LOCAL GOVERNMENT BUDGET MANUAL

A Guide through the Process of Budgeting for Indiana Local Governments

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Chapter 1:
The Purpose of Budgeting

In this section, we will discuss the following:

- What a budget does for local government and taxpayers.
- How budgets reflect community goals.
- How a budget explains each line item as it relates to the government’s overall policy.
- How the budget relates to the development and administration of policy.
- Why the budget is the most important managerial tool available to local governments.

THE PURPOSES OF BUDGETING

When attempting to learn the budget process, it is important to have an understanding of the word "budget." The American Heritage Dictionary defines the word budget as "an itemized summary of probable expenditures and income for a given period." Providing a definition for a local government budget means different things to different groups. Taxpayers might view the local government budget from the perspective of overall spending and taxation and may express concerns over any increase in taxes. Analysts might look at a local government budget from a historical perspective and develop charts to see trends in revenues and expenditures. The fiscal officer might consider the word budget as a series of steps toward certification of the annual budgets, tax rates, and tax levies, or as a blueprint for governing for the upcoming year.

The Budget as a Process

Preparation of a local government budget is more than projecting receipts and disbursements for a given year. The budget provides a financial plan for the local government, the fiscal body, and taxpayers and identifies the operating costs considered essential to the successful operation of the local government for a given period. The budget cycle for the fiscal officer is year-round in nature because budget development and implementation occur throughout the year.

The statement that the budget is a financial plan implies that budgeting must be more than simply compiling an annual report to be approved by a local fiscal body. Each fiscal officer must constantly monitor receipts and expenditures and compare those to estimated amounts. The fiscal officer must ensure that budget items are classified, estimated, and expended properly to maintain taxpayer trust. Continuity in process promotes constant re-evaluation of local government priorities and assists the fiscal officer in identifying future trends and needs for the local government. The policies and procedures established by the fiscal body or executive reflect the trends and needs of the local government.

In an indirect way, every budget provides some statement of community goals. At a minimum, the allocation of resources among different functions reflects both the particular goals that the government hopes to attain and the relative priorities assigned to each goal. Additionally, the budget reflects the elected official's philosophy of local government. By creating funds for certain activities, by reducing or omitting other functions, the policymaker indicates those services which the government will (or will not) attempt to provide. For the successful official, these activities are a statement and a synthesis of community goals and expectations.

This "statement" of community goals may be either implied in the approved budget document or expressly announced in a budget message. If the government's goals are implied, communities look at expenditures, levies, and revenue sources, and try to deduce which services the government will provide, how much of each service, and so on.

An explicit statement of budgetary goals provides this information to the taxpayers. First, it tells them what the government intends to do, when, how, and why. Second, it publicly states specific governmental objectives, which are important to both the local officials and the community. Third, it establishes expectations and avoids the mistaken impressions of what the government can or should do. That is, the citizen knows in advance what the local government intends to accomplish and why one activity may have priority over another. The likelihood of misunderstandings later in time is therefore diminished and the taxpayer is able to understand and participate in the budget process at the development and adoption stages.

Naturally, no local government can provide all things to all concerned, but a central, affirmative, and informative statement of what will be provided can dramatically reduce confusion and dissatisfaction.

As a practical matter, there will probably be several statements of goals. Managerially, each department head or other responsible official should develop a fairly firm and complete idea of what his or her department or council intends to accomplish. These individual objectives are then integrated and reconciled by the executive and fiscal body into a single, cohesive policy. The result is a comprehensive statement of governmental goals, indicating not only what the executive branch of the local government intends to do, but also reflecting executive decisions as to priority and practicality.

This budgetary statement or plan will then be presented to the fiscal body, along with supporting financial data.

An express statement of goals at this point is extremely valuable for the fiscal body. It allows the approving body to make more effective and rational budget choices by relating specific budget items to overall government operations and assessing the impact of any desired changes. For the fiscal officer, this kind of statement of goals simplifies the process of justifying a budget precisely because it explains to the fiscal body and taxpayers how each line item in the budget contributes to the government's overall policy. Additionally, a budgetary statement integrates the proposed operations and costs of any single department with all others. As a result, the fiscal officer's political responsibilities are made easier because the information he or she must use to defend the budget proposal is presented in a complete and logical format. The chances of piecemeal changes or ill-considered reductions are thereby diminished, and the relationships between the budget document and local budget policies are explained in a straightforward and comprehensive manner.

To summarize, the budget serves as a statement of community goals to the extent that the budget document and the budget message reveal the philosophy of the elected officials and relate that philosophy to proposed governmental activities or services, such that they address community needs and expectations.

The Budget as a Policy Instrument

The budget document is in one sense the culmination of the budget process. Since it is a tangible result of local policy decisions, one is tempted to view the budget document as the end product of the arduous task of budgeting. As previously noted, however, the budget process is a continuous one. Because of this fact, the budget is not only a document but also an effective policy instrument.

This means two things: the budget is a means of establishing policy and it is the financial method by which policy decisions are implemented. The first of these functions is accomplished through the budget's allocation of government resources. That process uses the budget as the instrument for translating community goals into government programs. The second function, the implementation of policy choices, uses the budget to ensure that government programs actually address these goals.

Even though government services and policy goals are coordinated when the budget is adopted, the two do not always remain synchronized. The government's activities may be very well-managed, for instance, yet still not accomplish the intended goals. At this point, the budget is perhaps the most effective instrument for achieving policy objectives because it is the means by which financial resources may be reallocated.

The Budget as a Management Tool

It is clear that good government does not run itself; it must be managed. Nowhere does this managerial responsibility fall more heavily than on the locally-elected public official. From the state level to the local level, government officials are learning to "make do with less," so the local policymaker has to be an effective manager as well.

The budget may be the most important managerial tool available to local government. Since almost everything local government does is reflected in the budget, it is a comprehensive document. Virtually all governmental activities are funded through the budget, and the budget is a continuous process. This makes the budget an effective tool for the public official, providing an effective management device at every stage of governmental activity. Other characteristics of budgets may be equally important to the fiscal body.

Conclusion

So far, we have explained what a budget is and what it does. We have said that a budget is a process, a statement of goals, a policy instrument, and a managerial tool. Indeed, it may be all of these things simultaneously, since the four aspects are all related. These relationships may be better explained through the following example.

As the fiscal officer is compiling departmental budgets, he or she reviews the activities within the local government. The various departmental budgets tell him or her how many people are on the payroll, how much it costs to maintain the local government office, and generally how much money it takes to perform the various functions. The budget also gives him or her some idea of the varied services performed by the local government during the past year.

To understand the local government budget realistically, however, the fiscal officer needs additional information, such as the size of the local government (that is, how many square miles are in the jurisdiction and what other services are being provided to the citizens). The fiscal officer might also want to know the different types of services provided to taxpayers and the number and percentage of taxpayers returning for assistance. This type of information allows the fiscal officer to evaluate the present budget against actual performance. To prepare next year's budget adequately, a fiscal officer needs to know what the local government did in the past and what it is doing now. The fiscal officer then compares those activities and costs to the services he or she expects the local government to perform next year.

This kind of historical review is an example of the budget as a process. It serves as the plan that tells the fiscal officer where the local government has been and what it is doing, and helps determine what services will be provided during the next year.

Next year’s activities, though, also depend on the policy goals. The budget can be a statement of these goals and objectives either indirectly or explicitly. And the goals may mandate certain activities or limit others. For example, the local government officials might determine that a reduction in services provided should occur and more funds should be allocated for police/fire protection and less for park/recreation services. This action is reflected in the budget and it indicates the local government officials’ desire for their local government. As a statement of goals, the budget reflects the local government officials’ philosophy and priorities.

While few elected officials consciously decide to use the budget for management or policy or as a statement of goals, it is important that the different aspects of budgeting be understood. By knowing how to work through the budget process and how to use the budget to address a variety of problems, the local official is better able to fulfill his or her responsibilities. Moreover, the elected official is able to use that control for the benefit of the community.

Summary

In this section, we discussed the following:

- The local government budget provides a financial plan for the local government officials and taxpayers that identifies the operating costs/revenue considered essential to the successful operation of the local government for a given period.

- The allocation of resources among different functions reflects both the particular goals that government hopes to attain and the relative priorities assigned to each goal.

- For the fiscal officer, a budget that explicitly states the local government goals simplifies the process of justifying a budget, precisely because it explains to everyone how each line item in the budget contributes to the government's overall policy.

- This means two things: the budget is a means of establishing policy and it is the financial method by which policy decisions are implemented.

- The budget is perhaps the most important managerial tool available to local government.

Chapter 2:
Organizational Responsibilities in Local Government Budgeting

In this section, we will discuss the following:

- The three-stage review process of the local government budget.
- Who makes the final determinations of budgets, tax rates, and tax levies.
- Minimum requirements for a unit to have its budget, tax rates, and tax levies approved for the ensuing year.

ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government finance that is so important, yet so diverse, as the responsibility for preparing the annual budget. This responsibility is not only affected by the size or assessed valuation within a particular local government, but also the kinds of problems facing it.

The principal explanation for different organizational responsibilities is found in the fact that the budget is not only a financial plan for the local government, but also a political statement of goals for the community.

In general, the fiscal officer is responsible for developing the local budget insofar as the elected executive determines what the function of the local government is and how officials will attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the local government, at the direction of the elected executive.

The fiscal officer is typically responsible for preparing the formal budget documents, performing both administrative and financial duties. This involves not only the mathematics of collecting and verifying expense estimates, but also the analysis and forecasting of local revenues and intergovernmental transfers, and the actual preparation of budget documents.

Advertising

Pursuant to IC 6-1.1-17-3, the proper officers of a political subdivision must formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the Department of Local Government Finance ("Department") and approved by the State Board of Accounts.

The political subdivision or appropriate fiscal body, if the political subdivision is subject to IC 6-1.1-17-20, must give notice by publication to taxpayers of:

1) the estimated budget;
2) the estimated maximum permissible levy;
3) the current and proposed tax levies of each fund; and
4) the amounts of excessive levy appeals to be requested.

The political subdivision or appropriate fiscal body must also state the time and place at which the political subdivision or appropriate fiscal body will hold a public hearing on these items. The political subdivision or appropriate fiscal body must publish the notice twice in accordance with IC 5-3-1 with the first publication at least ten days before the date fixed for the public hearing.

The first publication must be *before* September 14 and the second publication must be before September 21. The political subdivision must pay for the publishing of the notice.

