



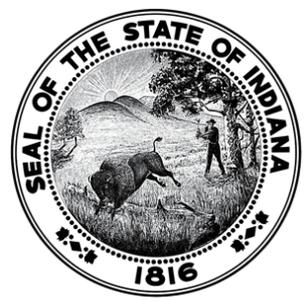
# **Budgeting 101: An Introduction to Local Budgeting**

**Presented by:**

**Ryan Burke**

**Budget Information Systems Analyst**

**May 15, 2019**



# Purpose of Today's Training

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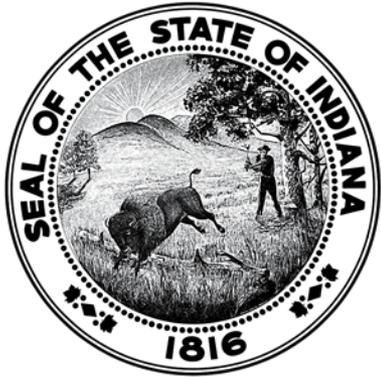
- This presentation will introduce the Department, the basics of budgeting, and identify the numerous resources available to local officials.
- The target audience for this presentation are new officials, but it will also be useful to others wanting to learn about the budgeting process.



# Purpose of Today's Training

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- The presentation will answer the following:
  - What is the DLGF?
  - What do the budgeting terms mean?
  - What does the budgeting process consist of?
  - What's the purpose of each budget form?
  - What is a funded budget?
  - How does the DLGF review a budget?
  - What resources are available?



# DLGF Overview



# DLGF Overview

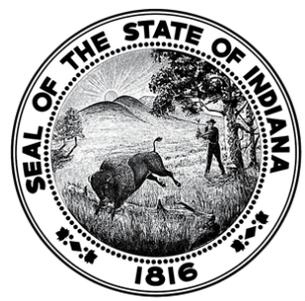
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## Department's Mission Statement

Ensure a fair and equitable property tax system for Indiana taxpayers.

## Department's Core Values

1. Put taxpayers first.
2. Respect local control.
3. Excellence in all that we do.



# DLGF Overview

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- The Department of Local Government Finance is responsible for ensuring property tax assessment and local government budgeting are carried out in accordance with Indiana law.
- State law charges the Department with publishing property tax assessment rules and annually reviewing and approving the budgets, levies, and tax rates of every political subdivision in the state.
- The Department's primary goal is the facilitation of on-time and accurate property tax bills sent to over 4 million taxpayers.



# DLGF Overview

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The elected officials across the State of Indiana are responsible for determining the financial priorities and goals of their constituency.

**The Department cannot provide local government officials with financial or legal advice outside of an explanation of their statutory options are and how Indiana code requires the unit to proceed.**



# DLGF Overview

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- The Department is organized into 7 divisions that each play a different role in the Department's primary goal.
- Contact Us: <https://www.in.gov/dlgef/2338.htm>
- Divisions:
  1. Executive
  2. Legal
  3. Communications
  4. Data Analysis
  5. Information Systems
  6. Assessment
  7. Budget



# State Board of Accounts (“SBOA”)

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- Local government officials will also work with the State Board of Accounts.
- Although the Department works closely with SBOA, the two separate agencies have different goals.
- SBOA is primarily responsible for the collection of financial reports and conducting audits.
- Reports include:
  - Annual Financial Report (AFR).
  - 100R – Salary Report.
- SBOA’s Gateway Support Team can be contacted by emailing [Gateway@sboa.in.gov](mailto:Gateway@sboa.in.gov).



# Budget Terminology



# Definitions

- The Department website contains numerous helpful resources, including a list of property tax terms.
- To locate this list go to [www.in.gov/dlgf](http://www.in.gov/dlgf), click “Overview” on the left hand side and then select “Property Tax Terms”.

**Information for Taxpayers**

- Overview
- Property Tax Due Dates
- Citizen's Guide to Property Tax
- DLGF Public Hearings
- Frequently Asked Questions
- Property Tax Terms
- Taxpayer Rights

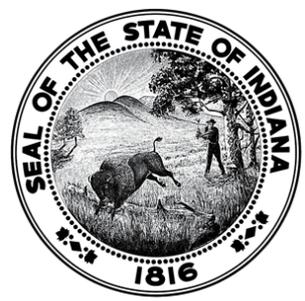


# Definitions

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- **Taxing Unit** – A political subdivision with the power to impose taxes, such as: a county, township, city/town, school, library, special district, or conservancy district.

Unit Type	Number of Units Certified in 2019
Counties	92
Townships	1,003
Cities & Towns	560
Schools	288
Libraries	234
Special Districts	195
Conservancy Districts	75
<b>Total</b>	<b>2,447</b>



# Definitions

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- **Budget** – A financial plan that includes both revenues and expenditures and covers a specified period of time.
  - A budget is prepared by each unit and is reviewed/certified by the Department.
  - The budget forms in Gateway cover 18 months beginning with June 30 of the current year.



# Definitions

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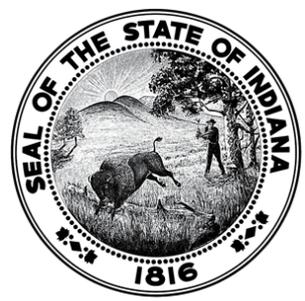
- **Fund** – A separate set of accounts established to carry out a specific purpose or activity.
  - The number of funds varies based on the unit.
  - Some funds require Department approval, while others are considered “reporting-only.”
  - The Department and SBOA have different fund code lists.



# Definitions

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- **Budget Order** – A document certified by the Department that contains the following year's certified:
  - Appropriation
  - Net assessed value
  - Property tax levy
  - Property tax rate
- The budget order is to be certified by the Department by December 31 or January 15, if a qualifying event is occurring in the county.



# Budget Order

## 2019 BUDGET ORDER

Year: 2019

County 32 Hendricks

Unit: 0503 PLAINFIELD CIVIL TOWN

	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
0061	RAINY DAY	\$0	\$2,345,859,350	\$0	\$0.0000
0101	GENERAL	\$12,750,000	\$2,345,859,350	\$3,842,518	\$0.1638

Budget approved for displayed amount.

Rate reduced to remain within statutory levy limitation.

0182	BOND #2	\$815,925	\$2,345,859,350	\$921,923	\$0.0393
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Budget has been reduced and approved for the displayed amt.

Rate reduced per unit request.



# Definitions

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- **Appropriation** – Permission to spend funds that the unit has or will receive throughout the year.
  - Also referred to as the “budget”.
  - This amount is advertised and adopted by the unit and then certified by the Department.
  - Money in a fund may not be spent unless there is an appropriation.



# Definitions

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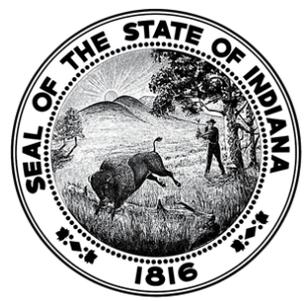
- **Net Assessed Value (NAV)** – The total taxable value of property that is within the unit’s boundaries.
- The county assessor prepares the gross AV and then the county auditor applies exemptions, deductions, and abatements to determine the NAV.
- The NAV is to be certified by the county auditor by August 1.
- The NAV is used with the property tax levy to calculate a tax rate.



# Definitions

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- **Levy** – The certified amount of property taxes to be received.
- The county treasurer collects property taxes in May and November.
- The county auditor distributes the property tax revenue to units in June and December.
- This is often a unit's largest source of revenue.
- Certain factors can cause the unit to receive less than the certified levy such as collection issues and "Circuit Breaker" losses due to statutory tax caps.



# Definitions

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- **Maximum Levy** – The maximum amount of property taxes that a unit can raise.
- A majority of units only have a “civil” maximum levy, but many townships also have a “Fire” maximum levy.
- **This is a key step in the unit’s preparation and the Department’s review of budgets.**
- Maximum levies grow annually by the AVGQ as outlined by IC 6-1.1-18.5-3.



# Definitions

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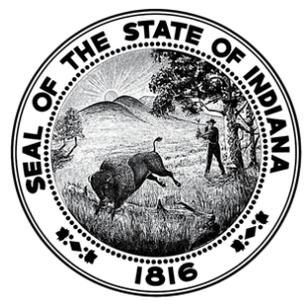
- **Not all funds are within the maximum levy.**
  - Statute identifies specific funds that a unit can levy “outside” of its maximum levy.
    - All debt service funds.
    - Certain cumulative funds such as a township’s cumulative fire fund.



# Definitions

- Below is an excerpt from the 1782 Notice's Fund Report highlighting the different maximum levies shown in the Control Code column.
  - UT – Civil Maximum Levy
  - TF – Township Fire Maximum Levy
  - 0 – Outside of the maximum levy

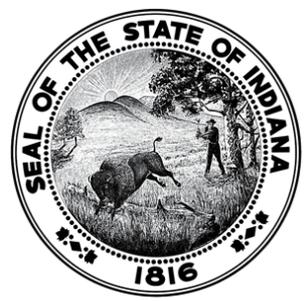
*****					
	FUND	ASSESSED VALUE	RATE	LEVY	CNTRL
0061	RAINY DAY	692,265,155	0.0000	0	0
0101	GENERAL	692,265,155	0.0361	249,908	UT
0840	TWP ASSISTANCE	692,265,155	0.0214	148,145	UT
1101	EMS - FIRE	589,966,151	0.0423	249,556	TF
1111	FIRE	589,966,151	0.1684	993,503	TF
1182	FIRE EQUIP DEBT	589,966,151	0.0151	89,085	0
1190	CUM FIRE(TWP)	589,966,151	0.0295	174,040	0
1312	RECREATION	692,265,155	0.0014	9,692	UT
		TOTAL	0.3142	1,913,929	



# Definitions

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- **Tax Rate** – The rate to be charged to taxpayers.
- It is calculated as the property tax levy divided by the Net Assessed Value, multiplied by 100.
- The tax rate is expressed in terms of “dollars per \$100 of assessed value.”



