



Department of Local Government Finance

Introduction to Budgeting

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March 2023



Purpose of Today's Training

- This presentation will:
 1. Introduce the basics of budgeting.
 2. Identify the resources available to local officials.
 3. Share best practices for Budget Form completion, review, and submission.
 4. Detail the Department's role in Budget certification.
- The target audience for this presentation are new school officials, but it will also be useful to others wanting to learn about the budgeting process for schools.



Purpose of Today's Training

- The presentation will cover the following:
 1. Budgeting Terms
 2. Budgeting Process
 3. Budget Forms
 4. School Checklist
 5. Department's Certification Role
 6. Budget Calendar
 7. Department resources
- At the end of the presentation, there will be time for a general question and answer session to cover any other questions about property taxes.



Budgeting Terms



Definitions

- The Department website has a listing of Property Tax Terms that we post to help taxpayers understand their tax bill.
- These definitions can also assist local officials to understanding the budgeting cycle.
- <https://www.in.gov/dlgf/understanding-your-tax-bill/property-tax-terms/>

A screenshot of a website menu titled "Information for Taxpayers". The menu items are: "Understanding Your Tax Bill", "Property Tax Due Dates", "Citizen's Guide to Property Tax", "Notice of Assessment of Land and Improvements (Form 11)", "Taxpayer Calculators", "Tax Bill 101", and "Property Tax Terms". Two green arrows point to the "Understanding Your Tax Bill" and "Property Tax Terms" items.

Information for Taxpayers

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



Definitions - Budget

- 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 a school already has or will receive.

**DEPARTMENT OF LOCAL GOVERNMENT FINANCE
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|-------------|------------------|-------------------------|---------------------|-----------------------|-----------------------|
| 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 school corporation can raise for the Operations fund each year.



Definitions - Levy

- Certified Levy: the amount of money a taxing unit is authorized to collect through property tax billing.

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

Unit: 0000 Sample School Corporation

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|-------------|-------------------|-------------------------|---------------------|-----------------------|-----------------------|
| 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 – Gross and Net Assessed Value

- Net Assessed Value (NAV) – The total taxable value of property that is within the unit’s boundaries.
 - The county assessor prepares the gross AV and then the county auditor applies exemptions and deductions before certifying the NAV.

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 – Tax Rate

- Tax Rate: illustrates how much property tax will be levied per \$100 of NAV associated with a property.

$$\text{Tax Rate} = \frac{\text{Certified Levy}}{\text{Net Assessed Value}} \times 100$$



Definitions – Tax Rate

Tax Rate Calculation Example:

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



Definitions – Property Tax Caps

- Property Tax Caps (“*Circuit Breaker*”): constitutional limit on property taxes to be paid on an individual tax bill.

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



Budgeting Process



Budgeting Process

- This process spans 18 months.
 - Accounts for the expenses and revenues for the last 6 months of the current year along with the full 12 months of the ensuing year.



Budget Process: Spring

- During the Spring, responsibilities can be split between education, review, and initial data collection.
 - Attend various association and state held trainings.
 - View past recorded budget presentations.
 - Review the current year adopted/certified budget.
 - Compare estimated tax caps against the actuals that are released in April.
 - Monitor spending against budgeted amounts.



Budget Process: Summer (Part 1)

- At the beginning of Summer, more information is available and can begin to be refined into for the upcoming budget cycle. Units can begin preparation and review of:
 - Non-Property Tax Revenue estimates.
 - Property Taxes levies.
 - Property tax cap estimates.
 - Capital Projects and Bus Replacement plans.
 - Department issued [memos and templates](#) for plans annually.



Budget Process: Summer (Part 2)

- By the end of the summer, units should have collected, compiled their budget information in preparation of:
 - Form 3 – Notice to Taxpayers
 - preparation and advertisement via Gateway.
 - Public hearing:
 - Allows taxpayers to provide comments on the proposed budget and levy.

