



Budgeting 102 for Cities and Towns

Dan Jones

Assistant Budget Division Director

June 17, 2009



Agenda

- 2009 Budget Status
- 2010 Budget Issues
- Control Boards and Excess Levies
- TIR/TIF & Circuit Breakers
- “Non-Binding Recommendations”
- Reminders
- Contacts



2009 Budget Status

- Additional appropriation requests are being processed as soon as budget order for a county is certified
- DLGF has certified 62 counties 2009 Budget Orders as of June 15
- Average time to process an Order is 37 days (from receipt of certified assessed values until order is issued)
- Field representatives now review the Order before sending to auditor



2009 Budget Status Map

2008 pay 2009 Budget Certification Status Map

Indiana Counties

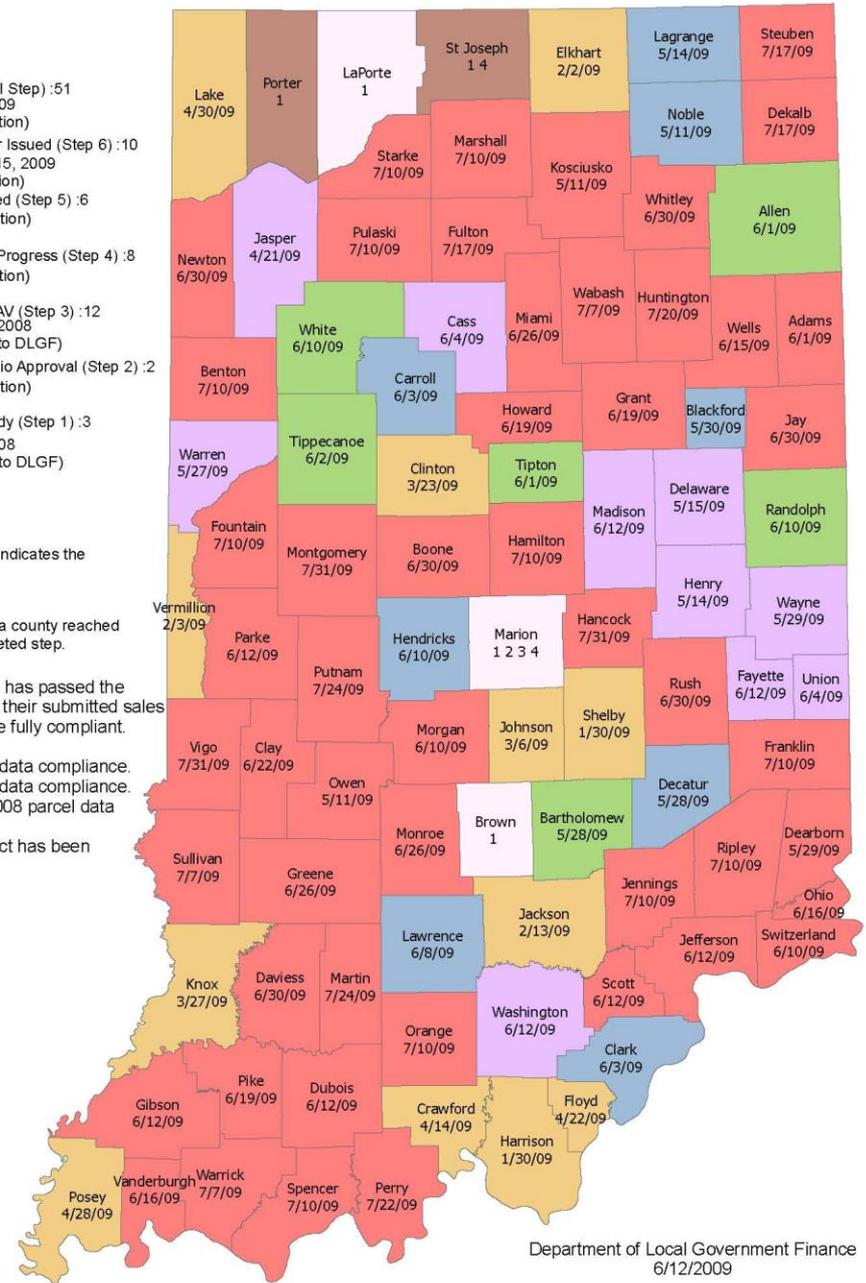
- Tax Bills Due (Final Step) :51
Due May 11, 2009
(Co. Treasurer Action)
- Final Budget Order Issued (Step 6) :10
Due February 15, 2009
(DLGF Action)
- 1782 Notices Issued (Step 5) :6
(DLGF Action)
- Budget Review in Progress (Step 4) :8
(DLGF Action)
- Awaiting Certified AV (Step 3) :12
Due August 1, 2008
(Co. Auditor sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :2
(DLGF Action)
- Awaiting Ratio Study (Step 1) :3
Due Spring 2008
(Co. Assessor sends to DLGF)

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

- 1 indicates 2006 Sales data compliance.
- 2 indicates 2007 Sales data compliance.
- 3 indicates 2007 pay 2008 parcel data compliance.
- 4 indicates 2008 abstract has been completed.