# Definitions

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## Tax Rate Calculation Example:

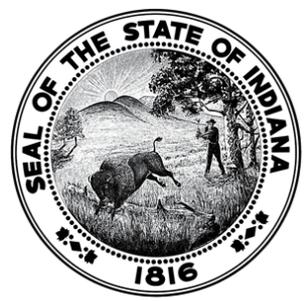
Unit's property tax levy:	\$100,000
Unit's total net assessed value:	\$500,000,000
Calculated property tax rate: (100,000 divided by 500,000,000) times 100:	0.0200
Amount a property owner would pay for every \$100 of assessed value:	2 cents



# Definitions

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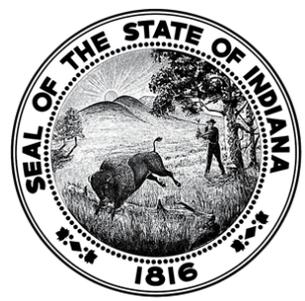
- **Assessed Value Growth Quotient (AVGQ) –**
  - Not calculated with assessed values.
  - A statewide figure calculated as a 6 year rolling average of growth in personal non-farm income (IC 6-1.1-18.5-2).
  - Available June 30.
  - Used in calculating the increase to the maximum levy from the previous year.
    - 2017's AVGQ = 3.8%
    - 2018's AVGQ = 4.0%
    - 2019's AVGQ = 3.4%



# Definitions

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- **Cumulative Fund** – a fund used to save for capital expenditures.
  - May be used as an alternative to incurring debt.
  - Units wanting a cumulative fund must go through a statutory process to establish the fund.
  - Statute outlines each cumulative fund's allowable uses and whether the fund is inside or outside of the maximum levy.



# Definitions

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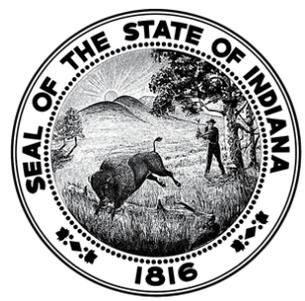
- **Additional Appropriation** – Process defined by IC 6-1.1-18-5 that allows a unit to spend more than the originally certified budget.
- This process does not bring any additional funding to the unit.
- Additional appropriations for funds certified by the Department, are also subject to approval by the Department.



# Definitions

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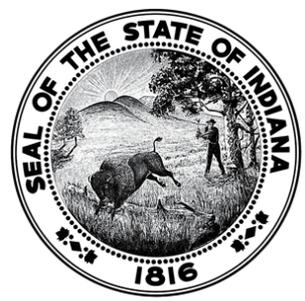
- **Temporary Loan** – A loan to a fund (often from another fund) authorized by a resolution, that is to be repaid by the end of the year.
- These are done to assist with cash flow.
- **Permanent Transfer** – The moving of funds from one fund to another authorized by a resolution.
- The most common example of a transfer allowed by statute is the transferring of money into a Rainy Day fund.



# Definitions

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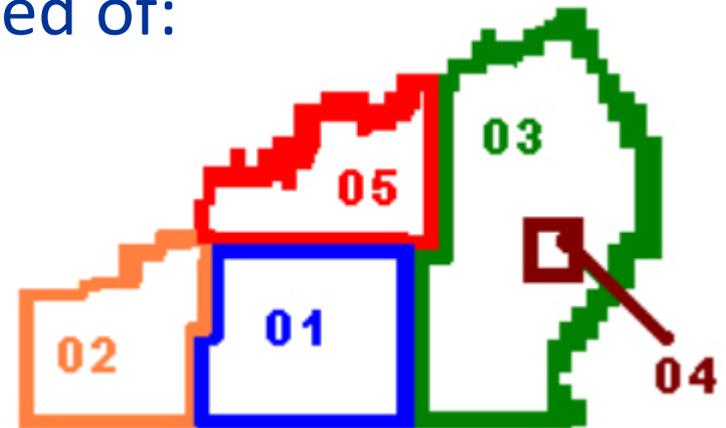
- **Taxing District** – A geographic area that is composed of multiple unique taxing units.
- All property taxpayers within the same taxing district will pay the same tax rate.
- Taxing districts are an organizational structure created for property tax bill purposes.

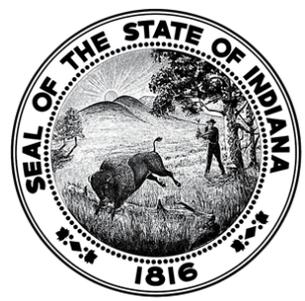


# Definitions

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- Each property is located in a single taxing district, and pays a total property tax rate comprised of multiple taxing units.
  - Example: Ohio County is comprised of the 5 taxing districts shown below.
  - District “01” is comprised of:
    - Ohio County
    - Cass Township
    - School Corporation
    - Library
    - Solid Waste District

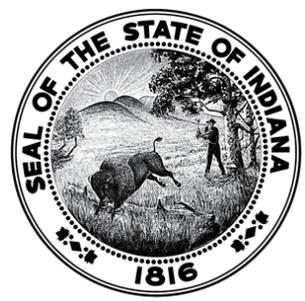




# Definitions

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- **Taxing District vs Taxing Unit:**
  - A taxing unit is an entity of local government while a taxing district is a defined geographic area.
  - Many units are comprised of multiple taxing districts.
  - Each district's net assessed value represents a portion of unit's total NAV that is used to calculate the certified tax rate.

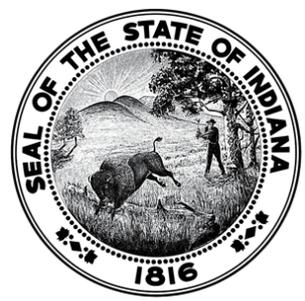


# Definitions

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- **Circuit Breaker/Property Tax Cap** – Constitutional limit on property taxes to be paid, capped as a percent of the gross assessed value.
- If an individual's tax bill exceeds the cap, they will only pay the capped amount.

Type of Use	Cap	Maximum Tax Bill for a \$100,000 Property
Homestead	1%	\$1,000
Rental or Farmland	2%	\$2,000
Commercial	3%	\$3,000



# Definitions

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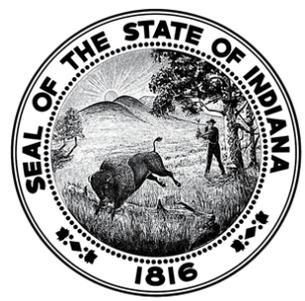
- Property Tax Caps result in tax savings for property owners, but are a loss of revenue for units of government.
- When the tax caps are met, the county collects less property taxes, and the unit receives less than their certified property tax levy.
- Units must consider this loss of property tax revenue when preparing their budget.



# Definitions

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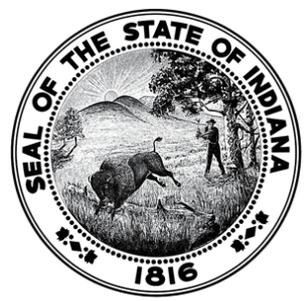
- **1782 Notice** – Summary of the budget forms that have been reviewed and updated by the Department that is sent to the unit prior to certifying the final amounts.
- Units have 10 days to respond with any requested changes.
- Sent by the Department from November 1 through the end of the year.



# Definitions

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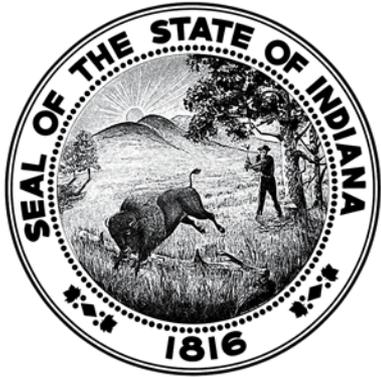
- **Budget Workshops** – This is an annual meeting with your Department Budget Field Representative, located in your home county, in which many local officials can receive assistance in completing the budget forms.
- These workshops begin July 15 and are typically concluded by the end of August.



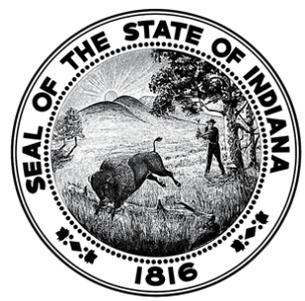
# Definitions

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- Be sure to carefully review the list of required documents in the invitation that largely includes:
  - June 30 cash balances and expenditures.
  - Next year's budget (Form 1.)
  - Public hearing and adoption meeting dates.
- Preparation is required to get the most from this 45 minute appointment.
- Units will receive a step by step walkthrough that details the remaining required steps of the budgeting cycle.



