

INDIANA AUDITOR OF STATE LOCAL GOVERNMENT DIVISION

ANNUAL SETTLEMENT UPDATE

2018 Spring County Auditors
Conference – May 24, 2018

Bob Reynolds, Local Government Division Director

Local Government Division

The Team

- Bob Reynolds
 - Director
 - (317) 232-3309
- Janie Cope
 - Settlement Specialist
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SUMMARY

- Property Tax Relief
- Circuit Breaker Adjusted Rates
- Settlement
 - ▣ Overview
 - ▣ Form Review
 - ▣ Q&A with Janie Cope

About Me – Professional

Name: Bob Reynolds

Education: Ball State University – Class of 2008

Professional Credentials: Certified Public Accountant

Work History: **Auditor of State's Office**

2017 – Present Local Government Division Director

LWG CPAs & Advisors (formerly London Witte Group)

2008 – 2011 Staff Accountant

2011 – 2015 Senior Staff Accountant

2015 – 2017 Manager of Governmental Service

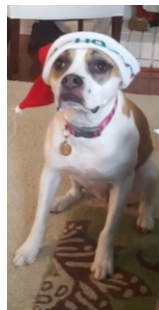
About Me – Family

Married on June 11, 2016 – Rachel Reynolds



About Me – Family

One Dog – Fenway Puppy



About Me – Family

One Cat – Puma Kitty



About Me – Hobbies

RUNNING

One America Mini Marathon

Time: 2:10.39

Pace: 9.57/Mile

Place: 6,408



PROPERTY TAX RELIEF WORKBOOK

PROPERTY TAX RELIEF (PTR) CATAGORIES

- Total AV - Credit is applied uniformly to all taxpayers in a county
- 1% AV - Homesteads eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to one percent (1%)
- 2% AV - Residential property, long term care property, agricultural land, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to two percent (2%).
- 3% AV - Nonresidential real property, personal property, and other tangible property (if any) eligible for a credit under IC 6-1.1-20.6-7.5 that limits the taxpayer's property tax liability for the property to three percent (3%)

PROPERTY TAX RELIEF WORKBOOK

PROPERTY TAX RELIEF (PTR) CATAGORIES (Continued)

- Residential Property - Residential property, as defined in 6-1.1-20.6-4. (i) A single family dwelling that is not part of a homestead and the land, not exceeding one (1) acre, (ii) real property that consists of (a) a building including two (2) or more dwelling units, (b) any common areas shared by the dwelling unit, and (c) the land on which the building is located, and (iii) land rented or leased for the placement of a manufactured home or mobile home
- Former Qualified Residential - Defined in 2015 IC 6-3.5-1.1-1 as any of the following: (1) An apartment complex. (2) A homestead. (3) Residential rental property. Used for pay 2017 to calculate equivalent rates when a county has qualified residential but not homestead credit.
 - The former Qualified Residential AV type was eliminated with the adoption of IC 6-3.6. and transition to the current LIT structure. However, if a county had previously adopted a LOIT Residential Property Tax Replacement Credit, such credit included properties of the LIT 1% AV type and Residential AV type. Therefore the credit that was historically allocated to the Qualified Residential Property will be allocated to the 1% AV and Residential Property based on their percentage of calculated taxes seen below.

PROPERTY TAX RELIEF WORKBOOK

Allocation of Former Qualified Residential Property

- The former Qualified Residential AV type was eliminated with the adoption of IC 6-3.6 and transition to the current LIT structure. However, if a county had previously adopted a LOIT Residential Property Tax Replacement Credit, such credit included properties of the LIT 1% AV type and Residential AV type. Therefore the credit that was historically allocated to the Qualified Residential Property will be allocated to the 1% AV and Residential Property based on their percentage of calculated taxes seen below.
 - Allocation to 1% AV
 - Total Calculated Taxes for 1% AV
 - Divided by: Sum of Total Calculated Taxes for 1% AV and Residential Property
 - Equals: 1% Property AV Share of Former Qualified Residential Property
 - Allocation to Residential Property
 - One less the 1% Property AV Share of Former Qualified Residential Property