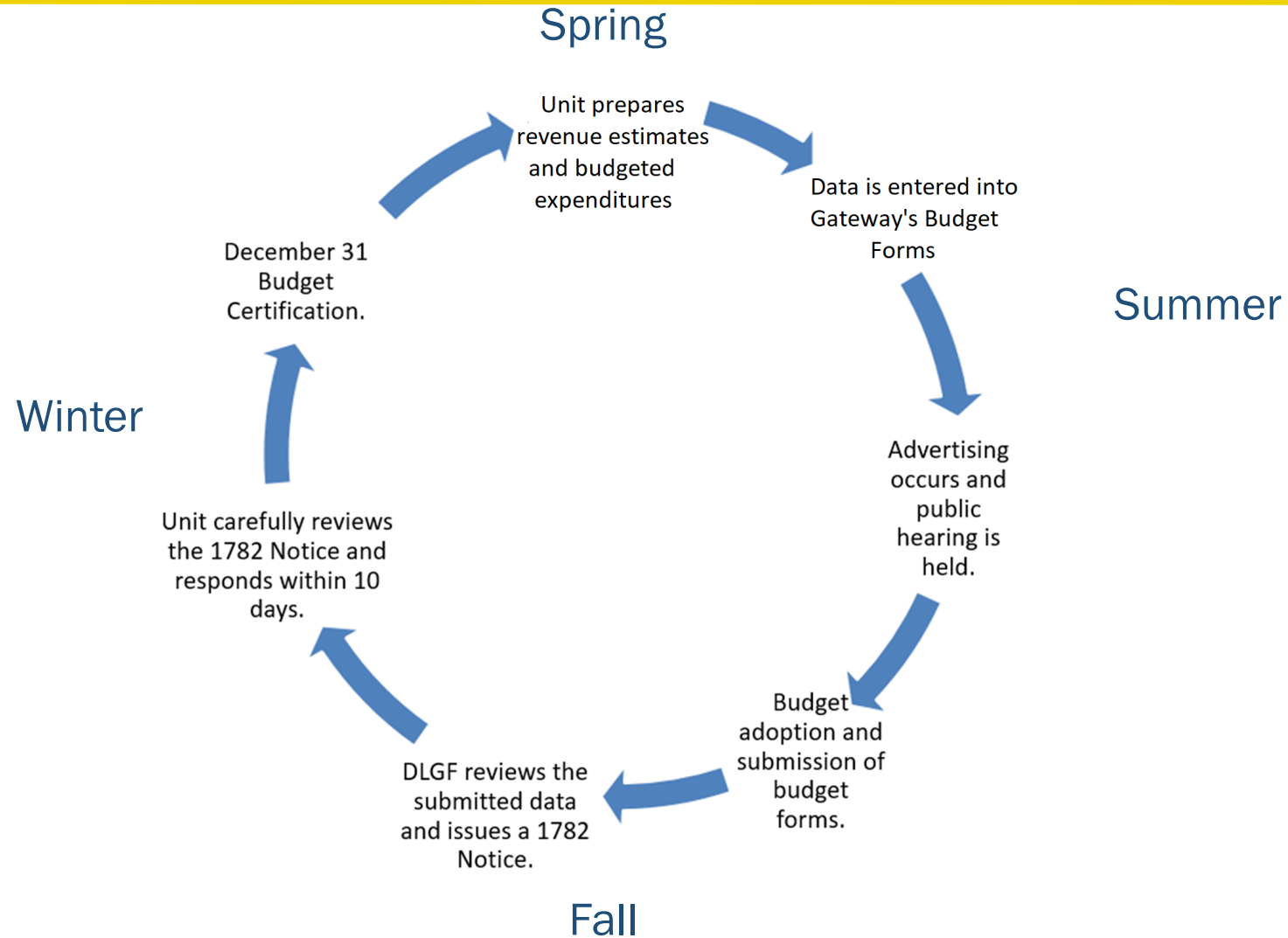


Budget Process: Fall

- In the fall, units will be preparing for their final budget adoption.
 - Adoption meeting held on the date listed on the Form 3.
 - At the meeting the budget resolution (Form 4) is signed.
 - The Form 4 will include the adopted Appropriations, Levies, and Rates for each fund.
 - After the adoption meeting, the unit will submit the budget forms, signed Form 4, and all other required/requested documentation to the Department through Gateway.



The Budget Process: Simplified





Budget Forms Overview





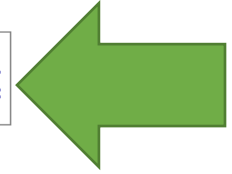
Intro: The Gateway Budget Forms











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



Budget Form Menu

 [Error Prevention Report](#)
 [Budget Forms Flow Chart](#)