# The Budgeting Process



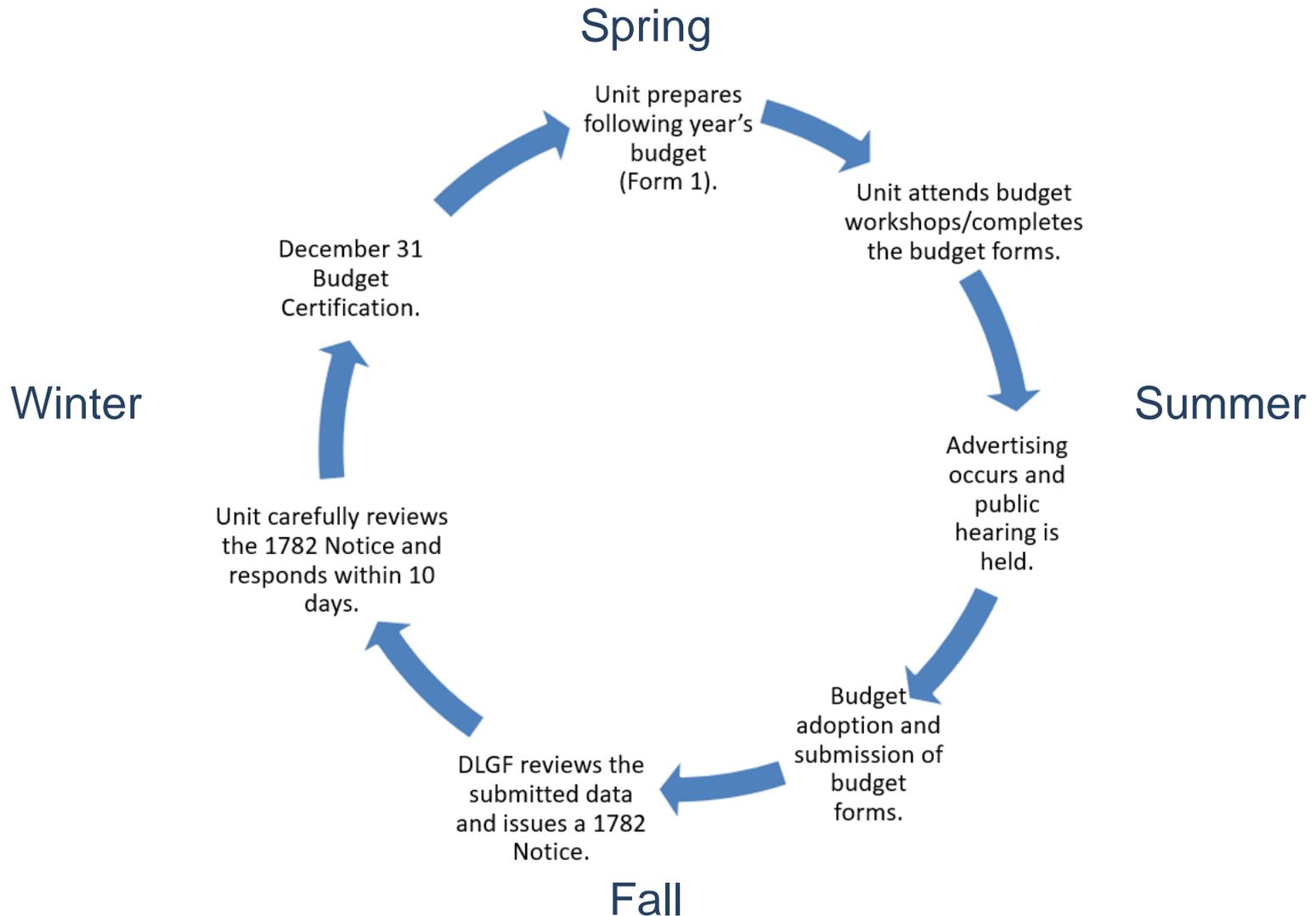
# Intro: The Budgeting Process

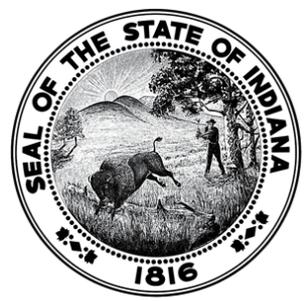
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- The budgeting process is an annual cycle in which the unit prepares revenue estimates and a spending plan.
- This process spans 18 months because it also takes into account the expenses and revenues for the last 6 months of the current year.



# The Budget Process: Simplified





# DLGF Budget Calendar

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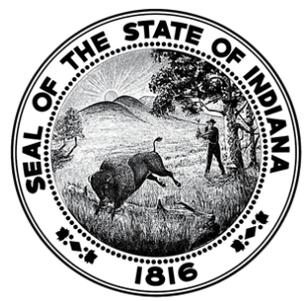
- The Department annually issues a [Budget Calendar](#) that details some of the key budget related due dates for the upcoming year.
- Review the calendar annually as the deadlines are subject to change.
- The full calendar is available on our [Memos and Presentations](#) page.



# DLGF Budget Calendar

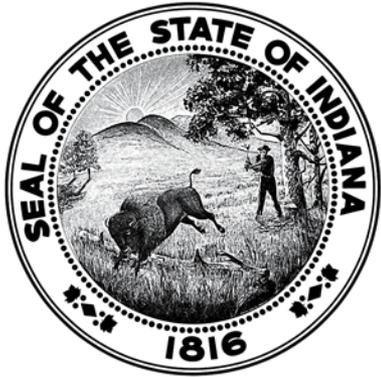
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Due Date	Task
July 14	Department releases estimates of maximum levy, cumulative funds' rates, miscellaneous revenues.
July 15	Budget Workshops begin.
July 31	Department to release property tax cap estimates.
August 1	County to submit Net Assessed Values to the Department.
September 3	Last day for "binding-review" units to submit budget forms to the adopting fiscal body.



# DLGF Budget Calendar

Due Date	Task
October 11	Last possible day to submit the Form 3: Notice to Taxpayers if holding hearing on last possible day. Form 3 must be submitted at least 10 days before the public hearing.
October 21	Last possible day to hold public hearing if adopting on last possible day. The public hearing must be held at least 10 days before your adoption meeting.
November 1	Last possible day to adopt.
November 6	Last possible day to submit forms in Gateway. All forms should be submitted within 5 days of adoption.
Specific to each county	1782 Notices will be emailed after the Department review is completed. This begins your 10 day window to request changes.
December 31	Deadline for Department to certify budget orders. January 15 if new debt is being issued.



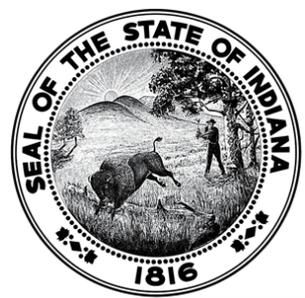
# The Budget Forms



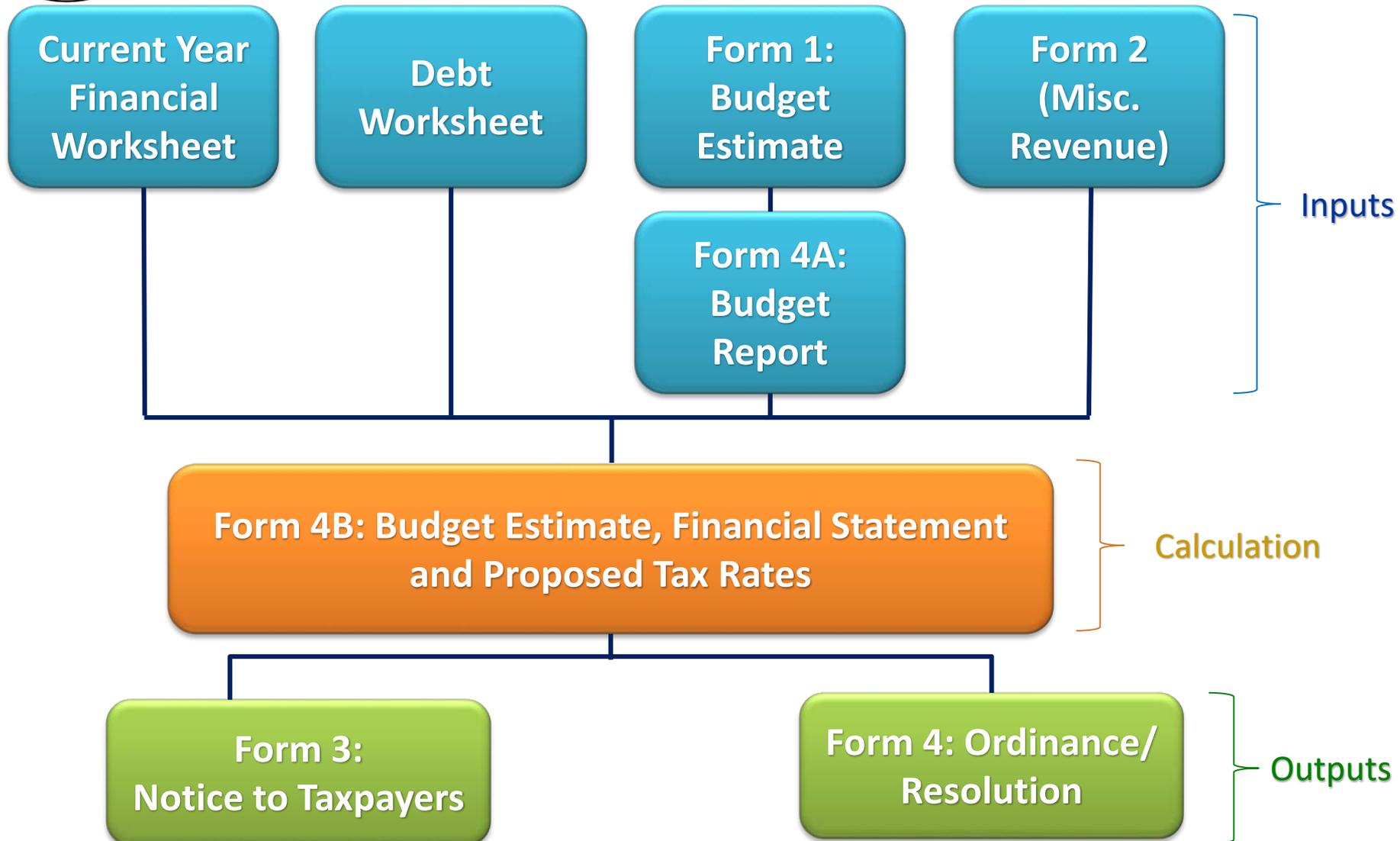
# Intro: The Gateway Budget Forms

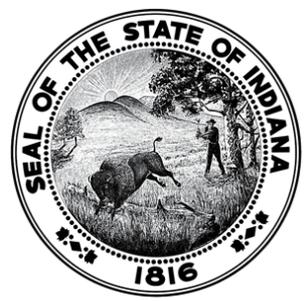
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- The budget forms work together in order to organize the following year's budget, revenue estimates, and property taxes.
- Data is entered once and carried forward to populate other forms.
- The forms are also used to create the required forms for advertising and adoption.



# Budget Forms – Flow Chart





# Current Year Financial Worksheet

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- Historically known as the “Line 2 Worksheet”
- Snapshot of budget and financial standings as of June 30.
- Completed for each fund.
- The following lines apply to most funds:
  - **Line 2** - Budget left to spend in the last 6 months.
  - **Line 6** - June 30 cash balance.
  - **Line 7** - Property taxes to be received in the last 6 months.
- A total of 6 lines of the Form 4B are calculated on this form.