Status Map Available at:
http://www.in.gov/dlgf/files/2009_Cert_Status.pdf



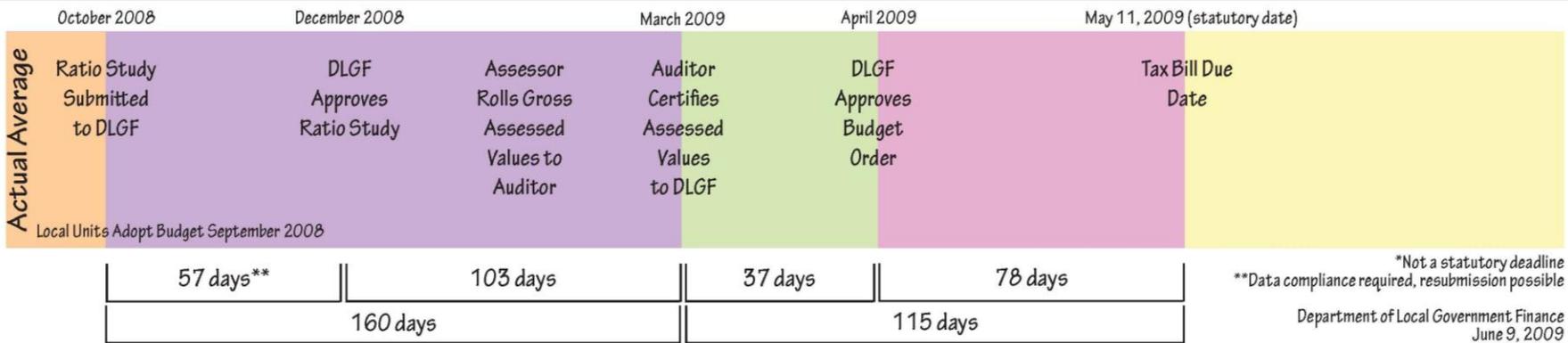
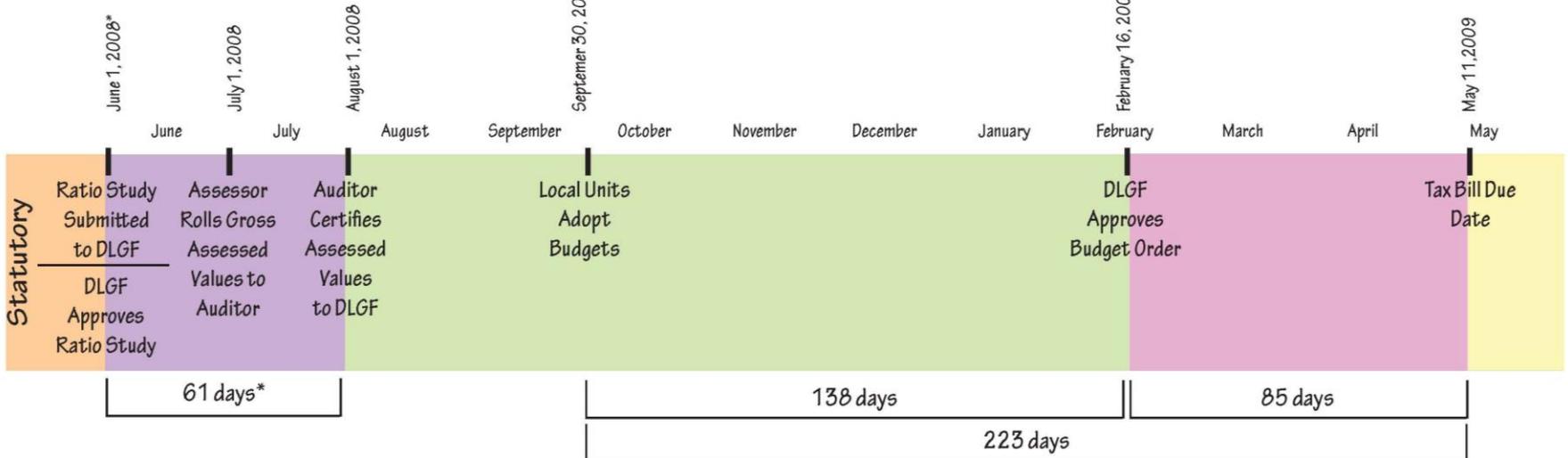
Budget Process

- Process to certify budget orders has been accelerated
- For example: budget hearing is now held during the 1782 notice period
- Many units waive a portion of the 1782 notice 14 day requirement or review and return the notice right away
- Average time to process an order is down to 37 days from receipt of certified AVs



