Department of Local Government Finance

Budget Workshop Overview and Preparation

May 2021

Budget Workshop Overview and Preparation

The goal of this presentation is to address the four questions below:

- What are the DLGF Summer Budget Workshops?
- How do units prepare for their Budget Workshop?
- What happens at the Workshop?
- What happens after the Workshop?

Budget Workshop Overview and Preparation

- The target audience for this webinar is non-school units. Counties, townships, cities/towns, libraries, and special units are likely to attend the traditional DLGF Budget Workshop.
- A school specific version of the budget workshop is being developed and will be available this summer.
- Schools will be offered a budget workshop that will focus on school related budget procedures and that will contain a group question and answer session.

What are DLGF Summer Budget Workshops?

What is the DLGF Workshop?

- Workshops are a voluntary, one-on-one meeting with your Department's Budget Field Representative.
- The workshop sessions will be capped at 45 minutes.
- The Budget Division will conduct approximately 2,000 Workshops between July 19 and August 31.
- The 2021 Workshops will be held virtually through Microsoft Teams.

What is the DLGF Workshop?

- The workshop may be used to discuss questions or concerns about the budget cycle and/or budget procedures:
  1. Review proposed timeline for advertising, meeting, and adoption dates.
  2. Confirm Gateway security and form submission procedures.
  3. Locate various Department created reports designed to assist units with budget preparation.
  4. Discuss legislative updates that may impact the unit.
  5. Receive assistance with preparing, reviewing, and/or uploading of certain budget forms into Gateway.

What are the DLGF Workshops?

There are limitations to the DLGF Workshops.

1. The Department cannot provide legal or financial advice.
   - There are questions that a local government official may have that will need to be answered by your county attorney, county auditor, financial advisor (if applicable), city/county council, various local government associations, your local departments, or other state agencies.

What is the DLGF Workshop?

There are limitations to the DLGF Workshops.

2. With the limited time available for appointments, units must prepare budget information **before** the Department can assist at workshops.

3. While several budgeting steps can be completed at a DLGF workshop, there are several additional steps that need to be completed by the Unit **after** the workshop in order to successfully adopt a budget.

How to Prepare for Workshops?

How to Prepare for Workshops?

- The Budget Division will conduct approximately 2,000 Workshops between July 19 and August 31.
- Pre-Workshop preparation is essential for a productive workshop.
- The next slides will detail what the Department will provide at workshops, and the minimum level of preparation required by any unit attending the workshop.

How to Prepare for Workshops

- The Department will compile Statewide source material including: prior year budget data by unit and fund, legislative updates, and a generalized budget calendar.
- The Department will also have various financial reports:
  - 2022 Estimated Maximum Levy
  - 2022 Estimated Circuit Breaker Reports
  - 2022 Estimated non-Property Tax Revenue Estimates
  - 2022 Cumulative Fund Maximum Rates
  - 2022 Library Maximum Non-Binding Budgets

How to Prepare for the Budget Workshop

- Prior to attending a DLGF workshop each unit must:
1. Prepare a financial software report/ledger book.
   - Cash balances and total expenses by fund for the first 6 months.
2. List of encumbrances for each fund.*
3. Original, Lender-Generated Amortization schedules.*
4. Listing of CY Additional Appropriations.*
5. Complete Form 1 for each fund.
6. Initial compilation of Form 2 Data.
7. Preliminary Budget Hearing and Budget Adoption dates.

*If applicable.

How to Prepare for the Budget Workshop

1. Prepare a financial software report/ledger book showing total expenditures, total receipts, and June 30 cash balance.
   - Must include all activity from January 1 – June 30.
   - Expenses and revenues must be totaled for the first six months of the year.
   - The June 30 cash balances must include any investments and any applicable supporting documentation.

