

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

TO: All Taxing Units
FROM: Karen Large, Budget Division Director
RE: 2010 Budget Information
DATE: June 1, 2009

The following memorandum serves as a reminder of important dates and other important information with respect to the 2010 budget process. You are advised to read it in its entirety. This memorandum is not inclusive of all budget information and should be used as a guide.

IMPORTANT DATE CHANGE – Publications of Form 3 (Notice to Taxpayers of Budget Estimates and Tax Levies) are August 2 and August 9. Please review the budget calendar included in this mailing. The last date for the first publication of the 2010 unit budgets is Sunday, August 2, 2009 and the last date for the second publication is Sunday, August 9, 2009. Because these dates fall on Sunday, the deadline will be the next business day.

BUDGET CALENDAR

The following budget calendar indicates the last date on which the legal notices, public hearing, and adoption hearing must take place. In the event that your unit decides to adopt before the last day, be very cautious that all legal notices and the public hearings take place within the appropriate time frame:

- Last date for first publication of Budget Form 3 (Notice to Taxpayers of Budget Estimates and Tax Levies), which includes the 2010 annual total appropriations, proposed tax levy, excessive levy appeals, and current tax levy (at least ten (10) days before the public hearing):
August 2, 2009 (I.C. 6-1.1-17-3)
- Last date for second publication (at least three (3) days prior to the public hearing):
August 9, 2009 (I.C. 6-1.1-17-3)
- Last date for civil taxing units to file **proposed** budget with the county council for a non-binding recommendation (*Reference page 5 – Budget Reviews by County Councils*):
September 15, 2009 (I.C. 6-1.1-17-3.5)

- Last date for appointed boards to send their budget to city, town, or county fiscal body if proposed budget is greater than AVGQ:
September 16, 2009 (I.C. 6-1.1-17-20)
- Last date to file an excessive levy appeal with the DLGF (Indianapolis office) - *Do not send the appeal to the county auditor or your budget field representative. It must be sent to the Indianapolis Office:*
September 19, 2009 (I.C. 6-1.1-18.5-12)
- Last date for public hearing on budget (at least ten (10) days prior to adoption date):
September 20, 2009 (I.C. 6-1.1-17-5(a))
- Last date for all schools to adopt the Capital Project Plan and Bus Replacement Plan:
September 20, 2009 (I.C. 20-46-6-8)(I.C. 20-46-5-6)
- Objecting petitions, filed by taxpayers, must be filed within seven (7) days after budget public hearing (*Reference page 5 – Objection Period Between Public Hearing and Adoption Date*):
(I.C. 6-1.1-17-5(b))
- Last meeting date for adoption of 2010 budget:
September 30, 2009 (I.C. 6-1.1-17-5(a))
- Last date to file **adopted** budget with the county auditor for TAB chart
October 2, 2009 (I.C. 6-1.1-17-12)
- Last date to file a **shortfall appeal**:
December 30, 2009 (I.C. 6-1.1-18.5-12)

For a list of important dates that may apply to your unit, please reference the budget calendar available from the DLGF Web site at http://www.in.gov/dlgf/files/090128_Jones_Memo_2009BudgetCalendar.pdf.

BUDGET FORMS

The following is a list of budget forms that will be necessary for compiling the financial data for the 2010 unit budget. Budget forms can be accessed on the DLGF Web site from <http://www.in.gov/dlgf/7176.htm>. Also available on the Web site are the manuals specific to your unit (exception - no school manual). These manuals can be accessed on the DLGF Web site from <http://www.in.gov/dlgf/7176.htm>. While the DLGF is currently in the process of updating these manuals, the current copy provides information and is an excellent resource for fiscal officers as it relates to the preparation of budget forms. The budget forms required to be filed include:

- Budget Form 1 –Budget Estimate (**all units**)
- Budget Form 2 – Estimate of Miscellaneous Revenue (**all units**)
- Budget Form 3 – Notice to Taxpayers of Budget Estimates and Tax Levies (**all units**)
- Budget Form 4 – Ordinance for Appropriations and Tax Rates (**county, city and town, and special units**)
- Budget Form 4 – Certificate of Appropriations (**township unit**)
- Budget Form 4 – Resolution of Appropriations (**library and school units**)
- Budget Form 4B – Budget Estimate – Financial Statement – Proposed Tax Rate (**all units**)
- Budget Form 4A – Certificate of Appropriations (**county, city and town, and special units**)
- Budget Form 5 – Budget Submission Letter and Certificate (**school, township and library units**)
- Budget Form 144 – Statement of Salaries and Wages (**where applicable**)

IMPORTANT REMINDER – The last date for the first publication of the Budget Form 3 (Notice to Taxpayers) is August 2, 2009 and the last date for the second publication is August 9, 2009. (Reference the text box on front page.)

The 2010 budget forms are available on the DLGF Web site from <http://www.in.gov/dlgf/7176.htm> or from your forms vendor.

Budget Form 1 (Budget Estimate) is prepared for each fund budget within the unit and details the 2010 appropriations requested for each fund. This financial data is compiled and advertised under Column 2 (Budget Estimate) of the Budget Form 3. Several counties will not have their 2009 certified budget orders in time to prepare and advertise the Budget Form 3 by the deadline. Taxing unit officials will have to estimate the financial data necessary to complete Column 3 (Maximum Estimated Funds to be Raised) and Column 4 (Excessive Levy Appeals).

2010 maximum levy information is not available at this time and it is not the intent of the DLGF to direct you to overstate your proposed levy; however, we are suggesting the calculations below be used to estimate the Column 3 of the Budget Form 3. It is the decision of your fiscal body to determine the amounts to be advertised on Budget Form 3.

Column 3 - Suggested Maximum Levy Calculation:

COIT County: Use last year’s maximum levy times the growth factor. (2009 pay 2010 growth factor is unknown at this time; however, the growth factor for 2008 pay 2009 is 4 percent.)

Example: 2008 pay 2009 maximum levy X 1.04% = estimated 2010 maximum levy

CAGIT County: Use last year’s maximum levy times the growth factor. (2009 pay 2010 growth factor is unknown at this time; however, the growth factor for 2008 pay 2009 is 4 percent.) The PTRC portion of the CAGIT revenues also will be factored into your maximum

levy calculation. (2009 pay 2010 CAGIT revenues are unknown at this time; however, add the 2008 pay 2009 PTRC amount to the maximum levy.) **Example: 2008 pay 2009 maximum levy + estimated PTRC X 1.04% = estimated 2010 maximum levy.**

Column 4 - Excessive Levy Appeals:

If your unit intends to file an appeal, there must be an amount in Column 4 equal to the amount you intend to request in the appeal. **This amount should also be included in your levy advertised in Column 3.**

While it is the responsibility of the unit officials to complete the Budget Form 3, do not hesitate to contact your DLFG Budget Field Representative or the DLGF Budget Division if you have any questions. Contact information is available from the DLGF Web site, <http://www.in.gov/dlfg/2338.htm>. *(Due to reassignment of budget field representatives, please reference the attached Budget Field Representative List/Map for the name of the field representative in your county.)*

The Department of Local Government cannot approve a budget or levy in excess of the amount published in the Budget Form 3 (Notice to Taxpayers of Budget Estimates and Tax Levies). It is essential that a unit of government proof the first advertisement and contact the newspaper in the event of an error. If it is corrected in the second advertisement, the unit will submit that ad as proof of publication of their budget.

AUDITOR'S CERTIFICATE

I.C. 6-1.1-17-1 requires the County Auditor to certify estimates of assessed valuation and other information to the fiscal officer of each taxing unit by August 1. The statement shall contain the following:

- Information concerning the estimated assessed valuation in the political subdivision for 2009 pay 2010.
- An estimate of taxes to be distributed to the political subdivision during the last six (6) months of the current budget year. **This should be the remainder of current year taxes even if taxes are expected to be distributed after year end.**
- The current assessed valuation as shown on the **most recent abstract of charges.**
- The average growth in assessed valuation in the political subdivision over the preceding three (3) budget years (excluding years in which a general reassessment occurs or the first year of trending, which was 2006 pay 2007) determined according to procedures established by the Department of Local Government Finance

- Any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

This form will be updated and available to county auditors by mid-June. If officials in the taxing units have questions, please call the DLGF Budget Field Representative in your county or the DLGF Budget Division. Contact information is available from the DLGF Web site, <http://www.in.gov/dlzf/2338.htm>.

JULY/AUGUST BUDGET WORKSHOPS

The Budget Division of the Department of Local Government Finance will conduct budget work sessions in each county during the months of July and August. Budget Field Representatives will be in each county for a one to three day period and notification of these work sessions will be coordinated and scheduled by the DLGF Budget Field Representative and the county auditor. The Department of Local Government Finance encourages each fiscal officer to meet with the Budget Field Representative and discuss the unit's budget even if you have already advertised your budget. In these meetings, the focus will be to check the accuracy of prepared forms, ensure that the budget is properly advertised, provide assistance in whatever capacity is desired, and complete a Line 2 Worksheet for future use in working 2010 budgets.

BUDGET REVIEWS BY COUNTY COUNCILS

All civil taxing units (any entity, except a school corporation, that has the power to impose an ad valorem property tax) shall file with the county council a statement of the proposed or estimated tax rate and levy for the 2010 budget year and a copy of the civil taxing units proposed budget for the ensuing year. **This information must be filed with the county council at least fifteen (15) days before the civil taxing unit meets to adopt the budget, rate and levy.** Upon review of the proposed tax rate, levy and budget, the county council will issue a nonbinding recommendation to the civil taxing unit regarding the proposed tax rate, levy or proposed budget. For more information about this process and the statutory requirements of I.C. 6-1.1-17-3.5, please go the DLGF Web site at <http://www.in.gov/dlzf/7176.htm> or contact the Budget Field Representative in your county.

OBJECTION PERIOD BETWEEN PUBLIC HEARING AND ADOPTION DATE

IMPORTANT REMINDER - The last date for a public hearing on the budget is September 20, 2009, and the last date for adoption of the 2010 budget is September 30, 2009. I.C. 6-1.1-17-5(b) provides for a ten (10) day period between the public hearing and the adoption hearing, which allows for a taxpayer objection period. Taxpayers are notified of their right to object in the publication of the Notice to Taxpayers (Budget Form 3). I.C. 6-1.1-17-5(b) reads as follows:

“Ten or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under section (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must

specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.”

This statute allows taxpayer objections to be addressed on the local level, prior to final adoption. The political subdivision shall adopt findings with its budget that addresses the concerns referenced in the petition and testimony presented at the hearing. A copy of the objections, testimony and unit response will be attached to the two copies of the budget which are submitted to the county auditor.

TAB (Tax Adjustment Board) RATE CHART

IMPORTANT REMINDER – The last date to file the adopted budget with the county auditor to be included in the TAB Rate Chart is October 2, 2009. As soon as the budgets, tax rates and tax levies are approved or modified by the tax adjustment board or county auditor, whichever is applicable, the **county auditor shall prepare and publish**, within fifteen (15) days, the notice of proposed tax rates to be charged on each \$100 of assessed valuation for the various funds in each taxing district. The notice shall inform the taxpayers and the taxing units of their right to appeal within ten (10) days of the publication of such notice.

It is essential that a unit of government proof this advertised tax rate and file a letter of appeal with the Department of Local Government Finance within ten (10) days if their advertised rates are incorrect or omitted. Failure to proof the advertised rates could severely alter the unit’s property tax revenues for the budget year 2010.

I.C. 6-1.1-17-13(a) states “Ten (10) or more taxpayers or one (1) taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision may initiate an appeal from the county board of tax adjustment’s action on a political subdivision’s budget by filing a statement of their objections with the county auditor. The statement must be filed not later than ten (10) days after the publication of the notice required by section 12 of this chapter. The statement shall specifically identify the provisions of the budget and tax levy to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the department of local government finance.