Budget Process

Comprehensive Assessment and Budget Timeline 2008 pay 2009



*Not a statutory deadline
 **Data compliance required, resubmission possible
 Department of Local Government Finance
 June 9, 2009

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



2010 Budget Issues

- No major legislative changes for 2009-2010 – Yet!
- **NEW!** Last date for 2nd advertisement of public hearing for budgets remains at Aug 9!
- Lack of legislative changes means:
 - No anticipated changes to 2010 budget forms
 - No changes anticipated for TIF neutralization forms
 - No changes anticipated for Cumulative Capital Fund process



2010 Budget Issues

- No known major legislative changes that affect assessed values or rates for taxes payable in 2010
- Circuit breaker credits will be 1% for homesteads; 2% for non-homestead residential; 3% for commercial and industrial
- Over 65 Circuit Breaker limits property tax increase to no more than 2% over previous year with combined AGI not to exceed \$40,000 and AV less than \$160,000
- Growth Quotient available in early July
- Budget workshops in July-August (early)



2010 Budget Issues

Items to take to budget workshops:

- Auditor's Cert. (if available)
- Documentation of cash & investment balances as of June 30
- All budget forms (www.in.gov/dlgf)
- Appeal forms (if applicable)
- Proposed dates for public hearings and adoption date
- Copies of additional appropriations during 2009
- List of encumbrances carried over from 2008



2010 Budget Issues

Items to take to budget workshops:

- Debt Service worksheet and amortization schedules
- Documentation of cash & appropriation balances on 6/30/2009
- Information concerning temporary loans
- Copies of form 22s “Certificate of Tax Distribution”
- Information regarding new funds, cumulative capital funds, etc.
- Information concerning annexations
- Any other relevant info, including contact person name and address, fax, e-mail, etc.



2010 Budget Issues

- Control Boards – Only function now to hear excessive levy appeals and levies for new taxing units
 - Most Excessive Levy appeals were eliminated in 2008 (HEA 1001)
 - Remaining excessive levy appeals are:
 - Shortfalls due to erroneous assessed values
 - Correction of error that was used to calculate rate
 - Annexation, consolidation or extension of services
 - 3 year growth exceeds state-wide average
 - Unit cannot carryout its governmental functions under the levy limits due to a natural disaster, an accident, or another unanticipated emergency

IC 6-1.1-18.5-12



Excess Levy Appeal Process

- Units requesting an excess levy appeal must include the appeal in the ensuing years budget and levy
- Amount of the appeal must be included in the budget notice (ad)
- The appeal must be approved by the fiscal body
- Units must file the appeal with the DLGF by Sept. 20 (Shortfall appeals must be filed by Dec. 31)



Excess Levy Appeal Process

- Units file the appeal by completing Hearing Information Sheets and submitting to DLGF Budget Division
- Forms are on DLGF Web page
- Hearing will be scheduled with the Control Board
- Most units will need to appear before the Control Board to explain the need
- Control Board will take a vote to make a recommendation to the Commissioner



Control Boards

- Both School and Local Property Tax Control Boards are scheduled to meet once per month
- Control Boards are recommending bodies – They make a recommendation to the Commissioner of DLGF to consider
- Local Control Board also considers newly formed units' requests to establish a new maximum levy
- Commissioner may elect to undergo a separate review in addition to the Board's recommendation



Fire Territories

- HEA 1001, 2008 Section 177 changed status of Fire Territories
- Fire Territories are now subject to maximum levy controls (Uncontrolled levy for first three years was eliminated)
- Growth in levy is limited to the growth in Average Growth Quotient
- Territories must come to Control Board to be established and have initial maximum levy set



New Last Year

TIRs – Now within the maximum levy controls

Circuit Breaker Credits

- Auditors are required to report impact to DLGF according to IC 6-1.1-20.6-11
- Required to be reported within 30 days of date of property tax bill
- DLGF needs the information by taxing unit and fund
- Auditor also is required to notify units of the reduction in property tax collections due to Circuit Breaker Credits



New Last Year

IC 6-1.1-17-20(d) If assessed value is not entirely within a city or town; nor was the taxing unit originally established by a city or town, the governing body of the taxing unit must submit its proposed budget and proposed tax levy to the county fiscal body in the county where the unit has the most assessed value. The proposed budget and levy must be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings.



New Last Year

County Council “Non-binding Recommendation”

- Civil taxing units must submit the proposed budget to the county council at least 15 days prior to adoption
- County council issues a “non binding recommendation”
- Fiscal body is to consider the recommendation when adopting budget, rates, and levies



Council Recommendation Form

- Last year county councils asked DLGF to provide an optional form or format for the non-binding recommendation
- DLGF designed an Excel spreadsheet to include all the required information
- We attempted to provide a form that could be uploaded and downloaded
- The form can still be used and the DLGF will still provide the 2009 certified information but, the other features are inoperative



Council Recommendation Form

Appointed Boards Review Form
 County Council Budget Review Form 1
 Taxing Unit Type, Levy, and Rate

Budget Year 2009

Comparison to the current year property tax levy to the proposed property tax levy and the current rates and the proposed property tax rates.