Non-Binding Review

If a unit (other than the county itself and one not governed by IC 6-1.1-17-20 or IC 6-1.1-17-20.3) will impose property taxes due and payable in the ensuing calendar year, the unit must—**by September 1**—file the following information in the manner prescribed by the Department (meaning online through the Indiana Gateway for Government Units ("Gateway")) with the fiscal body of the county in which the unit is located:

1) a statement of the proposed or estimated tax rate and tax levy for the unit for the ensuing budget year; and
2) in the case of a unit other than a school corporation, a copy of the unit's proposed budget for the ensuing budget year.

In the case of a unit located in more than one county, the unit must file this information with the fiscal body of the county in which the greatest part of the unit's net assessed valuation is located.

The county fiscal body must—**by October 1**—complete the following in a manner prescribed by the Department:

1) review any proposed or estimated tax rate or tax levy filed by a unit with the county fiscal body;
2) in the case of a unit other than a school corporation, review any proposed or estimated budget filed by a unit with the county fiscal body; and
3) in the case of a unit other than a school corporation, issue a non-binding recommendation to a unit regarding the unit's proposed or estimated tax rate or tax levy or proposed budget.

This recommendation must include a comparison of any increase in the unit's budget or tax levy to:

1) the average increase in Indiana nonfarm personal income for the preceding six calendar years and the average increase in nonfarm personal income for the county for the preceding six calendar years; and
2) increases in the budgets and tax levies of other units in the county.

Schools are not considered civil taxing units and, therefore, do not receive a recommendation.

The Department must provide each county fiscal body with the most recent available information concerning increases in Indiana nonfarm personal income and increases in county nonfarm personal income.

If a unit fails to timely file the required information with the appropriate county fiscal body, the most recent annual appropriations and annual tax levy of that unit are continued for the ensuing budget year.

If a county fiscal body fails to timely perform an obligatory non-binding review, the most recent annual appropriations and annual tax levy of the county are continued for the ensuing budget year.

Binding Adoption

Indiana Code 6-1.1-17-20 applies to all political subdivisions headed by a majority of unelected officials, including school corporations, but not to public libraries or entities whose tax levies are subject to review and modification by a city-county legislative body under IC 36-3-6-9.

If the assessed valuation of a taxing unit is entirely contained within a city or town or, if the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town or the majority of the individuals serving on the governing body of the taxing unit are appointed by the city or town, the governing body must submit its proposed budget and property tax levy to the city or town fiscal body **by September 1**. Otherwise, the governing body of the unit must submit its proposed budget and property tax levy to the county fiscal body in the county where the unit has the most assessed valuation in the manner prescribed by the Department **by September 1**. With the addition of Gateway, binding units will need to have their information entered in Gateway by September 1, after the deadline the governing body will be reverted to read-only access and the adopting body will be responsible for submitting the forms through Gateway for the binding-review unit.

The fiscal body of the city, town, or county (whichever applies) must review each budget and proposed tax levy and adopt a final budget and tax levy for each unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

If a unit fails to timely file the required information with the appropriate fiscal body, the most recent annual appropriations and annual tax levy of that unit are continued for the ensuing budget year.

If the appropriate fiscal body fails to timely perform an obligatory adoption not later than November 1 for any unit subject to IC 6-1.1-17-20, the most recent annual appropriations and annual tax levy of the city, town, or county, whichever applies, are continued for the ensuing budget year.

Budget Adoption and Certification

Adopted budgets, tax rates, and tax levies are subject to review and approval by the Department. The Department issues a certified budget, which is the authority granted by the State for the unit of government to levy the tax and spend those approved funds.

According to IC 6-1.1-17-5, ten or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven days after a public hearing is held on the proposed budget, tax rates, and tax levies. The taxpayers must be specific as to what provisions of the budget, tax rates, or tax levies they are objecting. When a political subdivision receives an objection petition, the fiscal body must adopt with its budget a finding concerning the objections in the petition and any testimony presented by the taxpayers.

The Department is ***not*** authorized to approve an annual budget or any additional appropriations for any unit that has not electronically filed with the State Board of Accounts the previous year's annual financial report, the annual salary report (which indicates whether the unit offers a health plan, a pension, or other benefits to full-time and part-time employees), and, in the case of townships, the TA-7 Report (Township Assistance). Reports filed after December 31, 2012 by cities, towns, townships, and counties must include a statement by the executive (as defined in IC 36-1-2-5) of the unit regarding whether the unit has implemented an anti-nepotism policy under IC 36-1-20.2 and IC 36-1-21. If a unit does not implement a policy under IC 36-1-20.2 and IC 36-1-21, the Department may not approve the unit's budget or any additional appropriations for the unit for the ensuing calendar year. For taxes due and payable for an assessment date after January 15, 2012, the Department may not approve a budget or a property tax levy associated with a debt unless the unit's debt issuance report has been submitted to the Department. The Department may for good cause grant a waiver to the requirement. Other reporting requirements are according to the Indiana Code.

Precisely because the budget process is in part a political process, it is impossible to say that there is a single uniform way of preparing the budget. The process differs according to the political, managerial, and personal dynamics of the elected and appointed public officials involved in preparing, adopting, and approving the budget. In addition, there are few statutory assignments of responsibility for local government budgeting, other than those general ones set out above.

Summary

In this section, we discussed the following:

- Budgets undergo three stages of review: first, by the county council; second, by the unit's fiscal body and; third, by the Department.

- The Department makes final determinations of budgets, property tax rates, and tax levies.

- Report filing requirements for units to receive a budget, additional appropriations, and a property tax levy.

REMEMBER!

- September 1: Last possible day for a unit to submit its proposed budget, tax levies, and tax rates to the appropriate fiscal body for review or adoption by that fiscal body.

- September 13: Last possible day for unit or fiscal body to publish the first advertisement of its proposed budget, tax levies, and tax rates and the time and place at which the unit or fiscal body will hold a public hearing on these matters.

- September 20: Last possible day for unit or fiscal body to publish second advertisement.

- October 1: Last possible day for county fiscal body to perform a non-binding review pursuant to IC 6-1.1-17-3.5.

- November 1: Last possible day for unit or fiscal body to adopt a budget, tax levy, and tax rate.

Chapter 3:
Budgetary Principles and Definitions

In this section, we will discuss the following:

- The concept of a funded budget as it relates to local government budgeting in Indiana.
- The definition and nature of funds.
- The organization of local government budgets.
- The State Board of Accounts' budgetary fund accounting method used for all local governments in the State.

BUDGETARY PRINCIPLES AND DEFINITIONS

Indiana's local government budgeting system is based on a number of fundamental premises that govern both substantive and administrative aspects of the process. Definitions of these guiding principles and definitions are included below.

"Balanced" Budget

Government entities use fund accounting and budgeting. A balanced budget means a funded budget and involves two related budgeting principles:

- The appropriate fiscal body annually adopts a single integrated and funded budget that reflects the financial plan of every fund by department, office, or function, both individually and collectively, as applicable.

- Indiana law requires a funded budget, which means that appropriations are less than or equal to available resources.

Fund Accounts

Local government budgeting is organized into fund accounts that separate receipts and expenditures by source. The purpose of classifying revenues and expenses according to fund is to segregate revenues dedicated for specific purposes. This distinction provides persons with divergent interests a view of the local government budget from the perspective that means the most to them. At the same time, of course, the use of fund account classifications is intended to make the local budget more useful to the elected official at every level of government.

Two basic principles of classification apply:

- Receipts within each fund are classified by source and type.

- Disbursements from each fund are classified by Administrative Unit and Classification (Object) of Expense.

Uniform System of Accounts

The Uniform System of Accounts prescribes both procedures and forms to be used in the preparation of the local budget and in the collection of revenues and the expenditure of funds. The primary purposes of the Uniform System of Accounts are:

- To furnish responsible local officials with an effective aid in the management of the local government.

- To provide taxpayers with an adequate and consistent record of local government operations and information about local government finances.

- To afford local officials, state and federal agencies, and financial or investment analysts sufficient statistical and economic data to assess the financial position of the local government.

- To provide officials at all levels with a uniform system for budgeting, accounting, and reporting.

Fund Structure

Governmental funds are categorized as fund groups or fund types. Each category allows for additional funds to be created according to legal requirements or the needs of the unit. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources together along with the related liabilities and residual balances. The funds are segregated in order to carry out specific activities. The primary governmental fund groups and their purposes are:

- **General Fund:** to account for all financial resources except for those required to be accounted for in another fund;
- **Special Revenue Funds:** to account for the proceeds of specific or designated revenue sources (other than special assessments, capital, debt service, or trust funds) that are legally restricted to use for specific purposes;
- **Capital Funds:** to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment; and
- **Debt Service Funds:** to accumulate resources for the payment of principal and interest of outstanding debts or the payment of leases.

The general fund, capital fund, and debt service fund are normally supported by tax revenues. Special revenue funds, however, have their own dedicated revenue sources and rarely are supported by tax dollars. Special revenue funds are typically supported by fees or user charges imposed on users of a specific service.

Capital funds have different characteristics. Proceeds from bond issues may be deposited into a capital fund to finance construction of a facility. This type of capital fund is normally appropriated one time at the time the bond issue is approved. These appropriations do not lapse at year-end and continue until completion of the project. Other capital funds may be in the form of cumulative capital funds or capital projects funds, which are annually appropriated and may be supported by tax dollars to provide for the accumulation of balances in advance of a capital asset acquisition. Cumulative funds are also used for fleet and vehicle replacement.

The State Board of Accounts is charged with monitoring and auditing funds and the uses of those funds. Additional information may be found in the accounting manuals issued by the State Board of Accounts.

Summary

In this section, we discussed the following:

- The concept of a funded budget is one of the keys to local government budgeting in Indiana.

- The definition and nature of funds.

- Local government budgeting is organized into fund accounts that separate receipts and expenditures by source, purpose, function, and organizational unit within the local government.

- Indiana's State Board of Accounts has established the budgetary fund accounting method for all local governments in the State.

Chapter 4:
Budget Calendars & Financial Reporting Schedules

In this section, we will discuss the following:

- The use of Budget Calendars.

- How Budget Calendars help the local official.

Budget Calendars

The Department provides a Budget Calendar to local officials each year to provide timelines for the advertisement and adoption procedures required by law (please note that the calendar is not a substitute for reading the law). Although law does not prescribe the calendar, the calendar documents the statutory dates for the proper advertisement and adoption of ensuing year budgets. The calendar also contributes to the effective administration of the budget process. Many levels of government are involved in the review and approval of a local budget. Strict compliance with the reporting or activity dates documented in the calendar allows all involved to fulfill their statutory duties while better managing their time. If nothing else, following the established Budget Calendar at least allows local officials to plan their time more efficiently.

