



Department of Local Government Finance

State Library Introduction to the 2023 Budget Cycle

Fred Van Dorp
May 24, 2022



Agenda

- Definitions
- Maximum Budgets for Libraries (Ind. Code § 6-1.1-17-20.3)
- Public Library Eligibility for Binding Review by Fiscal Body Resolution (Ind. Code § 6-1.1-17-20.4)
- Abridged Budget Calendar
- Department Resources and Contact Information



Definitions – Budget

- Budget: A financial plan that includes both revenues and expenditures.
- Budget Cycle: Time period covering 18 months, beginning with June 30 of the current year and all the ensuing year.



Definitions – Fund

- Fund: Cash set aside for the purpose of accounting for the general or specific activities of a local government.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
2022 Budget Order

Unit: 0000 Sample School Corporation

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
3300	OPERATIONS	\$5,687,500	\$325,457,711	\$2,212,136	\$0.6797

Budget approved for displayed amount.

Rate reduced due to increased assessed valuation.



Definitions – Appropriation

- Appropriation: The amount of money approved to spend out of funds. Based on advertised and adopted values and revenue a library already has or will receive.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE 2022 Budget Order

Unit: 0000 Sample School Corporation

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
3300	OPERATIONS	\$5,687,500	\$325,457,711	\$2,212,136	\$0.6797

Budget approved for displayed amount.
Rate reduced due to increased assessed valuation.



Definitions – Levy

- Levy: Property tax to be collected.
- Maximum Levy: The statutory maximum amount of property taxes that a library can raise for its general fund each year.
- Maximum Levy Growth Quotient (“MLGQ”): Six-year non-farm income average for the State. All libraries receive an annual increase to the maximum levy equal to the MLGQ.



Definitions – Levy

- Certified Levy: The amount of money a library is authorized to collect through property tax billing system.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE 2022 Budget Order

Unit: 0000 Sample School Corporation

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
3300	OPERATIONS	\$5,687,500	\$325,457,711	\$2,212,136	\$0.6797

Budget approved for displayed amount.
Rate reduced due to increased assessed valuation.



Definitions – Net Assessed Value

- Net Assessed Value (NAV): The value of all taxable real and personal property in an area after deductions and exemptions are applied.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE 2022 Budget Order

Unit: 0000 Sample School Corporation

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
3300	OPERATIONS	\$5,687,500	\$325,457,711	\$2,212,136	\$0.6797

Budget approved for displayed amount.
Rate reduced due to increased assessed valuation.



Maximum Budgets for Libraries



Maximum Budgets for Libraries

- The General Assembly has created two paths for the adoption of a budget for units that do not have an elected governing body.
- For libraries, the calculation for whether a library may adopt its own budget is based three factors:
 - Current certified budget
 - Max levy growth quotient
 - Ensuing Year Advertised Budget



Maximum Budgets for Libraries

- The Department notes that the control is placed on the certified budget and not the certified levy.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE 2022 Budget Order

Unit: 0000 Sample School Corporation

<u>Fund</u>	<u>Fund Name</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
3300	OPERATIONS	\$5,687,500	\$325,457,71	\$2,212,136	\$0.6797

Budget approved for displayed amount.
Rate reduced due to increased assessed valuation.



Maximum Budgets for Libraries – Example

- In 2021, if a library has:
 - Certified Budget* of 639,500
 - the MLGQ is 4.3000%.
- Then the maximum budget that the library can advertise and adopt is 666,997 if the goal is for the library's board to adopt the budget.
- Note: Certified budget does not include home rule funds and/or additional appropriations.

2021 Total Certified Budget	639,500
Times the MLGQ	1.043
<hr/>	<hr/>
Budget times MLGQ	666,998.50
<hr/>	<hr/>
Minus \$1	.1
<hr/>	<hr/>
2022 Maximum Budget for	666,997
Library Adoption (Rounded Down)	



Maximum Budgets for Libraries

- The Department notes that the library may advertise a budget of any amount, but if the library advertises a budget that is greater than \$666,997, then the library becomes binding.
- For binding libraries, the fiscal body of the city, town, or county (whichever applies) shall review each budget and proposed tax levy and adopt a final budget and tax levy for the public library.
- The fiscal body may reduce or modify but not increase the proposed budget or tax levy.



