insert time of public hearing
- Blank 12:* Insert telephone number of where to call for special assistance
- Blank 13:* Insert civil unit assessed value
- Blank 14:* Insert fire assessed value

**Budget Estimates and Tax Levies**

**Column 1:** *Fund Name:* The preprinted names are those funds most commonly used by townships. If a fund not listed is to be appropriated insert the fund name.

**Column 2:** *Budget Estimate:* The budget estimate is the amount of money, which is to be appropriated for each fund. This amount is taken from Budget Form 1 (See Appendix) 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 (See Exhibit F-4B). This line must also include any amounts that represent excessive levy appeals. *If no excessive levy appeal amount is indicated in this section, no additional 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 Department 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 100% Budget Order for the current year.

*Township Schools should refer to the School Manual: Townships which do not have a School Township should cross out this section to avoid charges for advertising.*

*This completes Budget Form 3*

**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. The form is also broken into three (3) 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 funds under the maximum levy, may exceed the maximum permissible levy. That part which does exceed the maximum levy should be reflected in Column 4 of Budget Form 3, an excessive levy appeal should be initiated to increase the maximum permissible levy, or be prepared to reduce the budget either on line 1 or 2 .
  
- (b) 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.

- Blank 1:* Taxing Unit – insert name of the township
- 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 (fire fighting fund may have an assessed valuation which excludes cities and towns). The County Auditor provides this figure in the Auditor's Certificate provided to each Taxing Unit by August 1.

(c) 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

**Lines 1 through 5**

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

A line 2 worksheet is used to calculate or record the amounts for lines 2 and 6. This information is gathered by the field representatives during budget workshops in July and August.

- 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 Department Budget Order  
**PLUS**
  - (b) Any amounts encumbered from the immediate prior year  
**PLUS**
  - (c) Department approved additional appropriations during the period January 1 through June 30 of the current year. (This does not include those additional appropriations which may have been held prior to July 1, but rather those which have been approved by the Department 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 appropriate, (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:* Temporary loans outstanding as of June 30<sup>th</sup>, but must be repaid by December 31 of the current year.
- Line 4b:* Temporary loans outstanding as of June 30<sup>th</sup>, but will not be repaid by December 31<sup>st</sup> of the current year. (This amount must be accompanied by a resolution of the Township Board 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 prior to June 30.
- Line 8a* Represents funds that the unit anticipates receipting 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 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; 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 Department.

*Line 13b:* Represents the amount of Operating Freeze LOIT used to reduce the taxpayer property tax burden.

*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 Department in the immediate prior year. **ONLY the Department 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 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. Calculated 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 /(300,121,370/100)  
Tax Rate (Line 17) = .6618

**CERTIFICATE OF APPROPRIATIONS  
BUDGET FORM 4**

**General**

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

As this is the only form, which indicates the official action of the appropriating body, 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 504, may be left blank. The proper preparation of the form is as follows:

- Blank 1:* Insert name of township.
- Blank 2:* Insert name of county.
- Blank 3:* Insert the location of the adoption meeting.
- Blank 4:* Insert the day of the adoption meeting.
- Blank 5:* Insert the month of the adoption meeting.
- Blank 6:* Insert the year of the adoption meeting.

**The reverse side of the form, at the bottom, is the certification section.**

- Blank 1:* Insert the day, month and year of the date of adoption of the budget.
- Blank 2:* The Secretary of the Township Board should sign in this section as an attesting official.
- Blank 3:* The Chair of the Township Board should sign the form in this section as an attesting official.
- Blank 4:* Insert the name of the Township and the day, month and year of adoption.
- Blank 5:* Each member of the Township Board present for the adoption meeting should sign in their respective signature block.

For a budget to become adopted, a minimum of two (2) members of the Township Board must be present and sign the document. For township boards in a county with a population of more than 700,000, a minimum of four (4) members must be present to sign the document.

**Township 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.

It should be noted that the Township Assistance is divided into three (3) sections, 441 Welfare Administration, 442 Direct Assistance and 443 Other Assistance. Appropriations approved for Direct Assistance or Other Assistance cannot be used for Welfare Administration unless funds are transferred when the budget becomes effective.

