



Budget Training

Summer 2014



Budget Process

- Prepare budget
- Advertise
- Public hearings
- County Council Review
- Adoption
- Submission to DLGF via Gateway
- DLGF certified budget, rate, and levy and issues a final budget order on or before February 15



What to Bring to Budget Workshops

- Financial report for 1st six month expenditures broken down by fund
- List of encumbrances
- Any investments
- Completed and totaled Form 1s for each fund



What to Bring to Budget Workshops

- Completed Form 2s for each fund or Financial Report of revenues for estimating
- Confirmed public hearing and adoption dates along with times of each meeting
- Potential advertising dates



Basics of Local Government Budgeting

QUESTIONS??



Budget Forms

- Budget Form 1 – Budget Estimate
 - Form 1 is divided into six categories:
 - Personal services
 - Supplies
 - Other services and charges
 - Capital outlays
 - Township assistance (Townships only)
 - Debt service
 - Details appropriations by fund and classification



Budget Forms

- Budget Form 2 – Estimate of Miscellaneous Revenue
 - Accounts for revenue other than property taxes
 - Each fund is listed individually on Form 2



Budget Forms

- Budget Form 2 – Estimate of Miscellaneous Revenue
 - Column A is for revenue to be received 7/1 to 12/31 of the current year
 - Column B is for revenue to be received 1/1 to 12/31 of the ensuing budget year



Budget Forms

- Budget Form 3 – Notice to Taxpayers
 - First publication: published at least 10 days before public hearing
 - Second publication: published at least 3 days before public hearing
 - Minimum of 7 days between the first and second publications
 - 10 days between public hearing and adoption
 - Must answer objecting petitions



Budget Forms

- **NEW THIS YEAR**
- Budget Form 3 – Notice to Taxpayers
 - In addition to submitting the Form 3 to the newspaper for publication, there is now also a statutory requirement that the Form 3 be submitted on Gateway with the same timing as the publication.
 - At least 10 days before the public hearing and no later than September 13.



Budget Forms

- Budget Form 3 – Notice to Taxpayers
 - Deadlines
 - First Publication – September 13
 - Gateway Submission – September 13
 - Second Publication – September 20
 - Public Hearing – October 22
 - Adoption Meeting – November 1



Budget Forms

- Budget Form 3 – Notice to Taxpayers
 - Lists date, time, and location of public hearing and adoption meeting
 - Must list fund name, budget estimate, fund levy, excessive levy appeal, and current fund levy



Budget Forms

- **NEW THIS YEAR**
- Budget Form 3 – Notice to Taxpayers
 - On the Form 3, there is a new question to be answered:
 - Has the territory of the unit changed?
 - Examples: Annexations, Extensions of Services
 - This question will impact how the unit is handled for the purposes of online ads



Budget Forms

- Budget Form 4 – Adoption Ordinance or Resolution
 - Council signs approving appropriations listed on Line 1 and tax levies and tax rates calculated on Lines 16 and 17 from the Form 4B
 - Appropriations, tax levies, and tax rates for all funds must be listed
 - Date should reflect adoption date specified on Form 3
 - Attestation line applies only to counties, cities, and towns



Budget Forms

- Budget Form 4A – Summary of Form 1
 - Figures from the Form 1
 - Lists appropriations by fund
 - If fund is departmentalized, lists appropriations by department within the fund
 - Two columns:
 - Original published budget
 - Council adopted budget



Budget Forms

- Budget Form 4B – Financial Statement
 - Also known as the “16 Line Statement” or the “Fund Report”
 - To be completed for each fund appropriated or fund with a tax rate and levy
 - Key information:
 - Budget estimate
 - Financial statement
 - Proposed tax rate



Budget Forms

- Budget Form 4B – Financial Statement
 - Two columns:
 - Published – Reflects budget, rate, and levy as prepared by the fiscal officer
 - Adopted – Reflects budget, rate, and levy as approved by the fiscal body



Understanding the 16 Line Statement

- Shows financial condition for an 18-month period
- Provides estimated levy and tax rate



Understanding the 16 Line Statement

- Form 4B – Line 1
 - Represents the total budget estimate for the fund for the incoming year
 - Should equal the total budget amount shown on Form 1
 - Should also equal the amount shown on Form 4 or 4A



Understanding the 16 Line Statement

- Form 4B – Line 2
 - Represents the balance of appropriations left to be spent July through December of the current year.
 - Do not try to estimate your expenses for July through December – use the actual balance of appropriations.
 - Use Current Year Financial Worksheet on Gateway to assist in calculating this line.



Understanding the 16 Line Statement

- Form 4B – Line 2
 - Use the following formula to arrive at Line 2
 - 2014 DLGF approved budget
 - + Encumbrances from 2013
 - + 2014 additional appropriations 1/1 to 6/30
 - - 2014 budget reductions 1/1 to 6/30
 - = Total 2014 appropriations
 - - Fund disbursements 1/1 to 6/30
 - - Anticipated budget reductions 7/1 to 12/31
 - + Unappropriated expenditures
 - = Balance of appropriations as of 6/30



Understanding the 16 Line Statement

- Form 4B – Line 3
 - Anticipated additional appropriations 7/1 to 12/31
 - Estimated by taxing unit
 - If Line 2 is not sufficient to cover expenses from 7/1 to 12/31, an amount necessary to cover expenses should be entered on Line 3
 - This amount is subject to DLGF approval