# Current Year Financial Worksheet

Select Fund:

0101 - GENERAL

Calculates lines of the Form 4B

<b>Line 2</b>	
APPROPRIATIONS	
1. Current Year Approved Budget	\$ 3,239,398
2. Encumbrances Brought Forward	\$ 62,299
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$ 0
b) Reductions January through June	\$ 0
4. Other Non-Appropriated Obligations	\$ 0
5. Total Approved Appropriations	\$ 3,301,697
DISBURSEMENTS	
6. January through June Current Year Disbursements	\$ 1,451,410
7. Appropriation Balance	\$ 1,850,287
8. Reductions July through December	\$ 0
9. Estimated Current Year Expenditures July through December	\$ 1,850,287
<b>Line 3</b>	
10. Proposed/Approved Additional Appropriations for July through Dec. of Current Year	\$ 0
<b>Line 4A</b>	
11. Levy excess not transferred prior to June 30	\$ 0
12. Temporary Loans outstanding as of June 30	\$ 0
What fund loaned the cash on Line 12?	
13. Temporary loans not included in Lines 2 or 3	\$ 0
<b>Line 4B</b>	
14. Temp loans to be repaid in the first six months of ensuing year	\$ 0
What fund loaned the cash on Line 14?	
<b>Line 6</b>	
15. June 30 Cash Balance, including investments	\$ 1376872
<b>Line 7</b>	
16. Taxes to be collected, present year (December settlement)	\$ 677417

Line 2

Line 3

Line 4a

Line 4b

Line 6

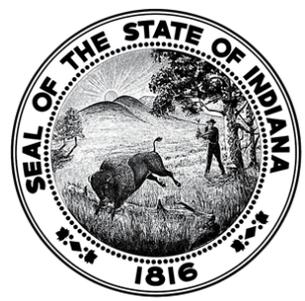
Line 7



# Debt Worksheet

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- For units with debt repaid from a dedicated debt service fund, funded by property taxes.
- For units without debt, this worksheet would not apply.
- Debt Worksheet is used to indicate when debt payments are being made for a 2.5 year period beginning July 1 of the current year.



# Debt Worksheet

## DEBT WORKSHEET

Selected Year: 2019

Selected County: Jay County

Selected Unit: 3 - 0417 - PORTLAND CIVIL CITY [1953]

Select Fund:

1380 - PARK BOND

(This form is to be prepared for each debt service fund that requires either a tax rate or an appropriation. Debt service funds designated by an "8" in the third digit of the fund code.)

Name of Issue	Line 2 Due	Line 2 Amount	Line 1 Due	Line 1 Amount	Line 11A Due	Line 11A Amount	Line 11B Due	Line 11B Amount
<a href="#">Park Bond</a>	07/15/2018	\$ 26,278	07/15/2019	\$ 126,281	01/15/2020	\$ 105,003	07/15/2020	\$ 23,563
<b>TOTALS BY FUND</b>		\$ 26,278		\$ 126,281		\$ 105,003		\$ 23,563
<b>TOTALS BY UNIT</b>		\$ 26,278		\$ 126,281		\$ 105,003		\$ 23,563

**This form allows you to tell us when you make your debt payments for four different time periods.**



# Budget Form 1

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- Budget Form 1 – Line Item Budget Estimate
  - Form 1 breaks down budgeted “line item” expenditures by fund and expense category for the following year.
  - Each fund has its own Form 1.
  - Amounts are separated into Advertised and Adopted columns.
  - **Last year’s Form 1 can be a great starting place when preparing the next year’s budget.**



# Budget Form 1 – Next Year's Budget

BUDGET ESTIMATE FOR

Select Fund:

0101 - GENERAL

Select Department:

0370 POLICE DEPARTMENT (TOWN MARSHALL)

Broken down by fund and department (if applicable)

Further broken down by expenditure category

Personal Services		Supplies		Services And Charges		Capital Outlays		Debt Service		Property Tax Cap	
Sub-Category	Line Item Code	Description	Advertised Amount		Adopted Amount	Add/Delete					
Printing and Advertising	321	Publication Fees	\$ 1,000		\$	×					
Insurance	322	Liability Insurance	\$ 6,000		\$	×					
Professional Services	324	Attorney	\$ 4,500	<b>COPY</b> →	\$	×					
Communication and Transportation	326	Fuel	\$ 12,000		\$	×					
Professional Services			\$		\$		<b>+ ADD</b>				
TOTALS BY CATEGORY			Total: \$ 23,500		Total: \$ 0						
TOTALS BY DEPT BY FUND			Total: \$ 28,700		Total: \$ 0						
TOTALS BY FUND			Total: \$ 28,700		Total: \$ 0						
TOTALS BY UNIT			Total: \$ 181,000		Total: \$ 0						

Line items



# Budget Form 4A

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- Budget Form 4A is a summary of the amounts in Form 1, totaled by the different expenditure categories.
- This form is completed by clicking a single button to pull forward the Form 1 data.



# Budget Form 4A – Summary of Form 1

Budget Report 

Select Fund:

0101 - GENERAL

Select Department:

0069 CITY COUNCIL/TOWN BOARD (COMMON COUNCIL)

Click to Insert All Unit Amounts  
From Form 1

Click to insert all  
Form 1 Data

	Advertised Amount		Adopted Amount	
PERSONAL SERVICES	\$	689,941	\$	689,941
SUPPLIES	\$	47,500	\$	47,500
OTHER SERVICES AND CHARGES	\$	238,700	\$	238,700
CAPITAL OUTLAY	\$	120,000	\$	120,000
DEBT SERVICE	\$	0	\$	0
PROPERTY TAX CAP	\$	35,694	\$	35,694
<b>TOTAL</b>	<b>\$</b>	<b>1,131,835</b>	<b>\$</b>	<b>1,131,835</b>

Totals by Fund

Advertised Amount Total: \$ 1,131,835

Adopted Amount Total: \$ 1,131,835

Totals by Unit

Advertised Amount Total: \$ 7,240,857

Adopted Amount Total: \$ 7,240,857

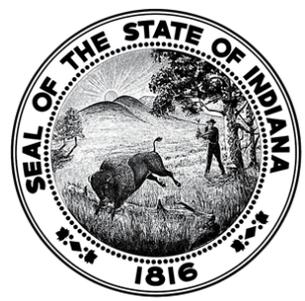
Summary of Form 1 line  
items by category



# Budget Form 2 – Revenue Estimates

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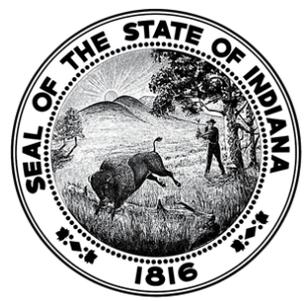
- Form 2 is used to report estimates of all revenues besides property taxes in two separate columns.
  - The first column is for revenue to be received during the last 6 months of the current year.
  - The second column is for revenue to be received during full 12 months of the following year.
- There are a total of 81 unique revenues that civil units can use. This list of revenues can be found at: [https://www.in.gov/dlgf/files/2019 Gateway Budget Code lists.xlsx](https://www.in.gov/dlgf/files/2019_Gateway_Budget_Code_lists.xlsx).



# Budget Form 2 – Revenue Estimates

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- The most common revenues for units that receive property taxes are:
  - License Excise Tax
  - Commercial Vehicle Excise Tax (CVET)
  - Financial Institutions Tax (FIT)
  - Local Income Tax (LIT) Certified Shares
- The first 3 are typically received in June and December with property taxes while LIT is received monthly.



# Budget Form 2 – Revenue Estimates

[Home](#) [About](#) [Account Settings](#) [Help](#) [Logout](#)

Department of  
Local Government Finance

Broken down by fund

Select Fund:

0101 - GENERAL

ESTIMATE OF MISCELLANEOUS REVENUES  
FROM SOURCES OTHER THAN GENERAL PROPERTY TAXES  
FOR USE IN PREPARATION OF ESTIMATE OF FUNDS TO BE RAISED, YEAR 2019