How to Prepare for the Budget Workshop

- Units can provide either of the following, but it's important that the report include the June 30 totals for each fund and that the report is legible.
- Images of the General Ledger Book (right)
- June 30 Fund Report (below)

Fund Report
All Funds
From 06/01/2020 Thru 06/30/2020

FUND TITLE	BALANCE BEG OF YEAR	REVENUE YTD	DISBURSED YTD	BALANCE BEG OF MONTH	REVENUE MTD	DISBURSED MTD	CURRENT BALANCE
101 GENERAL FUND	2310217.95	1538386.88	1404910.56	2238351.31	445286.96	239944.00	2443694.27
120 GRANTS	1741.33	0.00	0.00	1741.33	0.00	0.00	1741.33
121 LEVY EXCESS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
125 FACADE IMPROVEMENT FUND	5000.00	0.00	0.00	5000.00	0.00	0.00	5000.00
130 PARKS	354633.49	332717.10	234171.71	396002.59	126212.87	69036.58	453178.88

How to Prepare for the Budget Workshop

2. List of Encumbrances
- The encumbrances must be totaled by fund.
- Encumbrances must include all relevant supporting documentation.
- The listing should only include formally encumbered amounts. If funds were not formally encumbered from 2020, to be paid in 2021, they should not be included.

How to Prepare for the Budget Workshop

3. Amortization Schedules
- Only applies to units with a debt, lease, or other indebtedness repaid by property tax.
- Units must bring the supporting amortization or lease rental payment schedule(s).
- Amortization must be the original documentation from the debt issuer. Information printed from Gateway – Debt Management will not suffice.

How to Prepare for the Budget Workshop

4. Additional Appropriation
- Only applies to units who completed the process to spend more than the originally certified budget.
- A listing of all Additional Appropriation or reduction resolutions that are _planned_ for July 1 – December 31.

How to Prepare for the Budget Workshop

5. Complete Form 1 : Line-Item Budget Estimates
   - Includes all budgeted line items for 2022.
   - Form 1 presents budget estimates at the fund, department, expense category, and line item.
   - Line items will roll over from prior year, except for Capital Outlays.

Form 1 – Best Practices

Form 1 Best Practices:

- Use prior year Form 1 as a starting point.
- Compare the current actual expenses against the budgeted amounts.
- Compare the prior year's actual expenditures against revenues.

How to Prepare for the Budget Workshop

6. Begin to compile Form 2: Revenue Estimates
   - The Department can assist with estimates for Excise, CVET, FIT, and Local Income tax, but units must consider other types of non-property tax revenue available.
   - Form 2 will contain all non-property tax revenue collected July 1, 2021 through December 31, 2021 plus all non-property tax revenue collected from January 1, 2022 to December 31, 2022.

Form 2 – Best Practices

Form 2 Best Practices

- Review prior year Form 2 as a starting point.
- Reconcile previous year's actual revenues against the prior year Form 2 estimated amounts.
- Analyze the Department miscellaneous revenue reports.
- Consider the budgetary impact of estimating too high versus estimating too low.

How to Prepare for the Budget Workshop

7. Set preliminary public hearing and adoption schedule.
- While the meeting dates can be changed after the workshop, having the dates and times provides the Department with a way to do a preliminary evaluation.
  - Location for public hearing and adoption meeting.
  - Date/Time for public hearing and adoption meeting.

How to Prepare for the Budget Workshop

- Documents are uploaded in the Budget Application's "Submit Signed Form 4 and Other Documents" page.
- Use the "Budget Workshop Data" option to upload the requested financial reports.

What Happens at Workshops?

