



# Department of Local Government Finance

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

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# Purpose of Today's Training

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- This presentation will introduce 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

- The presentation will answer the following:
  - 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 Department review a budget?
  - What resources are available?



# 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/dlgef](http://www.in.gov/dlgef), click “Understanding Your Tax Bill” on the left hand side and then select “Property Tax Terms”.

A screenshot of a website menu titled "Information for Taxpayers". The menu is displayed in a light gray box with a dark green header. The items listed are: "Understanding Your Tax Bill", "Property Tax Due Dates", "Citizen's Guide to Property Tax", "Notice of Assessment of Land and Improvements (Form 11)", "Taxpayer Calculators", "Tax Bill 101", and "Property Tax Terms". Two green arrows point to the left towards the "Understanding Your Tax Bill" and "Property Tax Terms" items.

**Information for Taxpayers**

- Understanding Your Tax Bill
- Property Tax Due Dates
- Citizen's Guide to Property Tax
- Notice of Assessment of Land and Improvements (Form 11)
- Taxpayer Calculators
- Tax Bill 101
- Property Tax Terms



# Definitions – Budget Order

- **Taxing Unit** – A political subdivision with the power to imposes 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 – Budget Order

- 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 – Budget Order

- Budget Order – A critical document in calculating tax bills. The order contains the state’s certification of the following for each taxing unit in a county:
  - Appropriation
  - Property tax levy
  - Property tax rate
- Each county’s budget order is to be certified by the Department no later than December 31 or January 15, if a qualifying event is occurring in the county.



# Definitions – 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 – Budget Order

- 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 – Budget Order

- 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 – Budget Order

- Levy – The certified amount of property taxes to be received.
  - The county auditor distributes the property tax collection to the units.
  - 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 – Budget Order

- 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 and deductions 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 – Budget Order

- 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 – Budget Order

## 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 – Advanced Terms

- **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 Max Levy Growth Quotient as outlined by IC 6-1.1-18.5-3.



# Definitions – Advanced Terms

- 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 – Advanced Terms

- 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

*****					
	<b>FUND</b>	<b>ASSESSED VALUE</b>	<b>RATE</b>	<b>LEVY</b>	<b>CNTRL</b>
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
		<b>TOTAL</b>	<b>0.3142</b>	<b>1,913,929</b>	



# Definitions – Advanced Terms

- Max Levy Growth Quotient (MLGQ)
  - Formerly called the AVGQ.
  - 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.
    - 2018 MLGQ = 4.0%
    - 2019 MLGQ = 3.4%
    - 2020 MLGQ = 3.5%



# Definitions – Advanced Terms

- 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 – Basic Definitions

- 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 – Basic Definitions

- Debt Fund – a fund used to repay a debt from property taxes.
  - Example: 0180 – Debt Service
  - Outside of a unit’s “maximum levy.”
  - Units must go through a statutory process to issue a debt to be repaid from a debt fund.
  - The amount of property taxes a debt fund can receive is “needs driven.”



# Definitions – Basic Definitions

- 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 – Basic Definitions

- 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.
  - Typically sent by the Department from November 1 through the end of the year.



# Definitions – Property Tax Caps

- 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 – Property Tax Caps

- 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.
- Full circuit breaker presentation available at:
  - <https://www.in.gov/dlgef/files/200422%20-%20Van%20Dorp%20Presentation%20-%20Circuit%20Breaker%20Overview.ppsx>