Maximum Budgets for Libraries – FAQ

- *If I accidentally advertise too high, can I just readvertise a lower amount so that I'm not binding?*
- Ind. Code § 6-1.1-17-20.3(d) outlines that binding units, including libraries, must submit their budget to their appropriate fiscal body before September 2. If the library advertises, then readvertises their budget before September 2, then they can use the readvertisement to lower their budget, but if a library hasn't submitted their budget or tries to resubmit after September 2, then the binding designation would stand.



Maximum Budgets for Libraries

- After the budget adoption by the fiscal body of the city, town, or county (whichever applies), the budget will be reviewed and certified by the Department.
- For the following budget cycle, the budget control will default back to the library board.
- If the advertised budget doesn't exceed the prior year budget times the MLGQ, then the library board will be able to adopt their own budget.



Maximum Budgets for Libraries

- The Department has created a report specifically for libraries that will outline this statutory maximum budget amount.
- The report will be posted on or before July 15 each year.
 - <https://www.in.gov/dlgf/files/2022-reports/210701-2022-Library-Estimated-Maximum-Budget-Report-all.pdf>
- Your Department Budget Field Representative will have a copy of your report at your budget workshop.



Public Library Eligibility for Binding Review by Fiscal Body Resolution



Public Library Eligibility for Binding Review by Fiscal Body Resolution

- In the prior section, we examined how a library advertises a budget that may impact their ability to adopt their own budget.
- In this section, we will examine how the fiscal body of county, city, or town may require a library to become subject to binding review.
 - **Note: This is an optional process for counties, cities, or towns.**



Public Library Eligibility for Binding Review by Fiscal Body Resolution

- If a library:
 - Based on the AFR, the cash balance of all funds derived from tax revenue is greater than one hundred fifty percent (150%) of the library's budget.
- If the appropriate fiscal body:
 - Advertises a public hearing to adopt a resolution to make the library subject to binding adoption.
 - Adopts a resolution before July 2.



Public Library Eligibility for Binding Review by Fiscal Body Resolution

- The fiscal body of the city, town, or county may not reduce a public library's proposed budget or levy in a budget year by more than ten percent (10%) of the public library's operating levy in the immediately preceding budget year.
- The library is subject to binding review until the December 31 cash balance of all funds of the public library derived from tax revenue, as reported on the AFR, no longer exceeds one hundred fifty percent (150%) of the library's ensuing year certified budget.



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/dlgf/files/2022-memos/220203-Van-Dorp-Memo-2022-Budget-Calendar.pdf>



DLGF Calendar (Abridged Version)

- June 1
 - Estimated Go Live Date for the 2023 Budget Application including Pre-Budget Survey.
 - The Department will use the information on the Pre-Budget Survey to better help prepare for budget workshops and the max levy estimates.
 - Units are encouraged to provide any information that *may* be pertinent to the upcoming budget cycle on the report.



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 the 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 school with an estimate of the maximum amount of property taxes that may be levied in the ensuing budget year.
 - 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
 - Department will provide every library with a “Library Estimated Maximum Budget Report.”
 - For 2023, the calculation will be based on the pay-2023 MLGQ and the total certified budget order for pay-2022.



DLGF Calendar (Abridged Version)

- August 1
 - Department estimates of the property tax cap loss (“circuit breaker impact”) for the ensuing year.
 - 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



DLGF Calendar (Abridged Version)

- September 1
 - Last day for units with appointed boards, including certain libraries, to submit proposed 2023 budgets, tax rates, and tax levies to the appropriate fiscal body for binding adoption.
 - Pertains exclusively to units that are subject to binding review or libraries that adopt a budget in excess of the maximum allowable.



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.

