Budget Cycle and Forms Overview

Department of Local Government Finance
Budget Process

- Prepare budget and review Budget Calendar.
- Advertise "Notice to Taxpayers."
- Public hearings.
- Non-Binding County Fiscal Body Recommendation.
- Adoption.
- Submission to Department via Gateway.
- Department certifies budget, rate, levy, and issues a final budget order on or before February 15.
What are Budget Workshops?

- A meeting with your Budget Field Rep where you bring financial information and the Department can:
  - Work through several budget forms.
  - Help ensure timely public and adoption meetings.
  - Answer budget questions.
- Most non-school units have the opportunity to have many of the more difficult forms uploaded into Gateway.
What to Bring to Budget Workshops

- Financial report or ledger totals for first six months expenditures broken down by fund.
- List of encumbrances.
- Cash balance as of June 30 for each fund.
- Any investments.
- Any Reduction Ordinances/Additional Appropriations done the first 6 months or planned for the second 6 months.
- Completed and totaled Form 1's (next year's budget) for each fund.
What to Bring to Budget Workshops

• Completed Form 2's (revenue estimates) for each fund or Financial Report of revenues.
• Amortization Schedules (units with debt).
• Confirmed public hearing and adoption dates along with times of each meeting.
• The address of the office and meeting locations.
2018 Gateway Budget Form Updates

- 2018 Budget forms are live!
- Updating of old income tax revenue codes to Local Income Tax (LIT).
- Form 4B – Line 13A (PTRC) data entry blocked.
- Rollover of 1782 recipients from last year.
- Refined Error Prevention Report messages. (Here’s the error, and here’s what to do.)
2018 Gateway Budget Form Updates

- Updated budget form user guides. (Coming soon!)
- Additional safeguards, such as not being able to submit Form 3 or print the Form 4 with all zeros.
- Invitation to submit the Gateway Survey will be emailed after submitting all budget forms.
- Revised calculations of Property Tax Cap Estimates. (July 31)
- “Pre-Budget” Worksheet - Collect debt and other info. (Due June 5)
Pre-Budget Worksheet

- Collects data to help revise our property tax cap calculations.
- Excess levy appeal
- Cumulative fund reestablishment
- Adopting/Fiscal bodies
- New debt
- Debt Worksheet
- Estimated 6/30 cash balance for debt fund(s)
- County mental health and developmental disability estimates.
What are Property Tax Caps?

• Also called “Circuit Breakers.”
• Property taxes are capped at 1% (homestead), 2% (non-homestead residential), and 3% (commercial) of their assessed value.
• If a taxpayer is about to be billed higher than their capped liability, the bill is reduced to the cap.
• As a result, the county collects less property taxes and the loss of collections is passed onto the units.
What are Property Tax Caps?

• In the past, unfunded budgets may have been certified because property tax cap losses weren’t accounted for. This occurred because the certified levy was higher than what would actually be received.

• Senate Enrolled Act 321-2016 changed statute to require property tax caps to be accounted for in the budgeting process.
What are Property Tax Caps?

- When planning next year’s budget, units will need to consider the “net” property tax revenue that will be collected during the ensuing year.
- This “net” revenue takes into account the Department’s estimates of property tax cap impacts. (IC 6-1.1-17-3(a))
- Taxing units will adopt “net budgets” or “post-circuit breaker budgets.”
  - The amount fundable by the net property tax levy and other miscellaneous revenues.
What are Property Tax Caps?

• To account for the property tax caps, taxing units now include the estimated cap impact by fund within their budgets.
• This results in a more accurate “Operating Balance” (Line 11) on the Form 4B.
• Essentially, an Operating Balance is the estimated cash balance once the budget year has ended.
• This balance is often used by a unit to operate off of during the first 6 months after the budget year (2019 in this case), until the June settlement is distributed.
• If this amount is ever negative, a budget reduction is likely.
Property Tax Cap Summary

