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A Publication of Governmental Consulting Services



Melissa Ambre
Exec. Director

From the Director's Desk: Dan Eggermann joins GCS

We are pleased to announce that Dan Eggermann joined the Governmental Consulting Services team in April. Dan recently retired from the Department of Local Government Finance, where he had over 30 years of experience working with local government budgets. Having worked with Dan for over twelve years of that time, it is a pleasure to work with him again and have him on our team. He brings a wealth of experience and possesses the ability to look at a unit's financial situation from all angles and provide practical advice. At GCS, Dan will provide budget assistance, assist with training, conduct financial health analyses, and work on special studies. Additionally, Dan will provide similar assistance for school corporations in the State of Indiana through an agreement with Educational Services Company, our sister-company.

• Budget Assistance

GCS is offering budget assistance to units of government. Three common methods of assisting units are 1) reviewing completed budget forms after an initial review by the fiscal officer but before advertisement and adoption; 2) providing hands-on assistance as the forms are compiled, reviewed, and preliminary budgets, tax rates, and tax levies are being computed; or 3) including the review as part of conducting a financial health analysis for a unit to estimate revenues and expenditures for the ensuing three years. GCS consultants are prepared to help you. We can take as little or as much time as you want to insure you are making informed decisions. Budget prep work begins soon. To schedule your appointment, please contact Melissa at mambre@govtconsultingserv.com

• The Legislative Session is over....now what?

The 2008 Session of the Indiana General Assembly resulted in landmark legislative changes that will have short and long-term impact on local units of government. HEA 1001-2008 includes property tax caps--also known as "circuit breakers"--of 1% for homesteads, 2% for agricultural land, rentals, and long-term care properties, and 3% for all other real and personal property beginning in 2010. A phased-in approach is taken for 2009, making the caps 1.5%, 2.5%, and 3.5% respectively, with a 2% cap on homesteads for 2008. Excluded from this calculation is debt approved by a referendum. The circuit breaker "caps" the amount of property taxes paid to the lesser amount of 1) the cap multiplied by the property's gross assessed value, or 2) the net property tax liability calculated using certified tax rates.

Other budget-related items passed in HEA1001 include the following:

- It delays from 2009 to 2010 the mailing of a budget statement by the county auditor;
- It eliminates tax rates associated with state fair, state forestry, welfare funds, school general, and pre-school special education fund.
- It eliminates property tax replacement credits in 2009 and homestead credits, except for temporary relief in 2009 and 2010.
- It reduces the number of excessive levy appeals available to units, leaving appeals for 1) a shortfall, 2) growth, 3) correction of math error or erroneous assessed value, 4) appeal for lack of adequate funds to carry out functions, and 5) annexation, consolidation, or other extensions of services.
- It makes amendments to the new local option income taxes originally passed in 2008.
 - It requires the department of Revenue to develop reports and procedures to ensure local option income taxes are accurately and properly distributed to counties;

- It allows implementation of a public safety LOIT if a county adopts at least .25% rate for operating relief or property tax replacement, or a combination of both.

These legislative changes are only a fraction of what was passed in the bill. Additional pieces are tied to assessments, tax increment, finance, and other areas. These changes will require that local units cooperatively weigh the need for a local option income tax, evaluate the necessity of capital projects, streamline efforts at the local level, and find a balance between the budgetary needs of each unit and the property tax caps. **How can GCS Help?** We can assist you in evaluating legislation and determining the appropriate course for your unit. Call Melissa Ambre, Executive Director, for further information.

- **They are back.....County Tax Adjustment Boards**

Before they officially went away, county tax adjustment boards are back. The Indiana General Assembly passed legislation that re-instates county tax adjustment boards ("TAB") and abolishes the county board of tax and capital projects review that was to take effect in 2009. The seven-member TAB will have the same responsibilities as in the past, reviewing local government budgets, ensuring the unit is within any limits on tax rates, and limiting the budget to the amount of revenue available in the ensuing budget year. The board has the authority to revise and reduce but not increase a budget, tax rate, or tax levy. However, as in the past, the county council has the opportunity to abolish the board by passing an ordinance before July 1.

- **What's new for County Councils?**

Civil taxing units must file their budget information and a statement of the proposed budgets, rates, and levies for the ensuing budget year with the county council at least fifteen days before the adoption date. County councils are now required to conduct a review and issue a non-binding recommendation to the civil taxing unit with regarding to its tax rates, tax levies, or budgets. The recommendation will also include a comparison of any budget or tax levy increase to other units and the average increase in Indiana and county non-farm personal income for the preceding six years. County councils may find themselves scrambling to perform these reviews in addition to fixing the county budgets, rates, and levies for the ensuing year. If you are a county council member or the county auditor, and the thought leaves you feeling overwhelmed by this task, contact Melissa Ambre for assistance.

- **What about libraries?**

HEA 1001 amended the library capital projects fund language to include the library capital projects fund levy as part of the library maximum levy beginning with 2008 taxes due and payable in 2009. The DLGF will add the 2008 capital projects fund levy to the 2008 maximum levy BEFORE applying the growth quotient to determine the 2009 library operating maximum levy limit. Library officials will need to incorporate this change into the 2009 budget paperwork. For assistance with the calculation, please call us at 317-663-4400 or toll free at 866-790-4688.

- **Happy Anniversary**

Time flies. Our next newsletter won't come out until after Governmental Consulting Services has celebrated its first anniversary. We would like to thank you for allowing us the opportunity to serve you over the past year and look forward to developing new partnerships and friendships in the coming years. We pride ourselves on our state and local government experience and will continue to use that for your benefit in the future. Call or e-mail me if you have a project or task you would like to discuss.

- **Across Indiana**

We have just completed training on Tax Increment Finance Neutralization for the County Auditor's Association as well as training on the budget cycle, additional appropriations, cumulative funds, and budget forms for the Association of Indiana Counties. GCS is pleased to add clients in Bartholomew and Cass Counties to our list. Lastly, Jim Steele, financial adviser for the City of Anderson and other Madison County units, participated in a workshop in Anderson on coping with the impacts of the impending budget crisis.

- **Training Activities**

GCS is pleased to be working with the Association of Indiana Counties on development and implementation of a county budget training program for local officials, which includes--but is not limited to--county auditors, county treasurers, county council, county commissioners, and staff. The program will provide a more in-depth study of budget and other topics of interest to county officials. If you would like to develop a training program that targets a specific group, give us a call.

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