2017 Annual Public Library Budget Workshop DLGF Budget Cycle and Forms

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Budget Cycle and Forms Overview

Presented by:
(Name)
Budget Field Representatives

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Budget Process

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

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What are Budget Workshops?

- A meeting with your Budget Field Rep where you bring financial information and we 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 in 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

- Still under development. Information in this presentation is subject to change as the budget forms are being prepared for release.
- 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)
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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 zero’s.
- 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 information. (Due June 5)

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Pre-Budget Worksheet

- Collects data to help revise 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.

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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.
- Typically, 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?

- To account for the property tax caps, taxing units now include the estimated cap impact by fund in 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 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 does 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!
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**Important Dates**

- **Budget Calendar** – Available on the Memos and Presentations webpage.
- July 14 – Release of DLGF provided maximum levy and cumulative fund rate estimates.
- July 17 (Tentative) – Budget Workshops begin.
- July 31 – Release of DLGF 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.

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**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 DLGF to certify budget orders. ([This deadline will be moving up to December 31, in most cases, for the 2019 budget year.](#))

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**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.
July 31 – Property Tax Cap Estimates

- 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.

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July 31 – Property Tax Cap Estimates

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<th>CUMULATIVE FUND</th>
<th>ESTIMATED IMPACT</th>
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<td>Civil Levy Fund Credits</td>
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<td>Reserve for Impact of Civil Levy Credits</td>
<td>555</td>
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<td>Townsite Fire Credits</td>
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<td>Total Estimated Credits</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%.

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Cumulative Funds - Upcoming Deadline Change

- 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:
  - 2017 for Pay 2018 – Due August 1
  - 2018 for Pay 2019 (and future) – Due April 30
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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.

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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 DLGF Gateway Support Team if you need assistance adding, linking, or correcting a debt.

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Budget Forms – Flow Chart

Current Year Financial Worksheet

Debt Worksheet

Form 1: Budget Estimate

Form 2 (Misc. Revenue)

Form 4A: Budget Report

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

Form 3: Notice to Taxpayers

Form 6: Ordinance/Resolution

Created 5/26/2017

Indiana State Library/LDO/KLA
Current Year Financial Worksheet

Formerly called “Line 2 Worksheet”

Calculates lines of the Form 4B

- Line 2
- Line 3
- Line 4a
- Line 4b
- Line 6
- Line 7

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Current Year Financial Worksheet

- CYFW – Shows snapshot of budget and financial standings as of June 30.
- This form should be completed for each fund.
- It calculates 6 “lines” of the Form 4B.

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Current Year Financial Worksheet

- Most common lines:
  - **Line 2** - Budget left to spend in the last 6 months.
  - **Line 6** - June 30 cash balance.
  - **Line 7** - Property taxes to be received in the last 6 months.

**Most non-school units can have this form uploaded into Gateway at budget workshops.**
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**Debt Worksheet**

- This form allows you to tell us when you make your debt payments for four different time periods.

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**Debt Worksheet**

- Debt Worksheet captures the payments needing to be made in a 2 year period.
- Last 6 months of current year. (July - December)
- All the ensuing budget year.
- First 6 months of the following year. (Jan. - June)
- Second 6 months of the following year. (July - December)

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**Debt Worksheet**

- Amortization schedules will be used to verify payments.
- New debts must be closed by December 31 of the current year to receive a property tax levy for the ensuing year.
- If you do not have any debt, you may skip the Debt Worksheet.
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**Budget Form 1: Next Year’s Budget**

- Broken down by fund (and department)
- Further broken down by expenditure category

<table>
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<td>6</td>
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<td></td>
</tr>
</tbody>
</table>

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**Budget Form 1: Next Year’s Budget**

- Budget Form 1 – Budget Estimate
- Form 1 is divided into seven categories:
  1) Personal services
  2) Supplies
  3) Other services and charges
  4) Capital outlays
  5) Township assistance (Townships only)
  6) Debt service
  7) Property Tax Cap Impact (Circuit Breakers)

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**Budget Form 1: Next Year’s Budget**

- This form breaks down budgeted "line items" by fund and expense category.
- Each fund has its own Form 1.
- If a fund has departments, each department in a fund will have a separate Form 1.
- Amounts are separated into Advertised and Adopted columns.
- Form 1 data will be pulled into Form 4A.
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Property Tax Cap Process

- Enter in the “Property Tax Cap” estimate in the 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.

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Property Tax Cap Questions

- My budgets don’t match, how can I fix this?
  - Yes, but be careful.
  - Tentatively, no. The Department intends to redo the Form 4B (Fund Report/16-Line Statement) to account for this change.

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Budget Form 4A: (Summary of Form 1)
Budget Form 4A

- Budget Form 4A – Summary of Form 1.
  - Lists a fund’s budget summarized by expenditure category.
  - If fund is departmentalized, it breaks down amounts by department as well.
  - Two columns:
    - Original advertised budget
    - Adopted budget

Click the “Insert” button to pull data from Form 1.

Form 2: Revenue Estimates

- Broken down by fund
- Organized by category
- Two separate time periods

Budget Form 2

- Budget Form 2 – Estimate of Miscellaneous Revenue
  - Accounts for revenue other than property taxes.
  - Each fund has its own Form 2.

Most non-school units can have this form uploaded into Gateway at budget workshops.
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**Budget Form 2**

- Column A is for revenue to be received from July 1 to Dec. 31 of the current year.
- Column A amount will transfer from the Form 2 to Line 8A of the Form 4B.
- Column B is for revenue to be received from Jan 1 to Dec 31 of the ensuing budget year.
- Column B amount will transfer from the Form 2 to Line 8B of the Form 4B.

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**What Data Pulls into Form 4B?**


These forms pull into lines 1 through 10 of Form 4B.

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**Budget Form 4B**

The slide shows a table with columns for expenses and funding, but the specific data entries are not visible in the image provided.
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**Budget Form 4B**

- Calculates Tax levy and rate
- Property Tax Cap from Form 4A

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**Budget Form 4B**

- Budget Form 4B – Financial Statement
  - Also known as the “16 Line Statement” or the “Fund Report”.
  - Shows financial snapshot for an 18-month period.
- Two columns:
  - Advertised – Reflects budget, rate, and levy as prepared by the fiscal officer.
  - Adopted – Reflects budget, rate, and levy as approved by the fiscal body.

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**Budget Form 4B**

- Provides estimated levy and tax rate per fund.
- Lines 1-10 pull in from other forms.
- Lines 11-17 are to calculate a property tax levy and rate. (Gateway Calculator can help!)
- Property Tax Cap section at the bottom pulls in from Form 4A.

*Published column can be uploaded at budget workshops for most non-school units.*
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County Council Review

- No forms required to be submitted by non-binding units.
- Takes place at county council’s first meeting in August.
- County council to review DLGF provided estimates for max levy and circuit breaker losses.
- County council may issue written recommendations, but if not, it must send meeting minutes to the units.

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Form 3: Notice to Taxpayers

Notifies the public of the public and adoption meetings.

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Form 3: Notice to Taxpayers

Notifies taxpayers of proposed Budget and Property Tax Levy, by fund.

The budget that pulls in from Form 4B will have the property tax cap amount automatically deducted.
Form 3: Notice to Taxpayers

- Advertised online by submitting Form 3 in Gateway at least 10 days before public hearing.
- At least 10 days between public hearing and adoption.
- 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. Failure to do so may jeopardize approval of the unit’s proposed budgets, rates, and levies.

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.
- 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.

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.
Budget Form 3

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

- Submit to fulfill online advertising

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.
  - Budgets, Tax Levies, and Tax Rates transfer from Line 1, 16, and 17 of the Form 4B’s adopted column.
  - The budget that pulls in from Form 4B will have the property tax cap amount automatically deducted.
  - Double and triple check the amounts on the Form 4 for each fund. These are the amounts being formally adopted.
Budget Form 4 (Adoption)

- Adoption date should be the same as shown on Form 3.
- Tentative: May need to indicate if a member is a volunteer firefighter. (townships, cities, and towns only)
- 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.

1782 Notice Recipients

- After the DLGF 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.
- We recommend adding multiple recipients to this form.

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.
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**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 Version b

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**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.

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**QUESTIONS?**
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Resources

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

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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](http://www.in.gov/dlgf)
- "Contact Us": [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)

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Budget Field Staff

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<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
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<tbody>
<tr>
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<td>Judy Robertson</td>
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<tr>
<td>Heather Witsman</td>
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