



# Department of Local Government Finance

## Department of Local Government Finance Role in Budget Certification

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May 18, 2022



# Purpose of Today's Training

- The presentation will cover the following:
  - Budget Calendar
  - CNAV
  - Department Certification Role
  - Avoiding Budgeting Pitfalls
  - Budget Scenarios
  - Department Resources



# DLGF Budget Calendar



# DLGF Calendar

- The Department has posted its 2022 budget calendar. The calendar contains the statutory submission/due dates for some of the key deadlines for the budget certification process.
- Units are encouraged to use the budget calendar as a starting point for creating a unit specific calendar.
- <https://www.in.gov/dlgef/files/2022-memos/220203-Van-Dorp-Memo-2022-Budget-Calendar.pdf>



# DLGF Calendar (Abridged Version)

- June 30
  - Deadline for State Budget Agency (“SBA”) to provide Maximum Levy Growth Quotient (“MLGQ”) to civil taxing units, school corporations, and Department.
    - (Ind. Code § 6-1.1-18.5-2(c))
  - Deadline for submission of Pre-Budget Survey.



# DLGF Calendar (Abridged Version)

- July 15
  - Department will provide each unit with an estimate of the maximum amount of property taxes that may be levied in the ensuing budget year. Report will be posted on the Department's website and values loaded on to the Form 3.
  - Department provides each unit with an estimate for the 2023 non-property tax revenues of FIT, CVET, and Excise based on historical distribution amounts.



# DLGF Calendar (Abridged Version)

- July 15
  - Start of Summer Budget Workshops.
    - Workshops are a voluntary, one on one meeting with your Department Budget Field Representative.
    - Workshops held virtually through Microsoft Teams.
    - A recorded presentation on how to prepare for workshops can be found at:  
[https://www.youtube.com/watch?v=56F4k0\\_yZqg](https://www.youtube.com/watch?v=56F4k0_yZqg)



# DLGF Calendar (Abridged Version)

- August 1
  - Deadline for the Department to provide to each taxing unit with an estimate of the property tax cap loss (“circuit breaker impact”) for the ensuing year. (Ind. Code § 6-1.1-20.6-11.1)
  - The report will be posted on the Department's website and the values will be loaded onto the Form 3 in the Gateway – Budget.





# DLGF Calendar (Abridged Version)

- August 1
  - Last day for county auditor to certify net assessed values (“CNAV”) to the Department.
  - All units are encouraged to use Gateway’s public site to validate the AVs certified by the county auditor.
  - The Department will make AVs visible to every political subdivision via Gateway.
    - [https://gateway.ifionline.org/report\\_builder](https://gateway.ifionline.org/report_builder)



# DLGF Calendar (Abridged Version)

- October 12
  - Last day to post a notice to taxpayers (“Budget Form 3”) of proposed 2023 budgets and net tax levies and a public hearing to Gateway.
- October 22
  - Last possible day for taxing units to hold a public hearing on their 2023 budgets.
- November 1
  - Deadline for all taxing units to adopt 2023 budgets, tax rates, and tax levies. (Ind. Code § 6-1.1-17-5(a))



# DLGF Calendar (Abridged Version)

- December 31
  - Deadline for the Department to certify 2023 budgets, tax rates, and tax levies unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal.
- January 15
  - Deadline for the Department to certify 2023 budgets, tax rates, and tax levies if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal.



# Certificate of Net Assessed Values

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# Certificate of Net Assessed Values