A Budget Calendar refers to the schedule of events prescribed by IC 6-1.1-17-5 and IC 5-3-1-2, among other statutes. Every level of government must accomplish certain actions to complete its budget and the calendar delineates the dates on which or by which these actions must occur. Failure to comply with the statutory deadlines will result in the continuation or denial of appropriations and tax levies for the ensuing year.

In addition, the State has established schedules for periodic reports or information submissions related to the budget. Financial Reporting Calendars, which set out these reporting schedules, are found in the State Board of Accounts Accounting Manual and Bulletins.

<u>SPECIAL NOTE:</u> County Auditor's Certificate

Indiana Code 6-1.1-17-1 requires each county auditor to certify estimates of assessed valuation and other information to the fiscal officer of each political subdivision of the county by August 1. This statement must contain:

1) information concerning the assessed valuation in the political subdivision for the next calendar year;
2) an estimate of taxes to be distributed to the political subdivision during the last six months of the current calendar year;
3) the current assessed valuation as shown on the abstract of charges;
4) the average growth in assessed valuation in the political subdivision over the preceding three budget years, adjusted as prescribed by the Department to account for reassessment years;
5) the amount of the political subdivision's net assessed value reduction due to successful appeals, new deductions, or reassessment of property;
6) for counties with cross-county units, the assessed value of the cross-county unit as shown on the most recent abstract; and
7) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

The miscellaneous revenue information provided by the auditor includes excise, financial institution tax, commercial vehicle excise tax, and December property tax estimates. The

Department provides guidelines on the excise estimates. The county highway and local road and street fund estimates are provided by the Auditor of State's office. Bank assessed valuation estimates are provided by the county auditor. Financial institution tax estimates are based on the current year. The Department calculates the final figures when reviewing the budgets and reports them with the 1782 Notice, which contains a preliminary budget for a unit and is sent to the unit for its review before the Department certifies the unit's budgets, tax rates, and tax levies.

Dates in this Budget Calendar are primarily by statute and not adjusted for weekends or holidays.

2013-2014 Local Government Budget Calendar (Abridged):

May 14	Last day for library boards to adopt capital projects fund plan, hold a public hearing, and submit the plan to the library fiscal body. IC 36-12-12-3
June 30	First six months' fund balances and operating results available.
July 15	Last day for Redevelopment Commissions to report available TIF surplus AV or shortfall to county auditor. IC 36-7-14-39
August 1	**Deadline for county auditors to certify 2013 pay 2014 net assessed values and estimates of miscellaneous revenues with units and the Department. IC 6-1.1-17-1**
	Last date on which ten or more taxpayers may file with the county auditor a petition for reduction or revision of a Cumulative Fund levy. IC 6-1.1-41-12
	Deadline for units to submit to the Department cumulative fund proposals. IC 6-1.1-17-16.7
September 3	**Last day for units, including certain libraries under IC 6-1.1-17-20.3, to submit proposed 2014 budgets, tax rates, and tax levies (as applicable) to county fiscal body or other appropriate fiscal body for review and recommendation or adoption.** IC 6-1.1-17-3.5, IC 6-1.1-17-20, IC 6-1.1-17-20.3
September 13	**Last day for first publication of proposed 2014 budgets, tax rates, and tax levies and notice to taxpayers of public hearing (Budget Form 3).** IC 6-1.1-17-3
September 20	**Last day for second publication of proposed 2014 budgets, tax rates, and tax levies and notice to taxpayers of public hearing (Budget Form 3)**. IC 6-1.1-17-3

	Last day that a library board may submit a Capital Project Fund ("CPF") Plan to the Department. (Not a statutory deadline.)
October 1	**Last day for county fiscal body to complete review and issue non-binding recommendation to civil taxing units regarding their proposed 2014 budgets, tax rates, and tax levies.** IC 6-1.1-17-3.5
October 21	**Last day for units to file excessive levy appeals for school transportation fund, annexation/consolidation/extension of services, three-year growth factor, emergency, and correction of error with the Department.** IC 20-46-4-10; IC 6-1.1-18.5-12; IC 6-1.1-18.5-13(1), (3), (13); IC 6-1.1-18.5-14
October 22	**Last *possible* day for taxing units to hold a public hearing on their 2014 budgets. *Public hearing must be held at least ten days before budget is adopted (except in Marion County and in second class cities)*. THIS DEADLINE IS SUBJECT TO THE SCHEDULING OF THE ADOPTION MEETING, WHICH COULD BE HELD BEFORE NOVEMBER 1.** IC 6-1.1-17-5
	In Marion County and second class cities, the public hearing may be held any time after introduction of 2014 budget. IC 6- 1.1-17-5(a). Note that November 1 is the last date for adoption of the budget.
October 29	Last *possible* day ten or more taxpayers may object to a proposed 2014 budget, tax rate, or tax levy of a political subdivision. *Objection must be filed not more than seven days after the public hearing.* THIS DEADLINE IS SUBJECT TO THE SCHEDULING OF THE ADOPTION MEETING, WHICH COULD BE HELD BEFORE NOVEMBER 1. IC 6-1.1-17-5(b)
November 1	**Deadline for all taxing units to adopt 2014 budgets, tax rates, and tax levies**. IC 6-1.1-17-5(a)
	If a taxpayer objection petition is filed, the appropriate fiscal body shall adopt with the appropriate 2014 budget a finding concerning the objections in the petition and any testimony presented at the adoption meeting. IC 6-1.1-17-5(c)
	Last day for schools to adopt their 2014 CPF Plan and Bus Replacement Plan. IC 20-46-6-8.1; IC 20-46-5-6.1
	Deadline for second and third class cities to adopt salary ordinances. IC 36-4-7-3
November 4	Last day for the Tax Adjustment Board or county auditor to complete review of tax rates for the 2014 budget year. In Marion County or a

	county containing a second class city, this action must be completed by December 1. IC 6-1.1-17-9
	Last day for civil units to file adopted 2013 budgets with county auditor and TAB. Must not be later than two (2) days after budget adoption. IC 6-1.1-17-5.
	Last day for units to submit their 2014 budgets, tax rates, and tax levies to the Department through Gateway.
November 19	*Only if* the proposed 2014 budgets, tax rates, or tax levies are modified by the TAB or county auditor, the county auditor is required—within 15 days of the modification—to publish a notice of the adopted tax rates for the various funds in each taxing district ("TAB chart"). For Marion County and counties containing a second class city, this publication must occur by December 16. IC 6-1.1-17-12
November 29	Ten or more taxpayers or one taxpayer that owns property that represents at least 10% of the taxable assessed valuation in the political subdivision may appeal the TAB or county auditor's modification of a political subdivision's 2014 budget, tax rate, or tax levy by filing an objection with the county auditor. The statement must be filed not later than ten days after the publication of the "TAB chart." For Marion County and counties containing a second class city, this appeal must occur by December 26. IC 6-1.1-17-13. (Unit may appeal TAB Chart to Department for increase in its tax rate or tax levy as modified by TAB or county auditor).
December 16	Last day for the Department to accept additional appropriation requests for the 2013 budget year from units. IC 6-1.1-18-5
December 30	Deadline for units to file shortfall excessive levy appeals with the Department. IC 6-1.1-18.5-12(a)(2)
December 31	End of business for calendar/budget year.
	Deadline for towns to adopt salary ordinance for 2014. IC 36-5-3-2. Note that the ordinance must be adopted the year before it is effective. **Deadline for counties other than Marion County to adopt salary ordinance for 2014**. IC 36-2-5-3
January 1, 2014	Beginning of new calendar/budget year.
January 31, 2014	Deadline for fiscal schools to adopt a budget for the 2015 fiscal budget year. IC 6-1.1-17-5.6

Last day personnel report can be filed. NOTE: The Department may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files this annual report. IC 5-11-13-1

February 17, 2014	The Department **certifies 2014 budgets, tax rates, and tax levies, including those of reorganized school corporations**. IC 6-1.1-17-16; IC 36-1.5-4-7.

Summary

In this section, we discussed the following:

- A Budget Calendar is provided to local officials each year to provide timelines for the budget advertisement and adoption procedures required by law.

- If nothing else, following the established Budget Calendar at least allows local officials to plan their time more efficiently.

Chapter 5:
Property Tax Rates & Tax Levies

In this section, we will discuss the following:

- The role of certification of assessed values.
- The formula for calculating property tax rates.
- The maximum levy calculations.
- The limits to annual property tax levy increases.
- Circuit breaker credits and protected tax levies.

PROPERTY TAX RATES AND TAX LEVIES

In terms of technical and administrative problems, the most difficult part of the budget process is the establishment of an appropriate property tax rate and tax levy. This is particularly difficult because property tax levy increases are limited for each local government. The maximum levy limitation controls the amount of additional property taxes levied by a local government, thereby placing a cap on revenues available through property taxation.

Property Tax Policy

Some units have developed a policy to guide them through establishing the appropriate property tax levies and tax rates. The policy should be designed to improve the local quality of life while sustaining the needs of local government. Tax policy should consider the local economy and demographics, the level of tax burden the public is willing to accept, and a level of diversification in other sources of revenues. Other considerations for tax policy would be tax levels in surrounding communities and balances in the various tax-supported funds.

Property Tax Levies

When determining the levy required for a specific calendar year, local governments are required to subtract from projected expenses any amounts of miscellaneous revenue that will be generated in lieu of property tax. The difference, or amount remaining, reflects what is required to be raised in property tax. If the levy (Line 10, Budget Form 4B) remaining after subtraction of miscellaneous revenues is greater than the maximum levy limitation, a local government has two options:

1) an excessive levy appeal, if applicable; or
2) a reduction in line item expenditures during the current or ensuing calendar year.

Unless the local government is pursuing an excessive levy appeal for budget purposes, the local government will automatically be required to reduce current year or ensuing calendar year expenses. A budget reduction is both a financial and political process. The financial aspect covers the requirement in Indiana for a funded budget, operations within a maximum levy limitation, and avoidance of operating in the red. The political aspects of a funded budget are self-evident.

In preparing tax rates, local officials rely on the certification of net assessed values by the county auditor who works with the county assessor to solidify values that represent the assessed valuation of all real and personal property within the county. The auditor then applies all the appropriate deductions and credits to arrive at the estimated net assessed values. The Department provides the auditor and other official data on the valuation of public utilities and on specific taxation limitations.

This information is used by each local official in the determination of tax rates and tax levies for the ensuing calendar year. The information is to be certified by the auditor no later than August

1. If a local government fiscal officer does not have this certified information, he or she should speak to the county auditor about the status of assessed value certification.