Two separate time  
periods

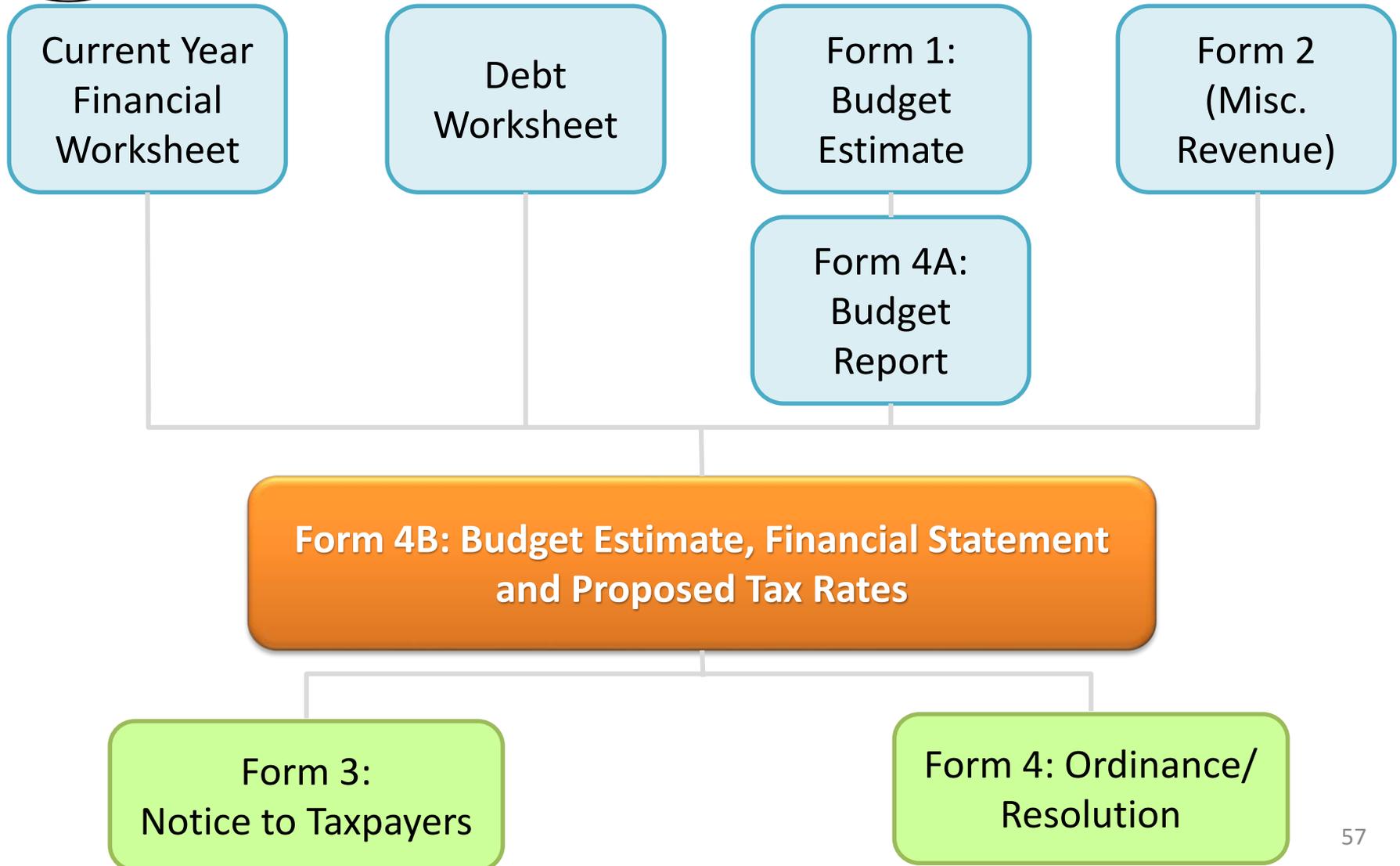
Organized by category

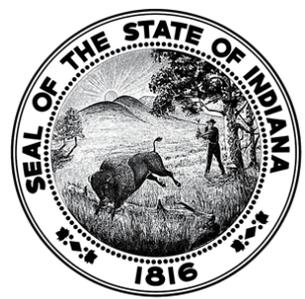
		Taxes And Intergovernmental	Licenses And Permits	Charges For Services	Fines, Forfeitures, And Fees	Other Receipts			
Revenue Code	Description					July 1 to Dec 31, 2019	Jan 1 to Dec 31, 2020		
R203	Planning, Zoning, and Building Permits and Fees					\$ 10,000	\$ 20,000		
R210	Cable TV Licenses					\$ 22,000	\$ 40,000		
TOTALS BY CATEGORY						Total: \$ 32,000	Total: \$ 60,000		
TOTALS BY FUND						Total: \$ 32,000	Total: \$ 60,000		
TOTALS BY UNIT						Total: \$ 32,000	Total: \$ 60,000		

SAVE



# Budget Forms – Calculation





# Form 4B – Financial Statement

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- Also known as the “16 Line Statement” or the 1782 Notice’s “Fund Report”.
- Shows financial snapshot for an 18-month period.
- Form 4B is divided into two columns:

## Advertised

- Reflects budget, levy, and rate as prepared by the fiscal officer.

## Adopted

- Reflects budget, levy, and rate as approved by the fiscal body.



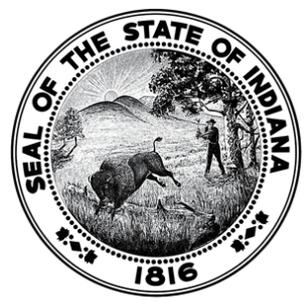
# Form 4B – Financial Statement

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- The Form 4B is the heart of the budgeting process.



- Form 4B allows you to better comprehend the financial status of any fund.



# Form 4B: Financial Statement

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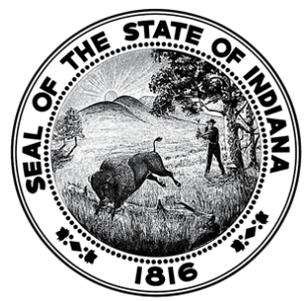
- This form is broken down into 3 main sections:
- **Section 1:** Expenses for the entire 18 month period beginning July 1 of the current year.
  - **Section 2:** Revenues for the entire 18 month period beginning July 1 of the current year, excluding the following year's property taxes.
  - **Section 3:** Property taxes to be raised for the following year that includes the calculated tax rate and estimated operating balance.



# Form 4B: Financial Statement

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- The operating balance is located on Line 11 of Form 4B.
- The operating balance is the estimated cash balance for a fund once the budget year has ended.
- Maintaining an operating balance helps avoid cash flow issues that require short term borrowing.
- Used to pay expenses until the June property tax settlement is received.



# Budget Form 4B

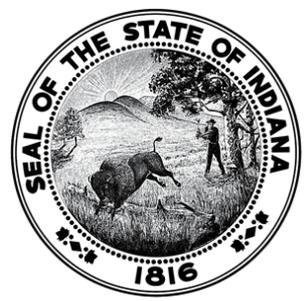
## Net Assessed Value

**Net Assessed Value** \$ 175,000,000

Funds Required For Expenses To December 31st Of Incoming Year		Published Amount	Adopted Amount
1. Total budget estimate for incoming year		\$ 3,492,334	\$ 0
2. Necessary expenditures, July 1 to December 31 of present year, to be made from appropriation unexpended		\$ 2,081,641	\$ 0
3. Additional appropriation necessary to be made July 1 to December 31 of present year		\$ 0	\$ 0
4. Outstanding temporary loans:		\$ 0	\$ 0
a). To be paid not included in lines 2 or 3		\$ 0	\$ 0
b). Not repaid by December 31 of present year		\$ 0	\$ 0
5. <b>TOTAL FUNDS required</b> (add lines 1,2,3,4a and 4b)		\$ 5,573,975	\$ 0
Funds On Hand To Be Received From Sources Other Than Proposed Tax Levy		Published Amount	Adopted Amount
6. Actual cash balance, June 30 of present year (including cash investments)		\$ 1,924,370	\$ 0
7. Taxes to be collected, present year (December settlement)		\$ 716,446	\$ 0
8. Miscellaneous revenue to be received July 1 of present year to December 31 of incoming year(Schedule on File):		\$ 632,255	\$ 0
a). Total Column A Budget Form 2			
b). Total Column B Budget Form 2		\$ 983,104	\$ 0
9. <b>TOTAL FUNDS</b> (Add lines 6, 7, 8a and 8b)		\$ 4,256,175	\$ 0
10. Net amount to be raised for expenses to December 31 of incoming year (deduct line 9 from 5)		\$ 1,317,800	\$ 0

Expenses

Revenues



# Budget Form 4B

Calculates  
Tax levy  
and rate

Proposed Tax Rate and Levy	Published Amount	Adopted Amount
11. Operating balance ( not in excess of expense January 1 to June 30, less miscellaneous revenue for same period) ⓘ <small>NOTE: Enter Lines 13a, 13b and 16 then press 'Save' button to calculate this value.</small>	\$ 250,000	\$ 0
12. Amount to be raised by tax levy (add lines 10 and 11) ⓘ	\$ 1,567,800	\$ 0
13a. Property Tax Replacement Credit from Local Option Tax ⓘ	\$ [REDACTED]	\$ [REDACTED]
13b. Operating LOIT ⓘ	\$ [REDACTED]	\$ [REDACTED]
14. NET AMOUNT TO BE RAISED BY TAX LEVY (deduct line 13a and 13b from line 12) ⓘ	\$ 1,567,800	\$ 0
15. Levy Excess Fund applied to current budget ⓘ	\$ 0	\$ 0
16. Net amount to be raised ⓘ	\$ 1,567,800	\$ 0
17. Net Tax Rate on each one hundred dollars of taxable property ⓘ	0.8959	0.0000

Property  
Tax Cap  
from  
Form 4A

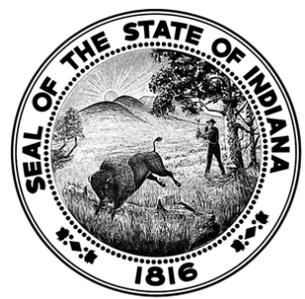
	Advertised Amount	Adopted Amount
Property Tax Cap Credits ⓘ	\$ 92,130	\$ 0