Understanding the 16 Line Statement

- Form 4B – Lines 4A and 4B
 - Outstanding temporary loans
 - Line 4A represents temporary loans to be paid back by 12/31 of the current year
 - Line 4B represents temporary loans to be paid back by 6/30 of the ensuing year



Understanding the 16 Line Statement

- Form 4B – Lines 4A and 4B
 - Temporary loans not paid back by the end of the current year are subject to:
 - Emergency declaration
 - Signed resolution/ordinance
 - Reporting to the DLGF and State Board of Accounts



Understanding the 16 Line Statement

- Form 4B – Line 5
 - Line 5 is the total of Lines 1 through 4B
 - It represents the estimated expenditures for the 18 month period (7/1 of current year through 12/31 of incoming budget year)



Understanding the 16 Line Statement

- Form 4B – Line 6
 - Actual cash balance of the fund as of 6/30
 - Includes cash and investments
 - Taken from cash ledger and investment record



Understanding the 16 Line Statement

- Form 4B – Line 7
 - Property taxes to be received 7/1 through 12/31
 - Information taken from the County Auditor's Certificate
 - Compare to certified levy less June distribution



Understanding the 16 Line Statement

- Form 4B – Line 8A
 - Non-property tax revenues to be collected 7/1 through 12/31 of the current year
 - Taken from Form 2 Column A
 - Be conservative with estimates



Understanding the 16 Line Statement

- Form 4B – Line 8B
 - Non-property tax revenues to be collected in the ensuing year
 - Taken from Form 2 Column B
 - Be conservative with estimates



Understanding the 16 Line Statement

- Form 4B – Line 9
 - Total of Lines 6 through 8B
 - Shows revenues and cash on hand for the 18 month period
 - Does not include ensuing year's property taxes



Understanding the 16 Line Statement

- Form 4B – Line 10
 - Line 5 minus Line 9
 - Shows property taxes needed to fund the ensuing year's budget
 - Can be a negative number



Understanding the 16 Line Statement

- Form 4B – Line 11
 - Operating balance
 - Amount needed to maintain cash flow
 - Property tax dollars needed to operate for six month less miscellaneous revenue
 - Can never be a negative number



Understanding the 16 Line Statement

- Form 4B – Line 12
 - Lines 12 through 17 apply to funds with property taxes only
 - Add Lines 10 and 11 to get Line 12



Understanding the 16 Line Statement

- Form 4B – Line 13A
 - Line 13A applies only to counties that have adopted County Adjusted Gross Income Tax (CAGIT)
 - Replacement credit required for levy reduction
 - Amounts for 2015 will be provided to the county auditor by the DLGF



Understanding the 16 Line Statement

- Form 4B – Line 13B
 - Line 13B applies only to counties that have adopted Local Option Income Tax Levy Freeze (LOIT Levy Freeze)
 - Replacement credit required for levy reduction
 - Amounts for 2015 will be provided to the county auditor by the DLGF



Understanding the 16 Line Statement

- Form 4B – Line 14
 - Line 14 is the result of Line 12 minus Lines 13A and 13B
 - Compare to the maximum levy
 - In COIT and non-Levy Freeze counties, Line 14 will equal Line 12



Understanding the 16 Line Statement

- Form 4B – Line 15
 - Levy Excess
 - Taxes collected in prior year that are in excess of 100% of certified levy
 - Credit applied to reduce property taxes levied for the ensuing year
 - If a unit applies a value on Line 15, the unit should ensure that published and adopted levies are still sufficiently high to meet needs



Understanding the 16 Line Statement

- Form 4B – Line 16
 - Amount of property tax needed
 - Same as Line 14 when no levy excess
 - Proposed tax levy to be advertised on the Form 3



Understanding the 16 Line Statement

- Form 4B – Line 17
 - Tax rate on each \$100 of assessed value
 - Rates are shown to 4 decimal places (example - \$0.0100)
 - Equals the result of Line 16 divided by NAV/100
 - Results in property tax to be levied
 - Compare to current tax rates



Budget Forms

- If your taxing unit has chosen to reallocate circuit breaker losses or has received a waiver from protected taxes, please follow the guidance provided by the Department in determining how to complete the various budget forms.



County Council Review

- County Council is required to review and issue a recommendation for civil taxing units' budgets, levies and rates for those units not subject to binding adoption.
- Schools must file proposed taxes rates and levies with the County Council for review.



County Council Review

- If a unit has an elected board, county council will issue a non-binding recommendation concerning budgets, levies, and rates.
- Solid Waste Districts, Conservancy Districts with appointed boards, Airport Authorities, Fire Districts, School Corporations and other units that have appointed boards must have budgets, levies and rates approved by a fiscal body.



County Council Review

- If a library unit has a non-elected board and the budget increases more than the state growth quotient, the library's budgets, levies and rates must be adopted by an appropriate fiscal body.
- If a library unit has a non-elected board and the budget does not increase more than the state growth quotient, the library board does the budget adoption and county council will issue a non-binding recommendation.



County Council Review

- If the taxing unit fails to submit a budget for council review, the unit is held to previous year's budgets and tax levies.
- If county council fails to complete the review and issue a recommendation, the county budgets are held to the previous year's budgets and tax levies.



Basics of Local Government Budgeting

QUESTIONS??



Contact the Department

- Budget Field Representative Map
 - [http://www.in.gov/dlgf/files/Field Rep Map - Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)
- Courtney Schaafsma, Budget Director
 - 317.234.3937 or cschaafsma@dlgf.in.gov
- Dan Jones, Assistant Budget Director
 - 317.232.0651 or djones@dlgf.in.gov
- Website: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm