Budget 2021 Preview

Fred Van Dorp
Department of Local Government Finance
May 27, 2021

Agenda

1. 2020 Budget Certification Review
2. 2021 Budget Calendar Overview
3. 2021 Departmental Resources
   • Prebudget Reports
   • DLGF Webinar Series
   • DLGF Budget Workshops
4. 2021 Budget Best Practices
5. Question and Answer Session
2020 Budget Certification Recap

- The Budget Cycle ends with the Department’s certification of the budgets, levies, and tax rates for 10,000 funds and 2,500 taxing units.
- In 2021, the total of all budgets certified is $21.1B.
- In 2021, the total of all levies certified is $8.6B.
- The Department’s Budget Certification deadline is Dec. 31, but if one unit in a county closes on debt or file a shortfall appeal in December, the entire county will have a budget certification date of January 15th.

Key Metrics for 2020 Budget Certification

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 11, 2020</td>
<td>First 545 units received a 1782</td>
</tr>
<tr>
<td>Dec. 18, 2020</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; County received Budget Order</td>
</tr>
<tr>
<td>Dec. 31, 2020</td>
<td>52 Counties had Budget Orders</td>
</tr>
<tr>
<td>Jan 15, 2021</td>
<td>92&lt;sup&gt;nd&lt;/sup&gt; County received Budget Order</td>
</tr>
</tbody>
</table>
2020 Budget Certification Recap

The Department met its statutory deadline, but there are still areas where we can improve:

1. Increased promotion of DLGF resources
   - Budget Calendar
   - Gateway

2. Proactive Preseason Outreach
   - Teams Meetings with 93 out of 237 libraries
   - Teleconferences with 40 out of 237 libraries

3. Increased emphasis on recommended Budget Preseason Activities

2022 Budget Calendar Overview
**2022 Budget Calendar Overview**

- The Department releases a preliminary Budget Calendar that lists some of the deadlines and key events and for all units during the year related to budgets.
- The calendar may be amended after the legislative cycle ends.

**January 28, 2021**

**Preliminary 2021 Budget Calendar**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 1</td>
<td>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)</td>
</tr>
<tr>
<td>May 14</td>
<td>Last day for the Department to provide unit level Supplemental LIT distribution reports qualifying counties. (IC 6-3.6-9-15)</td>
</tr>
<tr>
<td>May 31</td>
<td>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)</td>
</tr>
</tbody>
</table>
LIT Supplemental Distribution

- Over the last three years, the number of counties eligible for a supplemental LIT has increased. In 2021, 81 Counties received a Supplemental LIT distribution.

<table>
<thead>
<tr>
<th>Year</th>
<th>Recipient Counties</th>
<th>Total Supplemental LIT Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2019</td>
<td>47</td>
<td>$140,708,492</td>
</tr>
<tr>
<td>May 2020</td>
<td>69</td>
<td>$225,903,750</td>
</tr>
<tr>
<td>May 2021</td>
<td>81</td>
<td>$226,500,247</td>
</tr>
</tbody>
</table>

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...
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.

For 2021, the Department calculates the unit level breakdown for each recipient county based on the 2019 configuration, levies, and rates.

2021 Budget Calendar Overview

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1</td>
<td>The Department will begin scheduling (optional) Summer Budget Workshops.</td>
</tr>
<tr>
<td>June 30</td>
<td>Deadline for State Budget Agency (“SBA”) to provide the Max Levy Growth Quotient (“MLGQ” or formerly “AVGQ”) to civil taxing units, school corporations, and Department. (IC 6-1.1-18.5-2(c))</td>
</tr>
<tr>
<td>July 1</td>
<td>The Department will begin the calculation of a variety of Statewide Budget Reports.</td>
</tr>
</tbody>
</table>
# 2021 Budget Calendar Overview

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 15</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. (IC 6-1.1-18.5-24)</td>
</tr>
<tr>
<td>July 15</td>
<td>Department provide each unit with an estimate of several non-property tax revenue sources, including FIT, CVET, and Excise.</td>
</tr>
<tr>
<td>July 15</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. (IC 6-1.1-20.6-11.1)</td>
</tr>
<tr>
<td>July 15</td>
<td>Department provides each library with an estimated maximum budget that can be adopted by the Library Board. (IC 6-1.1-17-20.3(a)(2))</td>
</tr>
</tbody>
</table>

• The Department created a presentation to review the various July Estimates in detail.
• The 59-slide presentation is available on the Department’s website.

