



## **Clerk-Treasurer's Budget & Finance Seminar**

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**Budget Division Assistant Director**

**June 12, 2013**



# Agenda

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- 2013 Status Update
- 2014 Budgets
  - 2014 Budget Preparation
  - 2014 Timeline
  - Review of Process
  - New Legislation
- Budget Analysis
  - Cash Flow
  - Comparative Analysis



# 2013 Status Update

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# 2013 Budget Orders and Billing

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- 2013 Certified Budget Orders
  - 62 budget orders certified by February 15.
  - 91<sup>st</sup> budget order certified March 20.
- On-Time Billing
  - 91 counties with a May 10 due date.



# 2014 Budgets

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# 2014 Budget Preparation

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- Ways to prepare now:
  - Review current year budget and compare to spending levels.
    - Look for potential savings & shortfalls.
    - Also look at revenues
  - Review Gateway documentation and user guides.
  - Count number of pay periods.
  - Start working with department heads on their budget requests for 2014.
  - Develop budget guidelines.



# 2014 Timeline

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- Develop a budget calendar
- Identify key dates and deadlines
- Plan to adopt budget early
- If needed, plan budget process in coordination with your fiscal body (council)
- Determine as early as possible the public hearing and adoption meeting dates
  - Schedule meetings and advertisements accordingly
  - Consider alternative dates



# 2014 Budget Preparation

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- **Key Dates**

- June 30 – Fund balances available - start of budget cycle
- Aug 1 – Auditor certifies estimated AV's
- Sept 3 – Deadline to submit budget, rates, levies to county council or fiscal body for review
- Sept 13 – Last day for 1st advertisement
- Sept 20 – Last day for 2nd advertisement
- Oct 1 – Last day for fiscal body to issue recommendation
- Oct 22 – Last day for public hearing (at least 10 days before adoption meeting)
- Nov 1 – Last day for adoption meeting
- Nov 3 – Submit budget to DLGF via Gateway
- Feb 15 – Deadline for DLGF to certify budgets



# Important Points about Dates

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- First budget advertisement must be at least 10 days before public hearing and by September 13.
- Public hearing must be at least 10 days before adoption meeting.
- Second budget advertisement must be at least 3 days before public hearing and at least 7 days after first publication and by September 20.
- LAST possible day to adopt is November 1.
- Budget forms must be submitted through Gateway within two days after adoption.



# 2014 Budget Workshops

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- DLGF field representatives will conduct budget workshops in each county in July & August.
- Field Rep will be available to meet briefly with each taxing unit in the county to assist with preparing the 2014 budget.
- Bring to workshop your: ledgers as of June 30th; Form 1 completed; debt amortization schedules; and planned meeting dates for board and/or council.
- Goal is to leave the workshop with the budget advertisement.



# New for 2014 Budget

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- Gateway:
  - New chart of accounts.
    - Condensed list of expenditure and revenue codes
  - Revised language on Form 3 (budget advertisement) and Form 4.
  - Non-binding recommendations will be remitted to county auditor through Gateway this year.
  - Form 4 now broken down by fund. Automatically pulls from adopted column of 4b. Home rule funds pulled from adopted column of Form 1.
  - Most funds and departments used last year rolled into 2014.



# 2014 Budget Advertisement

- Budget advertisement is publication of Form 3
- Advertisement MUST include:
  - Public hearing date, time, and place;
  - Amounts of budget and tax levies for each fund;
  - Date, time and place of the adoption meeting;
  - Language stating “ Complete details of budget estimates by fund and/or department may be seen by visiting the office of this unit of government at [No Unit Office Location Entered]. The political subdivision or appropriate fiscal body shall publish this notice twice in accordance with IC 5-3-1 with the first publication at least ten days before the date fixed for the public hearing and the second publication at least three days before the date fixed for the public hearing.

Notice is hereby given to taxpayers of Name of County, Indiana that the proper officers of [No Name of Adopting Unit Entered] will conduct a public hearing on the year 2014 budget. Following this meeting, any ten or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of [No Name of Adopting Unit Entered] not more than seven days after the hearing. The objection petition must identify the provisions of the budget, tax rate, or tax levy to which taxpayers object. If a petition is filed, [No Name of Adopting Unit Entered] shall adopt with the budget a finding concerning the objections in the petition and testimony presented. Following the aforementioned hearing, the proper officers of [No Name of Adopting Unit Entered] will meet to adopt the following budget: .”