Maximum Property Tax Levies

Local governments are permitted property tax levy growth under IC 6-1.1-18.5-3. Generally, the maximum levy is the previous year's maximum levy plus the Assessed Value Growth Quotient ("AVGQ"), which is the lesser of either the six year state-wide average increase in nonfarm personal income or 6%. Local governments may qualify for an additional increase through the excessive levy appeal process. Proper procedures must be followed to obtain an excessive levy appeal.

The maximum levy limitations are determined by state statute and calculated by the Department. The maximum levy represents the maximum amount of property taxes that may be raised in a given year. Local governments have one maximum levy worksheet. The estimate of revenue to be raised through property taxes for all of a local government unit's funds may not exceed the maximum levy established for the unit. This levy limitation includes any levies for the general fund and other local government funds. The fiscal officer must balance the needs of the local government with the levy limitations. Some units may have funds that fall outside the maximum levy limitation. These are called exempt or non-controlled funds and are often related to the repayment of debt. We will discuss controlled versus non-controlled funds a little later in this chapter.

Excessive Levy Appeals

Civil taxing units are allowed to exceed the maximum levy only under certain circumstances and only with the approval of the Department. Indiana Code 6-1.1-18.5 permits the Department to provide relief for the following types of claims:

- Annexation, consolidation, or extension of services.
- Three-year growth factor exceeding 2% of the state-wide average.
- Correction of advertising errors, mathematical errors, or errors in data.
- Property tax distribution shortfalls due to erroneous assessed values supplied by the county auditor.
- Emergency caused by natural disaster, an accident, or other unanticipated emergency.

Each year the Department issues a memorandum with the appropriate forms to be used in submitting an appeal. The memorandum is revised annually to reflect changes in the Indiana Code.

Property Tax Rates

Determination of a local government's proposed property tax rate is calculated on the 16 Line statement or "Budget Form 4B," Estimate of Funds to be Raised. The Estimate of Funds to be Raised is the property tax levy desired for each fund. Step one involves determining the assessed valuation of taxable property within the local government's jurisdiction. This assessed valuation is provided by the county auditor and certified to the Department. The same calculation is used for each fund with a property tax levy.

Step two requires the fiscal officer to take the estimate of funds to be raised on Line 16 of Budget Form 4B and divide that amount by the total assessed valuation (per each $100 of assessed valuation) for the unit to determine the tax rate needed to support the fund.

Tax Rate x (AV / 100) = Tax Levy
or
Tax Levy / (AV / 100) = Tax Rate

Example:
Estimate of funds to be raised is $100,000
Assessed valuation is $160,000,000
Tax rate: 100,000/ (160,000,000 / 100) = 0.0625 tax rate
(To check your work, 0.0625 x (160,000,000/100) = 100,000)

The tax rate calculated (0.0625) represents the property tax rate needed to support this particular fund. The same calculation is made for all funds with a property tax levy.

Once the fiscal officer determines the tax levy for each fund, he or she must determine whether each fund is “controlled.” Controlled levies fall under the maximum levy limitation. To ensure that the local government is within its maximum levy limitation, the fiscal officer must also determine the “working maximum levy.” For most local government units, the working maximum levy is determined by adding the financial institutions tax adjustment and the cumulative capital development fund levy to the Department-certified maximum levy, as applicable (the Department field representative assigned to your county can assist with this calculation). The fiscal officer then compares the sum of controlled fund levies to the working maximum levy figure. If the controlled levies exceed the working maximum levy, the local government fiscal body may have to consider making budget cuts for the ensuing year or reductions in current year remaining appropriations (Line 2).

Circuit Breaker Credits

The “circuit breaker credits” are a constitutional protection for property owners to ensure that no more than a certain percentage of a property’s gross assessed value is paid in taxes. The percentage represents the “cap” for property taxes on the property. If the taxes for a property exceed the cap percentage, a property tax credit is issued for the dollar amount above the cap. The actual property tax to be paid would then equal the dollar amount of the property’s gross assessed value multiplied by the circuit breaker percentage cap. For example, if a property with a gross assessed value of $100,000 has a tax bill of $2,100 and the circuit breaker percentage cap is 2%, a tax credit in the amount of $100 would be issued for that property, thereby reducing the property tax amount due to $2,000 or 2% of its gross assessed value.

Property taxpayers are not to be charged property taxes more than 1% of the gross assessed value of a qualified homestead; 2% for non-homestead residential property, long-term care property, and farmland; and 3% for all other property. There are very few exceptions to the circuit breaker limits. Any voter-approved referenda are outside of the circuit breaker calculations. Also, “special assessments” are not subject to circuit breaker protections. Examples of special assessments are charges for conservancy districts.

Legislation approved in 2012 creates the distinction of “protected” and “unprotected” property tax levies. Basically, beginning with taxes payable in 2014, a “protected” tax levy is exempted from the impact of circuit breaker credits. The amount of circuit breaker credits attributed to the “protected” taxes would be allocated proportionately to all other funds of that civil taxing unit. The effect of “protected” taxes is to fully fund those tax levies and transfer the loss of revenue due to the circuit breaker credits to other funds. All property tax-supported debt service funds (excluding tax increment financed debt) are treated as “protected” funds.

Summary

In this section, we discussed the following:

- In preparing tax rates, local officials rely on the certification of assessed values by the county auditor.

- Each year maximum levies are increased by the lesser of either the six year state-wide average increase in nonfarm personal income or 6%.

- Excessive Levy Appeals.

- Circuit breaker credits are protections for taxpayers.

Chapter 6:
Getting Started: Budget Process and Forms

In this section, we will discuss the following:

- Tips for putting together a local government budget.
- Indiana Gateway for Government Units.
- Completing the Current Year Financial Worksheet.
- Completing the Debt Worksheet.
- Completing Budget Form 1.
- Completing Budget Form 2.
- Completing Budget Form 3.
- Completing Budget Form 4.
- Completing Budget Form 4A.
- Completing Budget Form 4B.
- Completing the County Council Review Worksheet.
- The 1782 Notice.
- The Department budget certification.

Getting Started

Beginning with the 2012 budget year, the Department collects budget forms electronically through Gateway, modernizing the way we collect and publish local government information. Submission of the budget forms through Gateway offers units of government and taxpayers an important tool for understanding the services local governments provide and the cost of providing them. Once submitted, the budget forms are available online for all to view.

With this electronic data, the Department places taxpayer-friendly reports and interactive research tools online, dramatically increasing transparency and accessibility of local government financial information. Budget figures become part of an interactive, taxpayer-friendly research website where data can be easily compared among different units, analyzed per capita, and studied in the context of actual economic conditions. These data are available shortly after the November 1 adoption deadline.

The Department has furnished local officials with a number of resources to assist with Gateway at www.in.gov/dlgf/9105.htm. Resources on this page include detailed user guides with screenshots, sections about general navigation, Gateway tools and time-savers, submission of forms, and printing; a video tour; and a list of Gateway Help Centers.

Gateway requires a secure login and government officials will need an e-mail address to access Gateway. If you need a username and password, please send your name, email address, job title, unit name, and county to gateway@dlgf.in.gov. You will be notified via email when your account has been created. For more information about the Gateway user guides, see http://www.in.gov/dlgf/9105.htm. The Gateway user guides are revised annually and contain vital instructions and steps to be followed. The following discussion is a general description of the process and the forms and their purpose.

Common Budget Forms

- Current Year Financial Worksheet (also called a Line 2 Worksheet)
- Debt Service Worksheet
- Approved Department Additional Appropriation Orders
- Budget Form 1 – Local Government Budget Estimate
- Budget Form 2 – Estimate of Miscellaneous Revenue
- Budget Form 3 – Notice to Taxpayers of Budget Estimates, and Tax Levies
- Budget Form 4 – Ordinances for Appropriations, Levies, and Tax Rates
- Budget Form 4A – Certificate of Appropriations
- Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate
- County Council Review Worksheet (also called the Non-Binding Review Worksheet)
- 1782 Notice
- Department Budget Certification

Putting the Budget Together

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

TIPS

- Determine whether current items appropriated are actually needed.
- Should some appropriations be increased or should some be decreased?
  Look at current and prior year spending levels. If money has been left over at the end of the year, you may want to consider reducing the appropriation. If additional appropriations were made, consider increasing the appropriation.
- Is there something new that will need to be funded?
- How many pay periods will be expensed to the ensuing budget year?
- If I do add an item, can the local government unit afford it?
- Begin preparation as soon as possible after June 30.

The Budget Process

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

After the budget workshop, the fiscal officer will need to finalize the local government budget, ensure the necessary data has been entered into Gateway, and then publish the Budget Form 3 in the appropriate number of newspapers (see IC 5-3-1-4) no later than the publication deadlines prescribed by statute. The budget forms are discussed in detail in the sections that follow. The Budget Calendar, which details statutory deadlines, is also included in Chapter 4 of this manual.

In September/October, the county council will review the budgets of civil taxing units subject to non-binding review (schools are not considered civil taxing units and, therefore, do not receive a recommendation) and will issue a non-binding recommendation prior to those units' adoption meetings.

Civil taxing units subject to non-binding review will hold their own public hearings and adoption meetings at which they will adopt their budgets, tax rates, and tax levies per statutory deadlines. Fiscal bodies responsible for adopting the budgets, tax rates, and tax levies of other units will conduct the public hearings and adoption meetings. Please see Chapter 2 of this manual for more information about non-binding review and binding adoption and statutory deadlines.

The deadline for all units of government to adopt their respective budgets, tax rates, and tax levies is **November 1**. According to statute, units must file two copies of their adopted budgets with the county auditor not later than two days after the adoption occurs. Because of Gateway, however, county auditors may access all these budget documents electronically, so the Department has left the decision to county auditors whether the units in their county must file paperwork with them. All forms and documentation are submitted to the Department via Gateway, including the proof of publication and the signed Certificate of Appropriations and Tax Rates. The Department will no longer accept paper documents for budget filing purposes. Schools may still submit paper documents for their capital project fund plan and bus replacement plan.

When all budgets within a county have been reviewed by the Department budget field representative, a 1782 Notice will be prepared and electronically submitted to each unit specifying any revision, reduction, or increase the Department proposes to the unit's budgets, tax rates, or tax levies. Each unit has **ten calendar days** to provide an electronic response to the Department. The Department will consider the proposed adjustments and deliver a certified budget to the unit.

The Department is directed by statute to complete the process of certifying budgets to the county auditor by February 15.