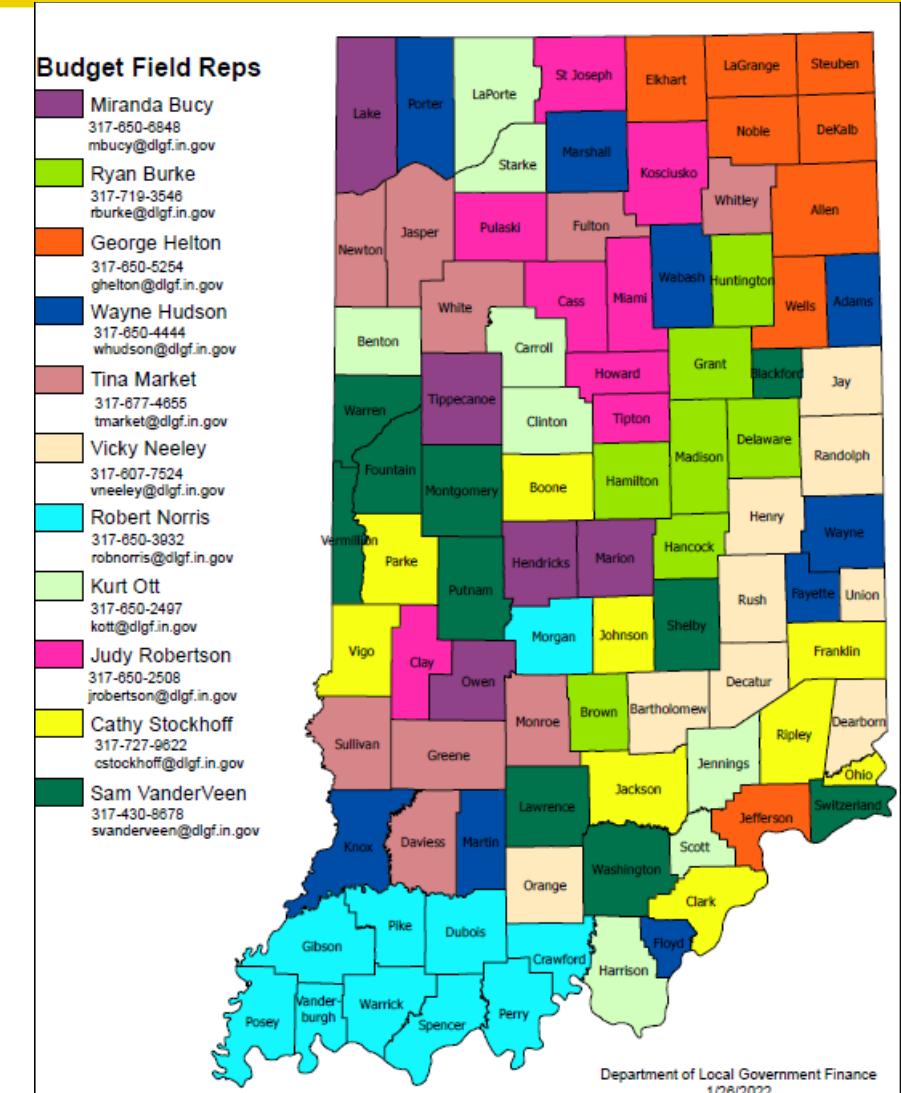


Resources



Budget Field Representatives

- They are your #1 contact at the Department.
- They are here to answer questions.
- They can help explain changes in procedures.
- They can help you avoid common mistakes and, in some cases, help correct those mistakes.
- They cannot provide financial or legal advice.
- https://www.in.gov/dlgf/files/maps/Budget_Field_Reps.pdf





Memos and Presentations

DLGF

About Us

Contact Us

Contact Your Local Officials

County Specific Information

Legislation & Policy Information

Memos & Presentations

News & Calendar

Reports and Data

- Lists all the current year [Memos & Presentations](#) listed by release date.
- Links to archived memos for past 3 years to give you an idea when memos are usually released.
- Currently the memos released related to the budget include the Budget Calendar and Additional Appropriations memo.



County Specific Information

DLGF

[About Us](#)

[Contact Us](#)

[Contact Your Local Officials](#)

[County Specific Information](#) ←

[Legislation & Policy Information](#) ▾

[Memos & Presentations](#)

[News & Calendar](#) ▾

[Reports and Data](#) ▾

A screenshot of a website sidebar. The sidebar has a dark green header with the text "DLGF" in white. Below this, there are several menu items in a light gray area: "About Us", "Contact Us", "Contact Your Local Officials", "County Specific Information" (which is highlighted with a blue arrow pointing to it), "Legislation & Policy Information" (with a dropdown arrow), "Memos & Presentations", "News & Calendar" (with a dropdown arrow), and "Reports and Data" (with a dropdown arrow).

- County Specific Information is where you can find current and past Budget Orders.
- Actual Circuit Breaker amounts that are 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:](#)
 - [Circuit Breaker Overview](#)
 - [Gateway Overview](#)
- [DLGF Presentations page:](#)
 - [School Form 4B Overview](#)
- [Gateway User Guides:](#)
 - This page contains detailed user guides for all reports due through Gateway, such as Budgets and Debt Management.



Contact the Department

- Website: 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%20Field%20Reps.pdf)
- Gateway Support: Support@dlgf.in.gov
- Telephone: (317) 232-3777