# 2014 Budget Advertisement

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- DLGF must continue prior years budget and levies if Form 3 is not published twice and according to the deadlines.
- The budgets and levies advertised set the maximum amounts for budgets and levies.
- If you notice the first advertisement runs on the wrong date, work with the newspaper to ensure proper publication of the second ad.
- If there is sufficient time, restart the process with a new date of publication for the first ad and indicate “Correction.”
- If there is an error in the ad and it’s the fault of the newspaper, get it in writing from the paper and the ad may still be valid.



# 2014 Hearing and Adoption

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- Date, time and place advertised on the Form 3 for both the budget public hearing meeting and the adoption meeting.
- Holding the public hearing on a date different than advertised will cause the budget and levy to be continued from the previous year.
- Meetings must be at least 10 days apart.
- Adoption meeting can be continued to a future date but it must be documented in the minutes of the initial meeting on the advertised date.



# 2014 Adoption Meeting

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- Adoption must be completed no later than November 1.
- Council members are to sign the Budget Form 4 at the adoption meeting.
- Be certain the budgets, levies, and rates on the Form 4 are correct for all funds.
- Ensure that each councilor signs the form and checks the appropriate box indicating their vote.



# 2014 Budget Submission

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- Submission to the DLGF is to be done through Gateway this year (same as last year).
- Submission should be done by the fiscal officer within two days after adoption.
- It is the taxing unit's responsibility to submit this information by the deadline.
- DLGF field representative will begin working the budgets after all budgets in the county are submitted and AV's are certified.



# Budgets of Units with Appointed Boards

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- IC 6-1.1-17-20 requires the budgets of units with appointed boards to submit proposed budget, rates, and levies to the city or town fiscal body if assessed value falls entirely within the city or town or the unit was originally established by the city or town.
  - Excludes libraries unless budget increases greater than AVGQ.
  - Requires the fiscal body of city or town to review, reduce or modify but not increase.
  - Budgets are continued if not completed.



# Budgets of Units with Appointed Boards

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- Proposed budgets, levies and rates must be submitted to the fiscal body by September 3.
- Fiscal body is responsible for publishing the required notice of budgets and levies and notice of hearings but unit is responsible for paying for the notice.
- Fiscal body conducts the public hearing for the taxing unit.
- Fiscal body adopts the budget, levy and rates for the unit.



# Budgets of Units with Appointed Boards

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- Appropriate fiscal officer serves as the submitter of the budget forms through Gateway.
- Adoption deadlines and requirements to adopt are the same as the city or town budget.
- Email [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov) to get submission rights if needed.



# Legislation

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- SEA 343 - Effective January 1, 2014
- Makes changes to government modernization act
  - Provides that the legislative body of the reorganizing political subdivision prepares the plan rather than a committee.
  - Specifies the contents of the plan.
  - Requires a fiscal plan and contents.
  - Requires review by DLGF.
  - Makes changes to process of a town becoming a city.
  - Makes other changes.



# Legislation

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- SEA 459 (Various effective dates)
  - Provides that a reorganized unit may establish any fund, impose or adopt any tax they were authorized to do before reorganization.
  - Cumulative fire funds of reorganized units are outside levy controls.
  - Requires unit to specify max levy reduction to eliminate double taxation.
  - Reorganized unit maintains responsibility of providing services.
  - Most sections are effective July 1, 2013.



# Legislation

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- SEA 517 Section 29, (Effective upon passage)
  - Delays “protected” taxes until 2014.
  - Units may transfer from other funds to debt service funds to offset the loss in revenue. Transfer limited to amount of loss.
  - Taxes payable in 2013 that reflect circuit breaker credits allocates the reduction to all tax supported funds based on the levy imposed by the unit on all funds.
    - Allocation is made after the political subdivision receives its distribution.
  - Several changes for specific units.



# Legislation

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- SEA 544
  - Amends IC 6-3.5 effective July 1, 2013. Specifies the dates for imposing, increasing, decreasing or rescinding ordinances for COIT, CAGIT, or CEDIT.
  - SBA provides estimate of LOIT distributions in August and certifies distribution in October.
  - Sect. 8 Changes amount required in trust account to 50% rather than 150% before supplemental distribution is made.
- SEA 585
  - Provides AVGQ to Lake County units.
  - Makes adjustments to max levies of specific units.



