Indiana
Department of Local Government Finance

Committed to a fair and equitable property tax system for Hoosier taxpayers.

Budget 2019 Review / Budget 2020 Preview

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Department of Local Government Finance
June 17, 2019

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Agenda

1. 2019 Budget Certification Recap

2. State Examiner Directive 2018-2: MVH Funds

3. 2020 Budget Calendar Overview

4. New Legislation

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6/17/2019

2019 Budget Certification Recap

SEA 321 – 2016 changed the Department's due dates for Budget Certification.

Budget Year	Certification Date
Budget Year 2017	February 15th, 2018
Budget Year 2018	February 15th, 2018
Budget Year 2019[1] (Current Year)	December 31, 2018 or January 15th, 2019

Note 1: If one unit in a county were to close on debt or file a shortfall appeal in December, the entire county will have a budget certification date of January 15th.

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2019 Budget Certification Recap

Key Metrics for 2019 Budget Certification

Date	Milestone
November 8th	First 59 units received a 1782
November 19th	298 units received a 1782
November 20th	1st County received Budget Order
December 31st	73 Counties had Budget Orders
January 10th	92nd County received Budget Order

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2019 Budget Certification Recap

Keys to Success for 2019

1. Year long focus on encouraging units to consider taking action earlier

2. Year long focus on the Budget Calendar
   - Year long focus on statutory due dates

3. DLGF software update that allowed us to begin processing adopted budgets earlier

4. Distribution of 1782s for individual units

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2019 Budget Certification Recap

Areas of Improvement for 2020

1. Increased emphasis on recommended "Budget Preseason Activities"

2. Proactive Preseason Outreach

3. Increased promotion of DLGF resources

4. Strategic Communication

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2020 Budget Calendar Overview

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2020 Budget Calendar Overview

Preliminary 2019 Budget Calendar
https://www.in.gov/dlgf/files/pdf/190212%20-
%20Van%20Dorp%20Memo%20-%202019%20-
%202020%20Budget%20Calendar.pdf

Annually the Department releases a Budget Calendar bulletin that lists <u>some</u> of the key events for all units during the year related to budgets.

The calendar is often amended after the legislative cycle ends.

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2020 Budget Calendar Overview

Date	Description
May 1	Last day for State Budget Agency to provide the amount of the supplemental Local Income Tax distribution to Department and qualifying counties. (IC 6-3.6-9-15)
May 15	Last day for the Department to provide unit level Supplemental LIT distribution reports qualifying counties. (IC 6-3.6-9-15) https://www.in.gov/dlgf/files/2019%20Supplemental%20LIT%20Calculation%20(2019-03-19).pdf
May 31	Last day for county auditor to distribute to each taxing unit the amount of the supplemental distribution that is allocated to the taxing unit under subdivision. (IC 6-3.6-9-15)

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LIT Supplemental Distribution

County qualification for the supplemental distribution is based on IC 6-3.6-9-15(a):

(a) If the budget agency determines that the balance in a county trust account exceeds fifteen percent (15%) of the certified distributions to be made to the county in the **determination year**, the budget agency shall make a supplemental distribution to the county from the county's trust account. The budget agency shall use the **trust account balance** as of December 31 of the year that precedes the determination year by two (2) years...

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LIT Supplemental Distribution

Determination Year ("DY"):
- The most recent (calendar) year's certified distribution.
- The "DY" for May 21, 2019 is 2019.

Trust Account Balance Year ("TAY"):
- For the purpose of the Supplemental Distribution, the TAY for 2017.

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LIT Supplemental Distribution

SBA Conceptual Calculation	Example County #1
Determination Year ("DY") = 2019	DY = $100
Trust Account Year ("TAY") = 2017	TAY = $10
Is TAY > 15% of DY?	No.
How much supplement will the county receive?	Supplemental Distribution = $0.00

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LIT Supplemental Distribution

SBA Conceptual Calculation	Example County #2
Determination Year ("DY") = 2019	**DY = $100**
Trust Account Year ("TAY") = 2017	**TAY = $20**
Is TAY > 15% of DY?	**Yes.**
How much supplement will the county receive?	**Supplemental Distribution = $5**

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LIT Supplemental Distribution

- SBA County Informational Reports: https://www.in.gov/sba/2588.htm

- IC 6-3.6-9-15 bases the Supplemental Distribution eligibility on the trust account balance on **December 31**.

