



Department of Local Government Finance

Common Budget Mistakes and How to Avoid Them

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August 2023



Agenda

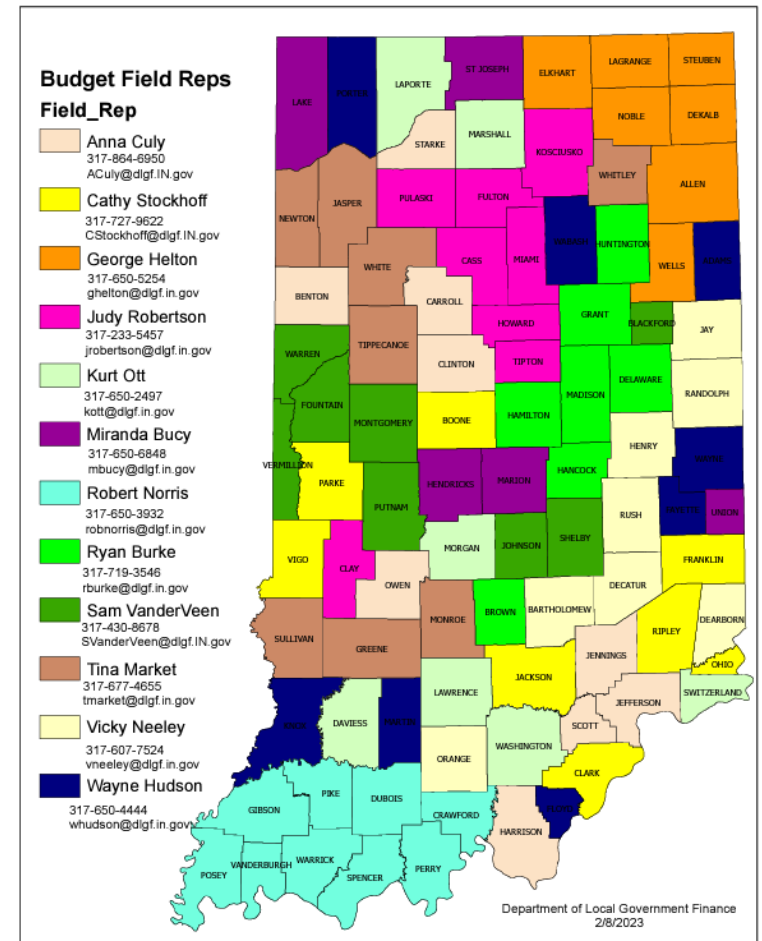
- Not staying in touch with your Number 1 Resource!
- Common Mistakes by Budget Form.
- Special Circumstances
- What To Do When The Unexpected Happens.



Not staying in touch with your Number 1 Resource!

- What the Department can't do.
 - Give Financial Advice.
 - Give Legal Advice.
- What the Department can do.
 - Review forms for common mistakes.
 - Double check your budget calendar.
 - Help resolve errors on the error prevention report.
 - Help explain how forms are supposed to work.
 - Help with historical figures.

Budget Field Representative County Assignments





Common Mistakes by Budget Form



Current Year Financial Worksheet

- The Current Year Financial Worksheet is a snapshot of your financial situation on June 30.
- This form is the starting point of the 18-month cycle covered on the budget forms.
- Completing this form will fill out Lines 1, 2, 5, 6, 7, and 16 on the Form 4B.