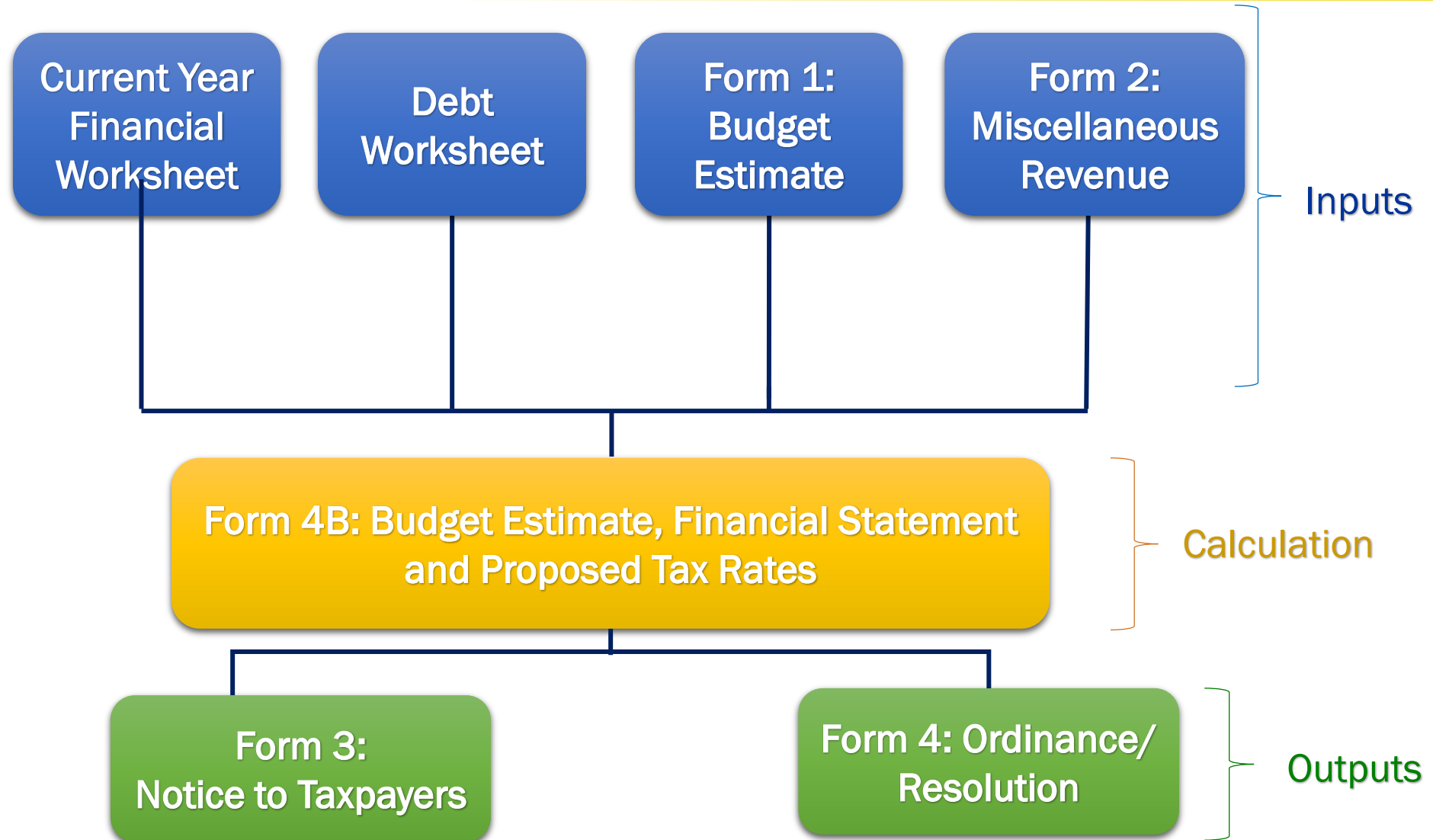


| | |
|--|--|
| Current Year Financial Worksheet: Additional Calculations for Form 4B |  |
|  Click to edit form |  Not 'Ready to Submit'. |
| Debt Worksheet |  |
| Form 1: Budget Estimate |  |
| Form 2: Estimate of Miscellaneous Revenues |  |
| Form 3: Notice to Taxpayers |  |
| Form 4: Ordinance / Resolution of Appropriations and Tax Rates |  |
| Form 4B: Budget Estimate, Financial Statement and Proposed Tax Rate |  |
| 1782 Recipients: Registration of 1782 Notice E-mail Recipients |  |

- Pictured is the default menu of all budget forms that need to be completed, but “Budget Forms Flow Chart” can provide a better understanding of the relationships between the forms.



Budget Forms – Flow Chart





Budget Form Overview: Input Forms



Input Forms Introduction

- Gateway collects data from the following forms that will be used in the calculation and output forms to facilitate advertising and adoption:
 - Current Year Financial Worksheet
 - Debt Worksheet
 - Form 1: Budget Estimate
 - Form 2: Misc. Revenue Estimate



Current Year Financial Worksheet

Select Fund:

3300 - OPERATIONS

Calculates lines of the Form 4B

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

Line 5



Debt Worksheet

Selected Year: 2022

Selected Unit: Sample School Corporation

Select Fund:

0180 - DEBT SERVICE

| Name of Issue | Line 5 Due | Line 5 Amount | Line 15 Due | Line 15 Amount | Line 18A Due | Line 18A Amount | Line 18B Due | Line 18B Amount |
|--|------------|------------------|-------------|--------------------|--------------|--------------------|--------------|------------------|
| General Obligation Bonds of 2020 | 12/31/2021 | \$ 536,028 | 12/31/2022 | \$ 1,371,538 | 06/30/2023 | \$ 694,470 | 12/31/2023 | \$ 699,518 |
| Fees | | \$ 5,000 | | \$ 5,000 | | \$ 0 | | \$ 0 |
| Anticipated Debt Service | | \$ 0 | | \$ 2,171,550 | | \$ 350,000 | | \$ 0 |
| Unreimbursed Textbooks | | \$ 0 | | \$ 17,282 | | \$ | | \$ |
| TOTALS BY FUND | | \$541,028 | | \$3,565,370 | | \$1,044,470 | | \$699,518 |