• It’s the portion of the certified property tax levy that the unit may not receive due to property tax caps.
• The budgets on the more “internal” budget forms (Forms 1, 4A and 4B) will contain estimates of property tax cap credits.
• The budgets on the more “public” budget forms (Form 3: Notice to Taxpayers and Form 4: Adoption Resolution) will be the actual budget you anticipate spending and not include the property tax cap estimate.
• You will manually enter the property tax cap in a designated portion of Form 1 and from there, Gateway will help make sure the correct amounts are pulled into the rest of the forms.
• If you’re confused, don’t worry. We’ll explain more later!
Important Dates

- **Budget Calendar** – Available on the Memos and Presentations webpage.
  - July 14 – Release of Department provided maximum levy and cumulative fund rate estimates.
  - July 17 (Tentative) – Budget Workshops begin
  - July 31 – Release of Department calculated Property Tax Cap estimates. ([Memos and Presentations page](#))
- September 1 – Last day for “binding-review” units to submit budget forms to the adopting fiscal body.
- October 12 – Last day to submit the Form 3: Notice to Taxpayers in Gateway. Form 3 must also be submitted at least 10 days before the public hearing.
Important Dates

- October 22 – Last day to hold the public hearing.
- November 1 – Last day to hold the adoption meeting.
- November 3 – Last date to submit forms in Gateway.
- December 14 – Last day to submit requested additional appropriations.
- February 15 – Last day for the Department to certify budget orders. (This deadline will be moving up to December 31, in most cases, for the 2019 budget year.)
July 14 – Estimate of Maximum Levies

- Three reports released by July 14.
  - Estimated maximum levy report for levy-controlled funds.
    - Also provides guidance for any applicable adjustments.
  - Estimated levy needed for debt service funds.
    - These levies are outside of max levy estimates.
  - Estimate of maximum property tax rates for cumulative funds.
    - Check with your field rep to confirm if your cumulative fund(s) is outside of the max levy.
• By July 31, the Department shall provide to each taxing unit an estimate of the unit’s property tax cap impacts for the ensuing year.
• The Department’s estimates will be totaled by max levy type.
• These amounts will be calculated at a fund level for units that attend budget workshops and receive the upload into Gateway.
• A worksheet will be released that aids others in calculating the fund level property tax cap amounts.
July 31 – Property Tax Cap Estimates

<table>
<thead>
<tr>
<th>0010</th>
<th>VAN BUREN TOWNSHIP</th>
<th>Estimated Impact</th>
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<tr>
<td>Civil Max Levy Fund Credits</td>
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<td>Rate-driven funds outside of Civil Max Levy Credits</td>
<td>$587</td>
<td></td>
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<td>Township Fire Credits</td>
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<td>Debt Fund Credits</td>
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<td>$408</td>
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<td>Total Estimated Credits</td>
<td>$6,525</td>
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- Townships will typically see a civil and fire amount.
- Rate driven funds outside of max levy credits are typically Cumulative Fire or School Capital Project funds.
- Debt estimates are for informational purposes only and won’t be entered in Gateway.
- If a city has a General fund with 60% of the levy and MVH with 40%. The General fund receives 60% of the civil property tax cap estimate, and MVH receives 40%.
In order to increase a cumulative fund rate above last year’s it would need to be re-established.

Examples include:
- Cumulative Fire
- Cumulative Capital Development
- Cumulative Bridge

Cumulative Fund Establishment/Re-establishment deadline is changing:
Debt Management

• **All** taxing units must submit their annual “Debt Affirmation” by March 1.

• New debt must be submitted in Gateway’s Debt Management within 30 days of closing.

• Anticipated debt must be closed by December 31 of the current year to be eligible for a property tax levy for the ensuing year.
Debt Management

- The Debt Worksheet is populated by linking Debt Management’s debt reports to debt funds in the Budget Program.
- Linkages between Debt Reports and the Debt Worksheet rollover from the previous year.
- Please contact the Department Gateway Support Team if you need assistance adding, linking, or correcting a debt.
Property Tax Cap Impacts (Form 1)

Select Fund:
0101 - GENERAL

Select Department:
0000 NO DEPARTMENT

Select Category Tab

<table>
<thead>
<tr>
<th>Sub-Category</th>
<th>Line Item Code</th>
<th>Description</th>
<th>Advertised Amount</th>
<th>Adopted Amount</th>
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<tr>
<td>Property Tax Cap Impact</td>
<td></td>
<td>Property Tax Cap Imp</td>
<td>$2,000</td>
<td>$0</td>
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Enter the estimate and click “Save”
Property Tax Cap Process