What Happens at the Workshops

- Budget Workshops are one of the most valuable resources the Department provides to local government. Units can receive assistance with understanding the budget forms and the budget process completed inside and outside of Gateway:
  1. Work through many of the budget forms with their Department Budget Field Representative.
  2. **Learn to evaluate their proposed budget and understand if the budget is fully funded, partially funded, or underfunded.**
  3. Receive a checklist that provides a detailed walkthrough of the remainder of the budgeting process.
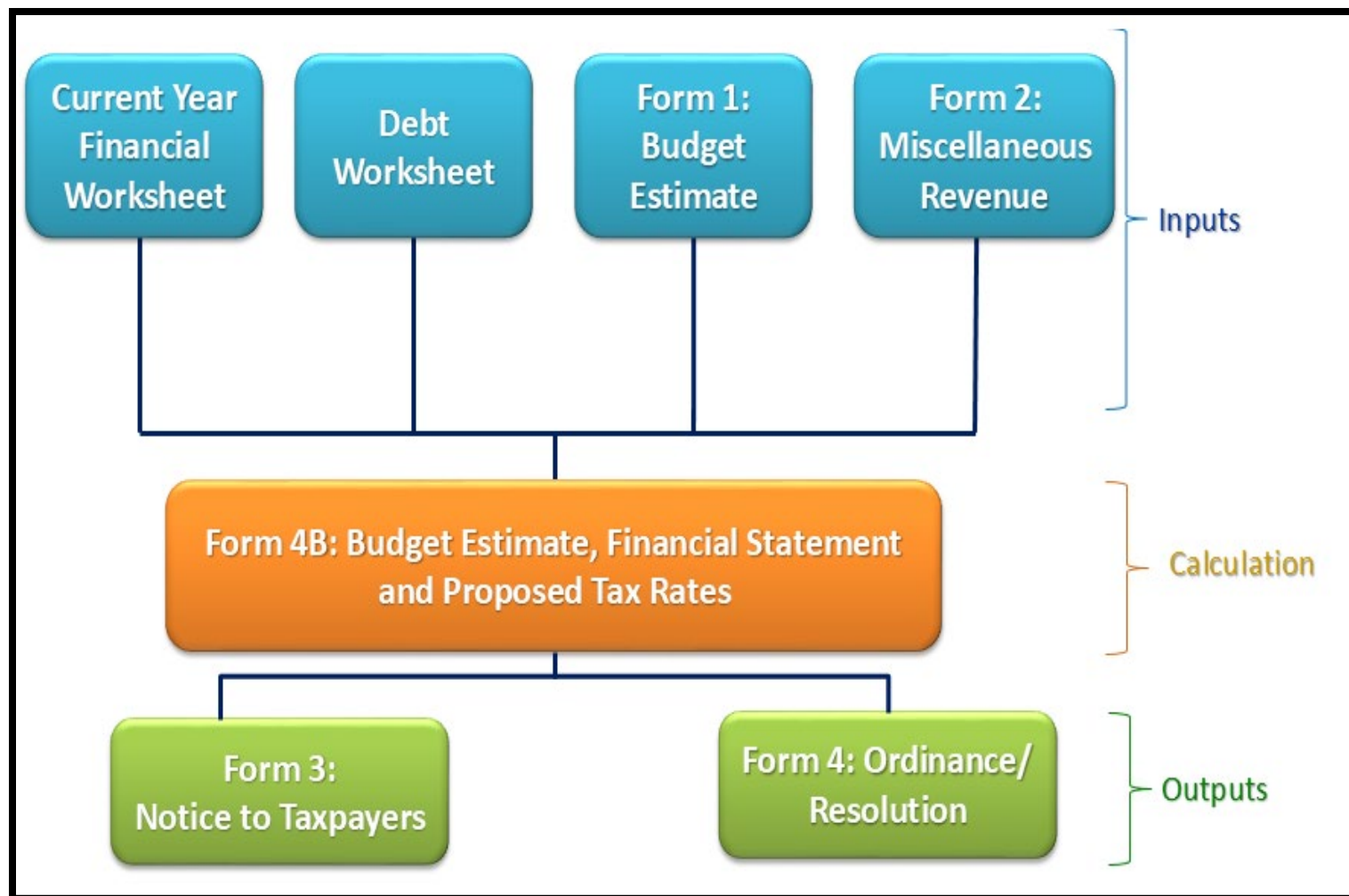
Budget Forms – Gateway Budget Menu

- Each budget season, units will compile, enter, review, and submit their budget data to the Department through Gateway.
- Budget information is summarized into 8 distinct sections.
- All units must complete each form. For the units that attend a workshop, the Department will play a more active role in the process.