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



Debt Worksheet

Selected Debt: General Obligation Bonds of 2014

| Date | Period Total | Trustee Fee | Lease Pmts. | Total | Line 5 07/01/2021 to 12/31/2021 | Line 15 01/01/2022 to 12/31/2022 | Line 18A 01/01/2023 to 06/30/2023 | Line 18B 07/01/2023 to 12/31/2023 |
|-----------------------|--------------|-------------|-------------|-----------|--|---|--|--|
| 1/15/2021 | 328,669 | | | 328,669 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7/15/2021 | 331,569 | | | 331,569 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 1/15/2022 | 334,150 | | | 334,150 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7/15/2022 | 336,675 | | | 336,675 | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 1/15/2023 | 338,300 | | | 338,300 | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7/15/2023 | 3,564,850 | | | 3,564,850 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 1/15/2024 | 3,582,950 | | | 3,582,950 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| TOTALS BY DEBT | | | | | \$ 334,150 | \$ 674,975 | \$ 3,564,850 | \$ 3,582,950 |
| TOTALS BY FUND | | | | | \$ 2,411,050 | \$ 5,098,892 | \$ 3,967,150 | \$ 3,985,050 |
| TOTALS BY UNIT | | | | | \$ 2,411,050 | \$ 5,098,892 | \$ 3,967,150 | \$ 3,985,050 |

Please verify the timing of the payments prior to completing the Debt Worksheet.



Budget Form 1 – Ensuing Year's Budget

Select Fund:

3101 - EDUCATION

Select Department:

2100 Support Services-Students

Broken down by fund and department (If applicable)

Further broken down by expenditure category

Select Category Tab

| | | Personal Services | Supplies | Services And Charges | Capital Outlays | Debt Service | | | |
|-------------------------------|----------------|------------------------|----------|----------------------|-----------------|----------------------|----------------------|--|--|
| Sub-Category | Line Item Code | Description | | | | Advertised Amount | Adopted Amount | | |
| Operating Supplies | 21220 | Counseling Services | | | | \$ 5,000 | \$ 5,000 | | |
| Operating Supplies | 21340 | Nurse Services | | | | \$ 5,000 | \$ 5,000 | | |
| Office Supplies | 21420 | Psychological Testing | | | | \$ 5,000 | \$ 5,000 | | |
| Office Supplies | 21810 | Service Area Direction | | | | \$ 5,000 | \$ 5,000 | | |
| TOTALS BY CATEGORY | | | | | | Total: \$ 20,000 | Total: \$ 20,000 | | |
| TOTALS BY DEPT BY FUND | | | | | | Total: \$ 1,267,500 | Total: \$ 1,267,500 | | |
| TOTALS BY FUND | | | | | | Total: \$ 13,400,000 | Total: \$ 13,400,000 | | |
| TOTALS BY UNIT | | | | | | Total: \$ 27,100,000 | Total: \$ 27,100,000 | | |

Line items



Budget Form 2 – Revenue Estimates

Broken down by fund



Select Fund:

3300 - OPERATIONS

Two separate time periods



Organized by category



ESTIMATE OF MISCELLANEOUS REVENUES
FROM SOURCES OTHER THAN GENERAL PROPERTY TAXES
FOR USE IN PREPARATION OF ESTIMATE OF FUNDS TO BE RAISED, YEAR 2022

| | | Taxes | IntergovernmentalRever | OtherReceipts |
|---------------------------|--------------------------------------|----------------------------|-----------------------------|---------------|
| Revenue Code | Description | July 1 to Dec 31, 2021 | Jan 1 to Dec 31, 2022 | |
| 1130 | Local Income Tax School Distribution | \$ 210,000 | \$ 420,000 | |
| 1211 | License Excise Tax | \$ 165,000 | \$ 350,000 | |
| 1212 | Commercial Vehicle Excise Tax | \$ 10,000 | \$ 25,000 | |
| 1231 | Financial Institutions Tax | \$ 6,000 | \$ 14,000 | |
| TOTALS BY CATEGORY | | <i>Total: \$ 391,000</i> | <i>Total: \$ 809,000</i> | |
| TOTALS BY FUND | | <i>Total: \$ 616,000</i> | <i>Total: \$ 1,759,000</i> | |
| TOTALS BY UNIT | | <i>Total: \$ 7,109,700</i> | <i>Total: \$ 14,629,500</i> | |



Budget Form Overview: Calculation Form



Form 4B – Financial Statement

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



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



Budget Form 4B – Financial Statement

- The Form 4B pulls data from the input forms, but needs the unit to provide more information:
 - Property tax levy.
 - Estimated property tax caps losses.
 - NAV Estimates.
 - School transfers. (Example: Education to Operations)
- Using the information above, the Form 4B:
 - Calculates the tax rates.
 - Creates a cash flow statement.



Form 4B: Financial Statement

- This form is broken down into 2 separate time periods:
 - Last six months of the current year:
 - June 30 beginning cash balance
 - Revenues (Both Property Tax and Non-Property Tax)
 - Expenses
 - Estimated ending cash balance
 - Full 12 months of the budget year:
 - Revenues (Both Property Tax and Non-Property Tax)
 - Expenses
 - Estimated ending cash balance



Budget Form 4B: July to Dec

- Last six months of current year section:

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



Budget Form 4B: Jan to Dec

- Budget year section:

