



Updates from the DLGF

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Commissioner

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Department of Local Government Finance

- Approximately 40 people
 - Assessment
 - Budget
 - Data
 - Communications
 - Legal



On-Time Billing

Tax Year	Counties with On-Time Billing	Certified Budget Orders by February 15
2010	85	67
2011	90	85
2012	90	50
2013	91	63
2014	92	91
2015	92	92
2016	92	92



2016 – Year of Change

- SEA 321 and Budget Process Changes
- Local Income Tax (LIT) Transition
- Other Initiatives



Budget Process Changes



Budget Changes for 2016

- SEA 321-2016 modifies the budget adoption process for local governments.
- Main goals:
 - To provide local governments with more information in advance of adoptions to allow for more accurate budget advertisings and adoptions.
 - To provide more local control over the adoption process and the Department's review process.



Estimates of Levies and Rates

- In July, the Department provided a number of reports that provided estimates of maximum levies, debt service levies and cumulative fund rates for each applicable taxing unit.
- The Department also provided reports to assist taxing units in estimating miscellaneous revenues and December property tax collections.



Maximum Levy Report

STATE OF INDIANA
INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Calculation of Estimated Maximum Levy for Budget Year 2017

County: 01 Adams
Unit: 0407 DECATUR CIVIL CITY
Maximum Levy Type: UT Civil

2016 Maximum Levy	3,678,958
PLUS: 2016 Permanent Appeal Amount	0
PLUS: 2016 FIT Adjustment	7,793
PLUS: Other Adjustments to 2016 Maximum Levy	<u>0</u>
2016 Maximum Levy for Growth Quotient	3,686,751
TIMES: Assessed Value Growth Quotient (1)	<u>1.0380</u>
Initial 2017 Maximum Levy	3,826,848
TIMES: 2017 Annexation Factor (2)	<u>1.0000</u>
2017 Annexation Adjusted Maximum Levy	3,826,848
PLUS: Potential 2017 Appeal or Other Adjustment As Reported by Unit	0
PLUS: Estimated New Maximum Levy for 2017	<u>0</u>
Estimated 2017 Maximum Levy Prior to Allowable Adjustments	3,826,848
PLUS: Estimated 2017 Cumulative Capital Development Adjustment (3)	159,083
PLUS: Estimated 2017 Maximum Mental Health Adjustment (4)	0
PLUS: Estimated 2017 Maximum Developmental Disabilities Adjustment (4)	<u>0</u>
Estimated 2017 Maximum Levy	3,985,930

NOTES:

(1) Assessed Value Growth Quotient for Budget Year 2017 is 3.8%. Taxing units in counties which have selected to raise revenue through a local income tax rather than property taxes will have a growth quotient of 0%. Taxing units that qualify under IC 6-1.1-18.5-25 will have a growth quotient equal to the lesser of the unit's assessed value growth over the two preceding years or 6%.

(2) Annexation adjustment available for cities and towns and certain other taxing units only. If the amount shown is greater than 1.0, then this taxing unit reported estimated annexation assessed value which has been used to determine the estimated annexation factor.

(3) Cumulative capital development levy adjustment for counties and municipalities only. To estimate the cumulative capital development levy, the 2016 net assessed value has been assumed to grow by 3.8%, equivalent to the Assessed Value Growth Quotient. The actual levy adjustment will be computed during the Department's budget review.

(4) Mental health and developmental disabilities adjustments for counties only. If the county unit is appropriating less than the maximum amounts estimated above, the estimated 2017 maximum levy should be reduced to correspond to the actual appropriations. The actual levy adjustment will be computed during the Department's budget review.



Estimated Cumulative Fund Maximum Rates

STATE OF INDIANA
INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Calculation of Estimated Rate-Controlled Fund Maximum Rates for Budget Year 2017

County: 01 Adams
Unit: 0000 ADAMS COUNTY

Fund: 0590 CUMULATIVE COURT HOUSE

This fund is contained within the unit's civil maximum levy.

Assuming the fund is not re-established, the maximum allowable rate for 2017 is estimated to be the lesser of the following:

2016 Maximum Rate Cap:	0.0990
2016 Certified Tax Rate:	0.0038
Estimated 2017 Maximum Tax Rate:	0.0038

Fund: 0790 CUMULATIVE BRIDGE

This fund is contained within the unit's civil maximum levy.