# Legislation

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- **HEA 1001**
  - Permits a county income tax council to impose a motor vehicle excise tax and a wheel tax (Current law is for county council)
  - Changes distribution of the Financial Institutions Tax (FIT) to local governments
  - Changes the allocation and uses of Motor Vehicle Highway Fund. Allocates 1% of sales tax to MVH.
  - Requires units to report to DLGF other post employment benefits (OPEB) by February 1, 2014 (Sec. 345).
- **HEA 1018**
  - Reduces FIT from 8.5% in 2014 to 6.5% in 2017



# Legislation

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- HEA 1077 Effective upon passage
  - Designates county (by resolution or ordinance), or city, or town executive as governing body authorized to transfer money from an EDIT fund. Requires executive to adjust capital improvement plan. After transfer, may be appropriated for purpose of fund to which it was transferred.
  - Unit may not transfer money if transfer would impair unit's ability to satisfy debts, liabilities or obligations to which EDIT is pledged.



# Legislation

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- HEA 1116
  - DLGF will conduct budget hearings in county when requested by a taxpayer in writing. (Previously, DLGF was required to have a hearing in every county.)
  - Reconciles language regarding calculation of cumulative fund max rates with previous legislation.
  - Funds from donation or gifts are not included in the cost of a project to determine if controlled.



# Legislation

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- HEA 1116 (Continued)
  - County auditors no longer required to notify units of circuit breaker credits and reductions of tax collections. DLGF will notify units.
  - Redevelopment commissions are to submit a TIF report to the fiscal body by August 1 including:
    - Revenues received
    - Expenses paid
    - Fund balances
    - Maturity date of obligations
    - Amount paid on outstanding obligations
    - List of parcels and parcel base & increment AV in TIF district



# Legislation

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- HEA 1116 (Continued)
  - TIF neutralization is not to include the effect of phasing in assessed value due to property tax abatements.
  - TIF neutralization may decrease BASE assessed value only to extent AV decreased due to annual adjustments or reassessment.
  - AV increases due to expiring abatements are not to be included in base AV of allocation area.
  - Urges a study committee to study use of TIF.



# Legislation

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- HEA 1145 (Effective July 1, 2013)
  - Provides that unused and unencumbered funds from any fiscal year may be transferred to Rainy Day Fund at any time.
    - Amount of transfer is to approved by an ordinance or resolution and the transfer is not more than 10% of unit's budget.
- HEA 1215 (Effective July 1, 2013)
  - Allows a fire protection district to purchase apparatus with loan not exceeding 15 years. (Removes AV of \$60M restriction)



# Non-Binding Recommendations

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- Reminders:
  - IC 6-1.1-17-3.5 requires any unit that will impose a property taxes in the following year, must submit the proposed budget, rates, and levies to the county fiscal body for review and recommendation.
  - Cities and towns have elected councils so they submit to county for non-binding recommendation.
  - If the taxing unit fails to file the necessary information by September 3, the taxing unit will receive its most recent annual appropriations and tax levies.



# Non-Binding Recommendations

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- Recommendation must include a comparison of any increase in the budget or levy to:
  - Average increase in state AVGQ
  - Average increase in county AVGQ
  - Increases in budgets and levies of other units in the county.
- If the county council fails to perform both the review AND recommendation by October 1, the county will receive the most recent annual appropriations and tax levies.



# Non-Binding Recommendations

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- Schedule your units adoption meeting after either the county issues the non-binding recommendation or after October 1 (deadline for county to issue recommendation).
- Email [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov) to get submission rights if needed.