LOCAL GOVERNMENT BUDGET ESTIMATE
BUDGET FORM 1

General:

Budget Form 1 is found online in Gateway and is to be prepared for each fund of the local government. The fiscal officer normally compiles budget information from the individual officeholders by July 1 to determine a total budget estimate for Line 1 on Budget Form 4B. Budget Form 1 is utilized in Gateway to estimate the necessary expenditures for the ensuing budget year. The form is divided into budget classifications as follows:

- **Personal Services** include salary, wages, and employee benefits.
- **Supplies** include office supplies, operating supplies, and repair and maintenance.
- **Other Services and Charges** are appropriated for services other than personal services, which are required by the local government in carrying out its assigned functions, such as legal services, communication and transportation, printing, insurance and rentals.
- **Township Assistance** for direct assistance provided by townships.
- **Debt Service** for payments of principal and interest charges on debts.
- **Capital Outlays** are for the acquisition of land, buildings, machinery, and equipment.

This is further divided into the most common funds and departments that are applicable to the local government.

The "Published Amount" column is used to indicate that amount which the fiscal officer will present to the local government fiscal body for their consideration and approval. The column is then totaled for each budget classification. The total of each fund should then be transferred to Budget Form 4A and then into Line 1 of Budget Form 4B in the "Published Amount" column. The total of each fund's published column on Budget Form 1 will need to be the same amount that is advertised in the Budget Form 3: Notice to Taxpayers.

The right-most column headed "Adopted Amount" is for use by the local government fiscal body in adopting the budget. The local government fiscal body should approve each line item and each major category and total them. This total should then be transferred to Budget Form 4A and then into Line 1 of Budget Form 4B in the "Adopted Amount" column.

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

Budget Form 1 should reflect the needs the fiscal officer considers necessary to perform the unit's governmental function, but take into account the maximum levy. It becomes the fiscal body's responsibility to either make application for an excessive levy appeal (assuming the unit qualifies) or reduce appropriations to fall within the maximum levy.

Indiana Code 36-4-7-6 and IC 36-5-3-3 outline the procedures for formulation of city and town budget estimates, respectively. Budgets for other civil taxing units are the same, except that they may or may not have departmentalized budgets. It is a simple five-step process.

(1) Each department head shall prepare for his department an estimate of the amount of money required for the ensuing budget year, stating in detail each category and item of expenditure he or she anticipates.
(2) The fiscal officer shall prepare an itemized estimate of revenues available for the ensuing budget year, and shall prepare an itemized estimate of expenditures for other purposes above the money proposed to be used by the departments.
(3) The executive shall meet with the department heads and the fiscal officer to review and revise their various estimates.
(4) After the executive's review and revision, the fiscal officer shall prepare for the executive a report of the estimated department budgets, miscellaneous expenses, and revenues necessary or available to finance the estimates.
(5) The fiscal officer shall present the report of budget estimates to the legislative body under IC 6-1.1-17. After reviewing the report, the legislative body shall prepare the Budget Form 4: Ordinance / Resolution of Appropriations and Tax Rates. The legislative body, in the Ordinance / Resolution of Appropriations and Tax Rate, may reduce any estimated item from the figure submitted in the report of the fiscal officer, but it may increase an item only if the executive recommends an increase. The legislative body shall promptly act on the appropriation ordinance.

SPECIAL NOTE: Indiana Code 6-1.1-17-3.5(h) provides that if a civil taxing unit fails to timely file the required information with the fiscal body of the county in which the unit is located, the most recent annual appropriations and annual tax levy of that unit are continued for the ensuing budget year. Indiana Code 6-1.1-17-3.5(i) provides that if a county fiscal body does not make the required recommendations by the date set by statute, the most recent annual appropriations and tax levy for the county are continued for the ensuing budget year. Likewise, IC 6-1.1-17-20(g) provides that if the appropriate fiscal body fails to adopt the budgets, tax rates, and tax levies of a unit subject to binding adoption before the adoption deadline, the most recent annual appropriations and annual tax levy of the city, town, or county, whichever applies, are continued for the ensuing budget year.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.
Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.
For specific instruction on completing the Budget Form 1 in Gateway, see the following Gateway user guide at http://www.in.gov/dlgf/files/Completing_the_Form_1.pdf.

ESTIMATE OF MISCELLANEOUS REVENUES
BUDGET FORM 2

General:

Budget Form 2 in Gateway is the Estimate of Miscellaneous Revenues and accounts for revenue from all sources other than property taxes. The form is divided into multiple categories of revenue codes, each containing two columns. The column titled "July 1 to Dec 31, 20XX" is for amounts expected to be received between July 1 and December 31 of the current budget year. The column titled "Jan 1 to Dec 31, 20XX" is for amounts expected to be received between January 1 and December 31 of the incoming budget year. This process accounts for revenues over an 18-month period.

A separate Estimate of Miscellaneous Revenues must be prepared for each fund maintained by the local government. Not all funds are likely to use every line on the form, but most funds should generate some revenue. There are various means to estimate the anticipated monies, but the most common is by historical trends. Base the estimates over a three-year period, adjusting for any increases or decreases. The county auditor will provide information on some revenues, such as the second half of the current year's excise tax, financial institution tax, and certified share (income tax) distributions. These estimates will be documented on the auditor's certificate. Other sources of revenue are debt proceeds and interest on investments. Please note that officials generally use conservative estimates to avoid overestimating funds.

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

Example:

Total Actual Excise Distribution	2010	$12,577
	2011	$14,856
	2012	$15,992
Three-Year Average		$14,475

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

Step 1: Compute a three-year average of total actual excise tax received by the local government. Each year's total can be found on the auditor's Certificate of Distribution that is sent with the June and December distributions.

Step 2: Add the amounts levied from each fund for the incoming year.

Step 3: Divide the total amount from Step 2 into each fund levy (e.g., $26,155 ÷ $108,176 = 24%)

Step 4: Multiply the three-year excise tax average by the result of Step 3. This represents the amount of excise tax allocated to the fund. (e.g., $14,475 x 0.24 = $3,474)

The calculation of license excise tax is just an estimate. The amount of excise to be distributed to each taxing unit during the June and December settlements is based on that taxing unit's total property tax rate(s) as compared to other taxing units' property tax rate(s). Excise distributions will fluctuate based on the amounts collected and increases/decreases in property tax levies. Any excise refunds made in a taxing district also reduce the amount of excise distributions among the taxing units in the district.

The Department's budget field representatives can provide guidance on making excise estimates. The Department monitors the growth or decline in excise estimates for a three-year period.

The totals of each column of Budget Form 2 are carried forward to Budget Form 4B in the "Published Amount" column. The total of the Budget Form 2 column titled "July 1, 20XX to Dec. 31, 20XX" is entered on Line 8a. The total from the "Jan 1 to Dec 31, 20XX" column is entered on Line 8b.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.

Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.

For specific instruction on completing the Budget Form 2 in Gateway, please see the following Gateway user guide at http://www.in.gov/dlgf/files/Connecting_Funds_and_Revenues_and_Completing_the_Form_2.pdf.

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

General:

Budget Form 3 is prepared in Gateway and is the advertisement to taxpayers concerning the budgets and levies that are to be raised in the ensuing year. In addition, this form notifies the taxpayers of the dates of the public hearing and adoption of the budget. Most of Budget Form 3 can be pulled from information entered in Budget Form 4B. Users will need to manually enter information for column four (“Excessive Levy Appeals”), and information concerning the public hearing and adoption meeting date, time, and place. Please note that the current tax levy should be pre-populated.

Publication of Budget Form 3:

This form is to be published two times with at least seven days separating the two publications. This form must be published a minimum of ten days prior to the public hearing and then a second time at least three days prior to the public hearing, with the publications occurring **no later than September 13 and September 20, respectively.** If the budget is to be published by a daily and a weekly newspaper, the first publication in both newspapers must appear at least ten days prior to the public hearing. Also, there must be a minimum of ten days between the public hearing and the adoption meeting. For example, if the public hearing is held September 5, the adoption meeting cannot be held before September 15.

All units of government will need to advertise any applicable maximum levies. Officials will no longer need to advertise their assessed value on the Notice to Taxpayers.

If an error is made in the preparation of the advertisement of a budget, tax rate, or tax levy, it may be corrected in the second advertisement without penalty. The second advertisement should be labeled “corrected” or “revised.” If the newspaper fails to properly publish the advertisement, a statement to this effect from the newspaper is sufficient. The newspaper must provide the proofs of publication to the taxing unit for inclusion in the budget paperwork.

Conduct of Hearings:

The public hearing is for the benefit of taxpayers. Copies of the budget should be made available to interested taxpayers. The fiscal body conducting the hearing should ask for comments from those in attendance and allow them the opportunity to speak for or against any budgetary items. Ten or more taxpayers have the right to submit their objections to the budget not more than seven days after the public hearing. The adoption meeting is where the fiscal body meets to take final action on the budget. At the adoption meeting, the fiscal body must consider those objections and submit their findings and final actions, in writing, with the budget. In short, each objection must be addressed along with the reason for the action taken. If the fiscal body fails to satisfy taxpayer concerns, ten or more taxpayers or one taxpayer that owns property that represents at least 10% of the taxable assessed valuation in the political subdivision may initiate an appeal from the Tax Adjustment Board's or county auditor's modification of the political subdivision's budget, tax rate, or tax levy by filing a statement of their objections with the county auditor. The statement must be filed not later than ten days after the publication of the county auditor's notice of the modification.

Notification Section:

In the notification section of Budget Form 3, the blanks should be filled with the information as prescribed below:

Complete details of budget estimates by fund and/or department may be seen by visiting the office of this unit of government at (Office Location). The political subdivision or appropriate fiscal body shall publish this notice twice in accordance with IC 5-3-1 with the first publication at least ten days before the date fixed for the public hearing and the second publication at least three days before the date fixed for the public hearing.

Notice is hereby given to taxpayers of (Unit Name), (County Name), Indiana that the proper officers of (Adopting Unit Name) will conduct a public hearing on the year 20XX 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 (Adopting Unit Name) 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, (Adopting Unit Name) shall adopt with the budget a finding concerning the objections in the petition and testimony presented. Following the aforementioned hearing, the proper officers of (Adopting Unit Name) will meet to adopt the following budget:

Date of Public Hearing:	Date of Adoption Meeting:
Time of Public Hearing:	Time of Adoption Meeting:
Public Hearing Place:	Adoption Meeting Place:

(Max levies as follows if applicable)
Estimated Civil Max Levy:
Estimated Fire Max Levy:
Estimated Transportation Max Levy:
Estimated Bus Replacement Max Levy:

Budget Estimates and Tax Levies:

Column 1: *Fund Name:* The appropriate fund names will be listed based on the funds added in Gateway's budget application.

