

CONSERVATORSHIP

INSTRUCTIONS for the AMENDED BUDGET

I. GENERAL INFORMATION

A. WHO should file the AMENDED BUDGET?

- The Conservator or Guardian/Conservator responsible for the protected person's or ward's account/finances files the Amended Budget when the budget conditions (described below) occur.

B. WHEN should I file the AMENDED BUDGET?

- When the Conservator or Guardian/Conservator **identifies a projected change in expenses**, he or she must file the amended budget.
 - When the **projected change in expenses will exceed 10 percent or \$2,000 of the original budgeted amount** - whichever value is **greater**.
- Within **thirty days** of **identifying the projected change** in expenses, the Conservator or Guardian/Conservator must file the Amended Budget form.

C. HOW do I make an AMENDED BUDGET?

- The Conservator or Guardian/Conservator should use the Amended Budget containing the Schedule 1 format in the Forms packet. (Note: instructions on the following pages)

D. WHAT do I do with the AMENDED BUDGET after I complete it?

- After you complete AMENDED BUDGET in the Schedule 1 format, you would complete Worksheet A to show supporting detail for any other receipts, other disbursements for the protected person, or other administrative fees and costs. Check your work.
- Collect the documentation you will need to show the projected change in expenses.
- Assemble the AMENDED BUDGET and the above documentation with the FORM 6 Coversheet, and FORM 6 Account Form.
- Sign
- Prepare to photocopy and file the document package with the Probate Clerk.

II. SPECIFIC INSTRUCTIONS for AMENDED BUDGET

Pursuant to *Arizona Rules of Probate Procedure* 30.3(D), the conservator shall file an amendment to the budget and provide notice in the same manner as the initial budget within thirty days after reasonably projecting that the expenditures for any specific category will exceed the approved budget by ten percent (10%) or \$2,000, whichever is greater. It should be noted however, the budget amount

requirement is subject to change. Therefore, you should check with the court to verify the current requirement for filing an amended budget.

The conservator should use the Schedule 1 instructions (see below) and format to complete the amended budget. Remember to use the amended budget information for the account period just ended when completing Column B on Schedule 1.

A. Confidentiality

All attachments, not including the form cover sheet, are confidential documents and are not available to the public for public inspection. Pursuant to Rule 7(C)(2) *Arizona Rules of Probate Procedure*, when filing confidential documents with the Clerk's Office, place the original document in an envelope that bears the case name and number, the name of the document being filed, the name of the party filing the document, and the label "Confidential Document." The following documents are defined as "confidential:

- Probate information form
- Medical reports and records
- Inventories and appraisements
- Accounts
- Credit reports
- Any other document ordered by the court to be "confidential."

B. AMENDED BUDGET SCHEDULE 1 Instructions:

(Statement of Receipts and Disbursements)

Schedule 1 Heading At the top of Schedule 1, insert the name of the protected person after it states, **In the matter of:** and insert the case number after it states, **Case No.** *Example: In the matter of "JANE DOE" and Case No. "PB-2000-123456."*

Column Instructions For Form 6, you are required to complete **Columns B through F:**

Column B Enter the budget amount for the year just ended. You can copy this information from Form 5, Schedule 1, Column F. Note: If you filed an amended budget, enter the amount from the most recently filed budget.

Column C Enter the actual amount for the year just ended. The actual amount should reflect the detail you have recorded on the Transaction Log throughout the year.

When you completed Form 5, you presented a budget based on the first nine months of the conservatorship. The actual amount you report in Column C in Form 6 must reflect the actual amount for the same 9-month period. Therefore, you would multiply the actual monthly amount by 9 to obtain the total actual results for Column C.

Column D Column D shows the difference (deviation) between the budget and the actual results. To calculate, subtract the amount in Column C from the amount in Column B. *If completing the form electronically, the amount will automatically calculate.*

Note: If the conservatorship experienced any unusual or significant activity that caused large differences between the budgeted amount and actual results, provide an explanation as an attachment to the account.

Column E Column E shows the percentage difference (deviation) between the budget and the actual results. To calculate, divide Column D by Column B and multiply that amount by 100. *If completing the form electronically, the amount will automatically calculate.*

Note: In the Transaction Log, the conservator must provide an itemized list of all financial transactions (money received and money spent) that occurred in all financial accounts throughout the account reporting period. At a minimum, the information contained in the Transaction Log should include:

- ✓ Date of receipt or payment,
- ✓ Financial account where money was received or spent,
- ✓ Check number (if applicable)
- ✓ Payer (if money received) or payee (if payment was made),
- ✓ Purpose or description of the transaction, and
- ✓ Amount (money received or payment made).