# One More Reminder

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- July 15, 2013
  - Redevelopment Commissions (RDC's) must file a letter or report with county auditor indicating available TIF surplus assessed value.
    - TIF "Pass through"
    - Incremental AV released (to base)
  - RDC's must also indicate if there's a deficit with the TIF and how it will be funded.
    - Impact is on the base assessed value



# Cumulative Fund Review

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- Establishment/Re-establishment
  - Step 1: Notice to Taxpayer describing tax
  - Step 2: Public hearing and then adoption
  - Step 3: Publication of Notice of Adoption within 30 days of adoption and by Aug. 1
    - Start of 30 day objection period. Number of objectors required varies with the type of fund.
  - Step 4: Taxpayer Objection; Submit to DLGF
  - Step 5: Submit to DLGF
  - Step 6: Review by DLGF
  - Step 7: Cumulative Fund is levied and included with ensuing years budget



# Cumulative Funds (Continued)

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- Designed to allow units to build up cash in advance of major purchase or capital projects.
- Cumulative funds do not expire except for cumulative hospital, building hospital, & county cumulative building (IC 36-9-16-1).
- Rates are adjusted for reassessment and trending.
- Cumulative funds must be included with the annual budget and follow normal budget process.



# Cumulative Fund Review

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- Cumulative funds must be reestablished if the use of the fund is changed or rate is increased.
- Language of ordinance/resolution to establish for a new use can be very specific or very broad such as all the purposes allowed under IC 36-9-15.5.
- Cumulative funds must be appropriated.
- CCD funds may be spent for purposes other than those allowed in statute after an emergency declaration by the executive if the use is for public health, welfare, or safety in an emergency.



# Budget Analysis

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# Budget Using Excel

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- This discussion will introduce a few simple budgeting tools that may be helpful.
- First is an Excel spreadsheet that helps calculate the funding status by fund through the 18 month budget cycle.
- For management and analytical purposes, it can display all funds of the unit.



# Budget and Cash Flow

Fund	June 30 Fund Balance	2nd Half Spend	2nd Half Revenues	2014 Proposed Budget	2014 Misc Revenues	2014 Proposed Levy	2014 Ending Balance
General	2,445,421	1,585,147	967,265	2,544,851	862,182	1,260,509	1,405,379
MVH	671,590	485,005	204,439	671,590	209,975	313,791	889,777
LR & S	165,185	153,000	30,005	100,000	66,506	0	8,696
Debt Svc	-22,135	48,722	105,479	154,297	10,562	215,510	106,397
CCD	<u>20,601</u>	<u>24,677</u>	<u>15,593</u>	<u>34,000</u>	<u>2,667</u>	<u>33,276</u>	<u>13,460</u>
Total	3,380,092	2,296,551	1,217,302	3,504,738	955,650	1,823,086	2,423,709



# Cash Flow Illustration

	Q1	Q2	Q3	Q4	Total
Revenues:					
Property Tax	-	1,500,000	-	1,500,000	3,000,000
Incomes Tax	300,000	300,000	300,000	300,000	1,200,000
Fees & Chgs	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>400,000</u>
Total	400,000	1,900,000	400,000	1,900,000	4,600,000
Expense					
Personal	500,000	500,000	500,000	500,000	2,000,000
Supplies	100,000	100,000	100,000	100,000	400,000
Other	700,000	100,000	700,000	100,000	1,600,000
Capital	<u>20,000</u>	<u>20,000</u>	<u>200,000</u>	<u>20,000</u>	<u>260,000</u>
Total	<u>1,320,000</u>	<u>720,000</u>	<u>1,500,000</u>	<u>720,000</u>	<u>4,260,000</u>
Net	(920,000)	1,180,000	(1,100,000)	1,180,000	340,000



# Excel

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- If you or your staff would like to learn more about using Microsoft Excel for doing this type of analysis, the Department has two Excel presentations available on our website.
  - [http://www.in.gov/dlgf/files/120821 -  
\\_Bussis Presentation - Excel Excellence - Beginner.pdf](http://www.in.gov/dlgf/files/120821_-_Bussis_Presentation_-_Excel_Excellence_-_Beginner.pdf)
  - [http://www.in.gov/dlgf/files/Excel Excellence-  
Intermediate.pdf](http://www.in.gov/dlgf/files/Excel_Excellence-Intermediate.pdf)
  - These presentations were given at the County Assessor's Conference in August 2012.
  - While you won't have the sample data, many of the tasks are broken down enough to where you can apply them in your own spreadsheet.