# The Budgeting Process

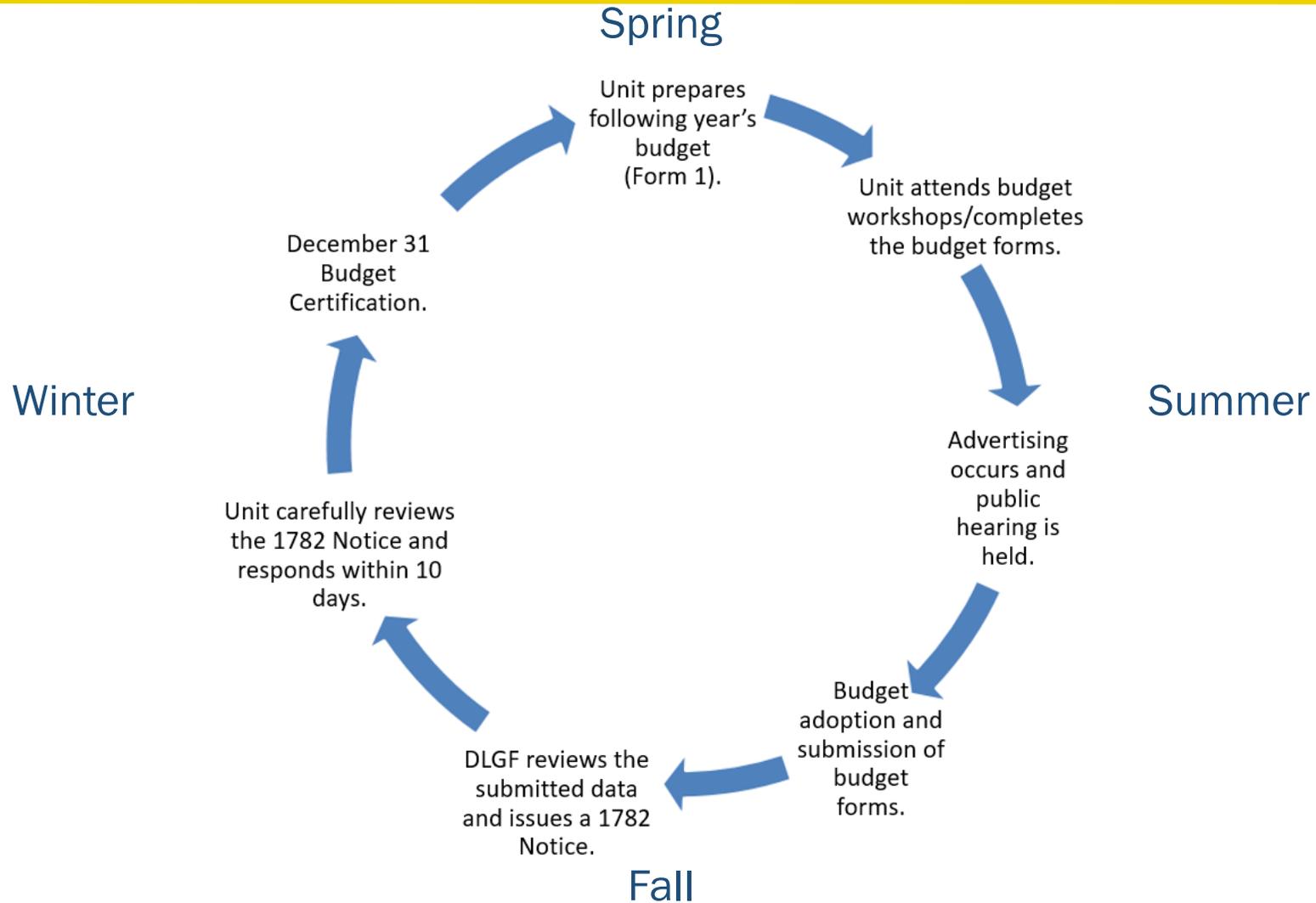


# Intro: The Budgeting Process

- 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





# Budget Calendar

- 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.



# Budget Calendar

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 3	County to submit Net Assessed Values to the Department.
September 1	Last day for "binding-review" units to submit budget forms to the adopting fiscal body.



# Budget Calendar

Due Date	Task
October 13	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 23	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 2	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

- 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.