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



Form 4B: Financial Statement

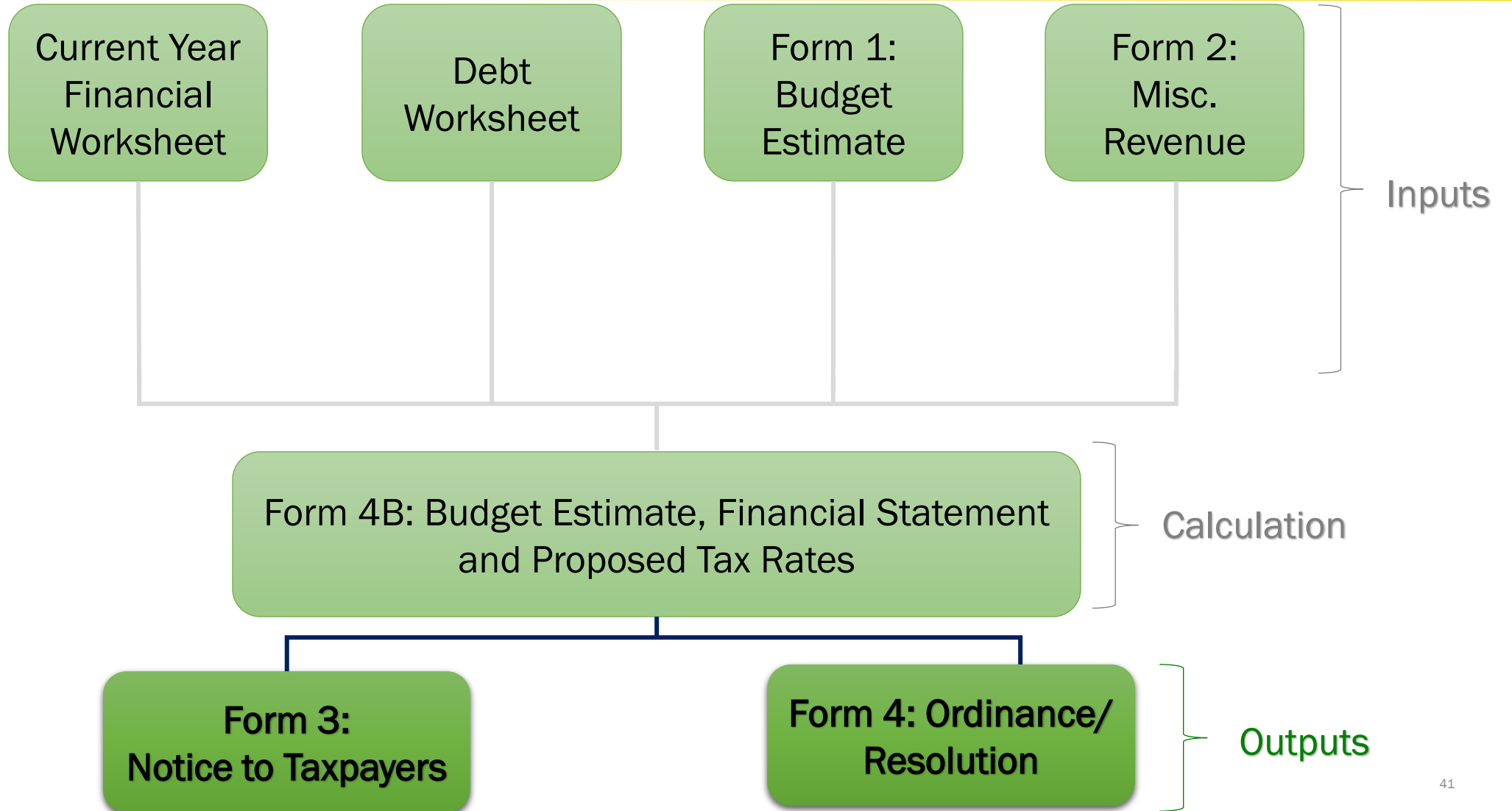
- Best practices:
 - Ensure that the budgets result in a positive ending cash balance on Line 18.
 - Assess the effect on cash reserves by comparing the estimated ending cash balances.
 - Overestimating the AV may lead the unit adopting a tax rate that will not generate the appropriate amount of levy. Estimate the AV carefully.



Budget Form Overview: Output Forms



Budget Forms – Outputs





Form 3 – Notice to Taxpayers

NOTICE TO TAXPAYERS

The Notice to Taxpayers is available online at 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.



Form 3 – Notice to Taxpayers

- Notifies taxpayers of proposed budget and property tax levy, by fund.
- Also displays: any appeals, current year levy, and the levy % change between the two years
- Once submitted, the notice is available at: Budgetnotices.in.gov

| 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 Form 4 – Adoption

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



Budget Form 4 – Adoption

- The Department must certify the lowest amount of the following:
 - Appropriations:
 - Advertised, adopted, and maximum funded by available revenues and cash reserves.
 - Property Tax Levy:
 - Advertised, adopted, maximum levy, and the levy generated by the adopted tax rate and certified NAV.
 - Ind. Code § 6-1.1-17-16(g); Ind. Code § 6-1.1-18-1



Budget Form 4 – Adoption

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



School Checklist



School Checklist

- The School Checklist details the documents to be submitted to the Department once the school's budget adoption has occurred. The list represents the common documents that the Department will need to certify your budget.
- The Department notes that not all steps will apply to all school corporations.
- The updated memo and checklist will be released in the summer.
- <https://www.in.gov/dlgef/files/memos/210702-Van-Dorp-Memo-2022-Budget-School-Information-for-Review-Purposes.pdf>



DLGF Certification Role



Budget Review

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

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



Budget Review – Procedural Review

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



Budget Review – Max Levy Review

- Are the property taxes within their statutory maximum amounts?
 - Ind. Code § 6-1.1-17-16(a); Ind. Code § 20-46-8-1(c)
 - If the adopted levies exceed the maximum levy, they will be reduced to this amount.
 - Reducing a levy will result in less revenue being available to fund the budget and may result in a lower maximum funded budget that is certified by the Department.



Budget Review – Fundability Review

- Are the submitted budgets fundable by the available revenue and cash?
 - Ind. Code § 6-1.1-17-16(b) – (d)
 - This analysis is comprised of checking for a positive estimated cash balance (“Operating Balance”) for the ensuing year on Line 18 of Form 4B.

| | | | |
|--|------------------|----------------|----------------|
| 18. Operating Balance - Estimated December 31st 2021 Cash Balance (Line 9 + 14 - 17) | (Line 11) | 200,000 | 200,000 |
|--|------------------|----------------|----------------|



1782 Notice



1782 Notice

- The 1782 Notice contains the budgets, property tax levies, and rates that would be certified if no changes are made.
- It also contains various budget forms that reflect any Department adjustments.
- After the Department reviews your budget, a “1782 Notice” is emailed to everyone listed on the 1782 Notice Recipients form in Gateway.
- There is a 10-day period to respond with any requested changes.



1782 Notice – Cover Page

NOTICE OF FINAL BUDGET RECOMMENDATIONS PURSUANT TO IC 6-1.1-17-16(g)

This notice sets out by fund the final information proposed for your taxing unit. It includes proposed revenue, levy and budget adjustments that resulted from the application of final assessed values as certified by the county auditor. Applicable cumulative fund rates have been capped based on the calculation required in IC 6-1.1-18-12.

Units must respond to this notice within 10 calendar days with requested changes as specified in IC 6-1.1-17-16(g). No extension will be granted. If no response is received, the budgets, rates and levies identified in this 1782 Notice will be certified in the final budget order for your county.

Your response must be received no later than December 9, 2021

Questions on this Notice and the information and calculations contained on the within may be directed to your Budget Field representative. Requests for adjustments may be provided to the Department electronically by either emailing your signed response to the Department at 1782Notices@dlgf.in.gov or by fax to (317) 232-0178.

Check the appropriate Box:

No changes requested

Please make the following changes according to the attached information



1782 Notice – Notes Report

- The second page provides a summary of the reviewed budget and levy for each fund.
- The last section on this page includes any special notes added by your Department Budget Field Representative.
- Review this data very carefully and reach out with any questions.

1782 Notice Notes Report Pay 2022

| | |
|---|--------------|
| 0180 DEBT SERVICE | |
| Budget approved for displayed amount. | \$15,898,333 |
| Rate reduced due to reduction of operating balance according to IC 6-1.1-17-22. | |
| 3101 EDUCATION | |
| Budget approved for displayed amount. | \$68,329,949 |
| 3300 OPERATIONS | |
| Budget approved for displayed amount. | \$25,641,677 |
| Rate reduced due to increased assessed valuation. | |
| 1782 Notice Notes | |
| The DLGF has used the number entered by the school in Column B for the Basic Grant revenue. If this number decreases the school will need to make adjustments to the approved budget accordingly. | |



1782 Notice Recipients

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

1782 Notice Recipients

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

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



Budget Scenarios



Scenario: Funded Budget

- A funded budget is indicated by having an anticipated ending budget year cash balance of \$0 or greater. In this case:
 - The estimated current year ending cash balance plus budget year revenues is equal to or greater than the budget year expenses.
 - The budget would be approved.
 - A “funded” budget scenario doesn’t evaluate the effect on cash reserves.



Scenario: The Funded Budget

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

Cash balance decreased by \$50,000

| | |
|---|-------------------|
| 9. Estimated December 31st, 2020 Cash Balance | 100,000 |
| Budget Year - 2021 | |
| Revenues | |
| 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 |
| Expenses | |
| | Advertised |
| 15. 2021 Budget Estimate | 250,000 |
| 16. Outstanding Temporary Loans and Transfers | - |
| 17. Total 2021 Expenses | 250,000 |
| 18. Operating Balance - | |
| Estimated December 31st 2021 Cash Balance | 50,000 |

Positive "Operating Balance"*



Scenario: Barely Funded Budget

- It's possible to have a fund with an ending cash balance of zero.
 - In this case:
 - The cash reserves plus revenues equals the expenses.
 - Cash reserves would be depleted to zero.
 - The budget would be approved.
 - Cash flow issues would likely occur.



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.