*This completes Budget Form 4*

**BUDGET SUBMISSION LETTER AND CERTIFICATE  
CERTIFICATE OF TAX RATES  
BUDGET FORM 5**

Budget Form 5 is extremely important. The top section of the form is used by the Township Trustee to certify to the Auditor of the County that the budget was adopted.

*Blank 1:* Insert the name of the County.

*Blank 2:* Insert the name of the Township.

*Blank 3:* Insert the name of the County.

*Blank 4:* Insert the year of the ensuing budget year.

*Blank 5:* Insert the day, month and year of the budget adoption. This date must agree with the date advertised for the adoption of the budget.

The middle section of the form serves as notice of the tax rates, which were adopted by the Township Board. The rates which are adopted must reflect those as calculated on Budget Form 4B, line 17 of the Appropriating Body section of the form.

*Blank 1*            Insert the name of the Township.

*Blank 2:*            Insert the name of the County.

*Blank 3:*            Insert day, month and year of the date of adoption.

*Blank 4:*            Insert the assessing year (assessment date would be March 1 of the current year).

*Blank 5:*            Insert the ensuing budget year. (Taxes are collected in the year following the assessment.)

*Blank 6-12:*        Insert the rate adopted for the various funds. (i.e. Thirty-five cents would be entered as .35; a rate of one dollar and fifteen cents (\$1.15) would be entered as 1.15.)

**The last section is reserved for Township Schools.**

The certification section at the bottom should reflect the day, month and year of the adoption of the budget and signed by those members of the Township Board present and adopting the budget. There must be a minimum of two (2) members who sign the form. For township boards in a county with a population of more than 700,000, a minimum of four (4) members must be present and sign the form.

*This completes Budget Form 5*

## BUDGET ORDER

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

The “Budget Order” informs the unit of the approved budgets, rates and levies 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 Department 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 to be levied for each fund (Line 16 of 16-line statement approved by the Department). It is recommended that a new column in the ledger be made and entitled “Levy Excess”. Amounts collected in excess of the 100% must be disbursed from those funds and deposited in the “Levy Excess Fund”. The Department may reduce the ensuing year’s levy (Line 16 of form 4B) by 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.

Please also note that if the over collection of taxes in the prior year was the result of payment of delinquent taxes, then the Department will not charge as levy excess the amount contributed to delinquencies. County Auditors will supply the Department with the amount of delinquent taxes paid in each district so the levy excess calculation can be properly adjusted for this issue. Therefore, you may want to wait for notification from the Department before actually making any transfers to your 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 Township Board per IC 6-1.1-18-6.

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 DEPARTMENT OF LOCAL GOVERNMENT FINANCE BUDGET ORDER AND 100% OF BUDGET LEVY CERTIFICATION				
YEAR: _____	COUNTY: _____	Unit: _____	Type: _____	
Following consideration...				
FUND:	Certified Budget	Certified AV	Certified Levy	Certified Rate
0101 GENERAL				
Comments pertaining to fund..				
1111 Fire Fighting Fund				
Comments pertaining to fund				
FUND: 1312 PARK				
Comments pertaining to fund				

This form is the Department Budget Order. For each fund, the appropriation and rate approved by the Department is stated. Any expenditure that exceeds the stated appropriations must be accompanied 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**

Levy excess is a fund to set aside property tax collections in excess of 100% less delinquencies 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 Department notifies each taxing unit of moneys to be deposited into a levy excess fund on the levy excess worksheet provided to the County Auditor.

# *Summary*

## **Chapter 6: Getting Started: Budget Forms**



*In this section, we have discussed the following:*

- *Tips for putting together a local government budget.*
- *The Department Finance Budget Order.*
- *Filling out Township Budget Form 2.*
- *Filling out Township Budget Form 3.*
- *Filling out Township Budget Form 4.*
- *Filling out Township Budget Form 4-B.*
- *Filling out Township Budget Form 5.*