STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: **County Assessors, County Auditors, and Vendors**

FROM: **Jeffrey A. Volz, Director of Data Analysis** JAV

RE: **Mathematical Rounding Issues When Allocating Cap Amounts**

DATE: **October 19, 2009**

In order to reconcile any cases where the sum of allocation amounts for each of the cap levels fails to match the total assessed value for a given parcel, the Department offers the following guidelines, to be followed for 2009-pay-2010:

If the sum of allocation amounts is greater than the total gross assessed value, negative adjustments are to be made to the allocations **in the favor of the taxpayer**. That is, negative adjustments should first be made to the 3% allocation, then the 2% allocation, and finally the 1% allocation, as needed.

Example 1: A mixed-use building has a total assessed value of $500,000, and the allocations are as follows:

1% Cap: $150,580 – rounds to $150,600
2% Cap: $75,660 – rounds to $75,700
3% Cap: $273,760 – rounds to $273,800
Total Rounded Allocation Amount = $500,100

To reconcile, reduce the 3% cap allocation from $273,800 to $273,700.

If the sum of allocation amounts is less than the total gross assessed value, positive adjustments are to be made to the allocations **in the favor of the taxpayer.** That is, positive adjustments should first be made to the 1% allocation amount, then the 2% amount, and finally the 3% amount, as needed.

Example 2: A mixed-use building has a total assessed value of $500,000, and the allocations are as follows:

1% Cap: $150,540 – rounds to $150,500
2% Cap: $75,540 – rounds to $75,500
3% Cap: $273,920 – rounds to $273,900
Total Rounded Allocation Amount = $499,900

To reconcile, increase the 1% cap allocation from $150,500 to $150,600.

If you have any questions or concerns about implementing this method for 2009-pay-2010, please contact Jeff Volz at 317-232-3759 or jvolz@dlgf.in.gov, or Carol Johns, Assistant Director of Assessment, at 317-234-6342 or cjohns@dlgf.in.gov.