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

| | |
|--|-------------------|
| 9. Estimated December 31st, 2020 Cash Balance | 100,000 |
| Budget Year - 2021 | |
| Revenues | |
| 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 |
| Expenses | |
| | Advertised |
| 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 |

Zero Operating Balance



Scenario: Unfunded Funded Budget

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



Scenario: Unfunded Funded Budget

- In this case the Department certifies a maximum funded 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 |
| Budget Year - 2021 | |
| Revenues | |
| 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 |
| Expenses | |
| 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

- In this scenario, the expenses in the budget year are equal to or less than the revenue estimated to be received for the same time period (not including cash on hand).
- This method won't spend down cash reserves and might help build cash reserves that can help 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 |
| Budget Year - 2021 | |
| Revenues | |
| 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 |
| Expenses | |
| | Advertised |
| 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, the Department does not consider if a budget is sustainable.
- Assuming the proper procedures are followed, the Department will only reduce the adopted budget if it is not fully funded by the available cash and revenues.



DLGF Budget Calendar



Budget Calendar

- The Department has posted its 2023 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/2023-memos/230202-Van-Dorp-Memo-2023-Budget-Calendar.pdf>



Budget 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.



Budget 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 2024 non-property tax revenues of FIT, CVET, and Excise based on historical distribution amounts.



Budget 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



Budget Calendar(Abridged Version)

- **October 12**
 - Last day to post a notice to taxpayers (“Budget Form 3”) of proposed 2024 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 2024 budgets.
- **November 1**
 - Deadline for all taxing units to adopt 2024 budgets, tax rates, and tax levies. (Ind. Code § 6-1.1-17-5(a))



Budget Calendar(Abridged Version)

- December 31
 - Deadline for the Department to certify 2024 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 2024 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.