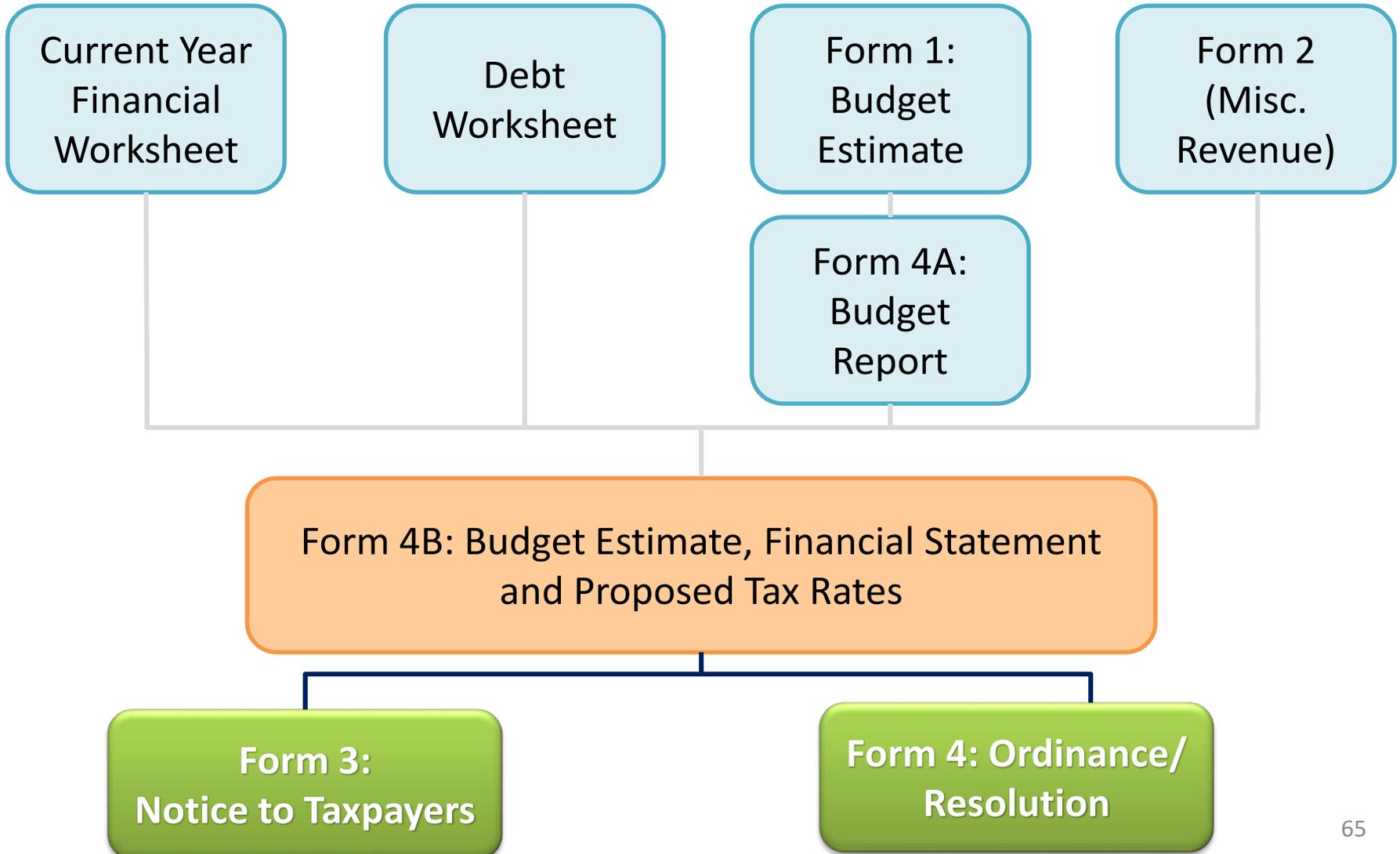
# Budget Form 4B

- The Fund Report of the 1782 Notice is a restatement of the Form 4B from Gateway.
- This version accounts for any necessary adjustments the Department makes.

<b>FUND:</b>		0101
<b>AV:</b>		\$1,317,618,906
1A.	Gross Budget Est	8,482,569
1B.	Est Prop Cap Impact	0
1C.	Net Budget Est	8,482,569
1D.	School Transfer Out	0
2.	Expenditures J1-Dec	3,768,296
3.	Add App J1 - Dec	0
4A.	Temporary Loans	2,120,000
4B.	Loans Not Pd 12/31	0
5.	TOTAL EST EXP	14,370,865
6.	Cash Balance 6/30	3,939,645
7.	Dec Tax Collection	2,661,044
8A.	Misc Rev Jul - Dec	1,003,809
8B.	Misc Rev Total	1,831,861
9.	TOTAL FUNDS	9,436,359
10.	NET AMT REQ	4,934,506
11.	Operating Balance	2,018,569
12.	TOTAL (10+11)	6,953,075
13A.	PTRC	0
13B.	LOIT	0
14.	NET AMT TO RAISE	6,953,075
15.	Levy Excess	0
16.	TAX LEVY	6,953,075
	TAX RATE	0.5277



# Budget Forms – Outputs

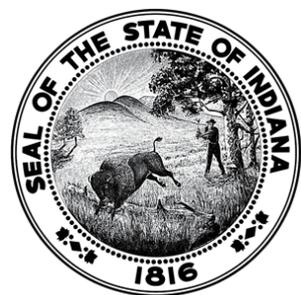




# Form 3: Notice to Taxpayers

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- The official online advertisement that notifies taxpayers of the:
  - Public hearing
  - Adoption meeting
  - Proposed budgets and property tax levies by fund.
- Formally advertised online by submitting Form 3 in Gateway at least 10 days before the public hearing.



# Form 3 – Notice to Taxpayers

## NOTICE TO TAXPAYERS

The Notice to Taxpayers are available online at [www.budgetnotices.in.gov](http://www.budgetnotices.in.gov) or by calling (888) 739-9826.

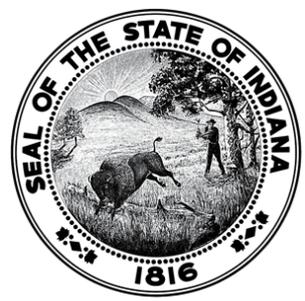
Complete details of budget estimates by fund and/or department may be seen by visiting the office of this unit of government at 101 North Main St. Portland, IN. For taxes due and payable in 2019, notices will not be printed in the newspaper.

Notice is hereby given to taxpayers of Portland Civil City, Jay County, Indiana that the proper officers of Portland Civil City will conduct a public hearing on the year 2019 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 Portland Civil City 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, Portland Civil City shall adopt with the budget a finding concerning the objections in the petition and testimony presented. Following the aforementioned hearing, the proper officers of Portland Civil City will meet to adopt the following budget:

### Fill in Hearing Info

Date of Public Hearing	Tuesday, September 06 2018	Date of Adoption Meeting	Monday, September 19 2018
Time of Public Hearing	5:30 PM	Time of Adoption Meeting	5:30 PM
Public Hearing Place	1616 N. Franklin Street, Portland IN 47371	Adoption Meeting Place	1616 N. Franklin Street, Portland, IN 47371
Estimated Civil Max Levy	\$ 3,137,372		
Property Tax Cap Credit Estimate	\$ 561,300		

**Notifies the public of the public and adoption meetings.**



# Form 3 – Notice to Taxpayers

Notifies taxpayers of proposed Budget and Property Tax Levy, by fund.

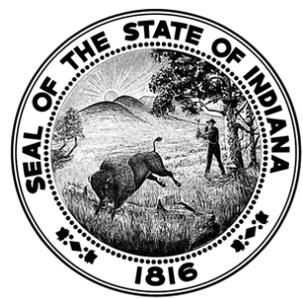
1 Fund Name	2 Budget Estimate	3 Maximum Estimated Funds to be Raised (including appeals and levies exempt from maximum levy limitations)	4 Exclusive Levy Appeals	5 Current Tax Levy
0101-GENERAL	\$3,411,319	\$2,027,743	\$0	\$1,912,496
0341-FIRE PENSION	\$153,925	\$0	\$0	\$0
0342-POLICE PENSION	\$90,369	\$0	\$0	\$0
0706-LOCAL ROAD & STREET	\$23,101	\$0	\$0	\$0



# Budget Form 4 – Adoption

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- The adoption ordinance/resolution is used to formally adopt each fund's ensuing year's:
  - Budgets
  - Property tax levies
  - Property tax rates
- All voting members are to be listed on this form.
- This is printed from Gateway so that it can be signed and the votes can be marked at the advertised adoption meeting.



# Budget Form 4 – Adoption

## ORDINANCE OR RESOLUTION FOR APPROPRIATIONS AND TAX RATES

Be it ordained/resolved by the **GrassyFork Township Board** that for the expenses of **GRASSY FORK TOWNSHIP, Jackson County** for the year ending December 31, 2016 the sums herein specified are hereby appropriated and ordered set apart out of the several funds herein named and for the purposes herein specified, subject to the laws governing the same. Such sums herein appropriated shall be held to include all expenditures authorized to be made during the year, unless otherwise expressly stipulated and provided for by law. In addition, for the purposes of raising revenue to meet the necessary expenses of **GRASSY FORK TOWNSHIP, Jackson County**, the property tax levies and property tax rates as herein specified are included herein. Budget Form 4-B for all funds must be completed and submitted in the manner prescribed by the Department of Local Government Finance.

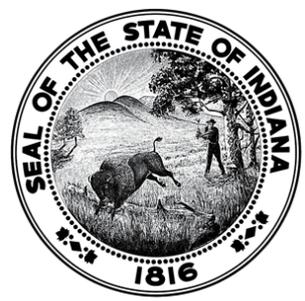
This ordinance/resolution shall be in full force and effect from and after its passage and approval by the **GrassyFork Township Board**.

Name of Adopting Entity / Fiscal Body	Type of Adopting Entity / Fiscal Body	Date of Adoption
GrassyFork Township Board	Township Board	09/24/2018

### DLGF-Reviewed Funds

Fund Code	Fund Name	Adopted Budget	Adopted Tax Levy	Adopted Tax Rate
0101	GENERAL	\$22,150	\$9,600	0.0216
0840	TOWNSHIP ASSISTANCE	\$4,800	\$6,000	0.0135
		<b>\$26,950</b>	<b>\$15,600</b>	<b>0.0351</b>

Name		Signature
Craig Klinge	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	<i>Craig Klinge</i>
Jeanette Elliott	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	<i>Jeanette Elliot</i>
Stan Darlage	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	<i>Stan Darlage</i>



# 1782 Notice

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- The 1782 Notice contains the budgets, property tax levies, and rates that would be certified if no changes are made.
- After the Department reviews your budget, a “1782 Notice” is emailed to everyone listed on the 1782 Notice Recipients form in Gateway.
- You will have 10 days to respond with any requested changes.



# 1782 Notice Recipients

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- The “1782 Notice Recipients” form in Gateway collects the email addresses of everyone that will receive a copy of the 1782 Notice.
- These contacts rollover from the previous year, but be certain to update the information as needed.
- The Department recommends adding multiple recipients.

## 1782 Notice Recipients

Use this form to register any recipients of this unit's 1782 notice e-mail.