🔍 **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 ⚠️

Budget Forms – Flow Chart

- The Budget Forms can also be organized into a Flow Chart. The Flow Chart better demonstrates the order in which the forms are completed and the relationships between data.
- The Flow Chart shows that the budget forms can be classified into three distinct sections:
  - Inputs
  - Calculations
  - Outputs
- At the budget workshops, we will be focusing on the Input section.

Current Year Financial Worksheet | Debt Worksheet | Form 1: Budget Estimate | Form 2: Miscellaneous Revenue — Inputs

Form 4B: Budget Estimate, Financial Statement and Proposed Tax Rates — Calculation

Form 3: Notice to Taxpayers | Form 4: Ordinance/Resolution — Outputs

Budget "Input" Forms

A. Current Year Financial Worksheet
- Uses June 30 financial information to calculate lines of Form 4B
- <mark>For all units, the Department will need to collect the financial information necessary to validate the CYFW.</mark>

B. Debt Worksheet
- Used to select timing of debt payments, if applicable

C. Form 1: Budget Estimate
- Organizes ensuing year's expenses by fund at an individual line-item level

D. Form 2: Miscellaneous (Non-Property Tax) Revenues
- Used to estimate non-property tax revenues between July 1, 2021 and December 31, 2022.

Budget "Calculation" Form

E. Form 4B: Budget Estimate, Financial Statement, and Proposed Tax Rates
- Uses data from the input forms, add property taxes, and subtracts estimated circuit breakers losses to create a complete picture of each fund's financial status for an 18-month period.
- Visualize if the proposed budget will increase, maintain, or decrease existing cash reserves over the next six months
- Visualize if the proposed budget will increase, maintain, or decrease existing cash reserves over the next 18 months
- Estimate cash balance at the end of the budget cycle.

Budget "Output" Forms

F.   Form 3: Notice to Taxpayers
- List by fund of proposed budgets and property taxes
- Informs taxpayers of the date, time, and location of the public hearing and adoption meeting.

G.   Form 4: Adoption Resolution/Ordinance
- Form containing the final budgets, property tax levies, and property tax rates for each fund adopted by official action by appropriate fiscal body.

Types of Workshops

The Department offers different types of workshops, but each workshop will fall into one of four categories.
- Option A – General budget overview and completion of CYFW.
- Option B – Review of CYFW, Form 2, Form 3, Form 4B.
- Option C – Assistance with the CYFW, Form 2, Form 3, Form 4B.
- Option D – Upload of CYFW, Form 2, Form 3, Form 4B.

Note: Each option includes all steps from the previous option.

What Happens at the Workshops

For units receiving the optional Gateway upload, the upload will <u>overwrite</u> any data currently in the forms.

1. Any data entered for "Home-Ruled Funds" in the CYFW, Form 2, or Form 4B before the budget workshop, would be deleted and replaced.

2. Before requesting an upload, units must confirm that there is no information currently in Gateway that can't be overridden.