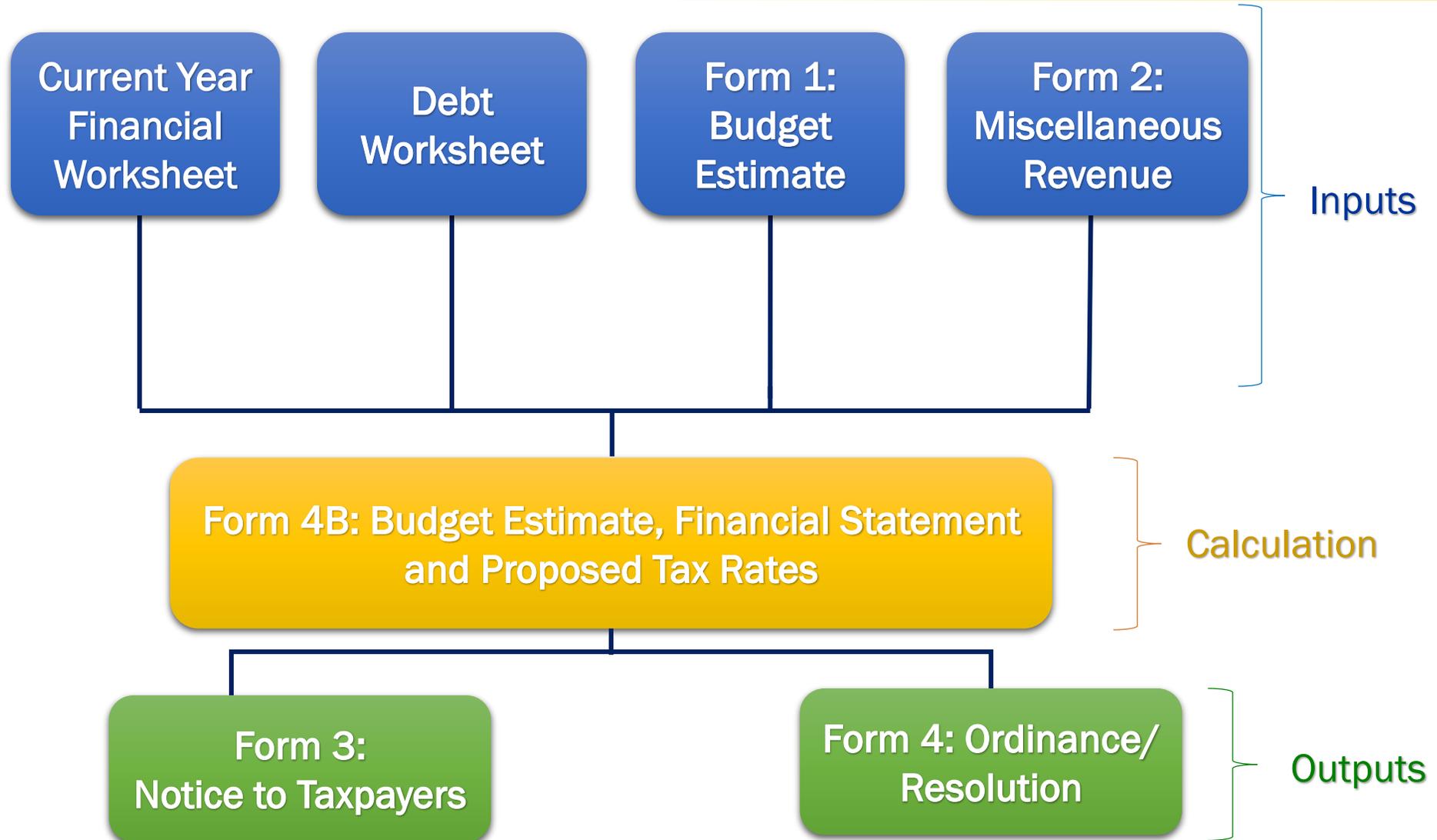
# Budget Form Menu

 <a href="#">Error Prevention Report</a>	 <a href="#">Budget Forms Flow Chart</a>
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<b>Current Year Financial Worksheet: Additional Calculations for Form 4B</b>	
 <a href="#">Click to edit form</a>	 Not 'Ready to Submit'.
<b>Debt Worksheet</b>	
<b>Form 1: Budget Estimate</b>	
<b>Form 2: Estimate of Miscellaneous Revenues</b>	
<b>Form 3: Notice to Taxpayers</b>	
<b>Form 4: Ordinance / Resolution of Appropriations and Tax Rates</b>	
<b>Form 4B: Budget Estimate, Financial Statement and Proposed Tax Rate</b>	
<b>1782 Recipients: Registration of 1782 Notice E-mail Recipients</b>	



# Budget Forms – Flow Chart





# Current Year Financial Worksheet

- Snapshot of budget and financial standings as of June 30.
- Completed for each fund.
- The following lines apply to most funds:
  - Line 1 - June 30 cash balance.
  - Line 2 - Property taxes to be received in the last 6 months.
  - Line 5 - Budget left to spend 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 5</b>	
<b>APPROPRIATIONS</b>	
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
<b>DISBURSEMENTS</b>	
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 6</b>	
10. Proposed/Approved Additional Appropriations for July through Dec. of Current Year	\$ 0
<b>Line 7A</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 16A</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 1</b>	
15. June 30 Cash Balance, including investments	\$ 1376872
<b>Line 2</b>	
16. Taxes to be collected, present year (December settlement)	\$ 677417

Line 5

Line 6

Line 7A

Line 16A

Line 1

Line 2



# Debt Worksheet

- For units without debt, this worksheet would not apply.
- For units with debt repaid from a dedicated debt service fund, funded by property taxes.
- 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: 2021

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 5 Due	Line 5 Amount	Line 15 Due	Line 15 Amount	Line 18A Due	Line 18A Amount	Line 18B Due	Line 18B Amount
<a href="#">Park Bond</a>	07/15/2020	\$ 26,278	07/15/2021	\$ 126,281	01/15/2022	\$ 105,003	07/15/2022	\$ 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

- 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		
Sub-Category	Line Item Code	Description	Advertised Amount	Adopted Amount	Add/Delete			
Printing and Advertising	321	Publication Fees	\$ 1,000	\$	X			
Insurance	322	Liability Insurance	\$ 6,000	\$	X			
Professional Services	324	Attorney	\$ 4,500	\$	X			
Communication and Transportation	326	Fuel	\$ 12,000	\$	X			
Professional Services			\$	\$		+ ADD		
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 2 – Revenue Estimates

- 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 over 80 unique revenues that civil units can use. This list of revenues can be found at:  
[https://www.in.gov/dlgf/files/2020\\_Gateway\\_Budget\\_Code\\_lists.xlsx](https://www.in.gov/dlgf/files/2020_Gateway_Budget_Code_lists.xlsx).



# Budget Form 2 – Revenue Estimates

- The most common revenues for funds 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

Broken down by fund



Select Fund:

Two separate time periods



Organized by category

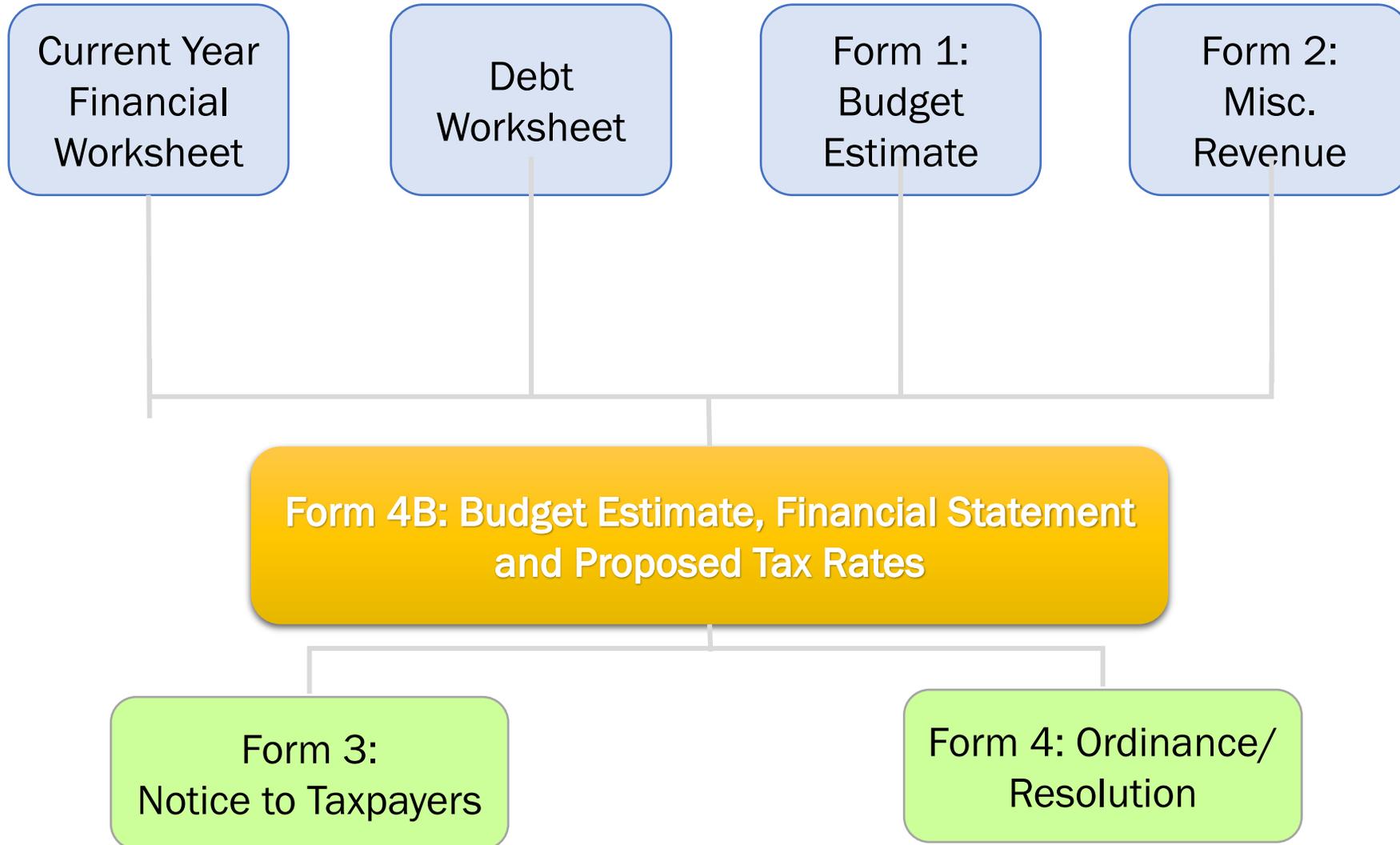


		Taxes And Intergovernmental	Licenses And Permits	Charges For Services	Fines, Forfeitures, And Fees	Other Receipts
Revenue Code	Description			July 1 to Dec 31, 2020	Jan 1 to Dec 31, 2021	
R203	Planning, Zoning, and Building Permits and Fees			\$ 10,000	\$ 20,000	
R210	Cable TV Licenses			\$ 22,000	\$ 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

- 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

- This form is broken down into 2 separate time periods:
  - Last six months of current year:
    - June 30 beginning cash balance
    - Revenues