- IC 6-3.6-9-14 requires the Budget Agency to submit a report with the county trust account balance on **November 2**.

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LIT Supplemental Distribution

The DLGF will calculate the unit level breakdown for the supplemental distribution based on IC 6-3.6-9-15(d)(2)(A)&(B).

(2)   The department of local government finance shall determine for the county and each taxing unit within the county:
   (A)   the amount and allocation of the supplemental distribution attributable to the taxes that were imposed as of December 31 of the trust account balance year, including any specific distributions for that year; and
   (B)   the amount of the allocation for each of the purposes set forth in this article, using the allocation percentages in effect in the trust account balance year.

The Department calculates the unit level breakdown for each recipient county based on the 2017 configuration, levies, and rates.

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LIT Supplemental Distribution

Is the Supplemental LIT required to be deposited in the Rainy Day Fund?
IC 6-3.5-1.1-21.1, 6-3.5-1.1-17.3, and 6-3.5-7-17.3 had wording similar to this: "*The civil taxing unit receiving the money shall deposit the money in the civil taxing unit's rainy day fund established under IC 36-1-8-5.1,*" which required the money to go to the rainy day fund. When those statutes were repealed, the new language in IC 6-3.6-9-15 does not require it go to Rainy Day, but IC 36-1-8-5.1(b)(2) indicates that this distribution *may* be a source of funding for the Rainy Day Fund.

SBOA's audit position has been that they would recommend the supplemental distribution be deposited to the local unit's General Fund or Rainy Day Fund unless otherwise directed.

If the distribution includes economic development and/or public safety portions, those amounts should be deposited into the LIT Economic Development (EDIT) and LIT Public Safety funds.

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LIT Supplemental Distribution

Will there be restrictions as to the use of the supplemental LIT distribution?

There are no specific restrictions to excess distributions under IC 6-3.6-9-15. Their use would only be restricted to the uses of the fund into which they are receipted.

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2020 Budget Calendar Overview

Date	Description
June	The Department will be hosting nine Gateway Budget Training Sessions throughout the State.
	Similar to the training sessions held last year, the training sessions will be a lecture style training.
	Budget Field Representatives and Gateway support staff will be available to answer questions specific to individual units both during and at the conclusion of the presentations.

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2020 Budget Calendar Overview

Each training session is scheduled to last three hours and will feature two presentations:

1. **Introduction to DLGF and Budgeting 101**
   Key terms and terminology, examination of DLGF Resources, and overview of the Department's budget review and certification procedures.

2. **Introduction to Gateway**
   Walkthrough of several Gateway Applications, Overview of Gateway user policies

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2020 Budget Calendar Overview

Below is a listing of the dates and locations for the Department's 2019 Gateway and Budget Training Sessions:

1. June 5, 2019:   Steuben County Events Center (Steuben Co.)
2. June 6, 2019:   Ivy Tech Marion (Grant County)
3. June 13, 2019: Ivy Tech Madison (Jefferson County)
4. June 14, 2019: Ivy Tech Batesville (Ripley County)
5. June 19, 2019: Zionsville Community Schools Ed. Center (Boone Co.)
6. June 20, 2019: Ivy Tech Evansville (Vanderburgh County)
7. June 21, 2019: Ivy Tech Bloomington (Monroe County)
8. June 25, 2019: Crown Point CSC Learning Center (Lake County)
9. June 26, 2019: Ivy Tech Monticello (White County)

Electronic registration is required:
https://docs.google.com/forms/d/e/1FAIpQLSeHIaFSUUzJr5Pb8ur6RJZXbxat0
0YKxJG_wbWpZdffc8aUlg/viewform

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2020 Budget Calendar Overview

For more experienced users that are interested in a budget refresher. The 2018 Gateway Budget Training Video (61 minutes) and 2018 Gateway Budget Demo (38 minutes) are both available online.