• Enter in the “Property Tax Cap” estimate in its expenditure category tab of Form 1 for all non-debt funds with a levy.
• Carry total “gross” budgets into Form 4A and 4B.
• Form 4B will display the total Property Tax Cap amount at the bottom.
  • This amount is carried over from Form 4A.
• Only the “net” budget is pulled into Form 3: Notice to Taxpayers or Form 4: Adoption Resolution.
Property Tax Cap Questions

• My budgets don’t match, how can I fix this?
  ✓ If the budgets on Forms 3 and 4 are lower than Forms 1, 4A, and 4B, by the amount of property tax caps entered, it’s working correctly!

• Can I use my own estimates?
  ✓ Yes, but be careful.

• Will this always be the process?
  ✓ Tentatively, no. The Department intends to redo the Form 4B (Fund Report/16-Line Statement) to account for this change.
Form 3: Notice to Taxpayers

• Advertised online by submitting Form 3 in Gateway at least 10 days before the public hearing.

• SEA 321-2016 eliminated the requirement that the Form 3 be submitted before September 14.

• At least 10 days between public hearing and adoption.
Form 3: Notice to Taxpayers

- 10 or more taxpayers can file an objecting petition within 7 days of the public hearing.

- If there are any objections, the fiscal body of the political subdivision must adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.
Form 3: Notice to Taxpayers

• Question to be answered when completing the Form 3:
  • Has the territory of the unit changed?
  • Annexations
  • Extensions of Services
• This question will impact how the unit is handled for the purposes of online ads.

Most non-school units can have this form uploaded into Gateway at budget workshops.
Form 3: Notice to Taxpayers

- **Deadlines**
  - Submit Form 3 at least 10 days before public hearing, no later than Oct. 12.
  - Public Hearing no later than Oct. 22.
  - Adoption Meeting no later than Nov. 1.
  - Dates subject to change due to non-business days.
  - Review the annual budget calendar for official dates.

- **Required Information to be advertised**
  - Date, time, and location of public hearing and adoption meeting.
  - Estimated maximum levy and property tax cap impact.
  - Fund name, budget estimate, fund levy, excessive levy appeal, and current fund levy.
Budget Form 3

Form 3 must be submitted at least 10 days before the public hearing.

Submit to fulfill online advertising
Notice to Taxpayers (Form 3)

- Upon submission of the Notice to Taxpayers, the Notice is immediately made available on [http://BudgetNotices.in.gov](http://BudgetNotices.in.gov).

- Taxpayers can search for budget notices by address or by county.
ORDINANCE OR RESOLUTION FOR APPROPRIATIONS AND TAX RATES

Be it ordained/resolved by the GrassyFork Township Board that for the expenses of GRASSY FORK TOWNSHIP, Jackson County for the year ending December 31, 2016 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 GRASSY FORK TOWNSHIP, Jackson County, 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 GrassyFork Township Board.

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<tr>
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<th>Type of Adopting Entity / Fiscal Body</th>
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<td>GrassyFork Township Board</td>
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### DLGF-Reviewed Funds

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<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Adopted Budget</th>
<th>Adopted Tax Levy</th>
<th>Adopted Tax Rate</th>
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<td>0101</td>
<td>GENERAL</td>
<td>$22,150</td>
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<td>0840</td>
<td>TOWNSHIP ASSISTANCE</td>
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<td></td>
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<td>$26,950</td>
<td>$15,600</td>
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<table>
<thead>
<tr>
<th>Name</th>
<th>Aye</th>
<th>Nay</th>
<th>Abstain</th>
<th>Signature</th>
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<tbody>
<tr>
<td>Craig Klinge</td>
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<td></td>
<td></td>
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<tr>
<td>Jeanette Elliott</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Stan Darlage</td>
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</table>
Budget Form 4 (Adoption)