    - Expenses
    - Estimated ending cash balance
  - Budget year:
    - Revenues
    - Expenses
    - Estimated ending cash balance



# Budget Form 4B

- Last six months of current year section:

July to December - 2020		
	<b>Cash Balance and Revenues</b>	
Beg. Cash Balance	1. June 30th Cash Balance ⓘ	(Line 6) 100,000
	2. Property Taxes to be Collected ⓘ	(Line 7) 50,000
Revenues	3. Miscellaneous Revenue ⓘ	(Line 8A) 30,000
	<b>4. Total Cash and Revenues</b>	<b>180,000</b>
	<b>Expenses</b>	
Expenses	5. Necessary Expenditures ⓘ	(Line 2) 90,000
	6. Additional Appropriation ⓘ	(Line 3) -
	7. Outstanding Temporary Loans and Transfers ⓘ	▼ -
	7a. Transfers Out and Outstanding Temporary Loans	(Line 4A) -
	7b. Reserved	-
Ending Cash Balance	7c. School Transfers	(Line 1A) -
	<b>8. Total Expenses ⓘ</b>	<b>90,000</b>
	<b>9. Estimated December 31st, 2020 Cash Balance (Line 4 - 8) ⓘ</b>	<b>90,000</b>



# Budget Form 4B

- Budget year section:

Budget Year - 2021			
Revenues		Advertised	Adopted
<b>10. Reserved for DLGF application of Levy Excess</b>			
Revenues	<b>11. Property Tax Levy</b> (Line 16)	100,000	100,000
	12. Property Tax Cap Impact (Tax Cap)	(10,000)	(10,000)
	13. Miscellaneous Revenue (Line 8B)	60,000	60,000
	<b>14. Total 2021 Revenues</b>	<b>150,000</b>	<b>150,000</b>
Expenses		Advertised	Adopted
Expenses	<b>15. 2021 Budget Estimate</b> (Line 1)	200,000	200,000
	16. Outstanding Temporary Loans and Transfers ▼	-	-
	16a. Transfers Out and Outstanding Temporary Loans (Line 4B)		-
	16b. Reserved		-
	16c. School Transfers (Line 1A)		
	<b>17. Total 2021 Expenses</b>	<b>200,000</b>	<b>200,000</b>
Ending Cash Balance	<b>18. Operating Balance - Estimated December 31st 2021 Cash Balance</b> (Line 9 + 14 - 17) (Line 11)	40,000	40,000



# Form 4B: Financial Statement

- The operating balance is located on Line 18 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 in the following year.