The Transaction Log is a key document, as it provides the supporting detail for the receipts, disbursements, and administrative fee and cost totals reported in Schedule 1. Therefore, it is important to track income/receipts and expenses/disbursements using the same categories listed in Schedule 1. The subtotals for each category on the Transaction Log should include a line reference to show which line the amount corresponds with on Schedule 1.

DO NOT include transfers between cash or bank accounts on the transaction log, as a transfer into an account is not considered a receipt nor is a transfer from an account considered a disbursement.

Column F This is where you present a budget for the coming year, using a 12-month period. **Example:** Monthly receipts will be multiplied by 12 (i.e. \$1,000 per month in retirement income X 12 months = \$12,000 budgeted retirement income). *If completing the form electronically, the annual amount **will not** automatically calculate.*

Line Instructions

Line 1 (Start Date of Account Reporting Period)

Two start dates are required:

1. Columns B & C (Budget and Actual Results, Period Just Ended): Enter the date the letters of conservator were issued. This is the same start date you used in Form 5. (**Example:** 1/10/2012).
2. Column F (Budget Current Year): Enter the date which immediately follows the end date provided on Form 5. For example:

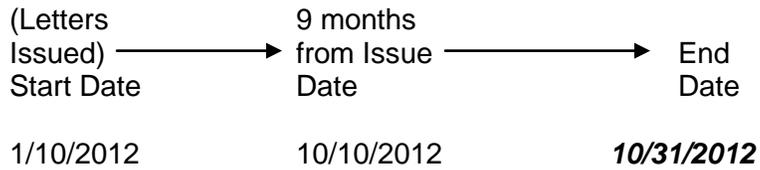
End Date (Form 5)	Start Date (Form 6)
10/31/2012	11/1/2012

If completing the form electronically, once you enter the end date for the period just ended (Columns B and C, line 2), the start date for the current year (Column F, line 1) will be automatically be populated.

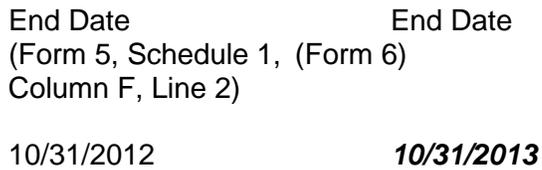
Line 2 (End Date of Account Reporting Period)

Two end dates are required for Form 6:

1. Columns B and C (Budget & Actual Results, Period Just Ended): Enter the last day of the 9th month after the letters of conservator were issued. **Example:**



2. Column F (Budget, Current Year): Enter the date which is one year after the end date indicated on Form 5, Schedule 1, Column F, Line 2). **Example:**



Receipts (Money Received): Lines 3 through 10

Receipts include any money received, whether income, sale of any general estate asset, or money received from any loan to the estate. Include only the money the estate actually received or is expected to receive during the account period. **DO NOT** account for a receipt on two different lines. **Remember, the actual results for receipts (Column C) on Form 6 cover only the first nine months of the conservatorship, whereas the current year budget (Column F) should cover the full 12 months of the year.**

✓ If there is no information to report for a receipt category, indicate by placing "0" in that line.

Line 3 (Retirement and Disability Income)

Enter all regular retirement or disability income. **Examples:** Social Security, Railroad Retirement, pension benefits, Social Security Disability, Supplemental Security Income, and worker's compensation benefits. **DO NOT** include payments received from tax-deferred investments, such as 401K and IRA funds; include these receipt sources on line 7.

Line 4 (Annuities, Structured Settlements, and Trust Income)

Enter all income from annuities, structured settlements or trusts. *Note: These terms are defined in the Definitions section of the General Instructions.*

Line 5 (Wages and Earned Income)

Enter all wages and earned income of the protected person.

Line 6 (Investment and Business Income)

Enter all investment and business income. **Examples:** Interest, dividend, rent, and royalty income. Note: if interest earned on an investment or retirement account is returned to the fund balance, rather than as a separate amount paid to the protected person, **DO NOT** include as income (this information will be reported in Schedule 2).

Line 7 (Other Receipts)

Enter other receipts that are not already included on lines 3 through 6. **Examples:** Any distributions from tax-deferred investments, such as 401K or IRA funds, any amount from selling an asset, or the proceeds from any new loan to the protected person's estate.

Use Worksheet A to list and enter budgeted amounts for other receipts (Column F). Add all other receipts and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 7, Schedule 1. *If completing the form electronically, the total will be automatically calculated and entered on line 7, Schedule 1.*

Line 8 (Total Receipts)

Add lines 3 through 7. *If completing the form electronically, the total will automatically calculate.*

Line 9 (Assets/Liabilities as Receipts)

Enter the amount of money you expect the conservatorship to receive that is already included in line 8 that will come from selling or liquidating an asset or from a new debt or liability. **Examples:**

- When selling or liquidating an asset, such as a home for the protected person, the amount received for the sale is entered on line 7 and on line 9.
- When borrowing money to pay bills for the protected person, the amount of the new loan is entered on line 7 and on line 9 in Schedule 1 and included as a liability on Schedule 2, line 17.
- If you expect a required minimum distribution from an IRA fund which pays out the earnings as well as some amount of the principal, enter the total distribution on line 7 and enter the amount of the principal expected on line 9.
- If you expect the proceeds from an installment sale over a period of years, and this year you expect interest on the unpaid balance plus a payment on the balance due, enter the total payment expected this year on line 7 and enter the principal portion of the amount received on line 9.

It is important for the court to know whether the conservatorship can meet the future needs of the protected person for as long as he or she needs fiduciary care and services. Therefore, the court needs to know how much of the budgeted receipts already reported will result from selling or liquidating assets or from borrowing money. By subtracting these receipts from the total receipts reported in lines 3 through 7, the court will have a better picture of how long the protected person's estate can last to cover all expenses.

Line 10 (Total Income Included in Receipts)

Subtract line 9 from line 8 (i.e. line 8 minus line 9). *If completing the form electronically, the total will automatically calculate.*

Disbursements (Money Spent for Protected Person): Lines 11 through 17

Remember, the actual results for disbursements (Column C) on Form 6 cover only the first nine months of the conservatorship, whereas the current year budget (Column F) should cover the full 12 months of the year.

✓ If there is no information to report for a disbursement category, indicate by placing "0" in that line.

Line 11 (Food, Clothing, and Shelter)

Enter the amount of disbursements for food, clothing and shelter (comprised of household expenses, care facility costs and personal care expenses) for the protected person. Items in this disbursement category include, but are not limited to, the following examples:

- *Food and Clothing* – groceries, clothing, and toiletries.
- *Household Expenses* – home mortgage payments, utilities (including electric, gas, water, telephone and cable), and homeowners association fees.
- *Care Facility* – regular fees to a care facility.
- *Personal Care* – companion care, home care, and transportation.

Payments made for food, clothing and shelter are those considered essential for survival even if there are less expensive alternatives.

Line 12 (Medical Costs)

Enter the amount of medical expenses for the protected person, which includes medical, dental, vision and hearing. **Examples:** *Medical equipment and supplies (including incontinent supplies, or adult diapers), prescription and non-prescription medicines, medical insurance premiums and co-pays.*

Line 13 (Personal Allowance)

Enter the amount of money provided directly to the protected person as a spending allowance. You **DO NOT** have to report how the protected person spent the money, as the money is no longer considered part of the conservatorship estate once you provide it to the protected person.

Line 14 (Payments on Debt)

Enter the amount of payments for the protected person's debts, such as loans and personal debts. **Examples:** *Payments on an outstanding car loan, payments on outstanding credit card debt, payments on loans taken out to cover the care and payments for care services of the protected person.* **DO NOT** include payments on the protected person's home mortgage here; those payments should be reported on line 11 (food, clothing and shelter).

Line 15 (Discretionary Expenses)

Enter the amount of discretionary (optional) expenses. Expenses in this category include all goods and services provided to the protected person that are not essential for survival but are meant to improve or prolong the quality and enjoyment of life. **Examples:** *Entertainment, dining out, and vacation costs.*

Line 16 (Other Disbursements)

Enter other disbursements that are not already included on lines 11 through 15. **Examples:** *The purchase of an asset (such as a vehicle, computer or a cash down payment on a residence), tax payments, or stock or mutual fund purchases.* You should also include in other disbursements payments that are made for any dependent(s) of the protected person.

Use Worksheet A to list and enter budgeted amounts for other disbursements. Add all other disbursements and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 16, Schedule 1. *If you are completing the form electronically, the total will be automatically calculated and entered on line 16, Schedule 1.*

Line 17 (Total Disbursements For Protected Person)

Add lines 11 through 16. *If completing the form electronically, the total will automatically calculate.*

Disbursements (Money Spent for Administrative Fees and Costs): Lines 18 through 22

Remember, the actual results for expenses (Column C) on Form 6 cover only the first nine months of the conservatorship, whereas the current year budget (Column F) should cover the full 12 months of the year.

✓ If there is no information to report for a disbursement category, indicate by placing "0" in that line.

Line 18 (Fiduciary Fees And Costs)

Enter the amount of fiduciary fees and costs for the account reporting period. Fees are compensation paid to the fiduciary. Costs include administrative charges that are authorized in the Statewide Fee Guidelines, such as filing fees and postage.

Line 19 (Fiduciary's Attorney Fees and Costs)

Enter the amount of fiduciary's attorney fees and costs for the account reporting period.

Line 20 (Protected Person's Attorney Fees and Costs)

Enter the fees and costs for the protected person's attorney, for the account reporting period, including court-appointed counsel and guardian ad litem, if paid by the protected person's estate.

Line 21 (Other Administrative Fees and Costs)

Enter other administrative fees and costs for the account reporting period that are not already included on lines 18 through 20.
Examples: *Payments made to an appraiser, financial advisor, court investigator, or accountant.*

Use Worksheet A to list and enter budgeted amounts for other administrative fees and costs. Add all other administrative fees and costs and place the totals for the account period in the upper right corner of the worksheet. Copy the total from the box in the upper right corner of the worksheet onto line 21, Schedule 1. *If completing the form electronically, the total will be automatically calculated and entered on line 21, Schedule 1.*

Line 22 (Total Administrative Fees and Costs)

Add lines 18 through 21. *If completing the form electronically, the total will automatically calculate.*

Line 23 (Total Disbursements)

Add line 17 and line 22. *If completing the form electronically, the subtotal will automatically calculate.*

Line 24 (Assets/Liabilities as Disbursements)

Identify the amount of money you expect to spend from the estate to purchase assets or to reduce the principal balance of the protected person's debts. Since these expenses are not ongoing and regular expenses, they need to be subtracted from the total expense amount indicated on line 23. **Examples:**

- When buying an asset, such as a home for the protected person: the down payment is entered on line 16 and on line 24.
- As another example, if the conservatorship previously borrowed money to pay the bills of the protected person, enter the loan payment on line 14 (including principal and interest), and enter the principal amount paid (but not interest) on line 24.
- If you will make payments on an installment purchase over a period of years, and this year you pay interest on the unpaid balance plus a payment on the balance due, enter the total amount (interest and principal) on line 14 and enter the principal amount on line 23.

Line 25 (Total Expenses in Disbursements)

Subtract line 24 from line 23 (i.e. line 23 minus line 24).
If completing the form electronically, the total will automatically calculate.

Line 26 (Total Surplus/Total Shortfall)

Subtract line 23 from line 8 (i.e. line 8 minus line 23).
If completing the form electronically, the total will automatically calculate.

If the amount is a positive number, this means there is a surplus of cash flow in the estate. If the amount is a negative number, this means there is cash flow shortfall for the estate (or the estate does not have enough receipts to cover all disbursements). Please note: to indicate a negative number, place parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. **Example:** Negative \$1,000 is shown as -1,000 or (1,000).

Line 27 (Net Income/Net Expenses)

Subtract line 25 from line 10 (i.e. line 10 minus line 25).
If completing the form electronically, the amount will automatically calculate. If the amount is positive, this means income exceeds expenses. If the amount is negative, this means expenses exceed income. Please note: to indicate a negative number, place parenthesis around the number or a minus sign in front of the number, if completing the PDF version of the form. **Example:** A net expense of \$1,000 would be shown as -1,000 or (\$1,000).

NOTE: Once you have double checked your documentation, complete the Form 6 cover sheet and sign the conservator's certification at the bottom of the coversheet page. By signing the certification, you are acknowledging to the court that you have read and reviewed the accompanying schedules, worksheets and any other supporting details you are providing, and that you have a good faith belief the information is true, accurate and complete to the best of your knowledge.