# Comparative Analysis

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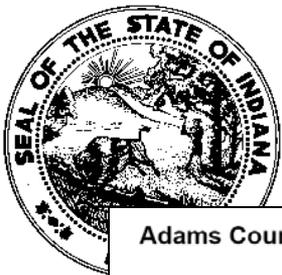
- Another category of analysis that may be helpful is comparative analysis across units.
- While this may be most useful within the same unit type (city-to-city), there are many items for which you can also compare across unit types (technology, road and streets, etc.).
- To do this type of analysis, you can use data that is publicly available on Gateway.
  - <https://gateway.ifionline.org/>
- Gateway contains both budget information and actual expenditures.



# Comparative Analysis

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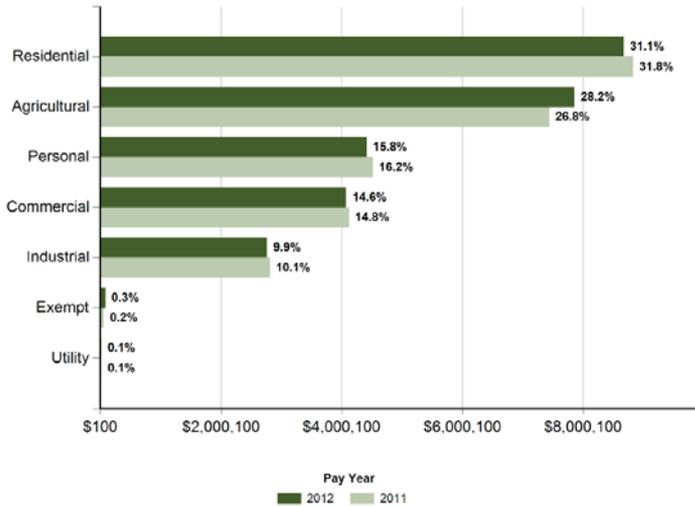
- Possible analyses across counties:
  - Funding for particular services
  - Outstanding debt
  - Receipts – budgeted and actual
  - Employee compensation
  - Fund balance (Line 11) as % of total budget (Line 1)
- Prepared analysis:
  - Property Tax Summaries
    - Under the Report Builder, select “Property Tax”.



# Comparative Analysis

## Adams County

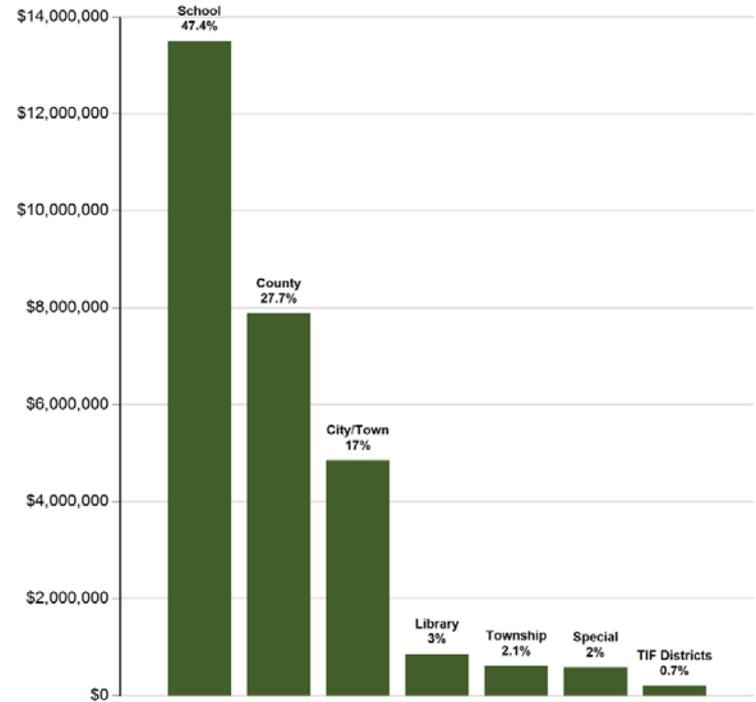
### Who Pays Property Taxes



Source	2012	% Total	2011	% Total
Residential	\$8,675,056	31.1%	\$8,833,121	31.8%
Agricultural	\$7,857,453	28.2%	\$7,441,956	26.8%
Personal	\$4,417,705	15.8%	\$4,516,670	16.2%
Commercial	\$4,075,540	14.6%	\$4,121,310	14.8%
Industrial	\$2,764,427	9.9%	\$2,811,253	10.1%
Exempt	\$84,345	0.3%	\$55,066	0.2%
Utility	\$17,296	0.1%	\$17,572	0.1%