The report below is specific to libraries. The goal is to provide each library with the maximum budget amount that can be adopted by the library board. Libraries seeking a budget greater than the amount listed, will need to have library's fiscal body adopt the budget.

Pursuant to Indiana Code ("IC") 6-1.1-17-20.5(a)(2), library boards may adopt budgets and levies for libraries that grow their budget by no more than the prior year budget multiplied by the maximum levy growth quotient minus 1, rounded down to the nearest dollar. Library boards intending to adopt their own budgets and levies are required to verify that the adopted budget is within the maximum permitted by law. Budgets adopted by library boards above the calculated maximum are invalid and will result in a continuation of the library’s, prior year budget.

Proposed budgets that are above the calculated maximum may be valid only if adopted by the library’s fiscal body pursuant to IC 6-1.1-17-20.3.

This report is for informational purposes only and is not a final calculation.

<table>
<thead>
<tr>
<th>2020 Total Certified Budget</th>
<th>614,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Times the MLGQ</td>
<td>1.042</td>
</tr>
<tr>
<td>Budget times MLGQ</td>
<td>640,309.00</td>
</tr>
<tr>
<td>Minus $1</td>
<td>-1</td>
</tr>
<tr>
<td>2021 Maximum Budget for</td>
<td>640,308</td>
</tr>
<tr>
<td>Library Adoption (Rounded Down)</td>
<td></td>
</tr>
</tbody>
</table>

2021 Budget Calendar Overview

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 19</td>
<td>Beginning of DLGF Summer Workshops</td>
</tr>
</tbody>
</table>

- In May 2021, the Department presented on how to prepare for, participate in, then complete steps after the DLGF Summer Workshops.

- The Presentation and slides are available on the Department's website.

**Budget Overview & Budget Workshop Preparation**

Presentation: [https://youtu.be/56F4k0_yZqg](https://youtu.be/56F4k0_yZqg)

Slides: [Presentation Slides](#)
DLGF Budget Workshops

- Workshops are a voluntary, one on one meeting with your DLGF 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.

DLGF Budget Workshops

- Prior to attending a DLGF workshop each unit must:
  - Prepare a financial software report/ledger book
  - List of encumbrances for each fund*
  - Original, Lender-Generated Amortization schedules*
  - Listing of CY Additional Appropriations*
  - Complete Form 1 for each fund
  - Initial compilation of Form 2 Data
  - Estimated Budget Hearing & Budget Adoption dates

*If applicable
2021 Budget Calendar Overview

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 12</td>
<td>Last day to post notice to taxpayers of proposed 2021 budgets and net tax levies and public hearing (Budget Form 3) to Gateway. (IC 6-1.1-17-3)</td>
</tr>
<tr>
<td>Oct. 22</td>
<td>Last possible day for taxing units to hold a public hearing on their 2021 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.</td>
</tr>
<tr>
<td>Nov. 1</td>
<td>Deadline for all taxing units to adopt 2021 budgets, tax rates, and tax levies. (IC 6-1.1-17-5(a)) Note: This deadline is subject to the public hearing.</td>
</tr>
<tr>
<td>Nov. 8</td>
<td>Last day for units to submit their 2021 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.</td>
</tr>
</tbody>
</table>

Budget Calendar – Best Practices

- The Department’s calendar contains the statutory last action dates, but units are encourage to consider:
  - Creating a custom calendar that includes local availability of key personnel
  - Begin discussions about when/how the budget expectations and budget presentation.
  - Start collecting answers to any budget questions as early as possible.
The Department provides local governments with tools, resources, and reports for understanding and managing their budget cycle.

1) Budget Field Representatives  
2) DLGF Website  
3) Gateway – Budget Application  
4) Gateway – Public Side
Departmental Resources

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

### Budget Field Representatives
- 10 Team Members
- 200+ Budget Seasons of Experience

2021 Map and County Assignments

### Assessment Field Representatives
- 8 Team Members
- 125+ Assessment Cycles of Experience

2021 Map and County Assignments

Departmental Resources

The Department’s website ([www.in.gov/dlgf](http://www.in.gov/dlgf)) is designed to be a resource for both taxpayers and local government.

- **For Taxpayers:**
  - Definitions, timetables, and overviews of the budget cycle and tax billing process
- **For Local Government:**
  - Memos, forms, reports, templates, and presentations
Departmental Resources

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

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

2) Continued Education
   https://www.in.gov/dlgf/7533.htm

County Specific Information

- County Specific Information is where the Department posts current and prior year:
  - Certified Budget Orders
  - Estimated Max Levy Report
  - Local Income Tax Report
  - Supplemental Local Income Tax Report
  - Ensuring Year Circuit Breaker Estimates
  - Miscellaneous Revenue Reports
Continued Education

• Webinar enrollment is processed through the Continued Education link.
• The Department is working on developing a presentation library for local government.
• In addition to the making the slides available, we have begun recording the webinars.
• Staging presentations will allow the Department to expand the topics that we present on.

Continued Education

• Many of the upcoming webinars are focused on Budget Related topics.
• June 16 is the Department’s webinar on updates from the recent legislative session.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Power Point</th>
<th>PDF</th>
<th>Video</th>
<th>Survey</th>
<th>CE Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 21, 2021</td>
<td>Circuit Breaker Overview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 19, 2021</td>
<td>Budget Overview &amp; Budget Workshop Preparation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 16, 2021</td>
<td>Legislative Overview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 21, 2021</td>
<td>Compliance Review Process Overview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August 18, 2021</td>
<td>Budget Notices, Adoption, Calendar and Submission Overview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September 15, 2021</td>
<td>Gateway Overview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 during the budget cycle.

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

Gateway User Guides

• The User Guides are designed to be a step-by-step guide for completing various aspects of the budgeting cycle.
• These guides can supplement any support that a unit receives from their FR.

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

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- These guides can supplement any support that a unit receives from their FR.

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

Gateway – Budget Application

Within Gateway, users will have access to all submitted information from 2012 – 2021.

- All Budget forms
- Budget Resolutions and Ordinances

The prior year forms can give you a starting point for evaluating how the budgets have been compiled over the last 10 years.
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 budget data available to the public, financial advisors, and other elected officials.
Departmental Resources

The public side of Gateway can provide information about:

1. Budgets, Rates, Levies
   - All Active Budget Forms (2012 – 2021)
   - All Certified Budgets, Levies, Rates for all funds (1984 – 2021)


Departmental Resources

- The report builder will show the certified budget, levy, and tax rates for any unit from 1984 to the current year.

<table>
<thead>
<tr>
<th>Year</th>
<th>County</th>
<th>Unit</th>
<th>Fund</th>
<th>Fund Name</th>
<th>Certified Budget</th>
<th>Certified Levy</th>
<th>Certified Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>GENERAL</td>
<td>$0</td>
<td>$300,000</td>
<td>0.0200</td>
</tr>
<tr>
<td>1984</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>DEBT SERVICE</td>
<td>$0</td>
<td>$300,000</td>
<td>0.0200</td>
</tr>
<tr>
<td>1985</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>GENERAL</td>
<td>$0</td>
<td>$300,000</td>
<td>0.0200</td>
</tr>
<tr>
<td>1985</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>DEBT SERVICE</td>
<td>$0</td>
<td>$300,000</td>
<td>0.0200</td>
</tr>
<tr>
<td>1986</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>GENERAL</td>
<td>$6,495,162</td>
<td>$799,338</td>
<td>0.3050</td>
</tr>
<tr>
<td>1986</td>
<td>Allen</td>
<td>Allen County Library</td>
<td>0101</td>
<td>DEBT SERVICE</td>
<td>$334,400</td>
<td>$321,584</td>
<td>0.0134</td>
</tr>
</tbody>
</table>
Departmental Resources