Line 5	
APPROPRIATIONS	
1. Current Year Approved Budget	\$ 263,325
2. Encumbrances Brought Forward	\$ <input type="text" value="0"/>
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$ <input type="text" value="0"/>
b) Reductions January through June	\$ <input type="text" value="0"/>
4. Other Non-Appropriated Obligations	\$ <input type="text" value="0"/>
5. Total Approved Appropriations	\$ 263,325
DISBURSEMENTS	
6. January through June Current Year Disbursements	\$ <input type="text" value="0"/>
7. Appropriation Balance	\$ 263,325
8. Reductions July through December	\$ <input type="text" value="0"/>
9. Estimated Current Year Expenditures July through December	\$ 263,325
Line 6	
10. Proposed/Approved Additional Appropriations for July through Dec. of Current Year	\$ <input type="text" value="0"/>
Line 7	
11. Levy excess not transferred prior to June 30	\$ <input type="text" value="0"/>
12. Temporary loans outstanding as of June 30 and transfers out July 1 – Dec 31, 2023	\$ <input type="text" value="0"/>
What fund is being repaid/receiving the transfer?	<input type="text"/>
13. Total temporary loans, transfers out, and levy excess for July 1 – December 31, 2023	\$ 0
Line 16	
14. Temp loans to be repaid in the first 6 months of 2024 and transfers out in 2024	\$ <input type="text" value="0"/>
What fund is being repaid/receiving the transfer?	<input type="text"/>
Line 1	
15. June 30 Cash Balance, including investments	\$ <input type="text" value="0"/>
Line 2	
16. Taxes to be collected, present year (December settlement)	\$ <input type="text" value="0"/>



Encumbrances

- Forgetting to include Encumbrances:
 - What is an encumbrance? An encumbrance is an expense that is budgeted in one year but was not spent in that year and is carried forward by resolution into the next year.
 - Please check with State Board of Accounts on the proper procedures to encumber appropriations from one year to the next.
- Encumbrances will be listed on line 2 of the Current Year Financial Worksheet.
- Encumbrances increase your current year approved budget.

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b) Reductions January through June	\$ <input type="text" value="0"/>
4. Other Non-Appropriated Obligations	\$ <input type="text" value="0"/>
5. Total Approved Appropriations	\$ 263,325



Non-Appropriated Obligations

What is a non-appropriated obligation?

- A non-appropriated obligation is something that shows in the disbursement total in your financials but does not count against your approved appropriations.

Line 5	
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4. Other Non-Appropriated Obligations	\$ <input type="text" value="0"/>
5. Total Approved Appropriations	\$ 263,325



Non-Appropriated Obligations

- Examples:
 - Purchase of an investment.
 - Insurance Reimbursements.
 - Transfers to Levy Excess.
 - Transfers to Rainy Day.
 - Transfer of funds due to Temporary Loans.
- Key concern is, do these non-appropriated disbursements show as part of the expenditures for the first 6 months. If not, they do not need to be listed on this line.

Line 5	
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b) Reductions January through June	\$ <input type="text" value="0"/>
4. Other Non-Appropriated Obligations	\$ <input type="text" value="0"/>
5. Total Approved Appropriations	\$ 263,325



Current Year Financial Worksheet

- Using the wrong amount for expenditures
- Using expenditures for just the month of June instead of the total for the first 6 months.
- Picking up the revenue column instead of the expense column.

DISBURSEMENTS	
6. January through June Current Year Disbursements	\$ <input type="text" value="0"/>
7. Appropriation Balance	\$ 263,325
8. Reductions July through December	\$ <input type="text" value="0"/>
9. Estimated Current Year Expenditures July through December	\$ 263,325



Additional Appropriations & Reduction to Appropriations

- There are two sections on the CYFW for additional appropriations and reductions to appropriations.
- One for the first six months of the calendar year—Lines 3A and 3B.
- To be able to include an additional appropriation or a reduction to appropriations for the first 6 months of the year these need to be entered and approved through the Additional Appropriation Application prior to June 30.

Line 5	
APPROPRIATIONS	
1. Current Year Approved Budget	\$ 263,325
2. Encumbrances Brought Forward	\$ <input type="text" value="0"/>
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$ <input type="text" value="0"/>
b) Reductions January through June	\$ <input type="text" value="0"/>
4. Other Non-Appropriated Obligations	\$ <input type="text" value="0"/>
5. Total Approved Appropriations	\$ 263,325



Current Year Financial Worksheet

- For line 8, list the total of reductions completed or that you plan to do after June 30.
- For any reductions to be worked into the budget they must either be submitted through the Additional Appropriation Application, or the resolution must be provided to your DLGF Field Representative.
- For line 10, list the total of additional appropriations that have been submitted or you plan to submit to the Department after to June 30.