Training Videos
https://www.in.gov/dlgf/8945.htm

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2020 Budget Calendar Overview

Date	Description
June 30	Deadline for State Budget Agency ("SBA") to provide Assessed Value Growth Quotient ("AVGQ") to civil taxing units, school corporations, and Department. (IC 6-1.1-18.5-2(c))
July 15	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. The report will be posted on Department website. (IC 6-1.1-18.5-24)
July 15	Department provides to all units an estimate of the maximum Cumulative Fund tax rate for the ensuing year. The report will be posted on Department website. (IC 6-1.1-18.5-9.8(b))

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2020 Budget Calendar Overview

Date	Description
July 15	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. The report will be posted on Department website. (IC 12-29-1-3.5)
July 15	Department provides to each county, city, and town an estimate of several miscellaneous revenue sources, including FIT, CVET, MVH, and Local Road and Street.
July 31	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**. (IC 6-1.1-20.6-11.1)

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2020 Budget Calendar Overview

Date	Description
Oct. 11	Last day to post notice to taxpayers of proposed 2020 budgets and net tax levies and public hearing (Budget Form 3) to Gateway. (IC 6-1.1-17-3)
Oct. 21	Last possible day for taxing units to hold a public hearing on their 2020 budgets. Public hearing must be held at least ten days before budget is adopted. (IC 6-1.1-17-5) **Note: This deadline is subject to scheduling of the public hearing.**
Nov. 1	Deadline for all taxing units to adopt 2020 budgets, tax rates, and tax levies. (IC 6-1.1-17-5(a)) **Note: This deadline is subject to scheduling of the public hearing.**
Nov. 4	Last day for units to submit their 2020 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.

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New Legislation

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New Legislation

During each legislative session, the Department tracks a number of bills that impact local government.

HEA 1427	SEA 127
HEA 1177	SEA 566
HEA 1021	SEA 603
HEA 1397	
HEA 1343	

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New Legislation

The Department's Legal division has begun the process of creating a series of memos covering the updates from the last legislative cycle. The new memos will replace all previous memos written, distributed, and published by the Department.

While the memo is no substitute for reading and understand all of the nuances of the new law, they will summarize the key points.

The memos will be released in June 2019.

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New Legislation HEA 1343-2019

- Under current law, a library is subject to binding adoption (i.e., is a "binding unit") if (1) its board is comprised of a majority of appointed members; and (2) its proposed budget increases by more than the AVGQ for the budget year.

- Beginning in July 1, 2019, HEA 1343 adds IC 6-1.1-17-20.4, a library board
  (1) with a majority of its members being appointed;
  (2) that does not increase its proposed budget by more than the AVGQ; and
  (3) has cash on hand plus expected revenues over one hundred and fifty percent (150%) of the library's proposed budget;

  may still be considered a binding unit if the fiscal body of the unit that created the library adopts a resolution to make the library a binding unit.

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Budget Best Practices
(Preseason Edition)

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Budget Best Practices

Although budget certification occurs once a year, budgeting can be considered a year round event. Once the Department starts the budget cycle on July 15, there is less time available for topic specific training and in depth discussion.

Until then, there are a number of preliminary steps that each unit should consider doing **each Spring** to streamline and improve their budget process.