Contact Name	Contact Email	Phone Number (Optional)	Action
Steve McQueen	SMcQueen@email.com	(555) 123-4567	<a href="#">Edit</a> --- <a href="#">Delete</a>
<input type="text" value="Leia Burke"/>	<input type="text" value="LBurke@email.com"/>	<input type="text" value="(555) 765-5321"/>	<a href="#">Add</a>



# Budget Forms – Submitted



[Error Prevention Report](#)



[Budget Forms Flow Chart](#)

**Current Year Financial Worksheet: Additional Calculations for Form 4B**



[Click to view form](#)



This form has been submitted.

Submitted on 10/11/2017 11:30:57 AM

**Debt Worksheet**

**Form 1: Budget Estimate**

**Form 2: Estimate of Miscellaneous Revenues**

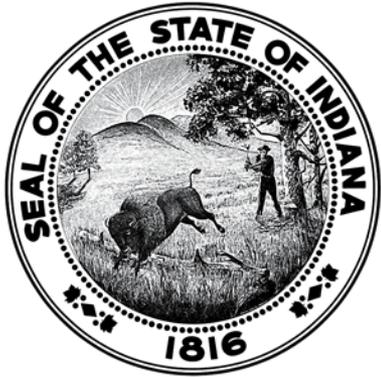
**Form 3: Notice to Taxpayers**

**Form 4: Ordinance / Resolution of Appropriations and Tax Rates**

**Form 4A: Budget Report**

**Form 4B: Budget Estimate, Financial Statement and Proposed Tax Rate**

**1782 Recipients: Registration of 1782 Notice E-mail Recipients**



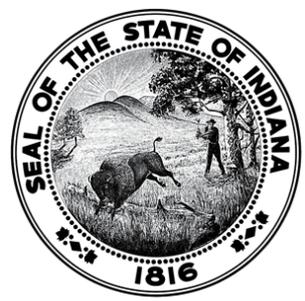
# Unfunded versus Funded Budgets



# The Funded Budget

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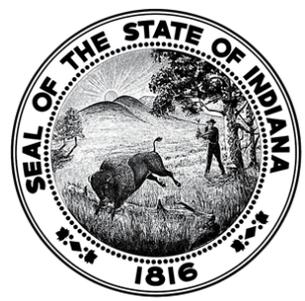
- One of your beginning goals when preparing your budget would be to achieve a funded budget.
- This is indicated by having a positive operating balance on Line 11 of Form 4B.
- If a funded budget is not prepared, the Department will reduce the adopted budget down to an amount fundable by available cash and revenues.



# The Unfunded Budget

Budget  
Not Fully  
Funded.





# The Unfunded Budget

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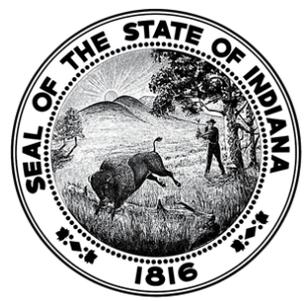
- In this scenario the expenses exceed the estimated revenue and cash on hand.
- This level of spending would reduce cash reserves to zero and the budget still would not be funded.
- The Department would reduce the following year's budget to an amount fundable by available revenues and cash reserves.
- This results in receiving less permission to spend than adopted, which impacts the amount of local control.



# The “Funded” Budget

Budget Funded,  
but uses all  
available cash.

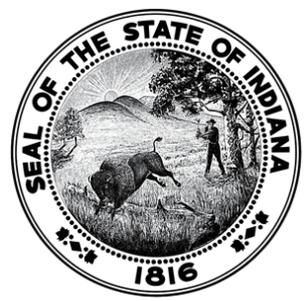




# The “Funded” Budget

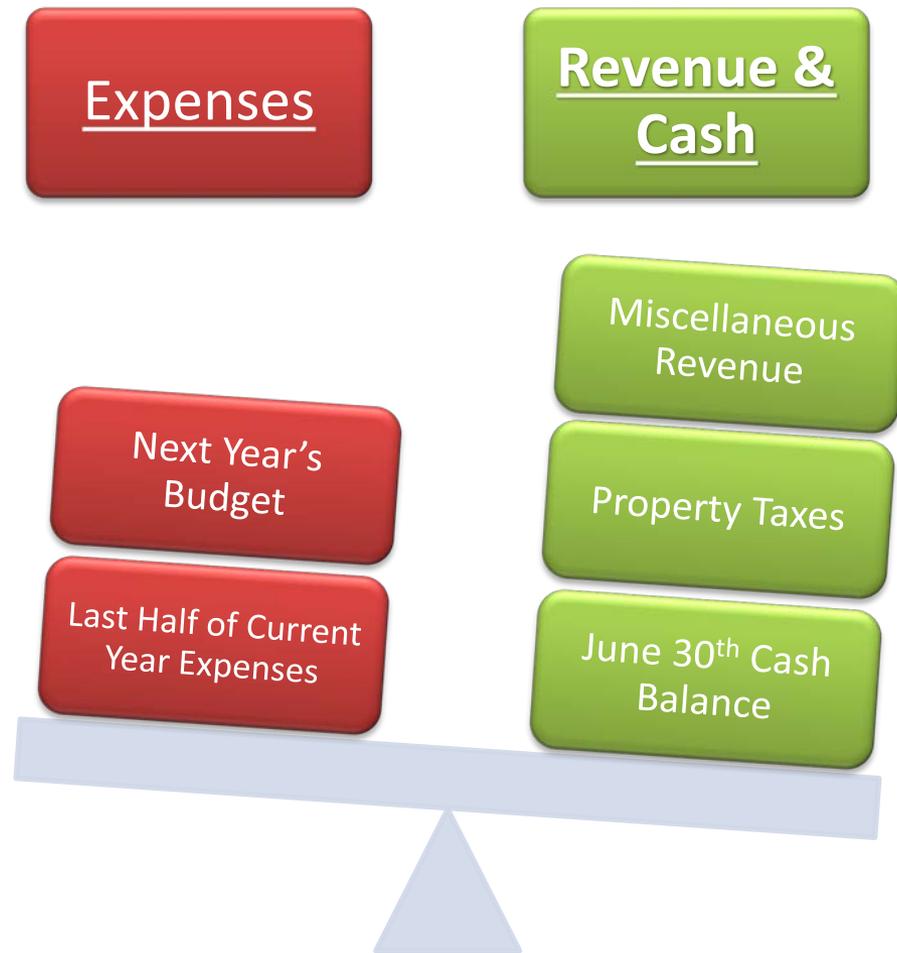
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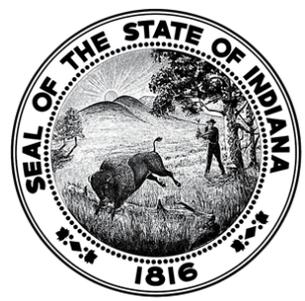
- In this scenario the expenses equals the revenue and cash on hand.
- This level of spending would reduce cash reserves to zero at the end of the budget year, but the budget is funded and will be approved by the Department.
- This results in an approved level of spending that would likely cause cash flow issues in the following year.



# The Funded Budget

Budget Funded

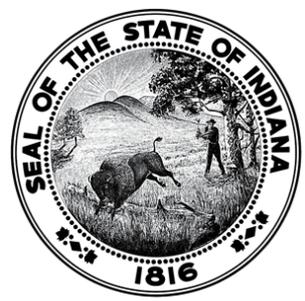




# The Funded Budget

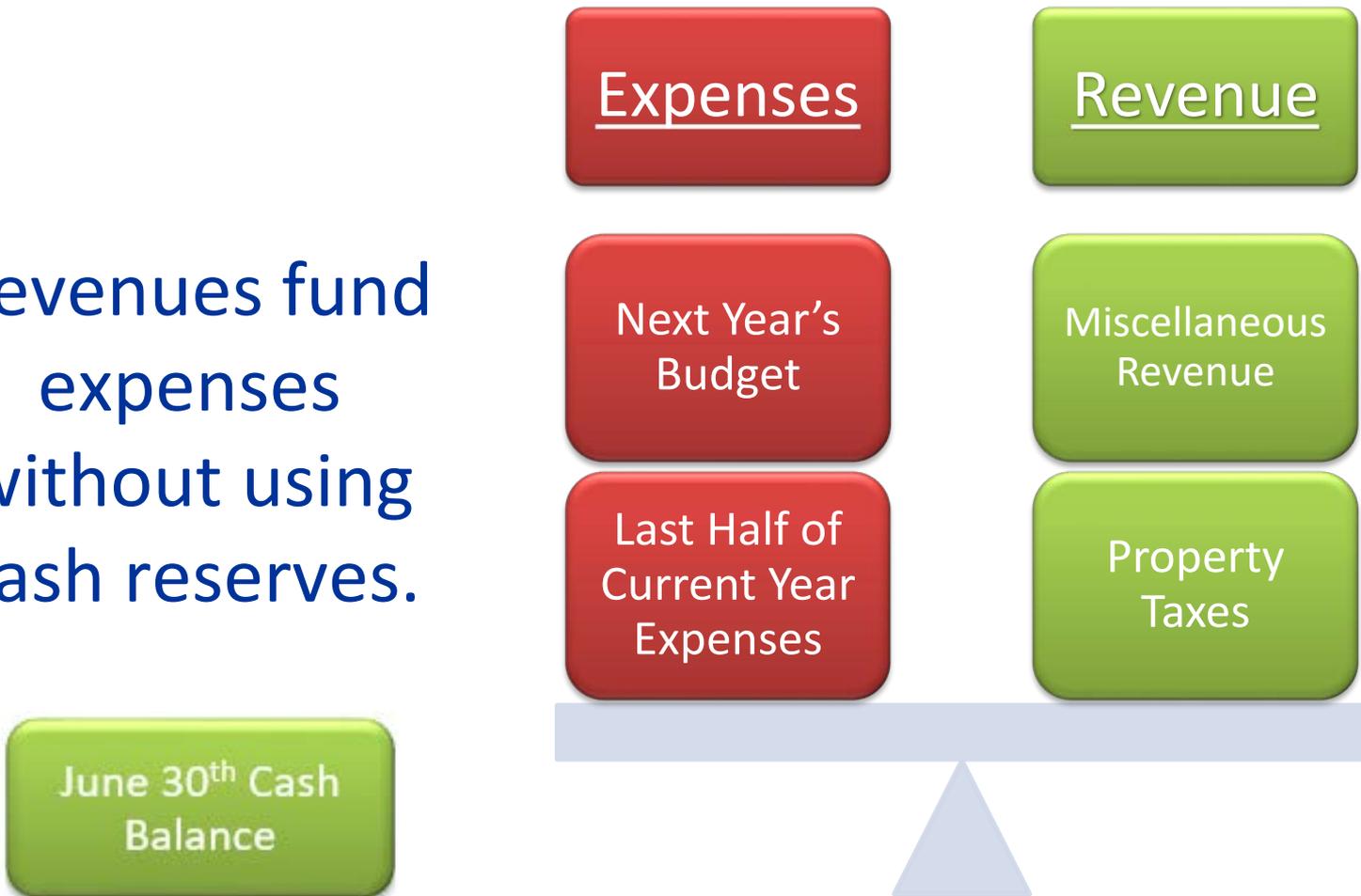
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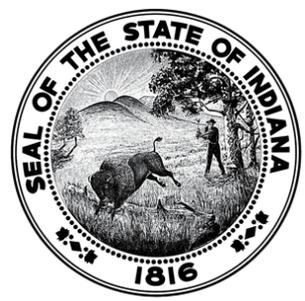
- In this scenario the expenses are less the revenue and cash on hand.
- This will result in ending the budget year with a cash balance.
- This cash balance is used to pay for expenses until additional revenue is received.
- This budget will be approved by the Department and the unit retains local control of the adopted budget.