Dashboard

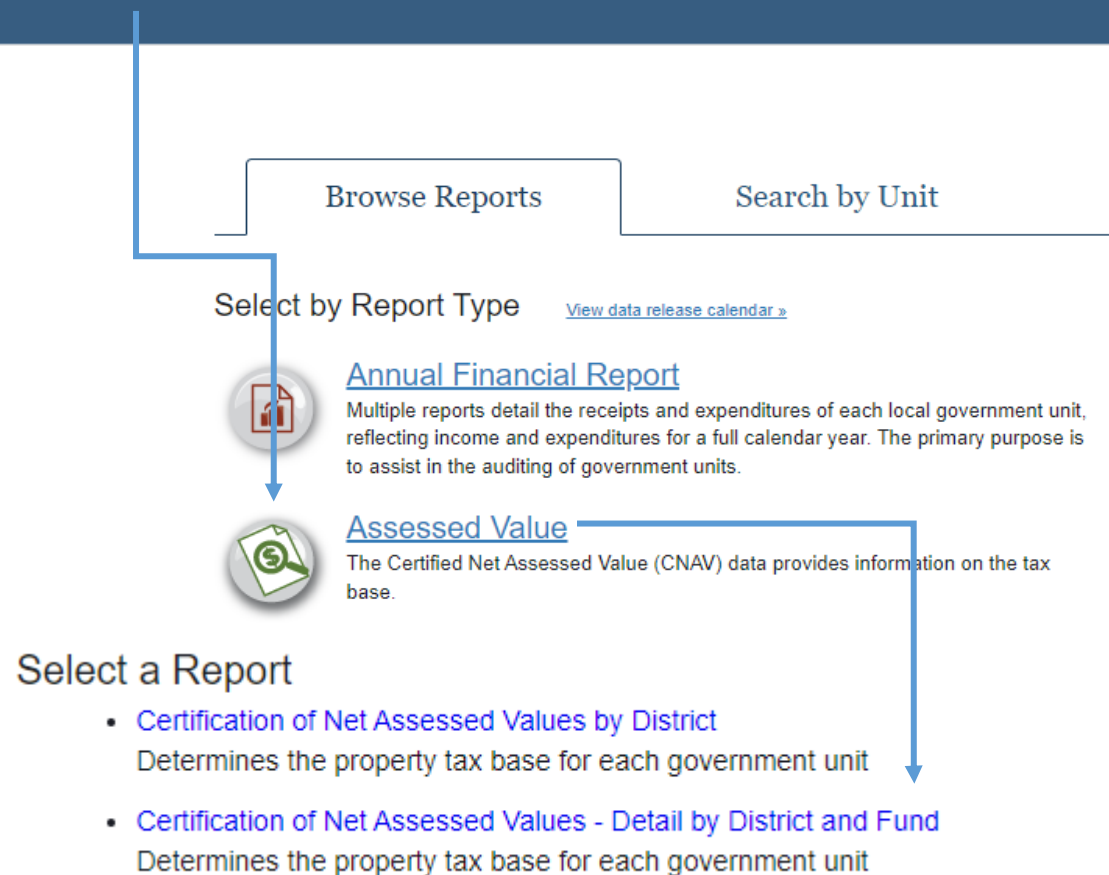
Report Search

Download

Tools

Learn More

- The statutory deadline for county auditor's to certify net assessed values to the Department is August 1.
- Once the county auditor certifies to the Department, we will make those assessed values on the public side of Gateway.
- <https://gateway.ifionline.org/default.aspx>





# Certificate of Net Assessed Values

- What should you review?
- Was there an unexpected increase or decrease in total Net Assessed Value?
  - If so, please contact your county auditor for additional information on changes.
- Are all the correct districts listed for your taxing unit?
- Did your unit change boundaries?
  - If so, have the new taxing districts been added?



# DLGF Certification Role



# Budget Review

- The Department is responsible for 3 main tasks when certifying the budget.
- Were the proper budget procedures followed?
- Are the property taxes within their statutory maximum amounts?
- Are the adopted budgets fundable by the available revenue and cash reported by the unit?