Assuming the fund is not re-established, the maximum allowable rate for 2017 is estimated to be the lesser of the following:

2016 Maximum Rate Cap:	0.0593
2016 Certified Tax Rate:	0.0488
Estimated 2017 Maximum Tax Rate:	0.0488

Fund: 1192 CUMULATIVE JAIL

This fund is contained within the unit's civil maximum levy.

Assuming the fund is not re-established, the maximum allowable rate for 2017 is estimated to be the lesser of the following:

2016 Maximum Rate Cap:	0.0300
2016 Certified Tax Rate:	0.0300
Estimated 2017 Maximum Tax Rate:	0.0300

Fund: 2391 CUMULATIVE CAPITAL DEVELOPMENT

This fund is contained within the unit's civil maximum levy, which will include an adjustment for this fund.

Assuming the fund is not re-established, the maximum allowable rate for 2017 is estimated to be the lesser of the following:

2016 Maximum Rate Cap:	0.0310
2016 Certified Tax Rate:	0.0310
Estimated 2017 Maximum Tax Rate:	0.0310



Estimated Debt Service Levies

**STATE OF INDIANA
INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE**

Estimated Debt Service Payments and Levies for Budget Year 2017

County: 01 Adams
 Unit: 0025 NORTH ADAMS COMMUNITY SCHOOL CORP
 Fund: 0180 DEBT SERVICE

<u>Debt Name</u>	<u>Estimated 2017 Line 1 - Payments 1/1/17 - 12/31/17</u>	<u>Estimated 2017 Line 2 - Payments 7/1/16 - 12/31/16</u>	<u>Estimated 2017 Line 11 - Operating Balance</u>
Fees	1,250	625	0
Interest on Temporary Loans	0	0	0
North Adams Community School Renovation Bldg. Corp. First Mortgage Bonds, Series 2000	2,470,000	1,220,000	1,250,000
North Adams Community School Renovation Bldg. Corp. First Mortgage Bonds, Series 2006	462,159	234,014	233,000
North Adams Community School Renovation Bldg. Corp. First Mortgage Bonds, Series 2008	191,500	96,000	95,250
Unreimbursed Textbooks	49,499	22,131	0
TOTALS:	3,174,408	1,572,770	1,578,250
		Estimated 2017 Levy:	4,658,251

The figures contained above are estimates only. The actual values will be computed during the Department's budget review.

Summary of Significant Assumptions

1. For the purposes of these estimates, the Department considered only debts, leases and other allowable expenditures from the debt service funds which were included in the 2016 budget review. The Department has not included any new debt issuances.
2. The Department relied upon data entered into the Debt Worksheet on Gateway for the 2016 Budget Year in order to estimate the Line 1, Line 2 and Line 11 amounts for 2017. The reliability of these figures may be impacted by data entry errors on the Debt Worksheet.
3. To estimate the 2017 levy for the fund, the Department has assumed no June 30 cash balance and no miscellaneous revenues. The presence of these dollars could reduce the levy needed to support the identified debt.



Estimated Miscellaneous Revenues

**STATE OF INDIANA
INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE**

Estimated Miscellaneous Revenues for Budget Year 2017

County: 01 Adams
Unit: 0000 ADAMS COUNTY

Revenue Type	Max Levy Type (If Applicable)	Estimated Revenues		Notes
		7/1/16-12/31/16	1/1/17-12/31/17	
R103 County Economic Development Income Tax (CEDIT)		881,929	0	Amount estimated based on 2016 Certified Distributions as calculated by the Department of Local Government Finance. July-December 2016 = 50% of 2016 Certified Distribution. 2017 = \$0 due to the local income tax transition.
R104 County Option Income Tax (COIT)		1,139,899	0	Amount estimated based on 2016 Certified Distributions as calculated by the Department of Local Government Finance. July-December 2016 = 50% of 2016 Certified Distribution. 2017 = \$0 due to the local income tax transition.
R112 Financial Institutions Tax		22,046	41,888	Amount estimated by the Department of Local Government Finance based on distribution figures provided by the Auditor of State's Office. December 2016 = Provided by Auditor of State. 2017 = June 2016 distribution as provided by Auditor of State + 90% of December 2016 distribution provided by Auditor of State. This amount should be spread proportionally across all funds with a property tax levy and within the maximum levy type, if applicable.

