

## May 2017 Auditor's Conference:

Abstract Review and Property Tax Relief Fund  
Reconciliation Guidance

Office of State Auditor Tera Klutz, CPA  
Settlements Division  
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## New Team

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## Abstract Review Outline

1. Gateway Initiative
2. Abstract Review
  1. Property Tax Changes
  2. Process
  3. Follow-up Questions
  4. Circuit Breaker Rates
3. Property Tax Relief Reconciliation

## Gateway Initiative

- Joint project between AOS and DLGF to change how the Abstract process
  - Will rid data entry error possibilities
  - Allow for greater AOS audit therefore greater accuracy of the Abstract
  - New ways to present the Abstract to the State, County, financial groups, and the public
- Parcel level data
- Goes live on January 1<sup>st</sup>, 2018

## Gateway Initiative: Process

- Pre-abstract
  - Annually upload of review information, December Settlement information, previous abstract information, Phase-ins, MTE's, TIF, and AV information
- Abstract Submission
  - Upload a flat file from their software systems
- Abstract Review
  - Counties will navigate review pages on the site to evaluate potential errors or abnormalities
- Abstract Approval
  - Once all the information is "pre-approved", DLGF and AOS will be notified
  - CB rate file and CB Abstract will be calculated and distributed

## 2017 Abstract Review

- All counties have been approved and should have received their Adjusted Circuit Breaker rates via email and their Circuit Breaker Abstracts via the AOS FTP site
- Process went fairly smoothly considering all the changes to statute, within AOS, and with the election of new Auditors

## Property Tax Relief Workbook

- The prior Property Tax Relief fund balances were held for the Abstract and June Settlement process
  - How to address this will be discussed later in the presentation
- Changes in statute:
  - LOIT to LIT, removing Homestead Credits and Property Tax Replacement
  - Categorized and regrouped property types

## New Property Tax Relief

Short Name	Full Description
<b>1% AV</b>	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%)
<b>2% AV</b>	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%).
<b>3% AV</b>	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%)
<b>Residential Property</b>	Residential property, as defined in 6-1.1-20.6-4.
<b>Homestead Property, even if not applied</b>	Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.
<b>Rental Property</b>	Real property consisting of units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to: (i) residential property; or (ii) commercial property.

## Issues Due to the Change

- Some Taxing Districts may have experienced drastic fluctuations in the amount of old Property Tax credits to new Property Tax Relief
  - Expect these new dollar amounts to be the new norm going forward

## Abstract Review Process

- In the Spring of 2017, AOS partnered with Crowe Horwath to go through the review process
- Crowe's three-level checking process = increased accuracy in reporting
- AOS's final check and approval process

## Did You Receive Questions?

- During the review process, some counties may have received follow-up questions about some of the reported information
- Common questions involved:
  - Growth/Creation of Taxing Districts
  - Growth/Creation of TIF's
  - Numbers in all cells
  - Taxing Districts and TIF's are coded correctly

## What Are Circuit Breaker Rates

- Circuit Breaker rates are the apportionment rates of collections to each of the Taxing District's Funds
- These are determined by if your taxing unit has either an exempt or protected fund
  - Exempt funds
  - Protected funds
  - The remaining funds
- Property tax collections should be allocated to the proper funds using the Circuit Breaker rates

## Property Tax Relief Fund Reconciliation

- LOIT switched to LIT meaning the LOIT property funds now have to be reconciled into the LIT property funds
- What this means is as the County Auditor, you are responsible for properly identifying the correct dollars from the old LOIT system funds placing them into the new LIT system funds (**Yes, at the taxing unit level**)
- We ask that you have this **completed by October 1<sup>st</sup>, 2017**, so that **AOS can properly sign off** on the funds
- You will notify [Settlements@auditor.in.gov](mailto:Settlements@auditor.in.gov) when this has been completed and will be asked to complete the Electronic Signature (eSig)

## Abstract Recap

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## Contact Information

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