# Budget Review - Procedures

- Were the proper procedures followed?
  - The Department will confirm the advertisement, adoption, and submission dates.
    - Notice to Taxpayers submitted at least 10 calendar days before public hearing. (Ind. Code § 6-1.1-17-3(a))
    - Public and adoption meetings at least 10 calendar days apart. (Ind. Code § 6-1.1-17-5(a))
    - Adopting no later than Nov. 1. (Ind. Code § 6-1.1-17-5(a))
    - Submission of all budget forms within 5 business days of adoption. (Ind. Code § 6-1.1-17-5(d))



# Form 3 and Form 4 – Overview

- The highest appropriation that the Department can approve is the lowest of the following:
  - Advertised Budget (Ind. Code § 6-1.1-18-1)
  - Adopted Budget (Ind. Code § 6-1.1-17-16(c))
  - Fundable Budget (Ind. Code § 6-1.1-17-16(d))



# Form 3 and Form 4 – Overview

- The highest levy that the Department can approve is the lowest of the:
  - Advertised Levy (Ind. Code § 6-1.1-18-1)
  - Adopted Levy (Ind. Code § 6-1.1-17-16(g))
  - Maximum Levy (Ind. Code §§ 6-1.1-17-16(b), 6-1.1-18.5-3(a))
  - Levy the adopted rate generates



# Budget Review – Maximum Levy

- Are the adopted property tax totals within their statutory maximum amounts?
  - If the adopted levies exceed the maximum levy, levies will be reduced to the maximum by the Department.
  - After the reduction is applied, the adopted Form 4B will be re-evaluated with the updated levy amount.



# Budget Review - Fundable

- Are the submitted budgets fundable by the available revenue and cash?
- This analysis is comprised of checking for a positive estimated ending ensuing year cash balance (“Operating Balance”) on Line 18 of Form 4B after making any necessary changes.

<b>18. Operating Balance - Estimated December 31st 2021 Cash Balance</b> (Line 9 + 14 - 17)	<b>200,000</b> (Line 11)	<b>200,000</b>
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# Budget Review – Cumulative Funds

- Additional Level of Review: Cumulative Funds
  - Rate driven “cumulative funds” have an additional level of review where the Department also ensures that the certified rate is within statutory rate caps.
  - Cumulative funds cannot increase their rate from the prior year certified budget unless the cumulative fund was reestablished.
  - Ind. Code § 6-1.1-41-4(b).



# Budget Review – Debt Funds

- Additional Level of Review: Debt Funds
  - Debt funds are also evaluated to ensure that:
    - The expenditures for the current year are matching the appropriate debt payments.
    - The ensuing year's debt payments are fully funded.
    - The ensuing year's estimated ending cash balance is within the statutory limits that vary based off the original closing date of each debt. (Ind. Code § 6-1.1-17-22.)



# Avoiding Budgeting Pitfalls

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# Avoiding Budgeting Pitfalls

- There are different types of errors that can be made during the budget process:
  - Fatal errors - Errors that will prevent the Department from certifying the unit's adopted budget, levy, and rate.
  - Fixable errors - Errors that if caught can be remedied allowing the unit to submit and the Department to certify the maximum allowable budget, levy, and rate.
  - Procedural errors - Errors that may not jeopardize budget certification, but may adversely impact the budget, levy, or tax rate that the Department can certify.



# Avoiding Budgeting Pitfalls

- If a fatal error occurs, the total budget and levy amounts carryover from the prior year.
- This is referred to as a “continuation”.

**STATE OF INDIANA  
DEPARTMENT OF LOCAL GOVERNMENT FINANCE  
2022 Budget Order**

Unit: 0000 Sample Township

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
<b>0101</b>	<b>GENERAL</b> Budget approved for displayed amount. Rate reduced due to increased assessed valuation.	\$39,550	\$573,202,776	\$18,342	\$0.0032
<b>0840</b>	<b>TOWNSHIP ASSISTANCE</b> Budget approved for displayed amount. Rate reduced due to increased assessed valuation.	\$8,000	\$573,202,776	\$9,171	\$0.0016
<b>Unit Total:</b>		<b>\$47,550</b>		<b>\$27,513</b>	<b>\$0.0048</b>



# Form 3 - Overview

- Budgets are advertised by submission of the Form 3.
- Form 3 will list the Date, Time, and Location for the Public Hearing and Adoption meetings.
- Contains all the funds, proposed budgets, proposed levies, proposed excessive levy appeals and current certified levy, and percentage increase in levy.