Column 2: *Budget Estimate:* The budget estimate is the amount of money that is to be appropriated for each fund. This can be populated using the total appropriations for each fund from the Line 1 of Budget Form 4B's published column. If an amount is not placed in this section, no appropriation may be approved regardless of action taken by the appropriating body at the time of adoption.

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

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

Column 5: *Current Tax Levy:* This column represents the amount of tax levy currently being collected for each fund. This amount is indicated on the budget certification form for the current year. These amounts should populate automatically.

For specific instruction on completing the Budget Form 3 in Gateway, please see the following Gateway user guide at http://www.in.gov/dlgf/files/Completing_and_Printing_the_Form_3.pdf.

ORDINANCE FOR APPROPRIATIONS, LEVIES, AND TAX RATES BUDGET FORM 4

This form is the ordinance formally approving and certifying the money appropriated on Line 1 of Budget Form 4B for the ensuing budget year. Additionally, this form supports/negates the action taken with respect to Budget Form 4B for tax levies and tax rates on Lines 16 and 17. The fiscal body members affirm their action by signing the form and marking the appropriate selection, "aye," "nay," or "abstain."

The mayor (if the unit is a city) approves or vetoes the action of the fiscal body and the fiscal officer attests to the signatures. For units other than cities, the appropriate fiscal body members will record their votes and sign the form, with their signatures attested to by the fiscal officer. Please note that only cities, towns, and counties must have the fiscal officer attesting on the Budget Form 4. This form must be completed by the appropriate fiscal body in order for the local government to have a budget for the ensuing year. For the Department reviewed funds, the budget, tax levy, and tax rates are automatically populated from the adopted columns in the Budget Form 4B.

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

Budget Form 4 is extremely important. All fields are to be completed with the indicated information. Beginning with the 2013 budget cycle, the appropriations, tax rate, and tax levy for each fund must be included separately.

At the top of the form, the blanks should be filled with the information as prescribed below:

Ordinance / Resolution Number: ___________

Be it ordained / resolved by the (Adopting Unit Name) that for the expenses of (Unit Name) for the year ending December 31, 20XX 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 (Unit Name), the property tax levies and property tax rates as herein specified are included herein. Budget Form 4B 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 (Type of Adopting/Fiscal Body).

Name of Adopting / Fiscal Body	Type of Adopting / Fiscal Body	Date of Adoption
(Adopting Unit Name)	(Type of Adopting / Fiscal Body)	(MM/DD/YYYY)

DLGF-Reviewed Funds

Fund Code	**Fund Name**	**Adopted Budget**	**Adopted Tax Levy**	**Adopted Tax Rate**
(Fund Code #1)	**(Fund Name #1)**	**(Fund #1 Budget Amount)**	**(Fund #1 Levy)**	**(Fund #1 Tax Rate)**
(Fund Code #2)	**(Fund Name #2)**	**(Fund #2 Budget Amount)**	**(Fund #2 Levy)**	**(Fund #2 Tax Rate)**
(Fund Code #3)	**(Fund Name #3)**	**(Fund #3 Budget Amount)**	**(Fund #3 Levy)**	**(Fund #3 Tax Rate)**

Home-Ruled Funds (Not Reviewed by DLGF)

Fund Code	Fund Name	Adopted Budget
(Fund Code #1)	(Fund Name #1)	(Budget Amount #1)
(Fund Code #2)	(Fund Name #2)	(Budget Amount #2)

The date entered into the box halfway down the form labeled "Date of Adoption" must agree with the date advertised for the adoption of the final budget. If it does not, the unit must submit minutes showing that the initial meeting was continued.

The bottom of the form has sections where the fiscal body members may vote "aye," "nay," or "abstain" and where the fiscal officer of a city, town, or county must attest to the signatures. There is also a section for the mayor's approval or veto (as applicable).

For specific instruction on completing the Budget Form 4 in Gateway, see the following Gateway user guide at http://www.in.gov/dlgf/files/Completing_and_Printing_the_Form_4.pdf.

CERTIFICATE OF APPROPRIATIONS
BUDGET FORM 4A

General:

Budget Form 4A presents the unit's budget estimates in Budget Form 1 subtotaled by major classification (Personal Services, Supplies, Other Services and Charges, Capital Outlays, Debt Service, and Township Assistance). The form is further divided by fund, department (if applicable), and the published and adopted columns. The Budget Form 4A totals should match the same totals from Budget Form 1.

Unit Identification Section:

The top of the form is used to identify the selected unit, county, and budget year.

The "Select Department" section for funds that are not departmentalized will display as "0000 No Department."

Local Government Budget Classification Section:

This section is used to indicate the amounts published and adopted for each fund by major budget classification. Each category should be indicated by an amount. Each fund will be totaled and should agree with Budget Form 1 as published and adopted. All the necessary data can be pulled from a completed Budget Form 1 with a click of a button. If a change is made in Budget Form 1, the data will need to be re-pulled into Budget Form 4A.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.

Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.

For specific instruction on completing the Budget Form 4A in Gateway, see the following Gateway user guide at http://www.in.gov/dlgf/files/Completing_the_Form_4A.pdf.

BUDGET ESTIMATE – FINANCIAL STATEMENT – PROPOSED TAX RATE BUDGET FORM 4B

General:

Budget Form 4B is used to account for those monies to be raised in the ensuing budget year. The form is designed to account for an 18-month period, meaning the last six months of the current budget year and the entire ensuing budget year. Several lines of this form can be populated by Gateway using totals from the other forms.

This form is commonly referred to as the ***16 Line Statement*** because the form has traditionally included 16 lines of information in past years; the line pertaining to the Net Tax Rate was not indicated by a number. The form contains four sections and two columns.

Unit and Fund Identification Section:

The top of the form is used to identify the year, county, unit, fund, and net assessed valuation. The net assessed valuation refers to the assessed valuation applicable to the fund. The county auditor provides this figure through the auditor's certificate as provided to each taxing unit by August 1. Officials may work with their Department budget field representative to estimate a percentage of last year's certified net assessed values to use as an estimate for the net assessed value until they receive the certified value.

Columns:

PUBLISHED AMOUNT: This column is completed based on the budget estimate as originally prepared and advertised. The total for controlled funds under the maximum levy may exceed the maximum permissible levy, but that part which does exceed the maximum levy should be reflected in the "Excessive Levy Appeal" column of Budget Form 3 if an appeal is being pursued or, if no appeal is being pursued, the tax levies will be reduced to the maximum allowed, which may result in budget cuts unless there is a sufficient operating balance projected on Line 11.

ADOPTED AMOUNT: This column is completed based on the budget as adopted by the local government fiscal body. The Line 1 and Line 16 amounts may be the same or less than that which was advertised, but cannot be more. The adopted rates are reflected on the bottom of this form.

Financial Section:

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

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

The Appropriations Section – Lines 1 through 5:

Line 1: Represents the total budget estimate for the ensuing budget year. This figure is taken from the appropriate fund total of Budget Form 4A which can be pulled from Budget Form 1.

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

(a) Current year approved appropriations from Department's budget certification

PLUS

(b) Any amounts encumbered from the immediate prior year

PLUS

(c) Department-approved additional appropriations during the period January 1 through June 30 of the current year (this does not include additional appropriations approved locally but not processed by the Department)

PLUS

(d) Other non-appropriated obligations

MINUS

(e) Total expenditures during the period January 1 to June 30 of the current year

The resulting computation is placed on Line 2. This amount can be pulled from Line 9 of the Current Year Financial Worksheet.

Line 3: Represents the amount of additional appropriations anticipated, if any, during the period July 1 to December 31 of the current year. This amount can be pulled from Line 10 of the Current Year Financial Worksheet.

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

Line 4a: Represents levy excess not transferred prior to June 30 and temporary loans outstanding but that must be repaid by December 31 of the current year. This amount can be pulled from Line 13 of the Current Year Financial Worksheet.

Line 4b: Represents temporary loans outstanding that will not be repaid by December 31 of the current year. If Line 4b is used, a resolution declaring an emergency is required. (This amount must be accompanied by a resolution of the local government fiscal body stating the date of repayment.) This amount can be pulled from Line 14 of the Current Year Financial Worksheet.

If levy excess has not been removed from the fund prior to July 1, then that amount is recognized as being a loan from the levy excess fund.

Line 5: Represents the total of Line 1 through Line 4b, which represents the amount of appropriations needed for an 18-month period. Line 1 represents the ensuing year and Lines 2 through 4b represent current-year appropriations. This field will be totaled upon saving the form.

The Income Section – Lines 6 through 9:

Line 6: Represents the June 30 cash and investment balances. This line must be the same as the June 30 ledger cash balance plus investments. This amount can be pulled from Line 15 of the Current Year Financial Worksheet.

Line 7: Represents the amount of property tax money to be received in the current year's December distribution. If the June distribution was deposited after June 30, then this amount would reflect the entire year tax distribution, minus any advance draws distributed and received before June 30. This amount can be pulled from Line 16 of the Current Year Financial Worksheet.

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

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

Line 9: Represents the total of Lines 6 through 8b, which is the total amount of cash from all sources to be received during the 18-month period of July 1 of the current year to December 31 of the ensuing year. This field will be totaled upon saving the form.

Amounts to be Raised by Tax Levy and Tax Rate– Lines 10 through 17:

Line 10: The amount of tax money necessary to fund the ensuing budget (Line 1), which is the remainder of Line 9 from Line 5. This field will be totaled upon saving the form.

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

Line 12: Total of Line 10 plus Line 11. This amount represents the total amount of property taxes to be levied in order to fund Line 1, budget for the ensuing year, and Line 11, operating expenses for the first half of the year following the ensuing year.

Line 13a: Represents the amount of property tax replacement credit used to reduce the taxpayer property tax burden. If the county has adopted the County Adjusted Gross Income Tax ("CAGIT") the county auditor will supply this amount.

Line 13b Represents amount from Local Option Income Tax ("LOIT") Levy Freeze used for replacement credits.

Line 14: Subtract Lines 13a and 13b from Line 12.

Line 15: Represents the amount of tax money collected in excess of 100% of the certified budget levy calculated by the Department in the immediately preceding year. **ONLY** the Department will utilize this line.

Line 16: Subtract Line 15 from Line 14. This amount represents the total amount of taxes to be levied to fund the ensuing year budget and the cash flow for the first half of the subsequent budget year for each fund. The calculated levy, and the levy certified in the budget order, is before the application of any circuit breaker credits.