PROPERTY TAX RELIEF WORKBOOK

PROPERTY TAX RELIEF (PTR) CATEGORIES WITHIN WORKBOOK

% applied	Credit (\$)	AV Type
0.0000%	-	Total AV
33.1551%	916,588	1% AV
0.0000%	-	2% AV
0.0000%	-	3% AV
0.0000%	-	Residential Property
66.8449%	1,847,958	Qualified Residential (1)

Note: Cells A16:C23 in PTRW

PROPERTY TAX RELIEF WORKBOOK

Impact Due to Incorrect Allocation

- No Change to overall credit and/or property taxes collected
- Impact amount billed in each PTR Category
 - ▣ For example, if 1% AV is understated and 3% AV is overstated, homestead owner will pay more property tax and commercial/industrial property will pay less

PROPERTY TAX RELIEF WORKBOOK

What is my Allocation?

- Allocations prior to the 2017 LIT structure were grandfathered in based on proportional percentage of various taxes (see next slide)
- If your county income tax council has adopted a new PTR resolution since 2017, allocation should be stated in the resolution
- If your county has not adopted a resolution since 2017, it is recommended that your county income tax council adopts a resolution stating the allocation of the County's PTR
- Reviewing the prior year property tax relief workbook is a good baseline for determining your allocation, however it does not guarantee the allocation is correct!

PROPERTY TAX RELIEF WORKBOOK

What is my Allocation? (County has not adopted a Resolution)

- Allocation of the credit was assigned by AOS for pay 2017 based upon the prior year Income Tax types.

Income Tax Type	Assigned to
LOIT PTRC	Total AV
LOIT HSC	1% AV
CEDIT HSC	1% AV
COIT HSC	1% AV
LOIT RES PTRC	1% & Residential (Form Qualified Residential)

ABSTRACT – CIRCUIT BREAKER

- Protected Funds
 - Protected funds are susceptible to circuit breaker loss ("CBL"), however, any CBL attributed from the fund is allocated to other non-protected funds. Usually protected funds are debt service funds.
 - Due to being protected from CBL, protected funds require a circuit breaker adjustment to apportionment rates (also known as Circuit Breaker Rates), which will increase the rate of the protected fund and decrease the rate of the non-protected funds.
 - The total rate for the taxing unit and taxing district **will not** change.
- Exempt Funds
 - Exempt funds **are not** susceptible to circuit breaker loss. Consist of Post 09 Referendum Funds.
 - Due to being exempt from CBL, exempt funds require a circuit breaker adjustment to apportionate rates, which will increase the rate for the exempt fund and the non-exempt funds will remain constant.
 - The total apportionment rate for the taxing unit and taxing district **will** change.

ABSTRACT – CIRCUIT BREAKER

Example of Protected Funds

- CB Rate for protected fund calculated as:
 - Certified rate divided by (one less (CB Loss divided by total collections))

Taxing Unit	Fund Type	Certified Rates	Adjustment	CB Adjusted	Increase/Decrease
County	NP	\$0.4311	\$0.0000	\$0.4311	\$0.0000
Township	NP	0.0280	0.0000	0.0280	0.0000
Library	NP	0.0610	0.0000	0.0610	0.0000
School	NP	0.5412	(0.0004)	0.5408	0.0004
School	P	0.3793	0.0004	0.3797	(0.0004)
Total		\$1.4406	\$0.0000	\$1.4406	\$0.0000
Total Collections					\$1,000,000
Total Circuit Breaker Loss, net of over 65 Credit					1,000
NP = Non Protected					
P = Protected					

ABSTRACT – CIRCUIT BREAKER

Example of Exempt Funds (Taxing District level)

- Taxing District collects \$1,000,000 of taxes and has a \$200,000 circuit breaker loss, net of over 65 circuit breaker credit
- 100% of circuit breaker loss is assigned to non-exempt funds, decreasing their proportionate share of collections