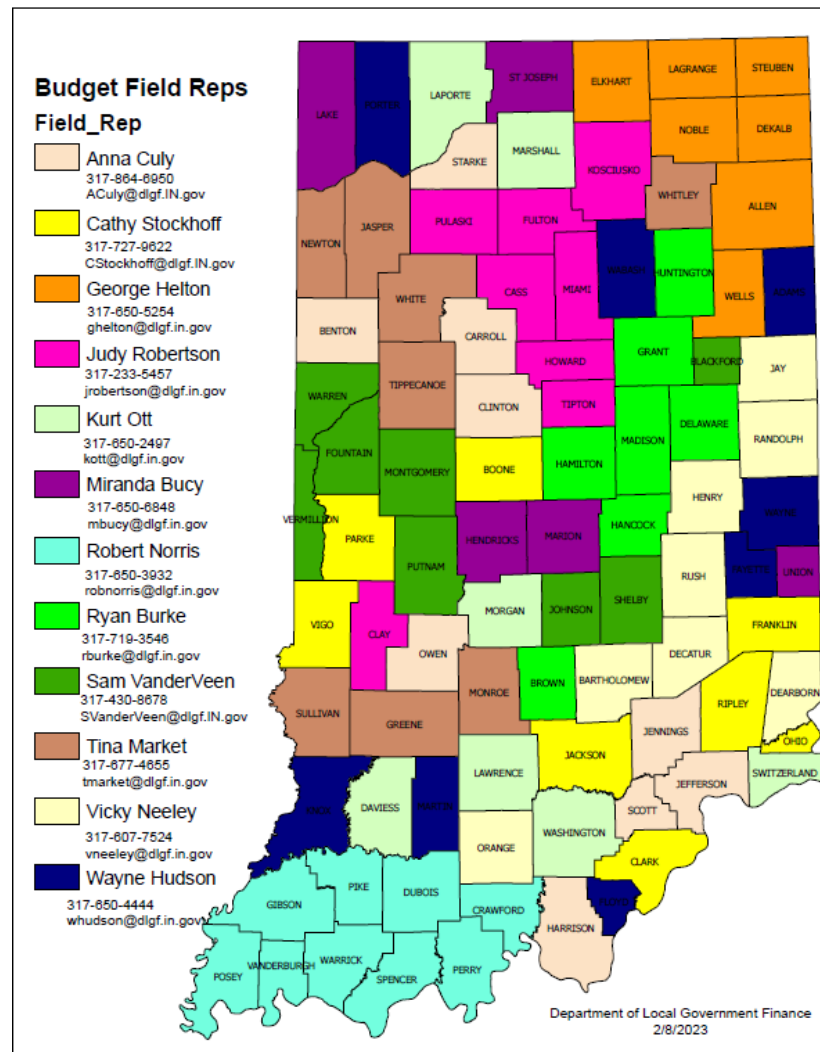


Resources



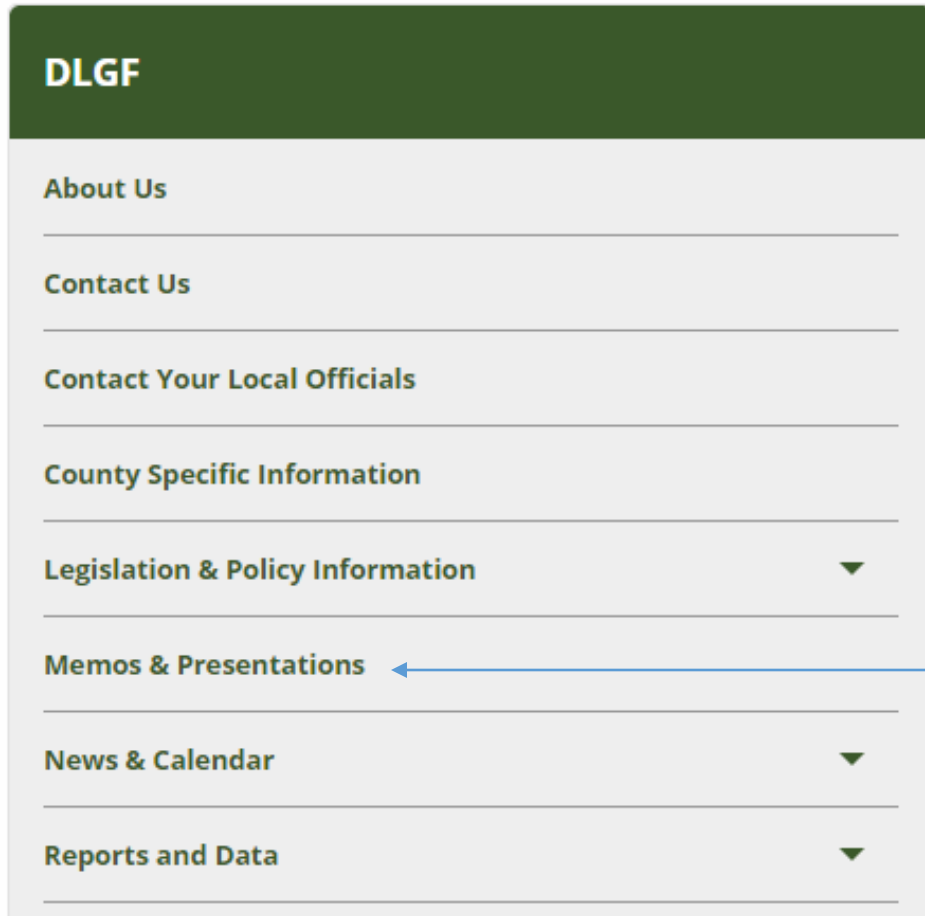
Budget Field Representatives

- 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/Field-Rep-Map-Budget.pdf>





Memos and Presentations



- 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.

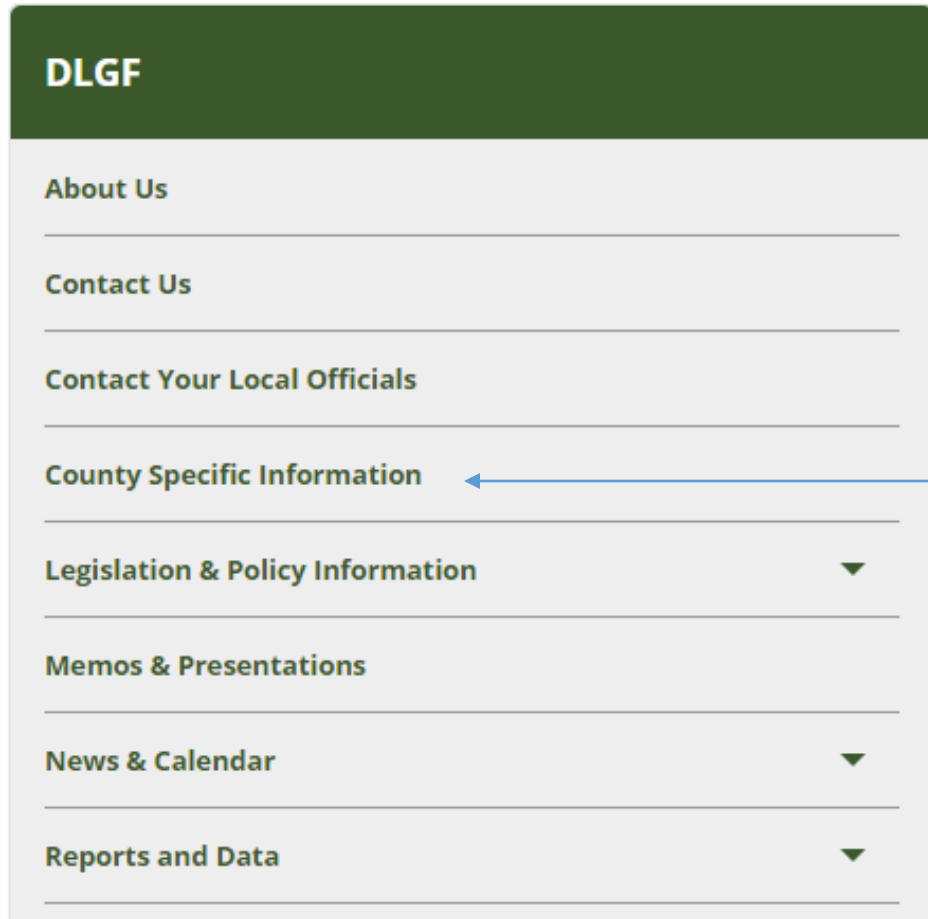


Webinars, Presentations, & User Guides

- [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.



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](#)



Question and Answer Session



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/maps/Field-Rep-Map-Budget.pdf>
- Gateway Support: Support@dlgf.in.gov
- Telephone: (317) 232-3777