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Budget Best Practices

1. Plan ahead
   - Identify your internal and external budget resources
   - Use the budget calendar to develop a personalized calendar with the key due dates for the budget cycle.
   - Evaluate last year's process, circuit breaker budget, and revenue estimates.
   - Examine cash flows by comparing actual expenses to revenues

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Budget Best Practices

Comparison of 2019 Circuit Breaker Estimates and 2019 Circuit Breaker Actual Values

Date	Circuit Breaker	Source
July 2018	2019 CB Estimate	DLGF
November 2018	2019 CB Estimate	Unit
April 2019	2019 CB Actual	County Auditor

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Budget Best Practices

Comparison of 2019 Circuit Breaker Estimates and 2019 Circuit Breaker Actual Values

Event	Number of Units
Option 1: Actual CB >= +/-150% of Est. CB	463
Option 2: Actual CB >= +/-$50,000 of Est. CB	384
Option 3: Both Option 1 and Option 2	69

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Budget Best Practices

2. Engage with the Department
   - Review the Commissioner's Weekly Email
   - Review the subject specific memos
   - Attend Regional Gateway Trainings
   - View PDF or recorded versions of these presentations and others
   - Explore the "County Specific Information" section of our home page

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Budget Best Practices

3. Stay in contact with your Field Rep ("FR")
- **Ask questions!**
- Recap the 2019 Budget Cycle
- Discuss how best to participate in the 1782 review process
- Understand why any reductions were made and how they can be prevented in the future

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Budget Best Practices

Stay in contact with your Field Rep ("FR")
- Prepare for the 2020 Budget Cycle
- Relay your unit's priorities and explore options to achieve them
- Understand how to be thoroughly prepared for Budget Workshops so you can benefit the most from it

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Departmental Resources

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Departmental Resources

The Department provides local governments with a number of tools, resources, and reports for understanding and managing their budget cycle.

1) Department's Field Staff Members
2) DLGF Website
3) Gateway
4) Gateway – Public Side

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Departmental Resources

The most important resource that the Department provides is our Field Staff. These staff members should used as your primary point of contact for all questions to the Department.

Budget Field Representatives	Assessment Field Representatives
• 12 Team Members • 200+ Budget Seasons of Experience 2019 Map and County Assignments https://www.in.gov/dlgf/files/Field%20Rep%20Map%20-%20Budget%20Draft.pdf	• 8 Team Members • 125+ Assessment Cycles of Experience 2019 Map and County Assignments https://www.in.gov/dlgf/files/Field%20Rep%20Map%20-%20Assessment.pdf

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Departmental Resources

The Department's website was designed to be a resource for both local government and taxpayers.

For Local Government:
Memos, forms, reports, templates, and presentations.

For Taxpayers:
Definitions, time tables, and overviews of the budget cycle and tax billing process

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Departmental Resources

Information for Local Government

- Gateway ▾
- Assessors & Auditors ▾
- *Budget Forms & Information*
- Continuing Education
- Frequently Asked Questions
- Local Income Tax
- Local Officials
- Schools ▾
- Vendors

Each link contains information staged for training, justifying, explaining specific aspects of the budgeting or assessing cycle.

There are two specific section that should be highlighted.

1.) Gateway
2.) Budget Forms & Info

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Departmental Resources

Information for Local Government

Gateway ▲

- Overview
- Budgets
- Contract Upload
- Debt Management
- Data Entry for CNAV and Form 22 (DECAF)
- Guaranteed Energy Savings Contract (GESC)
- OPEB Reporting
- PTABOA Annual Report
- TIF Management
- Other Applications
- Vendor Information

Gateway
While not designed to be an exhaustive and comprehensive explanation, each section contains a short summary of the topic, statutory due date, memos on the subject, links to the submission site or sites, links to training materials or FAQs, and contact information for the subject matter.
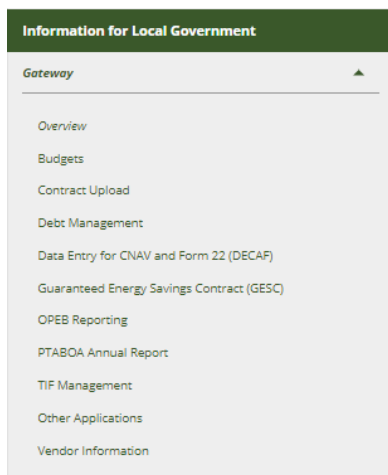
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Departmental Resources

Information for Local Government

Gateway ▲

Overview

Budgets

Contract Upload

Debt Management

Data Entry for CNAV and Form 22 (DECAF)