DISBURSEMENTS	
6. January through June Current Year Disbursements	\$ <input type="text" value="0"/>
7. Appropriation Balance	\$ 263,325
8. Reductions July through December	\$ <input type="text" value="0"/>
9. Estimated Current Year Expenditures July through December	\$ 263,325
Line 6	
10. Proposed/Approved Additional Appropriations	\$ <input type="text" value="0"/>
for July through Dec. of Current Year	



Cash Balance

- Make sure you pull the June 30 ending cash balance.
- Make sure all investments are included.
- December Tax Draw
- Overestimating what will be received in December.

Line 1	
15. June 30 Cash Balance, including investments	\$ <input type="text" value="0"/>
Line 2	
16. Taxes to be collected, present year (December settlement)	\$ <input type="text" value="0"/>



Budget Form 1

Select Category Tab

		Personal Services	Supplies	Services And Charges	Capital Outlays	Debt Service		
Sub-Category	Line Item Code	Description	Advertised Amount		Adopted Amount	Add/Delete		
Salaries and Wages	<input type="text" value="0101-100"/>	<input type="text" value="Salary of Trustee"/>	\$ <input type="text"/>		\$ <input type="text"/>	<input type="checkbox"/>		
Salaries and Wages	<input type="text" value="0101-200"/>	<input type="text" value="Salary of Clerk"/>	\$ <input type="text"/>	COPY →	\$ <input type="text"/>	<input type="checkbox"/>		
Salaries and Wages	<input type="text" value="0101-300"/>	<input type="text" value="Pay of Township Boar"/>	\$ <input type="text"/>		\$ <input type="text"/>	<input type="checkbox"/>		
Salaries And Wages	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>		\$ <input type="text"/>	<input type="checkbox"/>	<input type="button" value="+ ADD"/>	
TOTALS BY CATEGORY			Total: \$ 0		Total: \$ 0			
TOTALS BY DEPT BY FUND			Total: \$ 0		Total: \$ 0			
TOTALS BY FUND			Total: \$ 0		Total: \$ 0			
TOTALS BY UNIT			Total: \$ 1,000		Total: \$ 1,000			



Budget Form 1

- Check number of pay periods—is this the odd year that has 27 pays?
- If you upload information into Gateway Form 1 double check that upload. At minimum do the totals match?
- Are you adding staff?
- Are you making a one-time purchase?

- *Details are for your use, make them make sense for you*



Form 2

- Form 2 is for listing all non-property tax revenue.
- Divided into two sections.
 - Column A for July-Dec of the current year.
 - Column B for Jan-Dec of the budget year.

		Taxes And Intergovernmental	Licenses And Permits	Charges For Services	Fines, Forfeitures, And Fees	Other Receipts
Revenue Code	Description	July 1 to Dec 31, 2023	Jan 1 to Dec 31, 2024			
R111	Cigarette Tax Distribution	\$ <input type="text"/>	\$ <input type="text"/>			
R114	Vehicle/Aircraft Excise Tax Distribution	\$ <input type="text"/>	\$ <input type="text"/>			
R135	Commercial Vehicle Excise Tax Distribution (CVET)	\$ <input type="text"/>	\$ <input type="text"/>			
R136	ABC Gallonage Tax Distribution	\$ <input type="text"/>	\$ <input type="text"/>			
R138	Local Income Tax (LIT) Certified Shares	\$ <input type="text"/>	\$ <input type="text"/>			
TOTALS BY CATEGORY					Total: \$ 0	Total: \$ 0
TOTALS BY FUND					Total: \$ 0	Total: \$ 0
TOTALS BY UNIT					Total: \$ 0	Total: \$ 0



Form 2

- Double check the revenue codes listed.
 - Are you still receiving these revenues?
 - Are they still coming in as you have been estimating?
 - Should any other revenues be listed?



Form 3

- Form 3 is submitted to advertise the budget.
- The Form 3 is split into two sections. The first section contains information for:
 - Name of the adopting body.
 - Date, time, and location of the public hearing.
 - Date, time, and location of the adoption meeting.

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 [100 N Main Street](#).

