Indiana Auditor’s Association
North & South Regional Meetings

Fred Van Dorp, Budget Division Director
July 17 & July 19, 2018
Agenda

• Budget Calendar
  • Key due dates, report release dates, and adoption dates.

• 2018 pay 2019 CNAV Submission
  • Reporting updates, prerequisite steps, and general notes

• DLGF Statewide Budget Reports
  • Report overviews, new reports for 2019, and updated calculations
Alternative Topics for Discussion

• Gateway
  • Gateway Abstract
  • Gateway Training Recap
• Budgets Overview
  • Gateway Budgeting
  • Budget Workshop Preparation
  • Departmental Requirements
• Local Income Tax
  • LIT 2019 Estimates
  • LIT Supplemental Distribution
  • LIT One Time Distribution
• Additional Training Opportunity
  • Public Side of Gateway
  • Level 1, Level 2, and Level 3
  • Youtube
Budget Calendar Overview

- **Full version available** on the Memos and Presentations webpage.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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</thead>
</table>
| May 18 | Department releases Annexation Memo and Template.  
          **Due Date: July 15** |
<p>| May 18 | Department releases 2018 TIF Neutralization Memo and Template. |
| July 2 | Last day for the county assessor to deliver the real estate book (i.e., roll and balance 2018 pay 2019 gross assessed values) to the county auditor. <strong>IC 6-1.1-5-14</strong> |
|        | Last day for county assessor to roll 2018 pay 2019 personal property gross assessed values to the county auditor. <strong>IC 6-1.1-3-17(b)</strong> |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 16</td>
<td>Department provides to each county, city, and town an estimate of the maximum Cumulative Capital Development Fund tax rate for the ensuing year. <strong>IC 6-1.1-18.5-9.8(b)</strong></td>
</tr>
<tr>
<td></td>
<td>Department provides each taxing unit an estimate of the maximum permissible property tax levy for the ensuing year and guidance on calculating allowable adjustments to the maximum levy. <strong>IC 6-1.1-18.5-24</strong></td>
</tr>
<tr>
<td></td>
<td>Department provides to each county an estimate of the maximum allowable appropriation and maximum amount of property taxes that may be imposed for community mental health centers or community intellectual disability and other developmental disabilities centers that are exempt from property tax levy limits for the ensuing year. <strong>IC 12-29-1-3.5</strong></td>
</tr>
<tr>
<td>July 16</td>
<td>DLGF Budget Workshops Start.</td>
</tr>
</tbody>
</table>
## Budget Calendar Overview

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<tr>
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<tbody>
<tr>
<td>July 31</td>
<td>Department provides to each taxing unit that levies a property tax an estimate of the amount by which property tax distributions will be reduced in the ensuing year due to circuit breaker credits. <strong>IC 6-1.1-20.6-11.1</strong></td>
</tr>
<tr>
<td>Aug. 1</td>
<td>Last day for county auditor to certify net assessed values to the Department. The Department will make values available to all political subdivisions via Gateway. <strong>IC 6-1.1-17-1</strong></td>
</tr>
<tr>
<td>Sept. 3</td>
<td>Last day for units with appointed boards, including certain libraries under IC 6-1.1-17-20.3, to submit proposed 2019 budgets, tax rates, and tax levies to county fiscal body or other appropriate fiscal body for binding adoption, as applicable. <strong>IC 6-1.1-17-20; IC 6-1.1-17-20.3</strong></td>
</tr>
</tbody>
</table>
## Budget Calendar Overview

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<tr>
<td>Oct. 12</td>
<td>Last day to post notice to taxpayers of proposed 2019 budgets and net tax levies and public hearing (Budget Form 3) to Gateway. Notice must be posted at least ten days before the public hearing, which must occur at least ten days before the adoption for most taxing units. <strong>IC 6-1.1-17-3</strong></td>
</tr>
<tr>
<td>Oct. 22</td>
<td>Last possible day for taxing units to hold a public hearing on their 2019 budgets. Public hearing must be held at least ten days before budget is adopted. <strong>IC 6-1.1-17-5</strong></td>
</tr>
<tr>
<td>Nov. 1</td>
<td>Deadline for all taxing units to adopt 2019 budgets, tax rates, and tax levies. <strong>IC 6-1.1-17-5(a)</strong></td>
</tr>
<tr>
<td>Nov. 5</td>
<td>Last day for units to submit their 2019 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.</td>
</tr>
</tbody>
</table>
## Budget Calendar Overview

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<tr>
<td>Dec. 31</td>
<td>Deadline for the Department to certify 2019 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 under IC 6-1.1-18.5-16. IC 6-1.1-17-16</td>
</tr>
</tbody>
</table>

Note: The prior year deadline for budget certification was February 15.
2018 pay 2019 CNAV Submission
2018 pay 2019 Annexation Reports

- Annexation memo and template was released on Friday, May 18.