Budget Forms – Flow Chart
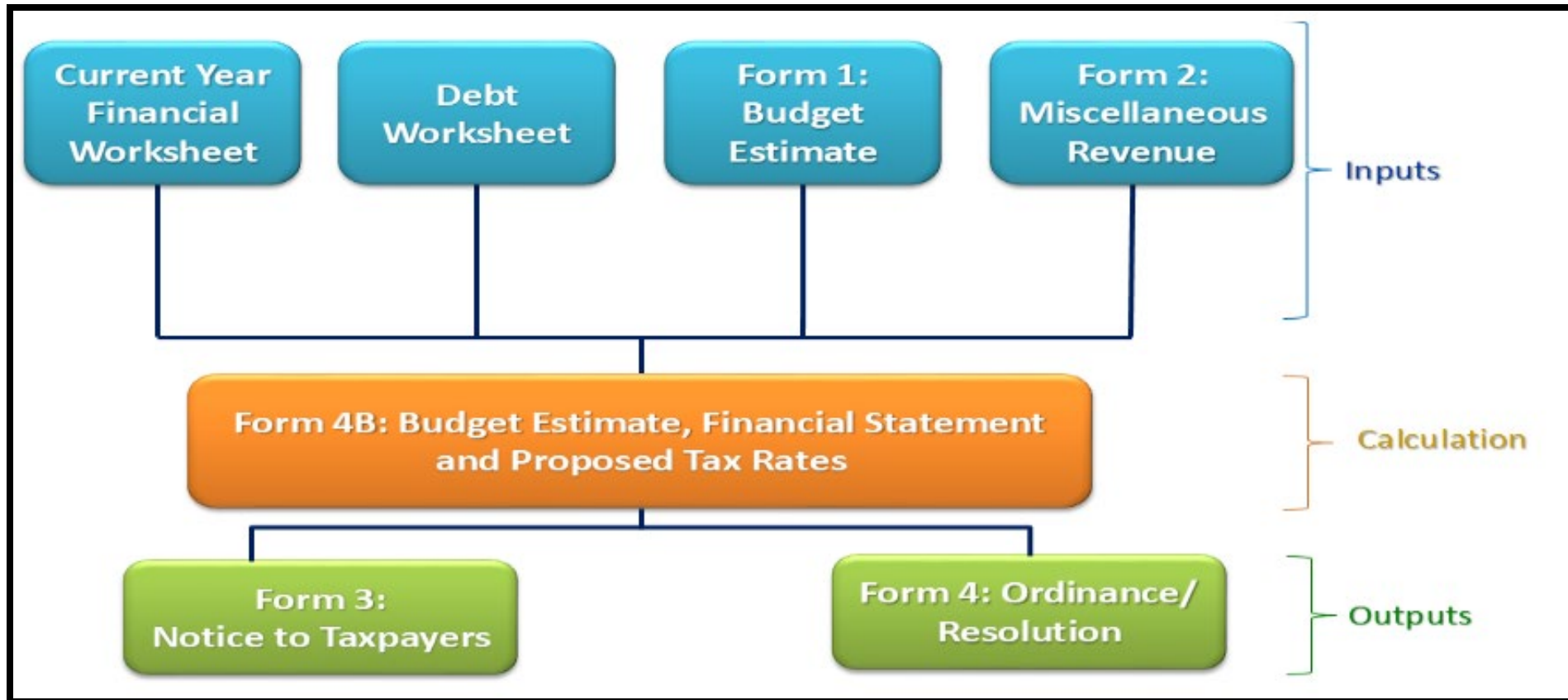
While all forms will be completed before the end of the budget cycle, some forms will be completed before, during, or after the budget workshops.

What Happens After Workshops

What Happens After Workshops

- Workshop are the beginning step of the six-month long budgeting process.
- **After workshops, taxing unit must complete several additional steps both inside and outside of Gateway to ensure the budget gets adopted.**
- The Department will provide a step-by-step checklist of remaining responsibilities.

What Happens After Workshops

After the workshops, but before the public hearing, each unit must **review**:

- Current Year Financial Worksheet
- Form 1 – Advertised Column Only
- Form 2
- Form 4B – Advertised Column Only
- Run the Error Prevention Report
- Form 3 – Review/submit <u>at least 10 days</u> before meeting.

What Happens After Workshops

After the public hearing, but before the adoption meeting, each unit must **complete**:

- Form 1 – Adopted Column Only
- Form 4B – Adopted Column Only
- Run the Error Prevention Report
- Form 4

Form 4 – Best Practices

- Before printing, presenting, and signing the Form 4, compare the Form 4 to the current year budget order or prior year Form 4.
- **Confirm the budgets, levies, and rates on the Form are the budgets, levies, and rates that were advertised, discussed, expected to be certified by the Department.**
- Research any abnormal values before signing.