# Form 3 - Overview

## NOTICE TO TAXPAYERS

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

Complete details of budget estimates by fund and/or department may be seen by visiting the office of this unit of government at 101 Education Blvd, Townsville, IN

Notice is hereby given to taxpayers of County School Corporation, County, Indiana that the proper officers of County Schools will conduct a public hearing on the year 2022 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 County Schools 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, County Schools shall adopt with the budget a finding concerning the objections in the petition and testimony presented. Following the aforementioned hearing, the proper officers of County Schools will meet to adopt the following budget:

### Fill in Hearing Info

Date of Public Hearing	Thursday, October 14 2021	Date of Adoption Meeting	Thursday, October 28 2021
Time of Public Hearing	6:00 PM	Time of Adoption Meeting	6:00 PM
Public Hearing Place	101 Education Blvd, Townsville, IN	Adoption Meeting Place	101 Education Blvd, Townsville, IN
Est. School Operating Max Levy	\$ 5,288,976		
Property Tax Cap Credit Estimate	\$ 4,530		

Contains DLGF estimates of:  
 1) Tax caps  
 2) Max levy



Notifies the taxpayers of the public hearing and adoption meetings.



# Budget Certification Process

- Notifies taxpayers of proposed budget and property tax levy, by fund.
- Also displays: any appeals, current year levy, and the levy %

1 Fund Name	2 Budget Estimate	3 Maximum Estimated Funds to be Raised (Including appeals and levies exempt from maximum levy limitations)	4 Excessive Levy Appeals (Included in Column 3)	5 Current Tax Levy	6 Levy Percentage Difference (Column 3 / Column 5)
0180-DEBT SERVICE	\$4,500,000	\$4,500,000	\$0	3,597,291	25.09 %
3101-EDUCATION	\$13,400,000	\$0	\$0	0	
3300-OPERATIONS	\$7,000,000	\$5,288,976	\$0	5,069,369	4.33 %





# Budget Certification Process – Fatal Errors

- Fatal errors that can occur on Section one of the Form 3.
  - Failure to submit the Form 3 by October 12.
  - Failure to submit the Form 3 a minimum of 10 days prior to the Public Hearing.
  - Failure to advertise a minimum of 10 days between the Public Hearing and the Adoption meeting.
  - Failure to hold meetings on dates advertised.



# Form 3 – Fixable Errors

- Fixable errors that can occur on the Form 3:
  - Advertising a budget or levy that is too low.
    - Column 6 will show the percentage change in the levy for each fund. Review to make sure the increases and/or decreases are what you expect.
  - Failure to advertise for pending appeals.
  - Advertising appeals below the value submitted to the Department.



# Best Practices: Form 3

- Verify the budgets on Form 3 match the desired spending levels on Form 1.
- Compare the advertised levies to the maximum levy estimate on the Form 3.
- Confirm the board members can attend each meeting.
- Ensure that the Form 3 is submitted at least 10 days before the public hearing.
- Contact the Department if meeting dates or times need to be updated.





# Form 4 - Overview

- Budgets are adopted on the Form 4 which contains:
  - The name of the adopting body.
  - Date of the adoption meeting.
  - All of the funds, proposed budgets, proposed levies, and tax rates to be adopted.
  - All board members.
- During adoption, the printed Form 4 has the votes marked and is signed by each board member.
- The adopted Form 4 is scanned and uploaded into Gateway.



# Form 4 - Overview

Be it ordained / resolved by the County School Board that for the expenses of County School Corporation for the year ending December 31, 2022 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 County School Corporation, the property tax levies and property tax rates as herein specified are included herein. Budget Form 4-B for all funds must be completed and submitted in the manner prescribed by the Department of Local Government Finance.