	Current Year	2009 Average	Approve
State AVGQ In	3.700%	4.000%	
			Modify
Unit Type:	County	Council Recommendation:	Commit
Unit Name:	FORT BRANCH-JOHNSON TOWNSHIP LIBRARY		
Unit Code:	2610000		

Fund Code	Fund Name	A Fund Balance as of 6-30-2008	B 2008 Certified Budget	C 2009 Unit Proposed Budget	D % Change, 2008-2009	E 2009 County Approved Budget	F 2008 Certified Levy	G 2009 Unit Proposed Levy	H % Change, 2008-2009	I 2009 County Approved Levy
0061	RAINY DAY	\$0.00	\$ 16,000	\$ 17,120	7.00%		\$ 12,000	\$ 12,500	4.17%	
0101	GENERAL	\$0.00	\$ 349,825	\$ 374,313	7.00%		\$ 300,000	\$ 330,000	10.00%	
0181	DEBT REPAYMENT	\$0.00	\$ 194,365	\$ 207,971	7.00%		\$ 150,000	\$ 160,000	6.67%	
1220	LIBRARY CPF	\$0.00	\$ 29,000	\$ 31,030	7.00%		\$ 25,000	\$ 30,000	20.00%	
2011	LIRF	\$0.00	\$ 10,000	\$ 10,700	7.00%		\$ 9,000	\$ 10,000	11.11%	
9999	TOTAL	\$0.00	\$ 599,190	\$ 641,133	7.00%		\$ 580,000	\$ 600,000	3.45%	

Council President (or Designee)

Date

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



“Disclosure of Contractual Obligations and Debt Service” Form

- Form is a declaration of surplus revenues to TIF
- Due to the County Auditor by July 15
- Form is used to move surplus TIF value to the base
- Declaration has potential to reduce TIF revenue and increase tax distribution



Disclosure of Contractual Obligations and Debt Service” form

DEPARTMENT OF LOCAL GOVERNMENT FINANCE			
DISCLOSURE OF CONTRACTUAL OBLIGATIONS AND DEBT SERVICE			
<i>Please use additional sheets if necessary</i>			
1. Describe the obligation (as defined by IC 6-1.1-21.2-6.6) to be paid from the tax increment revenues.			
2. List the effective date of the obligation.			
3. List the expiration or termination date of the obligation.			
4. Is the contractual obligation or debt service supported by revenues other than tax increment revenues? If so, please describe. (Ex: CAGIT, COIT, CEDIT, ad valorem property taxes, other)			
5. List the amount of tax increment revenues required for the obligation described above.			
6. List the potential tax increment revenue for 2009 as estimated by the County Auditor's Certificate of Adjustment to the Base Assessed Value of TIF Districts?			
7. Estimated 2009 tax increment surplus or deficit (tax increment replacement amount)			
			#VALUE!
8. Estimated 2008p2009 tax rate used in the County Auditor's Certificate of Adjustment to the Based Assessed Value of TIF Districts.			
			#VALUE!
9a. If 7 is negative, increase to base assessed value			
			#VALUE!
9b. If 7 is positive, options are:			
i. special assessment per taxpayer		Number of taxpayers in district:	#VALUE!
ii. tax increment replacement rate for district		Net assessed value of district:	#VALUE!
iii. reduction to base assessed value			#VALUE!
(Base assessed value cannot be less than 0)			
10. If 7 is positive, describe option adopted, if any, from 9b. Option from 9b chosen:			
11. Provide date of public hearing when option was presented and adopted.			

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



Reminders

- Report outstanding debt at end of year to the DLGF
- The reporting of annual expenditures is accomplished when the units file the annual report with the SBoA
- Remember to report the circuit breaker credits to the DLGF and the units
- Both budget advertisements need to be advertised **before** Aug 10.



Reminders

- The certified budget order is your notice/approval to transfer balances from the levy excess fund to your operating fund(s)
- That transfer is to replace property tax levy for that fund
- Money in the levy excess fund is from previous property tax collections that exceeded the certified levy



Contact the Department

- **Dan Jones, Assistant Budget Director**
 - Telephone: 317.232.0651
 - E-mail: djones@dlgf.in.gov
- **Karen Large, Budget Director**
 - Telephone: 317.234.4937
 - E-mail: klarge@dlgf.in.gov
- **Web site: www.in.gov/dlgf**
 - “Contact Us”: www.in.gov/dlgf/2338.htm.