What Happens After Workshops

After the adoption meeting each unit must:

- **Submit the signed Form 4 within 5 days of adoption.**

Select Unit > **Unit Main Menu**

Selected Year: 2020 | Selected Unit: Gateway1 County - 9983 Dlgf City 1, Gateway1 Co.

Unit Main Menu - 9983 Dlgf City 1, Gateway1 Co.

Select from the options below to customize your unit's funds, departments, and/or publications.

Department of Local Government Finance Tasks

Pre-Budget Worksheet - Submitted on 6/4/2019 10:30:13 AM

Provide information and estimates in advance.

Customize Funds, Departments, Debts, Rev. Codes

View and edit lists of funds, depts., debts by fund and rev. codes.

View Forms, Enter and Edit Budgets

View, edit and submit Forms to DLGF.

Submit Signed Form 4 and Other Documents

View, upload and submit budget-related documents to DLGF.

Property Tax Cap Info

View Property Tax Cap Data Currently Entered on all Forms

Optional Flat File Upload

Fund List, Department List, Fund-Dept Relationship, Form 1, Form 2

What Happens After Workshops

- All forms must be submitted for the Department to review the budget.
- Gateway provides a visual cue for units submitting information.
- Prior to submitting a valid form, the Budget Menu Forms are listed in yellow, but after a Form is submitted, the Form will turn green.

Budget Forms – Incomplete Submission

🔍 **Error Prevention Report**	🗂️ **Budget Forms Flow Chart**

Current Year Financial Worksheet: Additional Calculations for Form 4B ⚠️

📝 Click to edit form ⚠️ Not 'Ready to Submit'.

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Budget Forms – Complete Submission

🔍 **Error Prevention Report**	🗂 **Budget Forms Flow Chart**

Current Year Financial Worksheet: Additional Calculations for Form 4B ✅

🔍 Click to view form	✅ This form has been submitted.

Submitted on 10/11/2017 11:30:57 AM

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 ✅

Resources and Contact Information

Budget Forms

User Guides with instructions for completing, reviewing, and submitting each budget form is available:

Department User Guides:
https://gateway.ifionline.org/help.aspx

Budgets

Guides

- Adding Deleting and Connecting Funds and Departments
- Completing the Current Year Financial Worksheet
- Completing the Debt Worksheet
- Completing the Form 1
- Completing the Form 2
- Completing and Printing the Form 3
- Completing and Printing the Form 4
- Completing the Form 4A
- Notice to 1782 Recipients
- Pre-Budget Worksheet User Guide
- Submitting Budget Forms
- Uploading Proof of Publication and Signed Form 4
- Uploading Optional Flat Files
- Completing the Form 4B
- Printing budget forms
- Uploading LOIT ordinance to Gateway
- Upload specifications/file format

Continuing Education

The Department has a library of presentations you can access on demand:

- The Budget 101, July Estimates, Form 4B, Additional Appropriations and many other presentations given during 2020 are available at: https://www.in.gov/dlgf/9732.htm

- The Circuit Breaker webinar and other 2021 presentations are available at: https://www.in.gov/dlgf/9697.htm

Resources

- DLGF Webinars: https://www.in.gov/dlgf/9697.htm
- Training Videos
  - www.youtube.com/user/DLGFgateway
  - www.in.gov/dlgf/8945.htm
- User Guides
- Information Icons
- DLGF Memos
  - www.in.gov/dlgf/2444.htm
- Email
- Call

Contact Us

- Website: www.in.gov/dlgf
- Contact Us: www.in.gov/dlgf/2338.htm
- Telephone: (317) 232-3777

- Budget Field Representative Map:
https://www.in.gov/dlgf/files/Budget_Field_Reps.pdf

- Gateway Support: Support@dlgf.in.gov
- DLGF Customer Service Survey: Customer Survey