(b) The department of local government finance shall:

(1) subject to subsection (c), give notice to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision in the case of an appeal initiated by that taxpayer, of the date, time, and location of the hearing on the objection statement filed under subsection (a);

(2) conduct a hearing on the objection; and

(3) after the hearing:

(A) consider the testimony and evidence submitted at the hearing; and

(B) mail the department’s:

(i) written determination; and

(ii) written statement of findings;

to the first ten (10) taxpayers whose names appear on the petition, or to the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision in the case of an appeal initiated by that taxpayer.

The department of local government finance may hold the hearing in conjunction with the hearing required under I.C. 6-1.1-17-16.

(c) The department of local government finance shall provide written notice to:

- (1) the first ten (10) taxpayers whose names appear on the petition; or
- (2) the taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision, in the case of an appeal initiated by that taxpayer, at least five (5) days before the date of the hearing.”

If the county auditor calculates, fixes, and/or adjusts the tax rates for the various taxing units, he/she is required to send a certificate of notice of the rate(s) to each political subdivision in the county. This notice must be sent within five days of the advertised notice of tax rates.

IMPORTANT REMINDER – It is the responsibility of the unit officials to check the TAB advertisement for incorrect or omitted tax rate information.

DEBT SERVICE AND CUMULATIVE FUNDS

If a taxing unit anticipates repayment of a debt or establishes a new cumulative fund for 2010, the fiscal body must advertise and adopt a debt service budget and levy and/or the cumulative fund levy, and budget, if desired, as part of the budget process. Even if a unit has not received final approval for a pending debt service project or new cumulative fund, the fiscal body should still advertise and adopt a debt service and/or cumulative fund levy as part of the budget process. **Failure to advertise and adopt a rate and levy for the 2010 budget year may preclude the unit from levying a tax for a new fund.**

2010 REVENUE ESTIMATES

Income Tax – The DLGF is working with the State Budget Agency to estimate the income tax for taxing units to use for the 2010 budget. DLGF Budget Field Representatives can provide assistance with estimating CAGIT, COIT and EDIT distributions.

Excise Tax – Taxing units can review past excise distributions to calculate an estimate for 2010. Taxing units should be conservative when determining an estimate for excise.

Financial Institutions Tax – Taxing units may use the same FIT estimate as 2009.

Commercial Vehicle Excise Tax – Taxing units may use the same CVET estimate as 2009.

As it becomes available, updated and current forms and information will be made available to the units. Units will be able to access relevant budget information on the DLGF Web site or it will be forwarded to the county auditor and/or school officials no later than mid-June.

If you have any questions, please call the DLGF Budget Field Representative in your county or the DLGF Budget Division. Contact information is available from the DLGF Web site, <http://www.in.gov/dlhf/2338.htm>.

Enclosure – List of DLGF Budget Field Representatives

Budget Field Representative Assignments - Effective March 30, 2009

Northeast

George Helton
317-650-5254
ghelton@dlgf.in.gov

Mike Deniston
317-519-1811
mdeniston@dlgf.in.gov

Northwest

Kurt Ott
317-650-2497
kott@dlgf.in.gov

Miranda Bucy
317-650-6848
mbucy@dlgf.in.gov

East Central

Judy Robertson
317-650-2508
jrobertson@dlgf.in.gov

Wayne Hudson
317-650-4444
whudson@dlgf.in.gov

West Central

Ron Stinson
317-408-7127
rstinson@dlgf.in.gov

Kim Chattin
317-650-6157
kchattin@dlgf.in.gov

Southeast

Cathy Stockoff
317-408-4996
cstockhoff@dlgf.in.gov

Gail Snyder
317-407-2433
gsnyder@dlgf.in.gov

Southwest

Bob Purlee
317-650-2494
bpurlee@dlgf.in.gov

Robert Norris
317-650-3982
RobNorris@dlgf.in.gov

Field Supervisor
Linda Lessaris
317-519-1810
llessaris@dlgf.in.gov