The figures contained in this report are estimates only and are subject to change.

In addition to the revenues identified on this report, taxing units should also estimate other revenues that they may receive locally in order to provide a complete picture of the revenues available to support their 2017 budgets.



Line 7 Worksheet

STATE OF INDIANA INDIANA DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Line 7 (December Property Tax Collections) Calculation Worksheet for Budget Year 2017

County: 01 Adams
Unit: 0000 ADAMS COUNTY

<u>Fund</u>	2016 <u>Certified Levy</u>	2016 <u>Abstract Levy</u>	Starting Levy <u>for Line 7</u>	June 2016 <u>Distributions</u>	Estimated 2017 <u>Line 7</u>
0061 RAINY DAY	0	0	0		
0101 GENERAL	7,021,398	6,865,279	6,865,279		
0124 2015 REASSESSMENT	43,140	42,181	42,181		
0590 CUMULATIVE COURT HOUSE	56,528	55,271	55,271		
0702 HIGHWAY	0	0	0		
0706 LOCAL ROAD & STREET	0	0	0		
0790 CUMULATIVE BRIDGE	725,941	709,800	709,800		
0801 HEALTH	209,749	205,086	205,086		
1192 CUMULATIVE JAIL	446,275	436,352	436,352		
1301 PARK & RECREATION	56,528	55,271	55,271		

This worksheet is being provided by the Department as a tool to assist units in calculating their Estimated Line 7 (December Property Tax Collections) for the Form 4B. Actual Line 7 will be computed during the Department's budget review. To use this worksheet, please follow the instructions below:

1. Populate the fund's June 2016 property tax distribution.
2. Subtract the June 2016 property tax distribution from the Starting Levy for Line 7 amount in order to arrive at the Estimated Line 7 for 2017.

This worksheet should not be used by schools that have completed the protected taxes waiver or taxing units that have reallocated their property tax cap credits. These units should rely upon the workbook previously provided for the calculation of Line 7.

Abstract Levy has been computed by multiplying the abstract tax rate by the abstract assessed value and then subtracting total property tax cap credits from this amount. Starting Levy for Line 7 will be the lesser of Certified Levy or Abstract Levy except in the following situations: conservancy district levies, debt service fund levies, School Capital Projects Fund and Library Capital Projects Fund. In these situations, Starting Levy for Line 7 will be Certified Levy.



Estimate of Property Tax Cap Impacts

- Using the levies estimated by the Department, the Department then estimated property tax cap impacts for each unit.



Estimated Property Tax Cap Impact – Report 1

2017 Estimated Property Tax Cap Impact Report Adams County

0000 ADAMS COUNTY	Estimated Impact
Civil Max Levy Fund Credits	\$764,464
Total Estimated Credits	\$764,464

0001 BLUE CREEK TOWNSHIP	Estimated Impact
Civil Max Levy Fund Credits	\$50
Township Fire Credits	\$17
Total Estimated Credits	\$66

0002 FRENCH TOWNSHIP	Estimated Impact
Civil Max Levy Fund Credits	\$23
Township Fire Credits	\$36
Total Estimated Credits	\$59

0003 HARTFORD TOWNSHIP	Estimated Impact
Civil Max Levy Fund Credits	\$598
Township Fire Credits	\$289
Total Estimated Credits	\$886

0004 JEFFERSON TOWNSHIP	Estimated Impact
Civil Max Levy Fund Credits	\$262
Township Fire Credits	\$184
Total Estimated Credits	\$446



Estimated Property Tax Cap Impact – Report 1

- Report 1 provides the estimated property tax cap impact for each unit based on the data from the previously discussed reports.
- The property tax cap calculations use the 2016 tax data file submitted by the county auditor this past spring.
 - Based on 2016 assessed values, deductions, exemptions and credits.
- These figures are estimates only.



