STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: **All Taxing Units**

FROM: **Karen Large, Budget Division Director** KL

RE: **2010 Budget Information as of July 1, 2009**

DATE: **July 13, 2009**

Budget deadlines have been changed due to action taken by the General Assembly in special session. The following memorandum serves as an update to the memo issued on June 1, 2009. The changes are effective as of July 1, 2009. **Read this memo in its entirety.** This memorandum is not inclusive of all budget information and should only be used as a guide.

IMPORTANT DATE CHANGE – Last Publication Dates of Form 3 (Notice to Taxpayers of Budget Estimates and Tax Levies) are September 2 and September 9. Please review the budget calendar below. The last date for the first publication of the 2010 unit budgets is September 2, 2009, and the last date for the second publication is September 9, 2009.

BUDGET CALENDAR

The following budget calendar indicates the last date on which the legal notices, public hearing, and adoption hearing must take place. Please note that the deadlines occurring on a Saturday, Sunday, or legal holiday are effective on the next business day. In the event that your unit decides to adopt before the last day, be very cautious that all legal notices and public hearings take place within the appropriate time frame:

- **September 2, 2009 -** 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). (I.C. 6-1.1-17-3)

- **September 9, 2009:** Last date for second publication (at least three (3) days prior to the public hearing). (I.C. 6-1.1-17-3)

- **September 17, 2009:** 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.* (I.C. 6-1.1-17-3.5)

- **October 2, 2009:** Last date for appointed boards to send their proposed budget for approval to city, town, or county fiscal body if proposed budget increase is greater than 3.8% AVGQ. (I.C. 6-1.1-17-20)

- **October 2, 2009:** Last date for special districts with appointed or non-elected boards (i.e. fire protection districts, conservancy districts, and solid waste management districts), to submit their proposed budget, rates and levies to the appropriate city/town or county fiscal body for final adoption regardless of proposed budget increase. (I.C. 6-1.1-17-20)

- **October 17, 2009:** Last day for county fiscal body to complete review and issue non-binding recommendation to civil taxing units regarding civil taxing units' proposed tax rates, levies, and budgets (fifteen (15) days before the civil taxing unit adopts its rate, levy, and budget). (IC 6-1.1-17-3.5.)

- **October 19, 2009:** Last date to file an excessive levy appeal with the Department of Local Government Finance (Indianapolis office). (I.C. 6-1.1-18.5-12) ***NOTE: Do not send the appeal to the county auditor or your budget field representative. It must be sent to the Indianapolis Office.***

- **October 19, 2009:** Last date for all schools to adopt the Capital Project Plan and Bus Replacement Plan, and transportation operating appeal. (I.C. 20-46-6-8.1)(I.C. 20-46-5-6.1) (I.C. 20-46-4-10)

- **October 22, 2009:** Last date for public hearing on budget (at least ten (10) days prior to adoption date).(I.C. 6-1.1-17-5(a))

- **October 29, 2009:** Last day for 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))

- **October 31, 2009:** Last day to adopt a "new" LOIT for levy freeze, public safety or property tax relief.(I.C. 6-3.5-1.1-24, IC 6-3.5-1.1-25, IC 6-3.5-1.1-26, I.C. 6-3.5-6-30, I.C. 6-3.5-6-31, or IC 6-3.5-6-32. HEA 1001(ss), Sec. 482)

- **November 1, 2009:** Last meeting date for adoption of 2010 budget. (I.C. 6-1.1-17-5*(a))*

- ***November 3, 2009: Last date to file adopted budget with the county auditor.*** (I.C. 6-1.1-17-12)

- **December 30, 2009:** Last date to file **a shortfall appeal**. (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 Department of Local Government Finance ("Department") Web site at www.in.gov/dlgf/files/090702-_Rushenberg_Memo_-_Revised_2009-2010_Budget_Calendar.pdf.

BUDGET FORMS

The Budget Form 3 (Notice to Taxpayers) has been revised effective 2009.