Notice is hereby given to taxpayers of [Dlqf City 11, Gateway1 County](#), Indiana that the proper officers of [Dlqf City 11](#) will conduct a public hearing on the year 2024 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 [Dlqf City 11](#) 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, [Dlqf City 11](#) shall adopt with the budget a finding concerning the objections in the petition and testimony presented. Following the aforementioned hearing, the proper officers of [Dlqf City 11](#) will meet to adopt the following budget:

Fill in Hearing Info

Date of Public Hearing	Tuesday, September 05 2023
Time of Public Hearing	7:00 PM
Public Hearing Place	100 N Main Street

Date of Adoption Meeting	Tuesday, October 03 2023
Time of Adoption Meeting	6:30 PM
Adoption Meeting Place	100 N Main Street



Meeting Dates

- Except for Indianapolis-Marion County and second-class cities, the public hearing and adoption meeting must be a minimum of 10 days apart.
- Review your calendar to make sure everyone is available for the public hearing.
 - Did you set a meeting for Labor Day (September 4)?
 - Did you set it for Columbus Day (October 9)?
 - Did you set it for a weekend?
 - Did you set it during fall break?
 - All these types of dates are allowable but ask yourself will your board be available?
 - Look at the vacations planned by your board.



Mistakes With Scheduling The Meetings

- Not taking into consideration board member vacations.
- Not giving yourself enough time to continue a meeting or reschedule if necessary.
- Not having enough time between the submission of the Form 3 and the public hearing.
- Not having enough time between the public hearing and adoption meeting



Form 3

- The second section of the Form 3 contains the proposed budgets, levies, and appeals. It is already populated with the current year certified levies and there is a column to show the percentage change from the current certified to the proposed levies.

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)
	Click Here to Insert Form 4b advertised amounts ↓	Click Here to Insert Form 4b advertised amounts ↓			
0005-CASINO/RIVERBOAT	\$ 0	\$ 0	\$ 0	0	
0061-RAINY DAY	\$ 0	\$ 0	\$ 0	0	
0101-GENERAL	\$ 0	\$ 0	\$ 0	0	
0180-DEBT SERVICE	\$ 0	\$ 0	\$ 0	0	
0706-LOCAL ROAD & STREET	\$ 0	\$ 0	\$ 0	0	
0708-MOTOR VEHICLE HIGHWAY	\$ 0	\$ 0	\$ 0	0	
2379-CUMULATIVE CAPITAL IMP (CIG TAX)	\$ 0	\$ 0	\$ 0	0	
Totals:	Total: \$ 0	Total: \$ 0	Total: \$ 0	Total: \$ 0	



Form 3

Budgets

- Is the budget for each fund the amount you intend to budget for? Does the total match what's on the Form 1?
- Compare to last year's adopted budget and Certified budget. Do the increases and/or decreases make sense?

Levies

- Do you have levies listed?
- Compare proposed levies to current levies.
- Compare to the maximum levy.
- Are you at, over, or under?
- **Levies for Debt Funds do not count toward the maximum levy**

Estimated Civil Max Levy	\$ 334,586
Estimated Fire Max Levy	\$ 82,677
Est. Fire Territory Max Levy	\$ 0
Est. School Operating Max Levy	\$ 0
Property Tax Cap Credit Estimate	\$ 12,410



Form 4

- Form 4 is divided into 3 sections.
- The first section will list the adopting body and the adoption date.
- The adoption date on the Form 4 should match the adoption date on the Form 3.

Be it ordained / resolved by the City Council that for the expenses of DlGF City 11 for the year ending December 31, 2024 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 DlGF City 11, 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 Common Council And Mayor.

Name of Adopting / Fiscal Body	Type of Adopting / Fiscal Body	Date of Adoption
<u>City Council</u>	<u>Common Council and Mayor</u>	<u>10/03/2023</u>

Enter Information into Paragraph Above



Form 4

- The second section of the Form 4 will list the budgets, levies, and rates to be adopted.
- Make sure budgets, levies, and rates are completed.
- If there are any zeroes, are they supposed to be there?
- Compare the Form 4 to the Form 3.
- Compare the Form 4 to the Certified Budget.