- Report due date: July 15, 2018.

- The Department has received 79 of 92 annexation reports. Even counties without annexations must submit a complete report.

- Submitted annexation report will contain:
  - Listing of annexations from January 1, 2017 to January 1, 2018.
  - NAVs based on 2018 pay 2019 values.
  - NAVs for Real and Personal Property.
  - Activity from both the annexed and annexing unit and taxing district. The “Net Assessed Value of Annexed Area” column will generally net to $0.00. If the column does not, please include an explanation along with the annexation submission.
2018 pay 2019 TIF Neutralization

- **TIF Neutralization memo and template** was released on Friday, May 18.

- Report due date: None, but TIF Neutralization must be completed, submitted, and approved by DLGF before CNAV can be submitted.

- The Department has received 8 of 92 annexation reports.

- Submitted TIF Neutralization submission must:
  - Be completed before AV certification can begin.
  - Be signed by the county auditor.
  - Contain all TIFs within the county.
• FAQ #1 - Only the Real AV values will be used to calculate the Factor. Personal Property and TIF Pass through are excluded from the calculation.

• FAQ #2 - The county auditor must submit a TIF neutralization spreadsheet for each TIF within the county.
  • If the TIF only has personal property, then a TIF Neutralization recommended, but not required.

• FAQ #3 - TIF Districts must be neutralized in their entirety.
  • Note: If a TIF district exists in multiple taxing districts, only one TIF Neutralization spreadsheet should be created and submitted.
For Pay 2019, the CNAV submission process will be switching to parcel level data submission. All CNAV submissions must include the four files below:

<table>
<thead>
<tr>
<th>File Name</th>
<th>File Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CNAV1:</strong></td>
<td>The CNAV1 file will still be included in the submission, but there were significant changes made to the format of the file. This year’s version of the CNAV1 file will only contain the list of taxing districts, comprised of the taxing district codes and names.</td>
</tr>
<tr>
<td><strong>CNAV2:</strong></td>
<td>The CNAV2 file will still be included in the submission. The CNAV2 file format is unchanged from last year.</td>
</tr>
<tr>
<td><strong>TAXCNAV:</strong></td>
<td>This is a new file for pay 2019. The TAXCNAV is a variation of the TAXDATA file that was designed to facilitate CNAV reporting. The TAXCNAV file will not contain records pertaining to annually assessed mobile homes.</td>
</tr>
<tr>
<td><strong>TAXADJ:</strong></td>
<td>This is a new file for pay 2019. TAXADJ is a version of the ADJMENTS file that will be used for the purposes of CNAV, and features some variations meant to capture Annexation AV, Withholding AV, and TIF Pass-through AV. The TAXADJ file will not contain records pertaining to annually assessed mobile homes.</td>
</tr>
</tbody>
</table>
2018 pay 2019 CNAV Submission Updates

- **Step 4**
  - The Department has added a note to Step 4 to clarify that for conservancies, the county needs to certify the **gross assessed values**.

- **Step 5**
  - The 2018 CNAV submission will still include the system generated review for “District Differences” that are +/- 10% of the prior year total. The Budget Field Representatives will review all explanations provided. The explanation were also shared with the State Auditor’s office to facilitate the review of Abstract.

  - **Note:** The Step 5 submission will no longer validate taxing district/fund combinations.
DLGF Statewide Budget Reports
June and July are calculation heavy months for the Department. There are a number of Statewide informational reports that are created and posted to help all units with their budgeting calculations.

Statewide Reports:  
https://www.in.gov/dlgf/2339.htm

Note: These Statewide reports will be revised as county specific reports and posted for each county.
• **Calculation of Estimated Maximum Levy for Budget Year 2019**
  - The Department uses the 2018 MAXIMUM LEVY plus a number of permanent and temporary appeals and adjustments, the assessed value growth quotient (3.4%), mental health adjustments, development disability adjustment, cumulative capital development adjustment and future appeals as reported on the Pre-budget Worksheet to determine the estimated 2019 MAXIMUM LEVY.

• Statewide Report:  
  [Link](https://www.in.gov/dlgf/files/180716%20Calculation%20of%20Estimated%20Maximum%20Levy%20for%20Budget%20Year%202019%20-all.pdf)
• Calculation of Initial Operations Fund Maximum Levy for 2019
  • In conjunction with HEA 1009-2017 and HEA 1167-2018, the Department has created a new Maximum Levy report specifically for school corporations. The new report shows the Department’s calculation of the initial max levy for the new Operations fund for all school corporations.