Guaranteed Energy Savings Contract (GESC)

OPEB Reporting

PTABOA Annual Report

TIF Management

Other Applications

Vendor Information
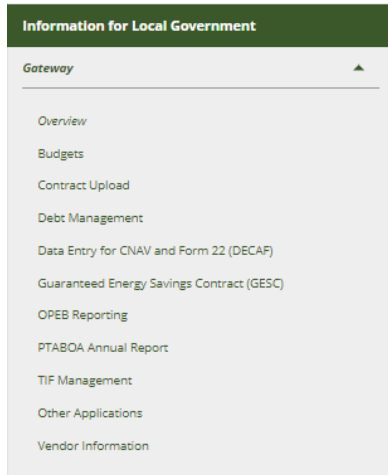
Gateway

The "Data Entry for CNAV and Form 22 (DECAF)" section links to a short summary of the process, two user guides, two 2018 memos, information about who and how to contact the Department with questions about the submissions.

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Departmental Resources

Information for Local Government

Gateway ▲

Overview

Budgets

Contract Upload

Debt Management

Data Entry for CNAV and Form 22 (DECAF)

Guaranteed Energy Savings Contract (GESC)

OPEB Reporting

PTABOA Annual Report

TIF Management

Other Applications

Vendor Information

Gateway

The "Budgets" section contains two hours of pre-recorded DLGF presentations.

The "2019 Gateway Budget Training Video" is a deep dive into the Budget Forms.

The "2019 Gateway Budget Demo" overviews how units use Gateway to upload and submit their budget.

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Departmental Resources

The "Information for Taxpayers" is designed to help citizens under how the property tax cycle works and what role they play in the process.

The information can also be used by Local Governments in the training of new staff members, commissioners, or council members.

Information for Taxpayers

Overview ▼

Understanding Your Tax Bill ▼

Appeals, Property Tax

Assessments ▼

Deductions, Property Tax

Forms ▼

Referendum Information

Township Look Up ▼

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Departmental Resources

The "Overview" contains a significant amount of information that may be beneficial to local official.

The "Citizen's Guide to Property Tax" should be required reading homeowners, tax payers, and elected officials.

Information for Taxpayers

Overview ▼

Understanding Your Tax Bill ▼

Appeals, Property Tax

Assessments ▼

Deductions, Property Tax

Forms ▼

Referendum Information

Township Look Up ▼

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Departmental Resources

Citizen's Guide to Property Tax
https://www.in.gov/dlgf/2516.htm

1. What is the purpose of property taxes?
2. How is the value of my property determined?
3. What role does the DLGF have in the property tax assessment process?
4. How do I know how much my property is worth? What if I don't agree with my property's value?
5. How are property tax rates determined?
6. What kind of budget review does the Department do?
7. What are local taxing units and taxing districts?

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Departmental Resources

The "Overview" contains a significant amount of information that may be beneficial to local official.

The "Property Tax Terms" and "Taxpayer Rights" both try to define the jargon that makes discussing the property tax confusing.

Information for Taxpayers

Overview

Understanding Your Tax Bill

Appeals, Property Tax

Assessments

Deductions, Property Tax

Forms

Referendum Information

Township Look Up

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Departmental Resources

Property Tax Terms
https://www.in.gov/dlgf/8081.htm
1. What is the definition of a controlled project?
2. What is the definition of Budget Order?
    •   What does the Budget Order include?
3. What is the definition of a levy?
    •   What other terms are used in conjunction with levy?
4. What is the difference between an exemption and a deduction?
5. What is the difference between a taxing district and a taxing unit?

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Departmental Resources

Taxpayer Rights
https://www.in.gov/dlgf/8081.htm
1. What is a budget, tax levy, and tax rate?
2. What is the public hearing? Can I voice my concerns at the public hearing?
3. What if I'm unhappy with a unit's proposed budgets, tax rates, or tax levies after the public hearing?
4. Who can I appeal to if I am still unhappy with my unit?
5. Who can I contact if I believe a unit is not compliant with public access requirements?
6. I want to request a public hearing, where should I submit my request?