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

Name of Adopting / Fiscal Body	Type of Adopting / Fiscal Body	Date of Adoption
<u>County School Board</u>	<u>School Board</u>	<u>10/28/2021</u>

Fund Code	Fund Name	Adopted Budget	Adopted Tax Levy	Adopted Tax Rate
0180	DEBT SERVICE	\$4,500,000	\$4,500,000	0.3214
3101	EDUCATION	\$13,400,000	\$0	0.0000
3300	OPERATIONS	\$7,000,000	\$5,288,976	0.3778
		Total: \$27,100,000	Total: \$10,988,976	Total: 0.7792

Name				Signature
Landon Ryan	Aye	Nay	Abstain	_____
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Leia Sophia	Aye	Nay	Abstain	_____
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Hannah Marie	Aye	Nay	Abstain	_____
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Lupe Robles	Aye	Nay	Abstain	_____
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sue Bilbrey	Aye	Nay	Abstain	_____
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



# Form 4 – Fatal Errors

- Fatal errors that can occur on Form 4.
- Not holding the adoption meeting on the date advertised on the Form 3.
- Board members not marking their vote.
- Board members failing to sign the form.
- Not having a quorum at the adoption meeting.
- Unintentionally adopting a budget, levy, or rate of \$0.00.



# Best Practices: Form 4

- Compare budgets and levies on Form 4 against the amounts advertised on the Form 3.
- Verify the budgets on Form 4 match the desired spending levels on Form 1.
- Compare the adopted levies to the maximum levy estimate on the Form 3.
- Compare the tax rate against last year's adopted and certified rates.
- Ensure all board members are listed on the Form 4.



# Budget Scenarios



# Budget Scenarios Overview

- The budget is a spending plan that considers both planned expenditures and available revenue.
- The Department's certification is a determination of the fundability of the adopted budget.
- Additional analysis is needed at the local level for long term fiscal planning, such as the proposed budget's affect on projected cash reserves.



# Scenario: Funded Budget

- A funded budget has an anticipated ending budget year cash balance of at least \$0.
  - If the estimated current year ending cash balance plus budget year revenues is equal to or greater than the budget year expenses, then the budget would be approved as adopted.
  - The Department will confirm that the budget is fundable, but does not evaluate if the budget is sustainable.



# Scenario: The Funded Budget

- The fund below has a positive ending cash balance for the budget year.
- Note that the spending exceeds the revenues. What does this deficit spending have on the December 31 cash balances.

Note 2:  
Cash balance decreased  
by \$50,000

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

Note 1: Positive “Operating  
Balance”





# Scenario: Barely Funded Budget

- It's possible to have a fund with an ending cash balance of zero.
  - If the cash reserves plus revenues equals the expenses, then cash reserves would be depleted to zero.
  - The adopted budget would be approved by the Department, but cash flow issues are likely to occur for the unit.



# Scenario: Barely Funded Budget

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

Note 2: On January 1, the unit will have no cash available.

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

Note 1:  
Zero Operating Balance



# Scenario: Unfunded Budget

- It is possible to prepare a budget that has a negative ending cash balance.
  - If cash reserves plus revenues is less than expenses, the budget will be reduced by the amount of the negative ending cash balance to arrive at a budget that is funded by available revenues and cash reserves.
  - Approved budget will deplete cash reserves.
  - Cash flow issues are likely to occur for the unit.



# Scenario: Unfunded Funded Budget

- In this example, the unit adopted a budget of \$350,000, but Department only certified a budget of \$300,000.
- \$0 is available to be spent on January 1 of the year after the budget year.

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

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

Negative Operating Balance

100,000
150,000
(25,000)
75,000
200,000
Advertised
300,000
-
300,000
0

DLGF Certified Amount



# Scenario: The Sustainable Budget

- For a sustainable budget, the expenses are equal to or less than the revenue estimated to be received for the same time period (not including cash on hand).
- This method won't spend down cash reserves and might help build cash reserves and lessen any issues with cash flow.



# Scenario: The Sustainable Budget

- Any local official can assess the budget's sustainability by comparing revenues to expenses or comparing the ending cash balances.