# The Sustainable Budget

Revenues fund expenses without using cash reserves.





# The Sustainable Budget

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- In this scenario, the expenses in the budget year are equal to or less than the revenue estimated to be received for the same time period (not including cash on hand).
- This method won't spend down cash reserves and might help build an "operating balance" that can help lessen any issues with cash flow.



# The Sustainable Budget

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- Any local official can assess sustainability by comparing expenses to revenues.
  - The total expenses for the budget year can be found on Line 1 of the Form 4B.
  - The total revenues for this same time period are calculated by adding together the following lines of the Form 4B:
    - Line 8B – Following year's misc. revenues
    - Line 13B – LIT Levy Freeze (often zero)
    - Line 16 – Property tax levy



# DLGF Budget Review



# DLGF Budget Review

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The Department is responsible for 3 main tasks when certifying the budget.

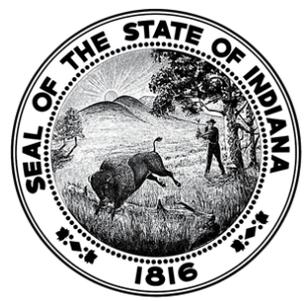
1. Were the proper budget procedures followed?
2. Are the property taxes within their statutory maximum amounts?
3. Are the submitted budgets fundable by the available revenue and cash?



# DLGF Budget Review

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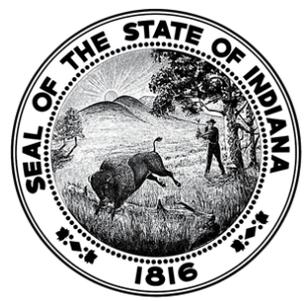
- **Were the proper procedures followed?**
  - The Department will confirm the advertisement, adoption, and submission dates.
    - Notice to Taxpayers submitted at least 10 days before public hearing.
    - Public and adoption meetings at least 10 days apart.
    - Adopting no later than November 1.
    - Submission of all budget forms within 5 days of adoption.



# DLGF Budget Review

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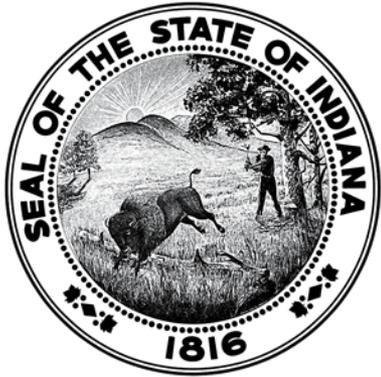
- **Are the property taxes within their statutory maximum amounts?**
  - If the adopted levies exceed the maximum levy, they will be reduced to this amount.
  - Reducing a levy will result in less revenue being available to fund the budget and may result in a reduction in the budget certified by the Department.



# DLGF Budget Review

- **Are the submitted budgets fundable by the available revenue and cash?**
  - This analysis is comprised of reviewing the operating balance on Form 4B after making any necessary changes.





# Budget Resources for Local Government



# DLGF Homepage Overview

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The Department annually prepares numerous useful reports, memos, and presentations that are available at [www.in.gov/dlgef](http://www.in.gov/dlgef).

The most applicable sections of the website include:

- Memos & Presentations
- County Specific Information



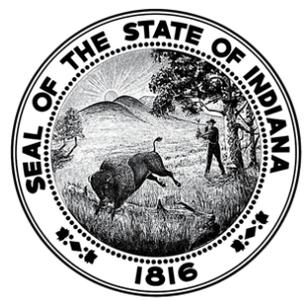
# Memos & Presentations

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## Memos & Presentations

Archive: [2019](#) | [2018](#) | [2017](#) | [2016](#) | [2015](#) | [2014](#) | [2013](#) | [2012](#) | [2011](#) | [2010](#) | [2009](#) | [2008](#) | [2007-2006](#)

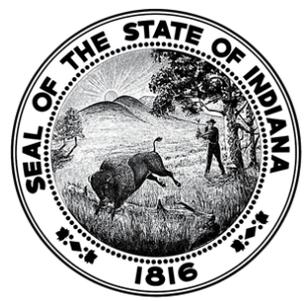
- This section of the website is where the following memos and more are posted:
  - Budget Calendar
  - Additional Appropriation
  - Cumulative Fund Establishment
  - Various Department presentations
- This page can be accessed by going to [www.in.gov/dlgf](http://www.in.gov/dlgf) and selecting “[Memos and Presentations](#)”.



# County Specific Information

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- The County Specific Information page on the Department's website is where you can find the following information:
  - Budget Orders
  - Maximum levy estimates
  - Property Tax Cap estimates
  - Local Income Tax estimates
  - Miscellaneous revenue estimates
- This page can be accessed by going to [www.in.gov/dlgf](http://www.in.gov/dlgf), selecting "[County Specific Information](#)" and choosing your county.



# Budget Field Representative

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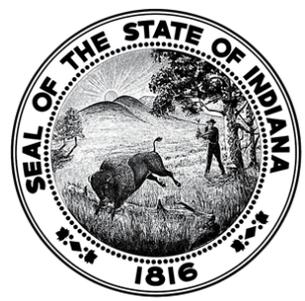
- As you progress through the budget cycle, you may find yourself needing assistance from the Department.
- Your Budget Field Representative will be your primary contact with the Department and their contact information can be found at: <https://www.in.gov/dlgef/2338.htm>.
- In addition to being a point of contact, they also hold an annual Budget Workshop in each county.



# Budget Workshops

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- One of the most important resources available are the Budget Workshops held from July 15 - August 30.
- Many units can:
  - Work through a majority of the budget forms with their Budget Field Representative.
  - Learn to evaluate their proposed budget to understand if it is fully funded and if not, options to adopting a funded budget.
  - Receive a checklist that provides a detailed walkthrough of the remainder of the budgeting process that highlights important deadlines.



# Gateway – Local Official’s Side

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- Gateway is used by thousands of local officials to submit statutorily required reports.
- It also used to access historical information for your unit.
- It is available by going to [www.gateway.in.gov](http://www.gateway.in.gov) and clicking, “Local Officials: Login Here”.



## An Open Door into Local Government Finance

[Local Officials: Login Here »](#)

*Gateway collects and provides access to information about how taxes and other public dollars are budgeted and spent by Indiana's local units of government.*



# Gateway – Local Official's Side

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- When needing assistance with a report, it's important to know which agency to reach out to.
- Within Gateway, the Department's reports are located in a green section while SBOA's are under a separate red section.

## Select Application

Department of Local Government Finance (DLGF)	Deadline
<a href="#">Abstract</a>	<a href="#">Details</a>
<a href="#">Assessor Reports</a>	Mar 31
<a href="#">Budgets</a>	<a href="#">Details</a>

State Board of Accounts (SBOA)	Deadline
<a href="#">100R</a>	Jan 31
<a href="#">Annual Financial Report</a>	<a href="#">Details</a>
<a href="#">Monthly and Annual Engagement Uploads</a>	<a href="#">Details</a>



# Gateway – Public Site

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- Access to much of the data submitted in Gateway by local officials across the state is available to the public at [www.gateway.in.gov](http://www.gateway.in.gov).
- This can be useful when wanting to compare your unit of government to another, or view historical information for your unit such as:
  - Annual Financial Report
  - Budgets
  - Debt
  - Employee Compensation



# Purpose of Today's Training

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- Throughout this presentation we have explained the answers to each of the questions listed below.
  - What is the DLGF?
  - What do the budgeting terms mean?
  - What does the budgeting process consist of?
  - What's the purpose of each budget form?
  - What is a funded budget?
  - How does the DLGF review a budget?
  - What resources are available?
- Now that you understand these, the Department encourages you to review the more advanced budgeting presentations.



# Resources

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- **You**  Training Videos
  - [www.youtube.com/user/DLGFgateway](http://www.youtube.com/user/DLGFgateway)
  - [www.in.gov/dlgf/8945.htm](http://www.in.gov/dlgf/8945.htm)
- User Guides 
- Information Icons 
- DLGF Memos
  - [www.in.gov/dlgf/2444](http://www.in.gov/dlgf/2444)
- Email
- Call



# Contact the Department

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- Gateway Support: [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov)
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Additional Appropriation email:
  - [AdditionalAppropriationRequests@dlgf.in.gov](mailto:AdditionalAppropriationRequests@dlgf.in.gov)
- Website: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)
- Budget Field Representative Map:  
[http://www.in.gov/dlgf/files/Field\\_Rep\\_Map -  
\\_Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)