The public side of Gateway can provide information about:

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


The report builder allowed us to select criteria to identify a specific debt associated with any unit.
Departmental Resources

The public side of Gateway can provide information about:

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


Budget Best Practices (Preseason Edition)
Budget Best Practices

• Although budget certification occurs once a year, budgeting should be considered a year-round exercise.
• Once the Department starts workshops on July 19, there is less time available for topic specific training and in-depth discussion.
• Until then, there are preliminary steps that each unit should consider doing each Spring to streamline and improve their budget process.

1. Plan ahead
   • Identify your internal/external budget resources.
   • Use the budget calendar to develop a library specific calendar.
   • Evaluate last year’s process and identify areas that can be improved.
   • Compare prior year estimates for budget, non property tax revenue, and circuit breaker to actual values.
Budget Best Practices

• Below is a timetable of when Circuit Breaker values are available or incorporated into the budget cycle.
• As updated information becomes available, units are encouraged to compare the actual values with the earlier estimates.

<table>
<thead>
<tr>
<th>Date</th>
<th>Circuit Breaker</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>2021 CB Estimate</td>
<td>DLGF</td>
</tr>
<tr>
<td>November 2020</td>
<td>2021 CB Estimate</td>
<td>Unit</td>
</tr>
<tr>
<td>April 2021</td>
<td>2021 CB Actual</td>
<td>County Auditor</td>
</tr>
</tbody>
</table>

Budget Best Practices

• In April 2021, the Department presented on circuit breakers and their budget impact.

• The presentation and slides are available on the Department’s website.

• **Circuit Breaker Overview Presentation**
  Presentation:  [https://youtu.be/W6EEQVmAkWk](https://youtu.be/W6EEQVmAkWk)
  Slides:  [Presentation Slides](#)
Budget Best Practices

• Some units will find that 2021 estimates during the budget cycle equaled the 2021 actual circuit breaker losses.

<table>
<thead>
<tr>
<th>Library</th>
<th>2021 Estimate</th>
<th>2021 Actual</th>
<th>Total Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVANSVILLE-VANDERBURG COUNTY PUBLIC LIBRARY</td>
<td>2,156,601</td>
<td>2,184,497</td>
<td>$27,896</td>
</tr>
<tr>
<td>LOGANSPORT-CASS PUBLIC LIBRARY</td>
<td>175,771</td>
<td>177,764</td>
<td>$1,993</td>
</tr>
<tr>
<td>WASHINGTON TOWNSHIP PUBLIC LIBRARY</td>
<td>1,923</td>
<td>1,910</td>
<td>$ (13)</td>
</tr>
</tbody>
</table>

Budget Best Practices

• Other units will find that the estimates don’t reflect the actual circuit breaker losses.

<table>
<thead>
<tr>
<th>Circuit Breaker Comparison</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimate 50% Less than Actual</td>
<td>100</td>
</tr>
<tr>
<td>Estimate 150% more than Actual</td>
<td>263</td>
</tr>
<tr>
<td>Estimate $250,000 more than Actual</td>
<td>133</td>
</tr>
<tr>
<td>Estimate $250,000 less than Actual</td>
<td>42</td>
</tr>
</tbody>
</table>
Budget Best Practices

2. Engage with the Department
   • Review the Commissioner’s Weekly Email
   • Review the subject specific memos
   • View PDF or recorded versions of these presentations and others
   • Explore the “County Specific Information” section of our home page

Budget Best Practices

3. Stay in contact with your Field Rep (“FR”)
   • Ask questions!
   • Recap the 2020 Budget Cycle
   • Discuss how best to participate in the 1782 review process
   • Understand the differences between what was advertised, adopted, and certified.
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

Questions?
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

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