Taxing District	Certified Rates	CB Adjusted	Increase/(Decrease)
Exempt Fund	\$0.2121	\$0.2696	\$0.0575
Non Exempt Funds	3.2137	3.2137	0.0000
Total Rate	\$3.4258	\$3.4833	\$0.0575
Exempt Porportionate Share	6.19%	7.74%	1.55%
Non Exempt Porportionate Share	93.81%	92.26%	(1.55%)
Gross Collections	\$1,000,000.00	\$1,000,000.00	\$0.00
Less: Circuit Breaker Loss	0.00	(200,000.00)	(200,000.00)
Net Collections	\$1,000,000.00	\$800,000.00	(\$200,000.00)
Exempt Fund	\$61,912.55	\$61,912.55	\$0.00
Non Exempt Funds	938,087.45	738,087.45	(200,000.00)
Gross Taxes	\$1,000,000.00	\$800,000.00	(\$200,000.00)

JUNE SETTLEMENT - OVERVIEW

- No major changes for 2018
- Remember to read June 2018 Manual prior to filling out forms
 - ▣ Manual is available on AOS FTP site and AOS website
 - ▣ Contains many tips for checking balances
- All Forms will be available and submitted via the AOS FTP site - <https://aosftp.auditor.in.gov/>
 - ▣ If you upload forms and do not hear from AOS within 24 hours, please contact LocalGovernment@auditor.in.gov

JUNE SETTLEMENT - REVIEW

- Make sure to complete checklist prior to submitting settlement for review
- Crowe Horwath will conduct initial review and AOS will conduct final review
- AOS will email you when pre-approval is granted
- Please remember to submit the E-Signature document after receiving pre-approval.
- The Auditor of State **must** receive all funds no later than Friday, June 29, 2018

JUNE SETTLEMENT - BPPE

Business Personal Property Tax Exemption

- ❑ Legislation for correction did not pass
- ❑ Anticipate legislative change to occur in 2019
- ❑ Should be handled in same fashion as 2017

JUNE SETTLEMENT – FORMS

County Form 102 (Apportionment Sheet)

- ❑ Section A – Calculates total funds available for apportionment for each individual taxing district.

SECTION A	JUNE SETTLEMENT	NET TAX, PENALTY & INTEREST	PROPERTY TAX RELIEF AMOUNT	TOTAL
1	Collections Certified by County Treasurer:			
2	Property Tax	0.00	0.00	0.00
3	Before Apportionment Adjustments			
4	Less: Erroneous Tax, Penalties and Interest Refunded	0.00	0.00	0.00
5	Add: Late Payment Penalties on Unpaid Special Assessments Collected	0.00		0.00
6	Add or Less: Other Before Apportionment Adjustments	0.00	0.00	0.00
7	Net Property Tax for Apportionment	0.00	0.00	0.00
8	License Excise Tax for Apportionment	0.00		0.00
9	TOTAL FOR APPORTIONMENT - Total of Lines 7 and 8	0.00	0.00	0.00

JUNE SETTLEMENT – FORMS

County Form 102 (Apportionment Sheet)

- Section B – Calculates total funds available for apportionment to all Funds.

	SECTION B APPORTIONMENT	TOTAL NET PROPERTY TAX	LICENSE EXCISE TAX	TOTAL PROPERTY TAX AND EXCISE TAX
1	County General Fund	0.00	0.00	0.00
2	County Health Fund	0.00	0.00	0.00
3	County Cumulative Bridge Fund	0.00	0.00	0.00
4	County Reassessment Fund	0.00	0.00	0.00

JUNE SETTLEMENT – FORMS

County Form 105 (Settlement Form)

- Section A – Calculates total funds available for apportionment for County . Pulls information from Form 102

	SECTION A	JUNE SETTLEMENT	NET TAX, PENALTY & INTEREST	PROPERTY TAX RELIEF AMOUNT	TOTAL
1	Collections Certified by County Treasurer:				
2	Property Tax		0.00	0.00	0.00
3	Before Apportionment Adjustments				
4	Less: Erroneous Tax, Penalties and Interest Refunded		0.00	0.00	0.00
5	Add: Late Payment Penalties on Unpaid Special Assessments Collected		0.00		0.00
6	Add or Less: Other Before Apportionment Adjustments		0.00	0.00	0.00
7	Net Property Tax for Apportionment				
8	License Excise Tax for Apportionment		0.00		0.00
9	TOTAL FOR APPORTIONMENT - Total of Lines 7 and 8				
			0.00	0.00	0.00

JUNE SETTLEMENT – FORMS

County Form 105 (Settlement Form)

- ▣ Section B – Calculates apportionment to each fund for all taxing units in County
 - Total should always equal line 9 of Section A

	SECTION B APPORTIONMENT	TOTAL NET PROPERTY TAX	LICENSE EXCISE TAX	TOTAL PROPERTY TAX AND EXCISE TAX
1	County General Fund	0.00	0.00	0.00
2	County Health Fund	0.00	0.00	0.00
3	County Cumulative Bridge Fund	0.00	0.00	0.00
4	County Reassessment Fund	0.00	0.00	0.00

JUNE SETTLEMENT – FORMS

County Form 105 (Settlement Form)

- ▣ Section C – Calculates total fees to be remitted to State of Indiana

	SECTION C	REMITTANCE
	DUE STATE ON ACCOUNT OF	AMOUNT
1	Infraction Judgment	0.00
2	Overweight Vehicle Fines	0.00
3	Special Death Benefit	0.00
4	Sales Disclosure Fee	0.00

JUNE SETTLEMENT – FORMS

County Form 17TC

- ▣ Certificate of County Auditor of Tax Refund Claims
- ▣ Summary lists refunds by taxing district, each tab lists refunds by tax payer
- ▣ Taxing District detail lists all tax payers who owed a refund in each taxing district

County Summary

	1	2	3
TAXING DISTRICT	REFUNDED TO TAXPAYER	PROPERTY TAX RELIEF AMOUNT	TOTAL REFUND
001 Center Township	0.00	0.00	0.00
002 Southern Township	0.00	0.00	0.00
003 Bobs Civil City	0.00	0.00	0.00

Taxing District Detail

	1	2	3
TAXING DISTRICT	REFUNDED TO TAXPAYER	PROPERTY TAX RELIEF AMOUNT	TOTAL REFUND
001 Center Township	0.00	0.00	0.00
002 Southern Township	0.00	0.00	0.00
003 Bobs Civil City	0.00	0.00	0.00

JUNE SETTLEMENT – FORMS

County Form 49TC

(County Treasures Certificate of Tax Collection)

- ▣ Form is used to reconcile County Treasurers and County Auditor's Cashbooks to ensure funds are available for apportionment and distribution

JUNE SETTLEMENT – FORMS

County Form 49TC (Treasurers Portion)

- County Treasurer completes columns 1-4 and 13

	STATEMENT OF TAX COLLECTIONS (Completed by the County Treasurer's Office)				SETTLEMENT OF LATE PAYMENT PENALTIES (Completed by the County Auditor's Office)
	1	2	3	4	13
TAXING DISTRICT	Total Current and Delinquent Tax, Penalties and Interest Collected, and Less Late Payment Penalty Collections on Special Assessments	Property Tax Relief Amount	Total Property Tax for Distribution (Column 1 Plus Column 2)	Excess (Surplus) Tax	Late Payment Penalty Collections on Special Assessments
001 - Center Township	394,690.55	25,715.52	420,406.07	694.04	0.00
002 - Southern Township	99,381.19	4,027.44	103,408.63	76.72	0.00
003 - Bab's Civil City	388,807.32	26,852.34	415,659.66	101.80	0.00
TOTALS	882,879.06	56,595.30	939,474.36	872.56	0.00
Add:					
License Excise Tax Collected			1,565,910.13		
Total Tax for Distribution (Property Tax Plus Excise Tax)			2,505,384.49		

JUNE SETTLEMENT – FORMS

County Form 49TC (Treasurers Portion)

- County Treasurer will also list other collections

Other Collections:	
Excess (Surplus) Tax from Column 4	0.00
Demand Fees	0.00
Tax Sale Costs	0.00
Conservancy District	0.00
Business Personal Property Ordinance Fees	0.00
Ineligible Homestead Credit Tax	0.00
Ineligible Homestead Credit Civil Penalty	0.00
Late Payment Penalty on Special Assessments Collected (Reconciles with Column 13)	0.00
NSF Fee	0.00
Attorney Fee	0.00
Weed Liens	0.00
Drainage Fee	0.00
Barrett Law	0.00
Classified Forest	0.00
Delinquent Sewers	0.00
Unsafe Building Lien	0.00
Delinquent Dog Tax	0.00
Storm Water	0.00
Solid Waste	0.00
Ditch Reconstruction	0.00
TOTAL	0.00

JUNE SETTLEMENT – FORMS

County Form 49TC (Auditors Portion)

- ❑ County Auditor completes columns 5 through 12
- ❑ Amounts entered by the County Auditor should reconcile to the County Treasurer's entries.
- ❑ Any differences are reconciled on the Quietus Worksheet

TAXES APPORTIONED AND DISTRIBUTED (Completed by the County Auditor's Office)					SETTLEMENT OF PROPERTY TAX RELIEF AMOUNT (Review Section, Column 13 completed by the County Auditor's Office if necessary)		
5	6	7	8	9	10	11	12
Total Current and Delinquent Tax, Penalties and Interest Distributed	Property Tax Relief Amount Distributed	Total Property Tax for Distribution (Column 5 Plus Column 6)	License Excise Tax Distributed	Total Distributed (Column 7 Plus Column 8)	Property Tax Relief Amount Due Taxing District From Column 6	Property Tax Relief Collections Per Treasurer's Records from Column 2	Balance of Property Tax Relief (Column 10 Less Column 11)
394,690.55	25,715.52	420,406.07	14,391.12	434,797.19	25,715.52	25,715.52	0.00
99,281.19	4,027.44	103,408.63	1,904.33	105,312.96	4,027.44	4,027.44	0.00
388,807.32	26,852.34	415,659.66	12,897.25	428,556.91	26,852.34	26,852.34	0.00
101,901.46	5,175.94	107,077.40	3,696.29	110,773.69	5,175.94	5,175.94	0.00
984,780.52	61,771.24	1,046,551.76	35,888.99	1,082,440.75	61,771.24	61,771.24	0.00

JUNE SETTLEMENT – FORMS

Quietus Worksheet

- ❑ Used to reconcile differences between Treasurer's and Auditor's cashbooks
- ❑ Contains five worksheets:
 1. Summary
 2. Property Tax
 3. Excise Tax
 4. Additional Property Tax Quietus
 5. Treasurer's Cash (Prop Tax)
 6. Additional Quietus

JUNE SETTLEMENT – FORMS

Quietus Worksheet (Summary)

- Summary of total (i) Property Tax, (ii) Excise Tax, and (iii) additional quietus.
- Pulls all information from the totals on each worksheet.

SETTLEMENT QUIETUS SUMMARY	
Total Property Tax Quietus	-
Total Excise Tax Quietus	-
Total Additional Quietus	-
Total Transfer by Quietus	-

JUNE SETTLEMENT – FORMS

Quietus Worksheet (Property Tax and Excise)

- Used to reconcile and advances or record fees out of the distribution
- Fund names/Gross amounts must agree to Section B of the Form 105

<u>Property Tax</u>				<u>Excise Tax</u>				
FUNDS	Gross Property Tax for Distribution	Less: Property Tax Advances (Enter as a Negative)	Less: Exam of Records (Enter as a Negative)	Net Property Tax for Distribution	FUNDS	Gross Excise Tax for Distribution	Less: Excise Tax Advances (Enter as a Negative)	Net Excise Tax for Distribution
General	0.00	0.00	0.00-		General	0.00	0.00-	
Health	0.00	0.00	0.00-		Health	0.00	0.00-	
Cumulative Bridge	0.00	0.00	0.00-		Cumulative Bridge	0.00	0.00-	
Reassessment	0.00	0.00	0.00-		Reassessment	0.00	0.00-	

JUNE SETTLEMENT – FORMS

Quietus Worksheet (Additional Property Tax)

- ▣ Represents property taxes collected by the Treasurer's office that will need to be allocated to a separate fund

Additional Property Tax Worksheet

Overpayments from Overpayment Listing & 49TC Column 1 Reconciliation (If applicable)	0.00	Quietus to Surplus Tax Fund
NSF Checks or, if applicable, other Settlement adjustments from Line 41 of Form 105	0.00	Quietus to County General Fund
Tax Refund (The amount should be the same as the Amount Refunded to Taxpayer Total of the Form 177C and the Net Tax, Penalty & Interest Column of the Refund Line of the Form 105 Line 4 in June and Line 39 in December)	0.00	Quietus to County General Fund
Exam of Records from Property Tax Worksheet Exam of Records Column and Form 22's Total	0.00	Quietus to County General Fund
Balance of Property Tax Relief if the total amount of column 12 of the 49TC is a negative amount	0.00	Quietus to LIT PTR Fund
FREE	0.00	Quietus to fund to be determined

JUNE SETTLEMENT – FORMS

Quietus Worksheet (Treasurer's Property Tax)

- ▣ Used for reconciling items on the Treasurer's cashbook.

Treasurer's Property Tax Worksheet

Treasurer's Property Tax at Certification (49TC Column 3 Property Tax Total)	0.00
Less: Total Property Tax Advance Amount (Must be negative amount)	0.00
Plus: Late Payment Penalty on Special Assessments to be distributed	0.00
Equals: Net Property Tax at Certification	-
Plus: Balance of Property Tax Relief if the total amount of column 12 of the 49TC is a positive amount	0.00
FREE	0.00

JUNE SETTLEMENT – FORMS

Quietus Worksheet (Additional Quietus)

- Represents fees collected by the Treasurer’s office that will need to be allocated to a separate fund

Additional Quietus Worksheet

Amount	Purpose	Fund	Receipt Info
0.00	Surplus Tax	Surplus Tax Fund	Available For Use
0.00	Demand Fees	County General Fund	Available For Use
0.00	Tax Sale Cost	County General Fund	Available For Use
0.00	Conservancy District Collections	Conservancy District Fund	Available For Use
0.00	Sewer Lien	Sewer Lien Fund	Available For Use
0.00	Weed Mowing Lien	Weed Mowing Lien Fund	Available For Use
0.00	FREE	To Be Determined	Available For Use

JUNE SETTLEMENT – FORMS

Excise Tax Allocation

- Form used to calculate remittance to AOS

Taxing District	Total Excise	SWETA Allocation Factor	SWETA Deduction	2009 Welfare Excise Tax Allocation Factor	2009 Welfare Excise Tax Allocation Deduction	2009 School Excise Tax Allocation Factor	2009 School Excise Tax Allocation Deduction	Excise to Distribute after SWETA, 2009 Welfare Excise Tax Allocation and 2009 School Excise Tax Allocation Deductions
NORTH BLUE CREEK	0.00	0.010308	0.00	0.052078	0.00	0.339499	0.00	0.00
SOUTH BLUE CREEK	0.00	0.010322	0.00	0.047889	0.00	0.314097	0.00	0.00

Excise Tax Reconciliation

- 10 step reconciliation of treasure’s and Auditor’s Cashbook
- Settlement manual includes tips on completing reconciliation

Questions

Settlement Q&A with Janie Cope!