Line 17: Represents the tax rate necessary to raise the levy required by Line 16. The rate is determined by the following steps:

(a) Divide the net assessed valuation by 100 (or move the decimal two places to the left).
(b) Divide Line 16 by the net assessed value, per $100 (as determined in step a).
(c) The result should be taken to four decimal places.

Example: Net assessed valuation = $300,121,370 divided by 100, or $3,001,213.70
Tax levy (Line 16) = $1,986,203
Tax levy / (net assessed valuation / 100) = $1,986,203 / $3,001,213.70 = 0.6618
Tax rate (Line 17) = 0.6618

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.

Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.

For specific instruction on completing the Budget Form 4B in Gateway, see the following Gateway user guide at http://www.in.gov/dlgf/files/Completing_the_Form_4B.pdf.

CURRENT YEAR FINANCIAL WORKSHEET

Many officials may know the Current Year Financial Worksheet under its previous name, the Line 2 Worksheet. This worksheet helps to derive a total of six lines that can be carried over to Budget Form 4B.

Most of these fields are data entry, whereas a few are populated from the Department's database or by totaling other lines on the worksheet. Navigation of the Current Year Financial Worksheet is done through a drop-down menu that will allow users to select a fund. All funds will need a completed Current Year Financial Worksheet. The Current Year Financial Worksheet is divided into six sections: Line 2, Line 3, Line 4a, Line 4b, Line 6, and Line 7.

Line 2:

Line 1: Current Year Approved Budget – For DLGF-approved funds, this value is your prior year certified budget. All other funds will need its current year adopted budget amount manually entered.

PLUS

Line 2: Encumbrances Brought Forward – Any open purchase order or contract that should have been paid in a previous year, but was not paid until the current year.

PLUS

Line 3a: Additional Appropriations (January to June)

MINUS

Line 3b: Reductions January through June – Amount determined by a resolution to decrease the current year certified budget.

PLUS

Line 4: Other Non-Appropriated Obligations – Any current item added to the current year appropriation that was not originally counted for and is included in the expenditures. (i.e., insurance reimbursements)

EQUALS

Line 5: Total Appropriations – The total appropriations for the upcoming budget year are calculated as the sum of Lines 1, 2, 3a, 4 minus 3b. This field will be automatically calculated once form has been saved.

MINUS

Line 6: January through June Current Year Disbursements – The total of any expenditures for this time period.

EQUALS

Line 7: Appropriation Balance – The appropriation balance will be calculated as the Line 5, Total Appropriations, minus Line 6, January through June Current Year

Disbursements. This field will be automatically calculated once the form has been saved.

MINUS

Line 8: Reductions July through December – Any anticipated or actual reductions planned in the last half of the current year.

EQUALS

Line 9: Estimated Current Year Expenditures July through December – The Estimated Current Year Expenditures July through December is calculated as Line 5, Total Appropriations, minus Line 6, January through June Current Year Disbursements, minus Line 8, Reductions July through December. This field will be automatically calculated once the form is saved. This is the amount that can be pulled into Line 2 of the Budget Form 4B.

Line 3:

Line 10: Proposed/Approved Additional Appropriations for July through Dec. of Current Year – Please type the total amount of all proposed or approved additional appropriations for this time period.

Line 4a:

Line 11: Levy excess not transferred prior to June 30 – Insert the balance in the levy excess fund that has not been transferred to the appropriate fund. The appropriate fund would be the general fund for all non-township units and the general and/or fire fund for townships.

PLUS

Line 12: Temporary Loans outstanding as of June 30 – These include inter-fund transfers and tax anticipation warrants.
What fund loaned the cash on Line 12? – Please type the name of the fund or financial institution that loaned the funds.

EQUALS

Line 13: Temporary loans not included in Lines 2 or 3 – This amount will automatically total the amounts entered in lines 11 and 12 once the form is saved.

Line 4b:

Line 14: Temp loans to be repaid in the first six months of ensuing year – These include inter-fund transfers and tax anticipation warrants.
What fund loaned the cash on Line 14? – Please type the name of the fund or financial institution that loaned the funds.

Line 6:

Line 15: June 30 Cash Balance, including investments – Please include the June 30 cash balance, including investments for this fund.

Line 7:

Line 16: Taxes to be collected, present year (December Settlement) – Please include the property tax dollars to be collected between July 1 – December 31. This often consists of the December settlement, but can also include the June settlement, if it was not on time.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.
Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.

For specific instruction on completing the Current Year Financial Worksheet in Gateway, see the following Gateway user guide at
http://www.in.gov/dlgf/files/Completing_the_Current_Year_Financial_Worksheet.pdf

COUNTY COUNCIL REVIEW WORKSHEET

Indiana Code 6-1.1-17-3.5 requires county fiscal bodies to annually review the proposed budgets, tax levies, and tax rates of certain civil taxing units and to issue non-binding recommendations regarding those proposed budgets, tax levies, and tax rates.

In the past, this worksheet was completed in Excel or jointly prepared by the local official and the Department budget field representative at the budget workshop and printed. A hard copy would have to be printed on legal size paper and then delivered to the county auditor.

Now this form will be completed by the unit and submitted online to the county through Gateway. The only change that has occurred is the means of submission. It is very important to submit this report **by September 1** of each year to aid proper budget approval. Failure to comply with the statutory deadlines will result in the continuation of the unit's budget, tax rates, and tax levies for the ensuing year.

All the information required for the County Council Review Worksheet can be pulled into the form with a single click of a button as long as the published column and net assessed values are completed for all funds in the Budget Form 4B. This worksheet is comprised of four sections. The first section asks for the ensuing year's net assessed value estimates per fund. The remaining sections ask for each funds ensuing year's proposed budget, tax levy, and tax rates,

The form will automatically calculate the percent changes and comparisons from previous years and the state and county growth quotients.

Please note that non-DLGF reviewed funds may not appear in this worksheet.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.
Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing and submitting the form.

For specific instruction on completing the County Council Review Worksheet in Gateway, see the following Gateway user guide at www.in.gov/dlgf/files/Completing_the_County_Council_Review_Worksheet.pdf.

DEBT WORKSHEET

A Debt Worksheet must be completed for any debt service payments made with property taxes that are paid from a separate debt service fund. The debt worksheet is composed of two sections. The top section lists the taxing unit and county information, along with the debt fund name and number. A unit may have multiple debt funds, so it is important to note that the fund name and number of each debt fund are present.

The second section of the worksheet details the amounts necessary to fund the debt payments. Column one identifies or names the debt issue. Column two lists the due dates and payments to be made between July 1 and December 31 of the current year. Column three is for the ensuing year's debt service payments. Traditionally, there are two semi-annual payments. Column four is for the payment to be made in the first half of the year after the ensuing year. The amount in column four is the maximum amount allowed for an operating balance on Line 11 of Budget Form 4B. The amount of the ensuing year's property tax levy is to be sufficient to pay the principal and interest payments in the ensuing year, minus projected miscellaneous revenues. Also allowed are nominal amounts for administrative fees. An amortization schedule is required for each debt issue and is to be included with the Debt Worksheet. If the payment is for a lease, include a copy of the lease rental agreement and an affidavit from the holding corporation stating that there are insufficient funds available to retire the debt. All lease payments are subject to annual appropriations by the fiscal body. Please note that debts must be submitted in Gateway Debt Management before they can be linked to a debt service fund in order to appear in the Debt Worksheet. Once a debt has been linked, the debt name can be selected in the Debt Worksheet and the payments can then be checked to be associated with the appropriate Line 2, 1, or 11 column.

Signature of Fiscal Officer:

Blank 1: Insert name of fiscal officer.
Blank 2: Insert title of fiscal officer.
Blank 3: Enter, **BUT DO NOT ADVERTISE,** fiscal officer PIN.
Blank 4: The date should automatically populate upon signing the form.

For specific instruction on completing the Debt Worksheet in Gateway, see the following Gateway user guide at http://www.in.gov/dlgf/files/Connecting_Funds_and_Debts_and_Completing_the_Debt_Worksheet.pdf.

THIS COMPLETES THE DISCUSSION OF BUDGET FORMS. THE FOLLOWING INFORMATION ADDRESSES OTHER COMPONENTS IN THE BUDGET PROCESS.

The 1782 Notice

After all the budgets within a county have been reviewed by the Department budget field representative, a 1782 Notice will be prepared and issued electronically to all civil taxing units in that county and will specify any revision, reduction, or increase the Department has proposed concerning that unit's annual budget, tax rate, or tax levy. The 1782 Notice will be electronically sent to all recipients listed on the 1782 Recipients Form in Gateway. Units should compare by fund the budget, tax rate, tax levy, the miscellaneous revenues, and fund balance to the amounts adopted by the fiscal body. The 1782 Notice will disclose the projected ending fund balances based on all the information provided or that is available. Each unit has **ten calendar days** to provide a written response electronically to the Department. Each unit is requested to respond as soon as possible to accelerate the budget certification process. The Department will consider the requested adjustments by the units and make a final decision.

The 1782 Notice is the last step of the budget process prior to issuing the certified budgets. The Department is required by law to complete the process and certify the budgets, appropriations, tax rates, and tax levies by **February 15** of each year.

Budget Certification

The budget certification is the *final* action of the Department. All other documentation a local government may receive from the Department should be considered "Work in Progress" and must not be considered as any type of approval or certification.

The budget certification informs the unit of the approved budget, tax rate, and tax levy for each fund submitted. It also informs the unit how much and to which fund to deposit the amounts carried in the levy excess fund.

Budget appropriations may be transferred within each budget classification (i.e., Salaries to Benefits, etc.). Appropriations may also be transferred between budget classifications (i.e., Supplies to Other Services and Charges); however, this second type of transfer must be approved by adoption of a resolution or ordinance by the local government fiscal body.

When the Department certifies the total budgets, tax rates, and tax levies for each taxing unit and fund, a complete certification is mailed to the county auditor. The county auditor maintains one copy in his or her office for reference purposes and distributes a copy of the applicable certification to each taxing unit. This should be done immediately to allow units the opportunity to review the certified information. It is important for each unit to verify the accuracy of the information.

Note: The budget certification may contain language associated with the general or fire funds granting the authority to transfer money from the levy excess fund, provided that those balances were incorporated into the budget. This is the only notification given by the Department for the transfer.

LEVY EXCESS FUND

A levy excess fund is a separate fund for property tax collections exceeding 100% of the certified levy for a given calendar year, excluding delinquent property tax collections. Money in this fund is used to reduce the ensuing year's property tax levy. This reduction is reflected on Line 15 of Budget Form 4B. The Department notifies each taxing unit of money to be deposited into a levy excess fund on the levy excess worksheet provided to the county auditor.