Fund Code	Fund Name	Adopted Budget	Adopted Tax Levy	Adopted Tax Rate
0005	CASINO/RIVERBOAT	\$1,000	\$0	0.0000
0061	RAINY DAY	\$0	\$0	0.0000
0101	GENERAL	\$0	\$0	0.0000
0180	DEBT SERVICE	\$0	\$0	0.0000
0706	LOCAL ROAD & STREET	\$0	\$0	0.0000
0708	MOTOR VEHICLE HIGHWAY	\$0	\$0	0.0000
2379	CUMULATIVE CAPITAL IMP (CIG TAX)	\$0	\$0	0.0000
		Total: \$1,000	Total: \$0	Total: 0.0000



Form 4

- The last section of the Form 4 is for the board to adopt the budget.
- Make sure each board member present at the adoption meeting marks their vote and signs the form. Both are needed for the vote to count.

Edit	Delete	Name				Signature
		John Doe	Aye	Nay	Abstain	_____
		Jane Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
		James Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____



1782 Notice

- This form is used to determine who the Department will send the 1782 Notice to once the budget has been worked. This notices starts your 10-day review period.
- Review the names and emails listed.
- Should anyone be added?
- Should anyone be removed?
- Are their any typos in the email address?
- Do you want to list any back-up email addresses?



Budget Form Submission

- The only form that needs to be submitted prior to the adoption meeting is the Form 3. This Form must be submitted a minimum of 10 calendar days prior to the public hearing,
- All other forms must be submitted a maximum of 5 business days after the adoption meeting.



Special Circumstances



Board Members Unable to Vote on Budget

- Indiana Code 36-1-23-2 states that a member of the fiscal body of a unit (meaning city, town, or township) may not participate in a vote on the adoption of the unit's budget and tax levies if the member is an employee or a volunteer firefighter in:
 - (1) a volunteer fire department; or
 - (2) a fire department;
- that provides fire protection services to the unit under a contract (excluding a mutual aid agreement) or as the unit's fire department.



Board Members Unable to Vote on Budget

- Indiana Code 36-6-6-17 imposes conflict of interest provisions for township board members effective July 1, 2020. A member of the township board may not vote on the township's budget and tax levy if the member is also an immediate family member of the township trustee.



Board Members Unable to Vote on Budget

- If a majority of the board is unable to vote on the budget due to either statute. The unit will still hold its own public hearing but will not be able to adopt their own budget.
- They will need to petition the county council for an increase to their budget and/or levy amounts.



Binding Units

- Binding Units will lose edit access on September 1. Submit access is granted to the appropriate fiscal body.
- It is important for the binding unit to make sure all information is entered into Gateway prior to the September 1 deadline.
- It is important that the appropriate fiscal body has the public hearing and adoption meetings for any binding unit on their budget calendar as well.



Libraries

- Libraries have a maximum budget amount they are allowed to adopt and have the library board maintain control over the library budget.



Libraries

Calculation to determine non-binding status:

2023 Total Certified Budgets

Times Maximum levy Growth Quotient

Minus \$1

Round down for 2024 Maximum Budget



Libraries

- Libraries advertising a budget in excess of this calculation will need to contact their fiscal body to handle the public hearing and adoption meetings.
- If you need assistance with knowing if you are over this amount, please review our July Estimate Report on the matter:
- <https://www.in.gov/dlgf/files/2024-reports/Max-Library-Budget-2023-06-28-2.xlsx>



What To Do When The Unexpected Happens



What To Do When The Unexpected Happens

- No quorum at the public hearing.
 - This will require a restart of the full process.
 - You will need to pick a new Public Hearing date and time, making sure you have enough time to resubmit the Form 3. Please contact your DLGF Field Representative.
- No quorum at the adoption meeting.
 - This will require you to schedule a new adoption meeting date.
 - Please reach out to your DLGF Field Representative.



What To Do When The Unexpected Happens

- Board needs more time to discuss the budget.
 - Do not close the meeting, continue the meeting to a specific date, time and location. The Department will ask for the meeting minutes to confirm.
- An objection is filed after the public hearing
 - Taxpayers can file an objection to the budget. The board will need to adopt findings on this objection at the adoption meeting along with any changes to the budget based on these objections.



Questions?



Contact Us

- Gateway Support: support@dlgf.in.gov
- Telephone: (317) 232-3777
- 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>