Estimated Property Tax Cap Impact – Report 1

- It has been assumed that each unit will adopt a budget and levy that would result in the unit taking all of its maximum levy, maximum rates for cumulative funds and the entire estimated debt service levy.



Estimated Property Tax Cap Impact – Report 1

- It is important to remember that the property tax cap impact is driven by the combination of rates for all taxing units within a taxing district.
- Levy changes by another unit may impact the county unit's property tax cap impact even if the county unit's levy does not change or stays relatively stable.



Impact on the Budget Process

- IC 6-1.1-17-3
 - The notice to taxpayers must include the estimated maximum levy, as provided by the Department.
 - The notice to taxpayers must include the estimated property tax cap impact, as estimated by the Department.
 - A taxing unit must consider the net property tax revenue to be collected by the unit after application of the property tax cap impact.



Form 3 – Notice to Taxpayers

- Form 3 Population of Fields by the Department:
 - Estimated Maximum Levy
 - Estimated Property Tax Cap Impact
- Both of these fields are informational fields and do not flow into any other part of the Gateway Budget Forms.
- These fields are non-binding and do not impact the budget review process.



Property Tax Cap Estimates

- If a unit would like to use property tax cap impact estimates other than the ones released by the Department, that is an option and there is no penalty for doing so.
 - Form 3 has to display the Department's estimates.
 - Informational fields only
 - Other budget forms and calculations can reflect the unit's estimates of property tax cap impact.



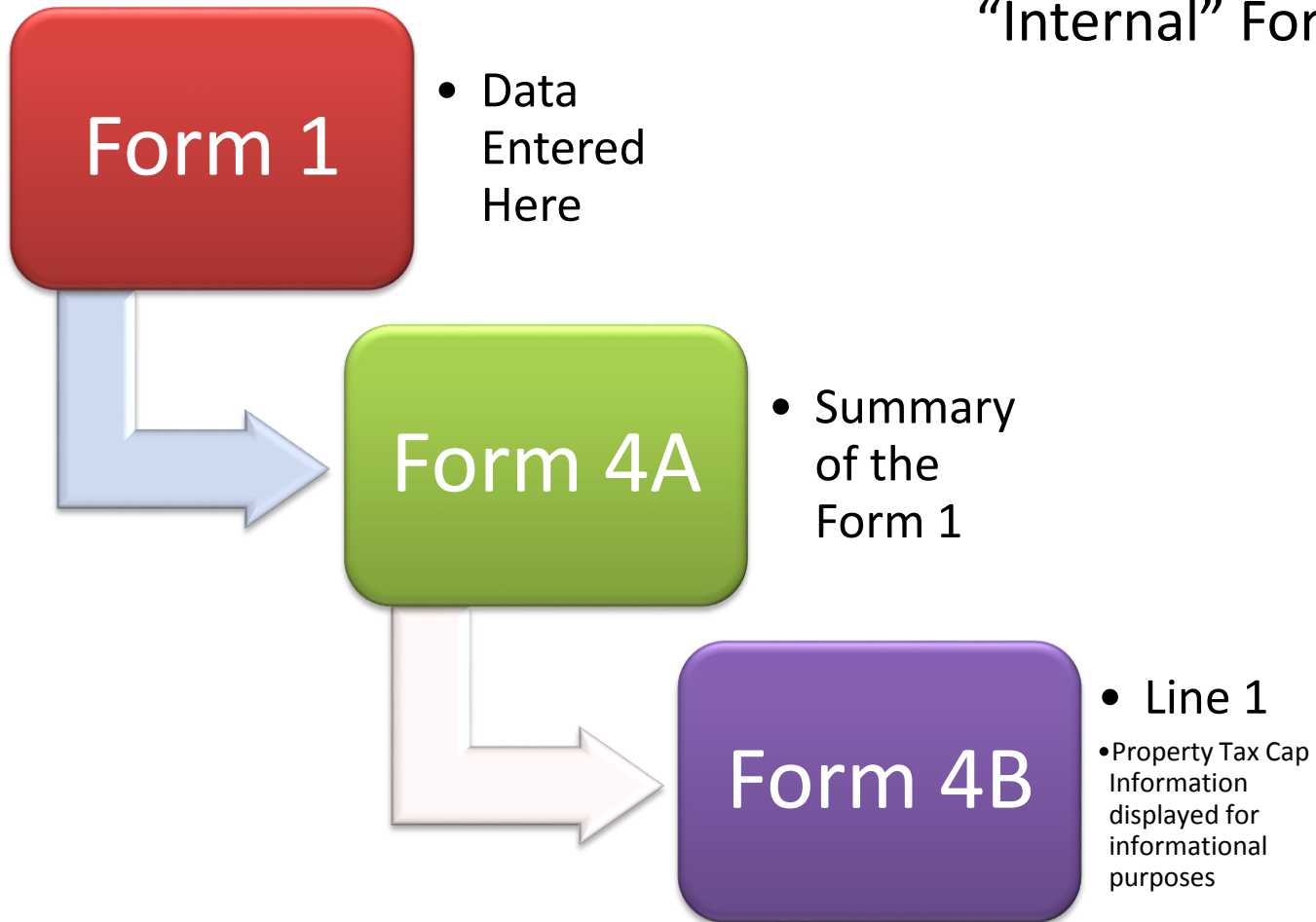
Gross Budget vs. Net Budget

- Gross Budget – Total budget on the Form 1 for a fund, including the estimated property tax cap impact
- Net Budget – Total budget on the Form 1 for a fund, excluding the estimated property tax cap impact
 - What do you actually expect to spend?



Gross Budget Flow Chart

“Internal” Forms



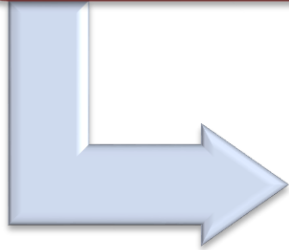


Net Budget Flow Chart

“External” Forms

Form 4B

- Data Entered Here
- Total Budget Less Property Tax Cap Impact



Form 3

- Displays Net Budget so Taxpayers have a better feel for actual expenditures

Form 4

- Adopt actual expenditures
- Data comes from the Form 4B



Impact on the Budget Process

- Property tax cap impact does need to be considered in a unit's budget adoption process.
- The Department's estimates are estimates only and are non-binding.
- A unit may use their own estimates for property tax cap impact.



Impact on the Budget Review

- In order to provide for the best possible budget certifications, the Department is anticipating re-estimating property tax cap impacts during budget review, once additional information is available.
 - Actual Budget Adoptions
 - Debt Issuance
 - Levy Adjustments
- These re-estimates will still use 2016 tax bill data.



Impact on the Budget Review

- Based on these re-estimates, the Department will then work with the units to determine the best course of action for moving forward with the best possible budget numbers.



Local Income Taxes

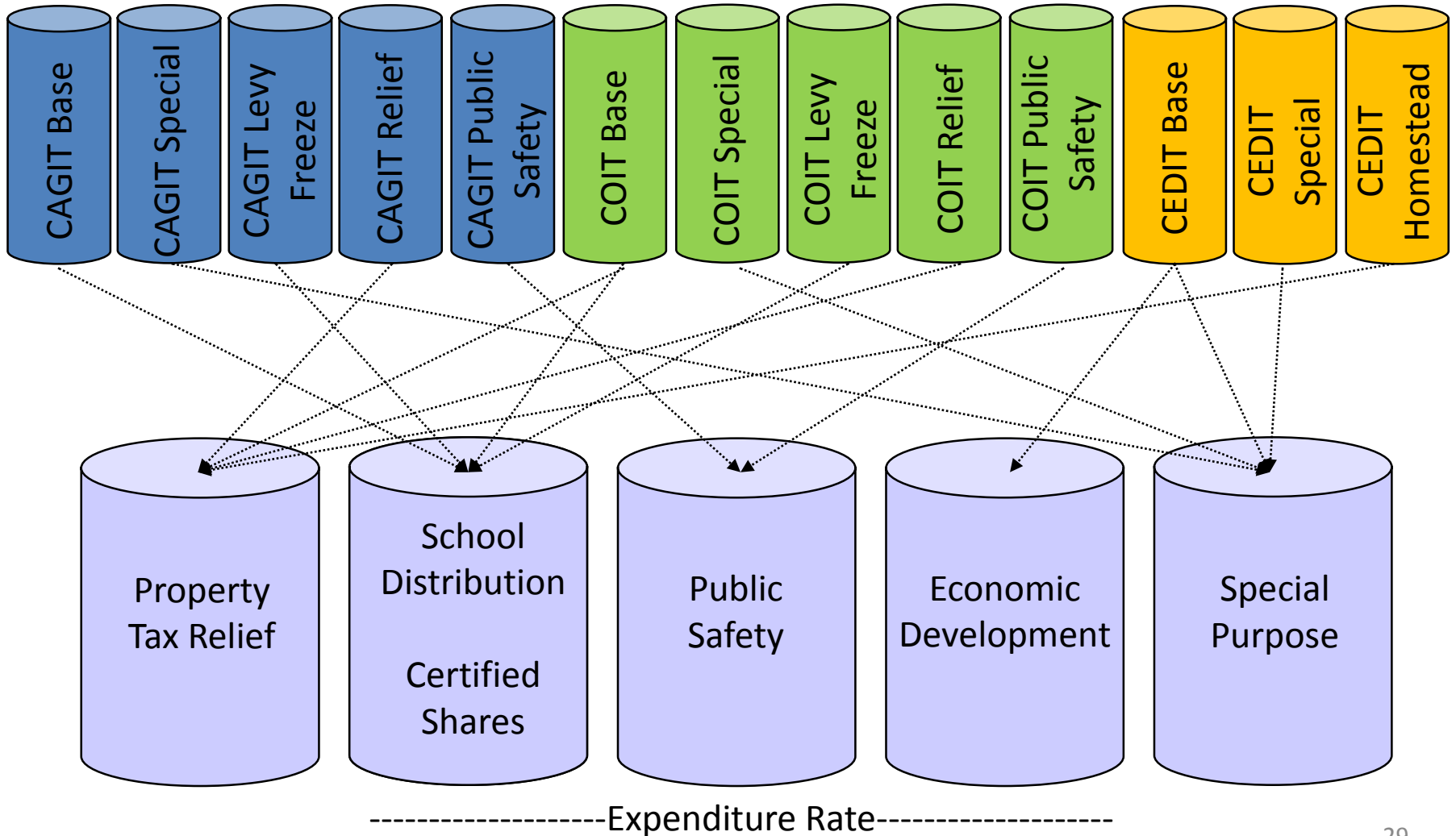


Indiana Code Cites

- “Former Taxes”
 - IC 6-3.5-1.1: County Adjusted Gross Income Tax (“CAGIT”)
 - IC 6-3.5-6: County Option Income Tax (“COIT”)
 - IC 6-3.5-7: County Economic Development Income Tax (“CEDIT”)
- Local Income Tax
 - IC 6-3.6



2016 Transition





Expenditure Rate

- Maximum rate:
 - 2.5% in all counties but Marion County
 - 2.75% in Marion County
- For formerly CAGIT counties, revenue from the first 0.25% shall be allocated to school corporations and civil taxing units in the same manner as the former PTRC.
- Remainder of the revenue is “additional revenue”.



Expenditure Rate

- The adopting body shall, by ordinance, determine how the additional revenue must be allocated in subsequent years.
- The ordinance must be adopted before July 1.
- The ordinance must describe the allocation of the additional revenue in percentages between:
 - Public Safety
 - Economic Development
 - Certified Shares



Expenditure Rate

- The adopting body may not allocate less to the payment of bonds or leases than the amount pledged. IC 6-3.6-6-5



Certified Shares

- All other additional revenue goes to certified shares.
- A solid waste district is not a civil taxing unit for the purposes of receiving certified shares unless the county fiscal body approves the distribution.
- Distribution according to attributed allocation.



Attributed Allocation

- Certified Levies
- LESS: Levies for Post-June 30, 2005 Debt
- PLUS: Prior Year Distributions
- PLUS: Fire Territory Adjustment
- PLUS: Zero Levy Adjustments
- PLUS: County Welfare Allocation Amount
- EQUALS: Attributed Allocation



Other Initiatives

- Market Segmentation – HEA 1290
- Contract Upload – SEA 327
- New Financial Summary Report – SEA 126



Contact the Department

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