During the budget process, it is recommended that the taxing unit not detail levy excess on Line 15 but rather allow for a higher levy on Line 16 to be advertised for budget purposes. This allows some flexibility in case a math error was made in determining the levy. The Department will insert any levy excess on Line 15 during the budget review and hearing process.
Pursuant to IC 6-1.1-18.5-17(f), "A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26."

Summary

In this section, we discussed the following:

- Tips for putting together a local government budget.
- Completing Budget Form 1.
- Completing Budget Form 2.
- Completing Budget Form 3.
- Completing Budget Form 4.
- Completing Budget Form 4A.
- Completing Budget Form 4B.
- The 1782 Notice.
- The Department budget certification.

Appendix A:
Guidance Memoranda

IMPORTANT NOTE! The Department frequently issues memoranda regarding changes in procedures and new legislation affecting the topics discussed in this manual. Some material in this manual is subject to legislative change and may not reflect current law. Therefore, users should rely on the memoranda for the latest directions and legal requirements.

In particular, the Department annually releases updated memoranda on the topics of cumulative funds, additional appropriations, excessive levy appeals, and the Budget Calendar. These memoranda are available at http://www.in.gov/dlgf/2444.htm.

Appendix B:
Publication Requirements: IC 5-3-1-4

Sec. 4. (a) Whenever officers of a political subdivision are required to publish a notice affecting the political subdivision, they shall publish the notice in two (2) newspapers published in the political subdivision.

(b) This subsection applies to notices published by county officers. If there is only one (1) newspaper published in the county, then publication in that newspaper alone is sufficient.

(c) This subsection applies to notices published by city, town, or school corporation officers. If there is only one (1) newspaper published in the municipality or school corporation, then publication in that newspaper alone is sufficient. If no newspaper is published in the municipality or school corporation, then publication shall be made in a newspaper published in the county in which the municipality or school corporation is located and that circulates within the municipality or school corporation. The notice shall be posted:

(1) at or near the city or town hall or school administration building; or

(2) at the:

(A) public building where the governing body of the respective city, town, or school corporation meets; or

(B) post office in the municipality or school corporation (or at the bank if there is no post office); if the municipality does not have a city or town hall, or the school corporation does not have an administration building.

(d) This subsection applies to notices published by officers of political subdivisions not covered by subsection (a) or (b), including township officers. If there is only one (1) newspaper published in the political subdivision, then the notice shall be published in that newspaper and if another newspaper is published in the county and circulates within the political subdivision in the other newspaper. If no newspaper is published in the political subdivision, then publication shall be made in a newspaper published in the county and that circulates within the political subdivision.

(e) This subsection applies to a political subdivision, including a city, town, or school corporation. Notwithstanding any other law, if a political subdivision has territory in more than one (1) county, public notices that are required by law or ordered to be published must be given as follows:

(1) By publication in two (2) newspapers published within the boundaries of the political subdivision.

(2) If only one (1) newspaper is published within the boundaries of the political subdivision, by publication in that newspaper and in some other newspaper:

(A) published in any county in which the political subdivision extends; and

(B) that has a general circulation in the political subdivision.

(3) If no newspaper is published within the boundaries of the political subdivision, by publication in two (2) newspapers that:

(A) are published in any counties into which the political subdivision extends; and

(B) have a general circulation in the political subdivision.

(4) If only one (1) newspaper is published in any of the counties into which the political

subdivision extends, by publication in that newspaper if it circulates within the political subdivision.

(f) A political subdivision may, in its discretion, publish public notices in a qualified publication or additional newspapers to provide supplementary notification to the public. The cost of publishing supplementary notification is a proper expenditure of the political subdivision.

Appendix C
Glossary

Term	Definition
Accrual Basis of Accounting	Where revenues and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.
Appropriation	The legal authority by the fiscal body to expend funds or incur obligations for specific purposes.
Assessed Value	The estimated value of property for tax purposes. Assessed value is approximately equal to market value, ideally within 10%.
Budget	A plan of financial activity for a specified period of time indicating all planned revenues and expense for the period.
Budget Calendar	The schedule of key events or dates which a government follows in preparation and adoption of the budget.
Budget Form 1	Budget form used to estimate budgetary needs, by line item, for the ensuing budget year.
Budget Form 2	Budget form used to estimate revenues. Column A is for the period July 1 to December 31 of the current budget year. Column B is for the entire ensuing budget year. Budget Form 2 has separate columns for Department use.
Budget Form 3	Budget form used to advertise the date and location of the public hearing, adoption meeting, and budget and tax levy for the ensuing budget year. The form also informs taxpayers of the maximum permissible tax levy and appeal rights.
Budget Form 4	Budget form used by the fiscal body approving (adopting) budget, tax rate, and tax levy by fund for the ensuing budget year.
Budget Form 4A	Budget form used by the fiscal body to show the breakdown of the advertised and adopted appropriations by classification.
Budget Form 4B	Budget form used to produce a fund tax rate. Form indicates the financial information necessary to fund the ensuing budget.
Budget Form 5	Budget form used to adopt tax rates. Local government units are not required to use this form.
Budget Certification	The certification of approval by the Department of the annual budgets, tax rates, and tax levies for all civil taxing units within a county. The budget certification provides units the authority to tax property.

CAGIT	County Adjusted Gross Income Tax is a locally-approved income tax. Revenue generated by the CAGIT is partially dedicated for property tax replacement credits and the remainder is distributed to local units and may be used for any governmental purpose.
Cash	Monies on hand or invested as evidenced by entry in the unit's ledger.
Cash Basis of Accounting	A basis of accounting in which transactions are recognized only when cash is increased or decreased.
City Executive	Mayor.
CEDIT	County Economic Development Income Tax is a locally-adopted income tax originally designed for economic development projects or debt service repayments. Recently, the allowable uses of this tax have been greatly expanded. Revenues are distributed to cities, towns, and counties. Exceptions may apply.
Circuit Breaker	The maximum amount of property tax for which a property owner is responsible based on a percentage of the gross assessed value of the property. Also referred to as "tax caps."
City Fiscal Officer	Controller (second-class city), Clerk-Treasurer (third-class city)
COIT	County Option Income Tax is a locally-approved income tax. Revenue generated from the COIT is distributed to the civil taxing units within a county and may be used for any governmental purpose.
Controlled Levy	Tax monies that are chargeable against the maximum permissible levy, such as the general fund, motor vehicle highway fund, park fund, and fire/police pension funds.
Cumulative Fund	A type of property tax-supported capital fund that allows for the accumulation of cash balances in advance of the expense.
Current Budget Year	The budget year in which a local government is operating.
Debt Service Fund	A dedicated fund for the payment of outstanding principal and interest charges. Debt service funds may be property tax-supported and are annually appropriated.
DLGF	Department of Local Government Finance is the state agency charged with enforcing Indiana's property tax controls and setting the budgets, property tax rates, and tax levies of local units of government.
Encumbrance	The reserving of an appropriation to reflect either a contractual obligation or a purchase order. An encumbrance represents the reserving of fund balance for an outstanding obligation.
Ensuing Budget Year	The next upcoming budget year that runs from January 1 to December 31. Also known as the "incoming" budget year.

Excessive Levy	An amount of money that exceeds the maximum permissible levy. Can become a permanent increase or a one-year increase depending on the type of appeal submitted.
Excise Taxes	Excise taxes are taxes paid when purchases are made of a specific good, such as gasoline or alcoholic beverages. Excise taxes are often included in the price of the product. There are also excise taxes on activities, such as wagering or highway usage by trucks. Excise tax has several general excise tax programs. One of the major components of the excise program is motor fuel.
Exempt Levy (sometimes referred to as a non-controlled levy)	Tax money raised that is outside the maximum permissible levy. One example could be a debt service fund.
Fiscal Body	Local government council or board. The body with budget approval authority.
Fund	A set of self-balancing accounts containing both revenues and expenses that are segregated for the purpose of carrying out a specific purpose or activity.
Fund Balance	The excess of cash and investments attributed to a fund over that funds liabilities and obligations.
GASB	Governmental Accounting Standards Board. A national body that sets standard accounting practices.
Gateway	An online financial reporting system managed and controlled by the State for local governments to submit annual budgets, financial reports, and outstanding debt information. Gateway is accessible here: http://www.in.gov/dlgf/8918.htm.
General Fund	The fund used to account for all revenues and expenditures applicable to the general operations of the government that are not required to be accounted for in another fund.
Levy	The amount of revenue generated by a tax rate. Also, the amount of tax charged by a government. In Indiana, tax levy primarily refers to the amount of property tax generated or imposed. By extension, the millage rate charged based on the property value.
Levy Excess	The amount of money that is actually raised in excess of 100% of the fund levy approved by the Department (excluding delinquent property taxes collected and distributed).
LOIT	Local Option Income Tax, which is a generic term for COIT, CAGIT, or CEDIT or a combination of income taxes.
Maximum Permissible Levy (Maximum Levy)	The maximum amount of property tax money that may be raised in any budget year as determined by statute and calculated by the Department.
Miscellaneous Revenue	As defined in Indiana, any revenue other than property tax.
OPEB	Other Post Employment Benefits. Future anticipated personnel

	costs required by GASB to be reported as potential liabilities.
Rainy Day Fund	A reserve account where budget surpluses can be transferred from undedicated funds so the funds are held for future purposes.
Settlement	The distribution of taxes by a county auditor to the local units of government within a county. Settlement primarily refers to the distribution of property taxes.
Special Revenue Funds	Operating funds to account for revenues for which the use is dedicated to specific activities or purposes.
TA-7 Report*	A township assistance report issued by township trustees and filed with the State Board of Accounts.
Town Executive	President of Town Council.
Town Fiscal Officer	Clerk-Treasurer.
100 R*	The Annual Personnel Report that must be filed with the State Board of Accounts. The report indicates compensation and whether the unit offers a health insurance plan, a pension, and other benefits to full-time and part-time employees. Report must also include certification that the unit has adopted an anti-nepotism policy.
1782 Notice	The Department is required to notify all units of government of any actions taken by the Department toward the units' budgets, tax rates, tax levies, and miscellaneous revenues before the Department certifies the units' budget. This notification is called a 1782 Notice. The units must respond to the Department within ten days of the notice to request changes, corrections, or modifications.

*The Department is not permitted to certify a budget or process additional appropriation requests if these reports are not filed with the State Board of Accounts.