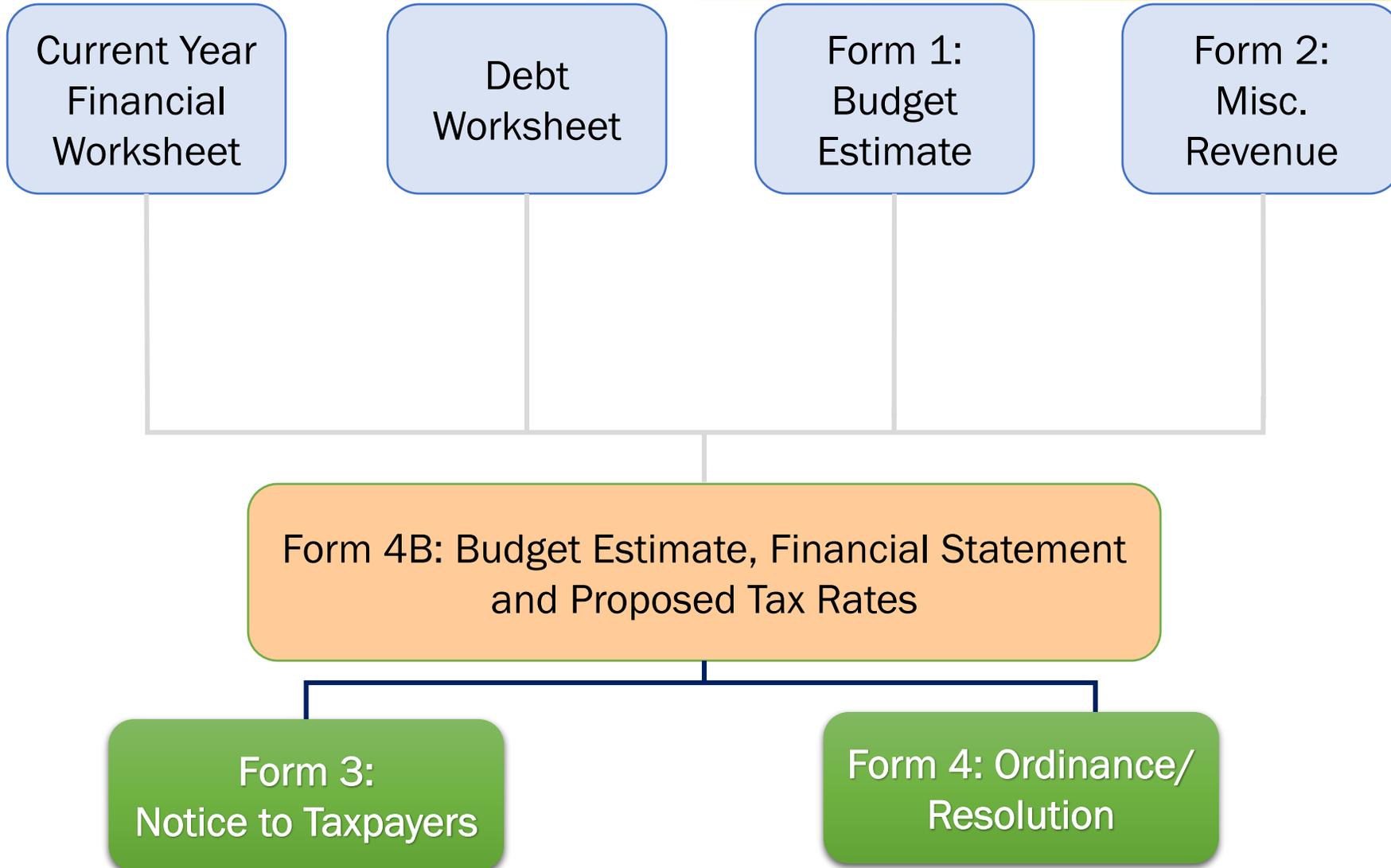


# Form 4B: Financial Statement

- This is only an abbreviated overview of Form 4B.
- The Department has prepared a standalone presentation dedicated to understanding the form in its entirety.
  - YouTube video:
    - <https://youtu.be/6AoJcX0Q4w8>
  - PowerPoint presentation:
    - <https://www.in.gov/dlgf/files/200318%20-%20Van%20Dorp%20Presentation%20-%20Introduction%20to%20the%20New%20Form%204B.ppsx>



# Budget Forms – Outputs





# Form 3: Notice to Taxpayers

- The official online advertisement that notifies taxpayers of the:
  - Public hearing,
  - Adoption meeting, and
  - 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 is 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 Council Chambers.

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 2020 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	Monday, August 19 2019	Date of Adoption Meeting	Monday, September 16 2019
Time of Public Hearing	5:30 PM	Time of Adoption Meeting	5:30 PM
Public Hearing Place	1616 North Franklin Street	Adoption Meeting Place	1616 North Franklin Street
Estimated Civil Max Levy	\$ 3,476,951		
Property Tax Cap Credit Estimate	\$ 299,318		

### Special Notes:

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 Excessive Levy Appeals (Included in Column 3)	5 Current Tax Levy	6 Levy Percentage Difference (Column 3 / Column 5)
0061-RAINY DAY	\$100,000	\$0	\$0	0	
0101-GENERAL	\$3,440,499	\$1,900,000	\$0	1,866,261	1.81 %
0341-FIRE PENSION	\$140,875	\$0	\$0	0	
0342-POLICE PENSION	\$85,250	\$0	\$0	0	
0706-LOCAL ROAD & STREET	\$92,323	\$0	\$0	0	



# Form 3 – Notice to Taxpayers

- Displays any excess levy appeals.
- The current year property tax levy.
- The levy % change between the two years.

1 Fund Name	2 Budget Estimate	3 Maximum Estimated Funds to be Raised (Including appeals and levies exempt from maximum levy limitations)	4 Excessive Levy Appeals (Included in Column 3)	5 Current Tax Levy	6 Levy Percentage Difference (Column 3 / Column 5)
0061-RAINY DAY	\$100,000	\$0	\$0	0	
0101-GENERAL	\$3,440,499	\$1,900,000	\$0	1,866,261	1.81 %
0341-FIRE PENSION	\$140,875	\$0	\$0	0	
0342-POLICE PENSION	\$85,250	\$0	\$0	0	
0706-LOCAL ROAD & STREET	\$92,323	\$0	\$0	0	





# Budget Form 4 – Adoption

- 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, **2021** 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	09/24/2020

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 Elliott</i>
Stan Darlage	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	<i>Stan Darlage</i>



# 1782 Notice

- 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

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

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



# Budget Review



# Budget Review

- 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?



# Budget Review

- 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.



# Budget Review

- 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.



# Budget Review

- Are the submitted budgets fundable by the available revenue and cash?
- This analysis is comprised of checking for a positive operating balance on Line 18 of Form 4B after making any necessary changes.

18. Operating Balance - Estimated December 31st 2021 Cash Balance (Line 9 + 14 - 17)	(Line 11)	200,000	200,000
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# Understanding: Funded, Unfunded, and Sustainable Budgets

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# The Funded Budget

- 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 18 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 Funded Budget

- The fund below has a positive operating balance.
- Note that the spending exceeds the revenues and its effect on the Dec 31 cash balances.

Cash balance decreased by \$50,000

<b>9. Estimated December 31st, 2020 Cash Balance</b>	<b>100,000</b>
<b>Budget Year - 2021</b>	
<b>Revenues</b>	
<b>10. Reserved for DLGF application of Levy Excess</b>	
<b>11. Property Tax Levy</b>	<b>150,000</b>
12. Property Tax Cap Impact	(25,000)
13. Miscellaneous Revenue	75,000
<b>14. Budget Year Total Revenues</b>	<b>200,000</b>
<b>Expenses</b>	
	<b>Advertised</b>
<b>15. 2021 Budget Estimate</b>	<b>250,000</b>
16. Outstanding Temporary Loans and Transfers	-
<b>17. Total 2021 Expenses</b>	<b>250,000</b>
<b>18. Operating Balance -</b>	
<b>Estimated December 31st 2021 Cash Balance</b>	<b>50,000</b>

Positive Operating Balance



# Barely Funded Budget

- It's possible to have a fund with an operating balance of zero.
  - In this case:
    - The budget would be approved.
    - Cash reserves would be depleted to zero.
    - Cash flow issues would likely occur.



# Barely Funded Budget

- In this case, the budget is funded, but spends down all cash reserves.
- \$0 is available to be spent January 1, 2022.

Cash balance decreased to \$0 means cash flow issues are likely

<b>9. Estimated December 31st, 2020 Cash Balance</b>	<b>100,000</b>
<b>Budget Year - 2021</b>	
<b>Revenues</b>	
<b>10. Reserved for DLGF application of Levy Excess</b>	
<b>11. Property Tax Levy</b>	<b>150,000</b>
12. Property Tax Cap Impact	(25,000)
13. Miscellaneous Revenue	75,000
<b>14. Budget Year Total Revenues</b>	<b>200,000</b>
<b>Expenses</b>	
	<b>Advertised</b>
<b>15. 2021 Budget Estimate</b>	<b>300,000</b>
16. Outstanding Temporary Loans and Transfers	-
<b>17. Total 2021 Expenses</b>	<b>300,000</b>
<b>18. Operating Balance -</b>	<b>0</b>
<b>Estimated December 31st 2021 Cash Balance</b>	<b>0</b>

Zero Operating Balance



# Unfunded Funded Budget

- It's also possible to prepare a budget that has a negative operating balance.
- This case would:
  - Result in the budget being reduced by the amount of the negative operating balance to arrive at a budget that is funded by available revenues and cash reserves.
  - Deplete cash reserves to zero.
  - Likely create cash flow issues.



# Unfunded Funded Budget

- In this case the Department would reduce the adopted budget by \$50,000.
- \$0 is available to be spent January 1, 2022.

Cash balance decreased to \$0 means cash flow issues are likely

9. Estimated December 31st, 2020 Cash Balance	100,000
<b>Budget Year - 2021</b>	
<b>Revenues</b>	
10. Reserved for DLGF application of Levy Excess	
11. Property Tax Levy	150,000
12. Property Tax Cap Impact	(25,000)
13. Miscellaneous Revenue	75,000
14. Budget Year Total Revenues	200,000
<b>Expenses</b>	
	<b>Advertised</b>
15. 2021 Budget Estimate	350,000
16. Outstanding Temporary Loans and Transfers	-
17. Total 2021 Expenses	350,000
18. Operating Balance -	(50,000)
Estimated December 31st 2021 Cash Balance	(50,000)

Negative Operating Balance



# The Sustainable Budget

- 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

- Any local official can easily assess the budget's sustainability by comparing revenues to expenses.

Cash balance is maintained or increased

9. Estimated December 31st, 2020 Cash Balance	100,000
<b>Budget Year - 2021</b>	
<b>Revenues</b>	
10. Reserved for DLGF application of Levy Excess	
11. Property Tax Levy	150,000
12. Property Tax Cap Impact	(25,000)
13. Miscellaneous Revenue	75,000
14. Budget Year Total Revenues	200,000
<b>Expenses</b>	
	<b>Advertised</b>
15. 2021 Budget Estimate	175,000
16. Outstanding Temporary Loans and Transfers	-
17. Total 2021 Expenses	175,000
18. Operating Balance -	
Estimated December 31st 2021 Cash Balance	125,000

Expenses do not exceed revenues



# Budget Resources for Local Government



# 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

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](#)”.

Memos & Presentations

Archive: [2020](#) | [2019](#) | [2018](#) | [2017](#)



# County Specific Information

- 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

- 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/dlgf/2338.htm>.
- In addition to being a point of contact, they also hold an annual Budget Workshop for each unit.



# Budget Workshops

- 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.



# Budget Workshops

- 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.



# Gateway – Local Official’s Side

- 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”.

The screenshot shows the top of the Gateway Indiana website. It features a dark blue navigation bar with the Gateway logo on the left and several menu items: Dashboard, Report Search, Download, Tools, and Learn More. Below the navigation bar is a white banner with the text 'An Open Door into Local Government Finance' and a link for 'Local Officials: Login Here'. A descriptive sentence follows: '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

- 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.

[Gateway@dlgf.in.gov](mailto:Gateway@dlgf.in.gov)

[Gateway@sboa.in.gov](mailto:Gateway@sboa.in.gov)

## Select Application

Department of Local Government Finance (DLGF)	Deadline
<a href="#">Abstract</a>	<input type="button" value="Details"/>
<a href="#">Assessor Reports</a>	Mar 31
<a href="#">Budgets</a>	<input type="button" value="Details"/>
<a href="#">Data Entry for CNAV and Form 22</a>	<input type="button" value="Details"/>
<a href="#">Debt Management</a>	<input type="button" value="Details"/>
<a href="#">Economic Development Reporting</a>	Sep 30

State Board of Accounts (SBOA)	Deadline
<a href="#">100R</a>	Jan 31
<a href="#">Annual Financial Report</a>	<input type="button" value="Details"/>
<a href="#">Monthly and Annual Engagement Uploads</a>	<input type="button" value="Details"/>
<a href="#">Conflict of Interest Disclosure</a>	15 days after final action on the contract or purchase



# Gateway – Public Site

- 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

- Throughout this presentation we have explained the answers to each of the questions listed below.
  - 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 Department review a budget?
  - What resources are available?
- Now that you understand these, the Department encourages you to review the more advanced budgeting presentations.



# Resources

- Department Trainings/Webinars:
  - Additional Appropriations Online
  - New Form 4B
  - Circuit Breakers Overview
  - Gateway Training
  - Budget Workshop Overview and Preparation
  - Available at: <https://www.in.gov/dlgef/9697.htm>



# Resources

- 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 
- Memos
  - [www.in.gov/dlgf/2444.htm](http://www.in.gov/dlgf/2444.htm)
- Email
- Call



# Contact the Department

- Gateway Support: [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov)
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- 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:  
[https://www.in.gov/dlgf/files/Budget\\_Field\\_Reps.pdf](https://www.in.gov/dlgf/files/Budget_Field_Reps.pdf)