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Departmental Resources

The "Deductions, Property Tax" section contains the deduction forms, overview, due dates, deadlines, memos, and contact information for specific deductions.

https://www.in.gov/dlgf/2344.htm

Information for Taxpayers

Overview ▾

Understanding Your Tax Bill ▾

Appeals, Property Tax

Assessments ▾

Deductions, Property Tax

Forms ▾

Referendum Information

Township Look Up ▾

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Departmental Resources

Most units will spend of their majority of time reviewing information posted in two places on the Department's website:

1) County Specific Information
   https://www.in.gov/dlgf/2339.htm

2) Memos & Presentations
   https://www.in.gov/dlgf/2444.htm

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Departmental Resources

County Specific Information is where the Department posts:

Report Name	Years included
Certified Budget Orders and Amendments	2007 – 2019
Estimated Max Levy Report	2017 – 2019
Local Income Tax Report	2017 – 2019
Local Option Income Tax Report	2008 – 2016
Ensuring Year Circuit Breaker Estimates	2017 – 2019
Miscellaneous Revenue Reports	2017 – 2019
Certified TIF Neutralization Reports	2016 – 2019

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Departmental Resources

The Departments posts all mass emails, memos, and templates online for easy access and historical purposes.

• Since January 1, the Department has posted 39 documents.

• The memos are separated by year. In 2018, the Department posted 105 documents.

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Departmental Resources

The Department also posts all slide decks from all presentations delivered by the staff.

- The presentations are arranged by audience and date.

- In 2018, the Department posted slides from 35 separate speaking engagements.

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Departmental Resources

While Gateway is generally presented in the context of "where to submit" current year information, it should also be considered a resource for units working on their budgets.

1) Budget User Guides
2) Historical Budget Information
3) Gateway - Public Side

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Departmental Resources

The Department and SBOA have both posted dozens of subject specific guides for users.

1. Completing the Form 1
2. Completing the Form 2
3. Completing the Form 4B
4. Submitting Budget Forms
5. Printing Budget Forms

https://gateway.ifionline.org/help.aspx

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Departmental Resources

Within Gateway, users will have access to all submitted information from 2012 – 2020.

- All Budget forms
- Budget Resolutions and Ordinances
- Plans and Templates
- LOIT/LIT Ordinances

These historical forms can serve as a starting point for researching and reconciling expenditures and revenues that have been used by the unit for more than a decade.

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Departmental Resources

Annually, the Department summarizes and posts all information submitted through Gateway onto the "Public Side" of Gateway.

Gateway Public Side – Report Builder
https://gateway.ifionline.org/report_builder/

This makes the State's information available to the public, financial advisors, and other elected officials.

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Departmental Resources

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Departmental Resources

The public side of Gateway can provide information about:

1. Budgets, Rates, Levies
   - All Active Budget Forms (2012 – 2019)
   - All Certified Budgets, Levies, Rates for all funds (1984 – 2019)

https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=budget&rpt=CertBudgLevyRate&rptName=Certified%20Budget,%20Levy,%20Rate

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Departmental Resources

The public side of Gateway can provide information about:

2. Debts submitted into Debt Management
   - Total Debt by Unit
   - Debt Affirmation Log

https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=debt&rpt=TotalDebtByUnit&rptName=Total%20Debt%20by%20Unit

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Departmental Resources

The public side of Gateway can provide information about:

3. Annual Financial Reports (SBOA Requirement)
- Core Financial Reports
- Additional Reports

https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=afr&rpt=AFR_PrintFull_public&rptName=Annual%20Financial%20Report%20-%20Full%20Report

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Questions?

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Contact the DLGF

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

Gateway Support: gateway@dlgf.in.gov

Additional Appropriation email:
AdditionalAppropriationRequests@dlgf.in.gov

Budget Field Representative Map:
http://www.in.gov/dlgf/files/Field_Rep_Map_-
_Budget.pdf

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