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 Department Web site at 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 Department Web site at www.in.gov/dlgf/7176.htm. While the Department 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 September 2, 2009, and the last date for the second publication is September 9, 2009. *(Reference the text box on front page.)*

The 2010 budget forms are available on the Department Web site at 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. It is not the intent of the Department to direct you to overstate your proposed levy; however, we are suggesting the following calculations 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 2010 growth factor of 3.800%. **Example: 2008 pay 2009 maximum levy x 1.038% = estimated 2010 maximum levy**

CAGIT County: Use last year's maximum levy times the 2010 growth factor of 3.800%. 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 1.038% = 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 Department Budget Field Representative or the Department Budget Division if you have any questions. Contact information is available from the Department Web site at www.in.gov/dlgf/2338.htm.

The Department 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**.
- For counties with taxing units that cross into or intersect with other counties, the assessed valuation as shown on the most current abstract of property.
- The average growth in assessed valuation in the political subdivision over the preceding three (3) budget years determined according to procedures established by the Department.
- Any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

This form has been updated and is available to county auditors at www.in.gov/dlgf/7210.htm. If officials in the taxing units have questions, please call the Department Budget Field Representative in your county or the Department Budget Division. Contact information is available from the Department Web site at www.in.gov/dlgf/2338.htm.

JULY/AUGUST BUDGET WORKSHOPS

The Budget Division 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 Budget Field Representative and the county auditor. The Department 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 or appointed board with a budget increase over the average growth quotient, 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 forty-five (45) 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 www.in.gov/dlgf/7176.htm or contact your Budget Field Representative.

OBJECTION PERIOD BETWEEN PUBLIC HEARING AND ADOPTION DATE

IMPORTANT REMINDER - The last date for a public hearing on the budget is October 22, 2009, and the last date for adoption of the 2010 budget is November 1, 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 address 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)

IMPORTANT CHANGE – Budgets must be filed with the county auditor not later than two (2) days after budget adoption. If a taxing unit adopts their budget on the November 1 adoption deadline, the last date for taxing units to file the adopted budget with the county auditor and County Tax Adjustment Board (TAB) is November 3, 2009.

If the budgets, tax rates and tax levies **are modified** by the TAB or county auditor, whichever is applicable, the county auditor shall prepare and publish, within fifteen (15) days **of the modification**, 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 initiate an appeal of the modification within ten (10) days of the publication of such notice. IC 6-1.1-17-12.

County auditor advertises "TAB chart" of adopted tax rates of taxing units *ONLY* if there is a modification by the county auditor or County TAB to adopted tax rates, levies, or budgets of any of the taxing units in the county.

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 TAB **or county auditor's modification of** a political subdivision's budget, **tax rate, or tax levy** by filing a statement of their objections with the county auditor. The objection must be

filed not later than ten (10) days after the publication of the TAB Chart. The objection shall specifically identify the provisions of the budget, **tax rate, or** tax levy to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the Department, who then is required to conduct a public hearing and issue written findings of fact and final determination on the objection. IC 6-1.1-17-13.

Also, a political subdivision may appeal to the department of local government finance for an increase in its tax rate or tax levy as **modified** by the TAB or the county auditor. To initiate the appeal, the political subdivision must file a statement with the Department not later than ten (10) days after publication of TAB Chart. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the following officers:

(1) In the case of counties, by the board of county commissioners and by the president of the county council.

(2) In the case of all other political subdivisions, by the highest executive officer and by the presiding officer of the legislative body. IC 6-1.1-17-15.

However, please note that if no modifications were made to any budgets, rates, or levies by the TAB or County Auditor, the County Auditor is not required to publish a TAB chart.

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 Department is working with the State Budget Agency to estimate the income tax for taxing units to use for the 2010 budget. As soon as the information is available, it will be provided to the units of government. Department 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.

If you have any questions, please call your Department Budget Field Representative or the Department Budget Division. Contact information is available from the Department Web site at www.in.gov/dlgf/2338.htm.