Cash balance is maintained or increased

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

Expenses do not exceed revenues



# Budget Scenarios

- When the Department certifies a budget, it does not analyze the proposed budget's affect on projected cash reserves, beyond the point of fundability.
- Local officials are responsible to ensure that there are adequate cash reserves to support their priorities such as sufficient cash flow and/or the building of cash reserves for future projects.



# Resources





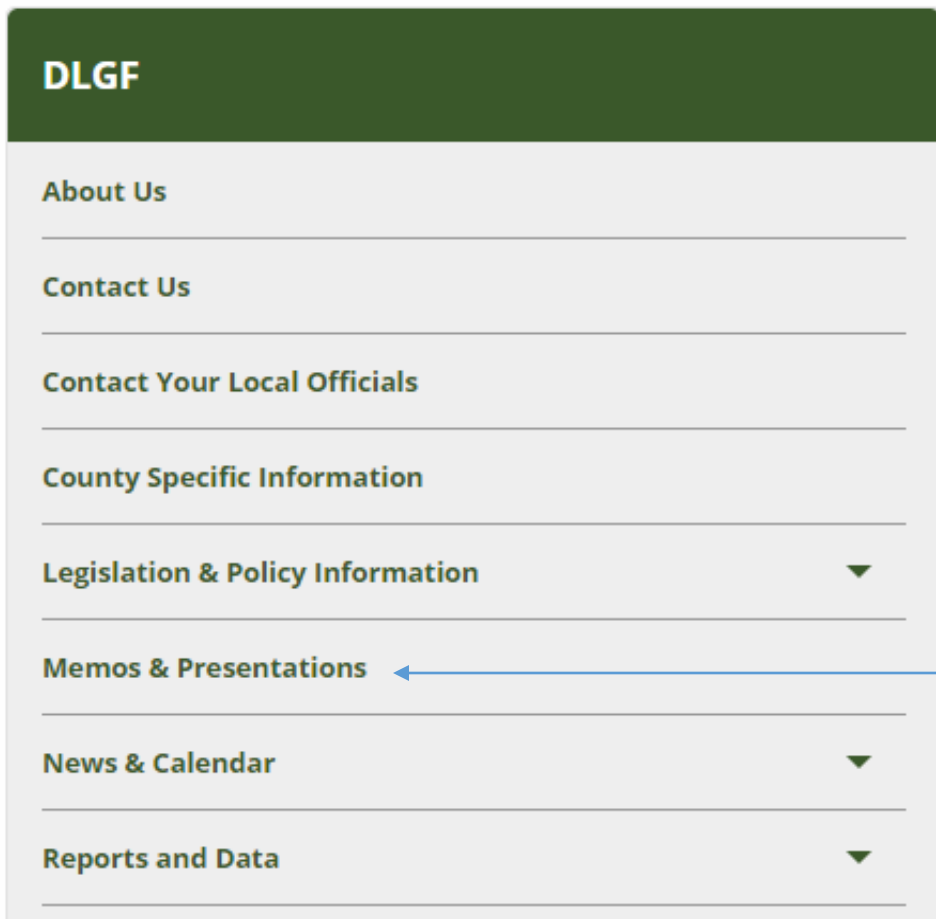
# Budget Field Representatives

- We are your #1 contact at the Department.
- We are here to answer questions.
- We can help explain changes in procedures.
- We can help you avoid common mistakes and, in some cases, help correct those mistakes.
- [https://www.in.gov/dlgf/files/maps/Budget\\_Field\\_Reps.pdf](https://www.in.gov/dlgf/files/maps/Budget_Field_Reps.pdf)





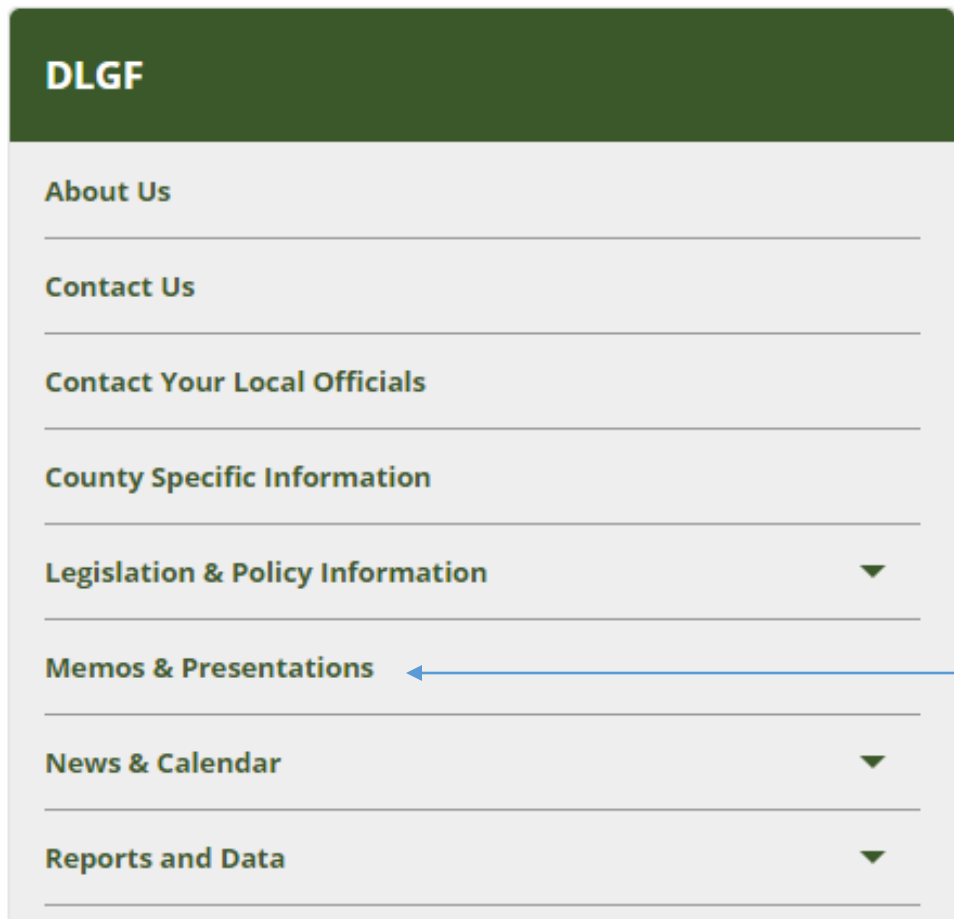
# Memos and Presentations



- Lists all the current year memos and presentations listed by release date: <https://www.in.gov/dlgf/memos-and-presentations/memos/>
- Links to archived memos for past 3 years to give you an idea when memos are usually released.
- Memos will be listed first then the presentations that have been given.



# Memos and Presentations

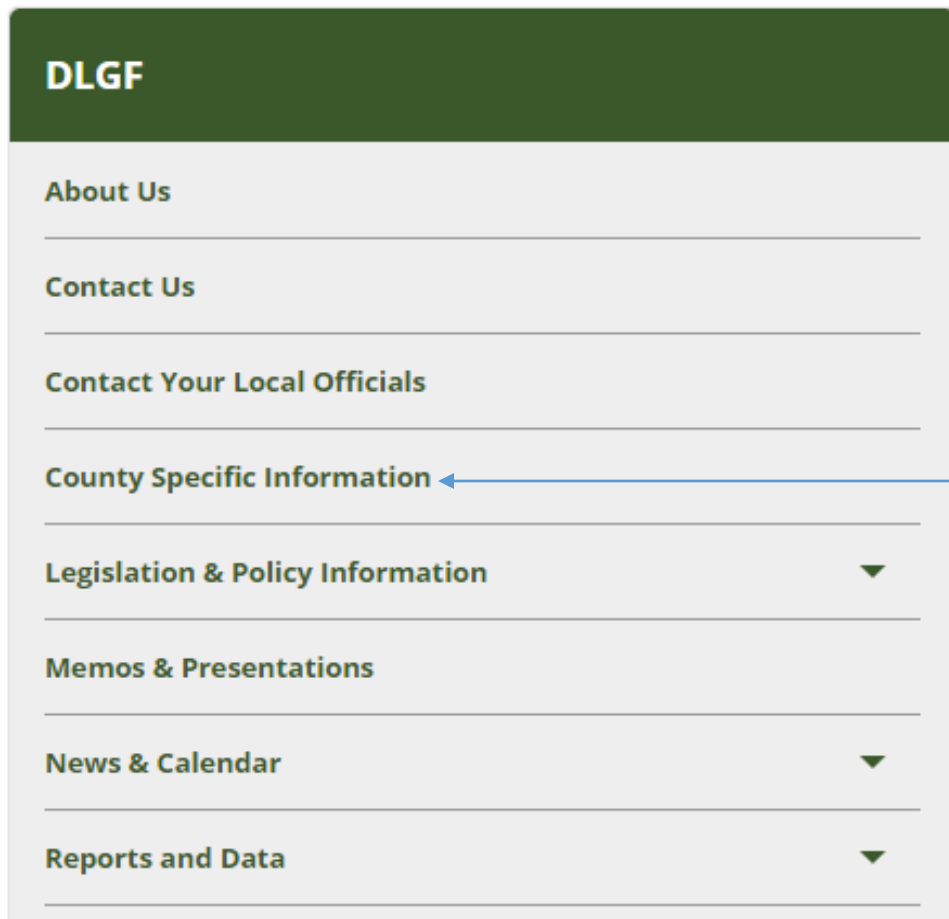


- Currently the memos released related to the budget include the Budget Calendar and Additional Appropriations memo
- Review the Budget Calendar each year for any changes

<https://www.in.gov/dlgf/files/2022-memos/220203-Van-Dorp-Memo-2022-Budget-Calendar.pdf>



# County Specific Information



- County Specific Information is where you can find current or past Budget Orders.
- Actual Circuit Breaker amounts that will be released in April.
- July estimates.



# County Specific Information

- The Department will issue the following reports on the County Specific Information page.
- Not all reports will apply to all unit types.
  - [2022 Certified Local Income Tax Report](#)
  - [2022 Maximum Mental Health and Developmental Disabilities Appropriations](#)
  - [2022 Library Estimated Maximum Budget Report](#)
  - [2022 Calculation of Estimated Cumulative Fund Maximum Rates](#)
  - [2022 Estimated Property Tax Cap Credits by Unit](#)
  - [2022 Calculation of Estimated Maximum Levy](#)
  - [2022 Estimated Debt Service Payments and Levies](#)
  - [2022 Estimated Miscellaneous Revenues](#)
  - [2022 December Property Tax Collections Calculation Worksheet](#)



# Webinars, Presentations, & User Guides

- DLGF Webinars page available at:  
<https://www.in.gov/dlgef/continuing-education/webinars/>
  - [Circuit Breaker Overview](#)
  - [Gateway Overview](#)
- DLGF Presentations page available at:  
<https://www.in.gov/dlgef/memos-and-presentations/presentations/2021-presentations/>
  - [School Form 4B Overview](#)



# Webinars, Presentations, & User Guides

- Gateway User Guides are available at:  
<https://gateway.ifionline.org/help.aspx>
- This page contains detailed user guides for all reports due through Gateway, such as:
  - Budgets (user guide for each form)
  - Debt Management
  - Economic Development Reporting
  - SBOA Reports
  - IEERB Reports



# Contact the Department

- Gateway Support: [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov)
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Website: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: <https://www.in.gov/dlgf/contact-us/>
  - Budget Field Representative Map: [https://www.in.gov/dlgf/files/Budget\\_Field\\_Reps.pdf](https://www.in.gov/dlgf/files/Budget_Field_Reps.pdf)