• **Estimated Mental Health Maximum Levy Exempt from Levy Limits**
  • More detailed analysis of HEA 1411-2018 and the impact on the calculation can be found in the memo released by the Department on May 17, 2018.

  • In 2018, CMHC funding was based on the previous year’s maximum appropriation amount adjusted by the assessed value growth quotient, limited to the amount of funding needed to fulfill a CMHC’s financial obligations for serving part or all of a county’s population.

  • Beginning in 2019, funding is based on the previous year’s maximum appropriation amount multiplied by the greater of:
    • 1.00%
    • the amount of the county’s general fund property tax levy for the previous calendar (2017) year less property tax credits divided by the amount of the county’s general fund property tax levy for the calendar year (2018) less property tax credits.
The Department has posted each the growth factor for each county as a statewide report for your review:

- [https://www.in.gov/dlgf/files/180716%20-%202019%20Mental%20Health%20Growth%20Factor%20Calculation%20all.pdf](https://www.in.gov/dlgf/files/180716%20-%202019%20Mental%20Health%20Growth%20Factor%20Calculation%20all.pdf)

- DLGF Memo on HEA 1411-2018:

- Statewide Report:
• Est. Developmental Disabilities
  Maximum Levy Exempt from Levy Limits
  • The Developmental Disabilities Maximum Levy Exempt is calculated by multiplying the current year (2018) Developmental Disabilities adjustment by the current year AVGQ (1.034%).

• Statewide Report:
• **Estimated Miscellaneous Revenues for Budget Year 2019**
  • The Department’s Estimated Miscellaneous Revenues Report will contain a unit level calculation of 14 State distributed local revenue sources. The report is based on information provided by the Auditor of the State’s office, reported in Gateway through DECAF (Form 22), and local income tax calculations from the prior year.

• **Statewide Report**
  [https://www.in.gov/dlgf/files/180716%20-\%20Estimated%20Miscellaneous%20Revenues%20for%20Budget%20Year%202019.pdf](https://www.in.gov/dlgf/files/180716%20-%20Estimated%20Miscellaneous%20Revenues%20for%20Budget%20Year%202019.pdf)
## Estimated Miscellaneous Revenues for Budget Year 2019

<table>
<thead>
<tr>
<th>Revenue Name</th>
<th>Source</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarette Tax CCIF</td>
<td>AOS</td>
<td>Amount estimated per Auditor of State's 2019 Budget Revenue Estimates. Cities and towns only. December 2017 = $1.10 per capita. 2019 = $2.05 per capita.</td>
</tr>
<tr>
<td>Cigarette Tax General Fund</td>
<td>AOS</td>
<td>Amount estimated per Auditor of State's 2019 Budget Revenue Estimates. Cities and towns only. December 2018 = $0.30 per capita. 2019 = $0.56 per capita.</td>
</tr>
</tbody>
</table>
### Estimated Miscellaneous Revenues for Budget Year 2019

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions Tax Support</td>
<td>FIT</td>
<td>December 2018 = Provided by AOS. 2019 = June 2018 as provided by AOS + 90% of December 2018</td>
</tr>
<tr>
<td>License Excise Tax Support</td>
<td>DECAF</td>
<td>December 2018 = 90% of December 2017 distribution. 2019 = 90% of Calendar Year 2018 distribution.</td>
</tr>
<tr>
<td>LIT Certified Shares</td>
<td>DLGF</td>
<td>July-December 2018 = Jan - June 2018. 2019 = 90% of 2018 certified distributions for LIT Certified Shares.</td>
</tr>
<tr>
<td>LIT Levy Freeze</td>
<td>DLGF</td>
<td>July-December 2018 = 50% of 2018 Levy Freeze amount. 2019 = 2018 Levy Freeze amount.</td>
</tr>
</tbody>
</table>
• Local Income Tax Certified Distributions for 2019
  • The Department has posted the first 2019 Estimated Income Tax Reports based on information provided by the State Budget Agency (“SBA”) on June 1.


• The 2019 Estimates contain 10 months of certified collections and plus 2 months of county specific estimates. Regardless of whether or not a county amends their LIT rates, it is likely that all 92 counties will see a change to their LIT amounts when the final figures are certified on November 1.
• 2019 Estimated Property Tax Cap (“CB”) Impact Report
• 2019 Estimated Taxing District Rates Report
• 2019 Estimated Property Tax Cap (“CB”) Impact by District

• This will be the third year that statute requires the Department to release CB Estimates in July. These estimates and values should not be confused with the 2017 CB actual reports released in April 2018.

• The CB estimates are designed to be used in conjunction with CB Allocation Workbook to allocate the CB across the levied funds

• Although CB impact must be considered during the budgeting process, units are not required to use the Department’s estimated CB values.
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