- Budget Form 4 – Adoption
  Ordinance/Resolution
  - Fiscal body adopts the Form 4, approving budgets, tax levies, and tax rates.
  - Budgets, tax levies, and tax rates for all funds must be listed.
Budget Form 4 (Adoption)

- Adoption date should be the same as shown on Form 3.
- Attestation line applies only to counties, cities, and towns. Mayor Action line only applies to cities.
- The voting members must mark their vote and sign the Form 4.
- After adoption the signed Form 4 must be scanned and uploaded into Gateway.
Upload Signed Form 4

- Within 48 hours of adoption, the Signed Form 4 needs to be scanned and uploaded into Gateway.
- The same 48 hour timeline applies to submitting the remaining budget forms in Gateway.
County Council Review

Unit Max Levies and Rates

Unit Level Circuit Breakers
County Council Review

• Forms are no longer required to be submitted by non-binding units (same as last year).
• At the first meeting of the county fiscal body in August, the county fiscal body shall review the estimated levy limits and estimated circuit breaker impacts provided by the Department. (IC 6-1.1-17-3.6(a))
• The county fiscal body may request that representatives from the taxing units in the county attend the meeting. (IC 6-1.1-17-3.6(b))
County Council Review

- The county fiscal body must allow a representative of a taxing unit to comment on the taxing unit’s proposed budgets, levies, and tax rates. (IC 6-1.1-17-3.6(c))
- After the meeting, the county fiscal body may prepare and distribute written recommendations to the county’s taxing units. If written recommendations are not prepared, the minutes of the meeting shall be distributed by the county auditor. (IC 6-1.1-17-3.6(d))
After the Department works your budget, a “1782 Notice” is emailed to everyone on this form. This notice contains the budgets, levies, and rates about to be certified.

You will have 10 days to respond with any requested changes.

Last year’s entered recipients will be carried over. Please review and update as needed.

The Department recommends adding multiple recipients to this form.
DLGF Budget Review

- For debt service funds and rate-controlled funds (cumulative funds), the Department will perform its normal full review.
- For levy-controlled funds, the Department’s level of review will be contingent on the budgets and levies adopted by the local governments.
- IC 6-1.1-17-16
DLGF Budget Review

• Three-prong test:
  • Adopted levies exceed estimated maximum levies.
    ✓ Full review
  • Adopted levies are within estimated maximum levies, BUT budgets are not fundable.
    ✓ Full review
  • Adopted levies are within estimated maximum levies AND budgets are fundable.
    ✓ Shortened budget review (levies and rates).
    ✓ Adopted budgets and revenues accepted.
QUESTIONS?
Resources

- User Guides
- Information Icons
- Training Videos
  - www.youtube.com/user/DLGFgateway
- DLGF Memos (Budget Calendar and more!)
  - www.in.gov/dlgf/2444
- Email
- Call
Contact the Department

- Gateway Support: gateway@dlgf.in.gov
- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Additional Appropriation email:
  - AdditionalAppropriationRequests@dlgf.in.gov
- Website: www.in.gov/dlgf
- “Contact Us”: www.in.gov/dlgf/2338.htm
- Budget Field Representative Map: http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf
<table>
<thead>
<tr>
<th>Name</th>
<th>Phone Number</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miranda Bucy</td>
<td>317-650-6848</td>
<td><a href="mailto:mbucy@dlgf.in.gov">mbucy@dlgf.in.gov</a></td>
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<td>Ryan Burke</td>
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<td>Kim Chattin</td>
<td>317-650-6157</td>
<td><a href="mailto:kchattin@dlgf.in.gov">kchattin@dlgf.in.gov</a></td>
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<td>George Helton</td>
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<td>Wayne Hudson</td>
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<td>Vicky Neeley</td>
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<td>Robert Norris</td>
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<td>Kurt Ott</td>
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<td>Dawn Ray</td>
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<tr>
<td>Judy Robertson</td>
<td>317-650-2508</td>
<td><a href="mailto:jrobertson@dlgf.in.gov">jrobertson@dlgf.in.gov</a></td>
</tr>
<tr>
<td>Michelle Rogers</td>
<td>317-447-2941</td>
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<tr>
<td>Heather Witsman</td>
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