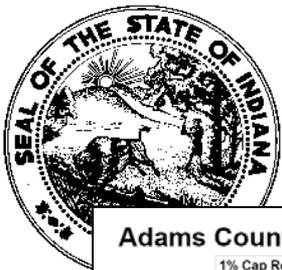
## Adams County

### Who Receives Property Taxes



Source	2012	% Total
School	\$13,495,512	47.4%
County	\$7,878,328	27.7%
Cities/Towns	\$4,845,896	17.0%
Library	\$855,055	3.0%
Township	\$608,020	2.1%
Special Districts	\$576,750	2.0%
TIF	\$197,019	0.7%

### How Much is Received in Circuit Breaker Credits



# Comparative Analysis

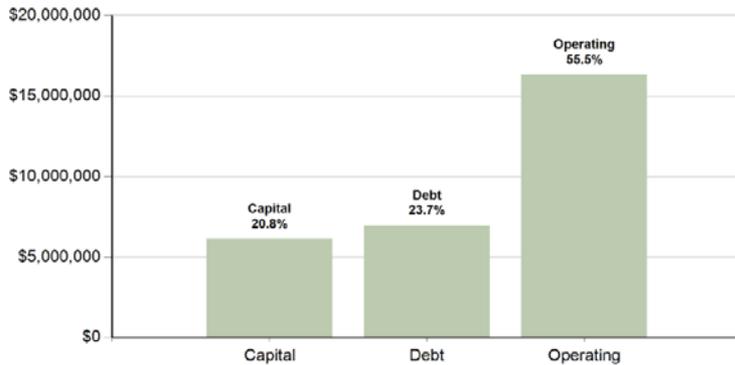
## Adams County

1% Cap Recipients	2% Cap Recipients	3% Cap Recipients	65+ Cap Recipients	All CB Classifications
\$463,592	\$788,637	\$11,092	\$28,765	\$1,292,086

### Circuit Breaker Credits as a Percent of Certified Levies



### How Unit Budgets are Apportioned



Source	2012	% Total
Capital	\$6,118,727	20.8%
Debt	\$6,954,364	23.7%
Operating	\$16,326,431	55.5%

### Property Tax Levies by Unit Within County

## Adams County

Unit Name	2012 Levy	2011 Levy	Percent Change
Adams County	\$8,133,540	\$7,744,911	5.0%
Berne Public Library	\$362,430	\$342,198	5.9%
Blue Creek Township	\$21,235	\$20,572	3.2%
French Township	\$23,475	\$22,727	3.3%
Hartford Township	\$33,963	\$32,938	3.1%
Jefferson Township	\$23,073	\$22,347	3.2%
Kirkland Township	\$47,126	\$46,410	1.5%
Monroe Township	\$21,692	\$56,179	-61.4%
Preble Township	\$41,659	\$40,341	3.3%
Root Township	\$66,028	\$63,667	3.7%
St. Marys Township	\$35,369	\$34,313	3.1%
Union Township	\$41,133	\$39,616	3.8%
Wabash Township	\$55,067	\$53,041	3.8%
Washington Township	\$212,795	\$206,205	3.2%
Adams Central Community School Corp	\$2,755,731	\$3,043,223	-9.4%
North Adams Community School Corp	\$7,305,281	\$7,523,952	-2.9%
South Adams School Corporation	\$3,913,978	\$3,771,369	3.8%
Adams Public Library System	\$568,871	\$550,788	3.3%
Decatur Civil City	\$3,489,685	\$3,373,161	2.9%
Berne Civil City	\$1,116,650	\$1,117,611	-0.1%
Geneva Civil Town	\$489,153	\$475,328	2.9%
Monroe Civil Town	\$178,221	\$173,402	2.8%
Adams County Solid Waste Management	\$595,433	\$576,219	3.3%
<b>Total</b>	<b>\$29,511,588</b>	<b>\$29,330,518</b>	<b>0.6%</b>



# Contact the Department

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- Dan Jones, Assistant Budget Director
  - Telephone: 317.232.0651
  - E-mail: [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov)
- Web site: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm).