

COUNTY AUDITORS' FALL 2013 CONFERENCE

December Settlement Overview

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Settlement Overview

- Instructions are on the Auditor of State's website www.in.gov/auditor/
 - The instructions can be found on the website by first selecting Departments
 - Then select Settlements
- PLEASE READ INSTRUCTIONS



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Settlement Overview

- **Settlement forms have been provided on the BMV FTP site:**
 - Log in to BMV FTP site
 - Click on County name
 - Click on Settlement Folder
 - Click on Current Year Folder
 - Click on December Folder
 - Click on Auditor Folder
 - Copy the settlement documents to your computer

Note: Treasurer folder has 49TC, Treasurer-Auditor Excise Tax Recon Sheet, and State Auditor Info form

Settlement Overview

- **When Settlement is filed must use worksheets we placed in the Auditor and Treasurer folders on the BMV FTP site for your county**
- **The only exception to this is if your software vendor has created identical worksheets that have been approved by Auditor of State for county use**

Settlement Overview

- **Counties with local property tax credits must include on Forms 102 and 105 the abstract amount less the amount included in the June Settlement**
 - LOIT (CAGIT or COIT) PTRC
 - COIT HSC
 - CEDIT HSC
 - LOIT (CAGIT or COIT) HSC
 - And/or LOIT (CAGIT or COIT) Qualified Residential PTRC

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Settlement Overview

- **Any December Settlements filed that do not include the appropriate amount of property tax credit dollars will be rejected and must be corrected and resubmitted for approval.**
- **Counties with circuit breaker credit exempt funds must use, where applicable, Property Tax Rates Adjusted for Circuit Breaker Credit Exempt Funds to distribute property tax**
- **LOIT Operating Levy Freeze counties must use DLGF equivalency rates plus DLGF certified property tax rates to distribute excise tax**

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Settlement Overview

- **The 2008 & Prior Del Tax Deduction worksheet and the Omitted Homestead Credit and Res PTRC worksheet are no longer a required forms to be filed with settlement**
 - **If your county opts to continue to track the 2008 & Prior Del Tax Deductions you will contact our office for the form**
 - **If your county opts to continue to use the Omitted Homestead Credit and Res PTRC worksheet you will contact our office for the form**

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Settlement Overview

- **Excise Tax**
 - **The Excise Tax Allocation Deductions continue and will continue at each settlement**
 - **Must use the current worksheet placed in the Auditor folder on the FTP site your county**
 - **December Settlement Excise Tax cut-off date**
 - **Use the normal cut-off date regardless of when December Settlement is done**
 - **The cutoff dates are either March 31 or April 30 for June Settlement and September 30 or October 31 for the December Settlement**

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Settlement Overview

- **Form 105 Settlement Sheet**
- **Section A-1**
 - Lines 3-6 **MUST BE ABSTRACT AMOUNTS!!!**
 - Line 7-Abstract adjustments-include letter of explanation
 - Line 39-Erroneous Tax, Penalties and Interest Refunded only
 - Line 40-State's Share of 2008 & Prior Delinquent Tax and Penalties Collected
 - Line 41 Plus Late Payment Penalties on Unpaid Special Assessments Collected
 - Line 42 Plus or Minus Other Before Apportionment Adjustments with description
 - Line 43 Total of Before Apportionment Adjustments

Settlement Overview

- **Tax Refunds**
 - **Are required to be deducted in the December Settlement**
 - But only the refunds that were not deducted in the June Settlement
 - PTRC and Homestead Credits will need to be broken down by type of credit on the 17TC as applicable
 - If any refunds include State PTRC and/or State Homestead Credit, that portion of the refund must be remitted to the state before you will receive final approval of the December Settlement

Settlement Overview

- **State and Local PTRC Reconciliation Worksheet, State and Local Homestead Credit Reconciliation Worksheet and Report of Settlement of PTRC and HSC Received from the State (Form 105A) are still applicable for December Settlement**

Settlement Overview

- **A County checklist is available. Please use the checklist to verify data prior to submitting settlement**
- **Note:**
 - **Be certain correct distribution rates are in your tax system to allocate the tax collections**
 - **We will be asking for a listing of distribution rates from your property tax system to verify**

Settlement Overview

- **Treasurer's Certificate of Tax Collections - Form 49TC**
 - In columns 1 through 7 the treasurer will certify collections
 - In column 2, if applicable the treasurer will certify collections of 2007 pay 2008 and prior taxes and penalties
 - If applicable County auditor may use the amounts certified in column 2 to calculate the State, County and School Share of 2008 and Prior Delinquent Tax and Penalties Deduction
 - In column 29, Section 3, the treasurer will list the collections of the late payment penalties on certain special assessments in taxing district order
 - Total of Column 29 must agree with total in Other Sources Section 1 for late payment penalty collections certified
 - More detail can be found in the December Settlement Instruction manual

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Settlement Overview

- **Treasurer's Certificate of Tax Collections - Form 49TC continued...**
 - County Auditor will complete Section 1, Columns 8 through 13 based on information found on the Apportionment Sheets Form 102's, Lines 44 & 45
 - In Section 2 columns 17 and 18 auditor will enter the breakdown of additional PTRC needed or excess PTRC between state and local PTRC if applicable
 - In Section 2, columns 22 through 28 auditor will enter the breakdown of additional homestead credit needed or excess homestead credit between state HSC, state HEA 1001 HSC, COIT HSC, CEDIT HSC, CEDIT Res PTRC, Local LOIT (CAGIT or COIT) HSC, Local LOIT (CAGIT or COIT) Res PTRC homestead credits
 - More detail can be found in the December Settlement Instruction manual

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Settlement Overview

- **Deadline to settle with taxing units**
 - 51 days after tax due date to settle without payment of interest to taxing units
 - If interest is due, the interest amount is calculated on undistributed property and excise tax using the average interest rate the county is earning on investments
 - The interest amount equals the undistributed tax amount times the average interest rate divided by 365 times the number of days after 51 days
 - Settlement checks need to be distributed in a timely manner

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Settlement Overview

- **Remittances Due State before final approval of the December Settlement will be given**
 - Excise Tax Allocations
 - 2008 & Prior Delinquent Tax Deduction
 - State Fair, Forestry, HCI, MAW & CWSHCN
 - State PTRC & State HSC due state (net amount on the Form 105A), if applicable
- **Settlement Fines and Fees**
 - List of Fines and Fees are on the form and in the Settlement manual
 - Please use the current Fines and Fees form

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Settlement Overview

- **Settlement Fines and Fees Remittances continued...**
 - November 30th balances of the Fines and fees are to be remitted by December 31
 - If you file a settlement prior to November 30th, you will remit the October 31 balance and list those same balances in Section C of the Form 105
 - Verify sending state portion only of the fines and fees
 - Please see the December settlement instructions for additional information

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Settlement Overview

- **When the Settlement is ready for review email to all members of the Settlement Department the Settlement documents listed in the December Instructions**
- **Reminders**
 - Use the county checklist to verify data prior to sending in settlement forms.
 - We review Settlements in the order received. This procedure holds true for re-submitted settlements.
 - Complete Section C on the Form 105 prior to submission of the settlement

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Omitted/Undervalued Assessments

- **IC 6-1.1-36-12(a) states, "A board of county commissioners, a county assessor, or an elected township assessor may enter into a properly approved contract for the discovery of property that has been undervalued or omitted from assessment."**
- **A properly approved contract is a contract approved by the county executive and fiscal body. For most counties, this is the board of county commissioners and the county council.**

Omitted/Undervalued Assessments

- **Additional assessments discovered are to be charged in the same manner as any other additional personal property assessment**
 - **Company reports to Assessor**
 - **Auditor adds additional assessment to the personal property tax duplicate**
 - **Tax rates used to calculate the additional property tax charge are the rates for the year of the additional assessment**
 - **Entered in the same taxing district tax duplicate of the original personal property assessment**

Omitted/Undervalued Assessments

- **Treasurer**
 - Charges the taxpayer the appropriate amount of taxes due on omitted/undervalued property assessments
 - Posts payments in the same manner as other property tax collections
 - Must track the taxes collected on omitted/undervalued property assessments by taxing district
 - At settlement, certifies the total taxes collected in each district including collections of omitted/undervalued taxes
 - Also at settlement, provide county auditor a list by taxing district of the personal property assessment audit tax collections

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Omitted/Undervalued Assessments

- **Auditor-June Settlement**
 - Collections accounted for in the same manner as other property tax collections except not distributed to the taxing units
 - Included on Line 7, Section A of the Form 102/105 as a pre-apportionment adjustment (reduction to apportionment)
 - Amount is quietus to the Personal Property Assessment Audit Fund
 - Amount must be the same as on the list provided by the county treasurer

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Omitted/Undervalued Assessments

- **Auditor-December Settlement**
 - Personal Property Assessment Audit Additional Tax charges are reported on line 10, Section A-1 of the form 102/105 in the Net Tax, Penalty, and Interest Column in the same manner as other additional property tax charges
 - Accounted for in the same manner as other property tax collections except not distributed to the taxing units
 - Included on Line 42, Section A-1 of the Form 102/105 as a pre-apportionment adjustment (reduction) in the Net Tax, Penalty and Interest Column
 - Is a reduction to the Line 37 Amount for Apportionment
 - Amount is quietus to the Personal Property Assessment Audit Fund

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Omitted/Undervalued Assessments

- **Personal Property Assessment Audit Tax Collections Fund**
 - Separate Fund for each contract
 - Suggest include the contract year in the name of the fund
 - Example, the fund for a contract for assessment years 2010 through 2012 would be "Personal Property Assessment Auditor Tax Collections Fund 2010 through 2012"
 - Will facilitate determining the fund balance at the end of the contract
 - Will facilitate in properly accounting for the cost of the contract

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Omitted/Undervalued Assessments

- **Personal Property Assessment Audit Tax Collections Fund continued...**
 - **Contract fees and other cost associated with the contract are to be paid from the Personal Property Assessment Audit Tax Collections Fund**
 - **At the end of the contract, once all costs and fees have been paid, the balance of the fund is distributed to taxing units at December Settlement**

Omitted/Undervalued Assessments

- **Distribution to taxing units**
 - **At December settlement following the end of the contract each taxing district's share of the balance of the fund is determined**
 - **Total by taxing district all of the county treasurer's personal property assessment audit tax collections lists received during the life of the contract**
 - **Determine county total by summing the district totals**
 - **Determine taxing district's percentage share by dividing each taxing district's total by the county total**
 - **Calculate percentages out to six decimal places to minimize rounding differences**
 - **The sum of the taxing district percentages must equal 100%**

Omitted/Undervalued Assessments

- **Distribution to taxing units continued...**
 - Each taxing district's share of the fund balance is determined by multiplying the fund balance times the taxing district percentage
 - Sum the taxing district amounts to determine if the total equals the tax collections fund balance
 - Add the taxing district amounts calculated as an addition to the December settlement apportionment on line 42, Section A-1

Omitted/Undervalued Assessments

- **Distribution to taxing units continued...**
 - Write a check to the county treasurer from the personal property assessment audit tax collection fund
 - Treasurer posts to the cashbook the check written from the personal property assessment audit tax collections fund

Omitted/Undervalued Assessments

- **Overvalued Personal Property Assessment**
 - If an overvalued personal property assessment is discovered in an audit, the taxpayer is entitled to a refund
 - Processed in the same manner as any other personal property tax refund
 - If applicable, includes LOIT property tax replacement credit
 - Refund is calculated on a Claim Form 17T
 - Refund is paid from county general unappropriated
 - Refund is included on the form 17TC on the next June or December settlement

Late Payment Penalty on Special Assessments

- Distributed to the taxing units with the property tax settlement and are included on the property tax quietus
- Must first be moved to the Tax Collections Section of the Cashbook because the amount will be included in the Property Tax Quietus
 - In the Other Sources Section of the Cashbook enter the Late Assessment Penalty on Special assessments included in the settlement to the Day's Collection column of the cashbook as a negative amount
 - In the Tax Collection Section of the Cashbook enter the Late Assessment Penalty on Special Assessments in the Day's Collection column as a positive amount

Late Payment Penalty on Special Assessments

- **The Late Assessment Penalty on Special Assessments can be entered as one total in the Tax Collection Section or can be entered to each individual taxing district (individual district amounts are also listed in Section 3 of the 49TC)**
- **After the Late Assessment Penalty on Special Assessments have been moved to the Tax Collection Section of the Cashbook, then the amount to transfer by quietus at the time of settlement should agree with the property tax quietus generated by the auditor**

Quietus Worksheet

- **The Quietus worksheet is now a required document to be filed after the settlement has been pre-approved**
 - **The Settlement Form 105 only be printed and sent to the county after the Quietus Worksheet has been sent to and approved by AOS**
 - **The Quietus Worksheet is an Excel workbook that consists of 5 different worksheets,**
 - **We will be reviewing the Quietus Worksheet today**

Quietus Worksheet

- The quietus worksheet is a tool to assist the county auditor and the county treasurer with the final steps of settlement because the worksheet brings together in one workbook the amounts to be distributed and the cash available for distribution

Quietus Worksheet

- If completed correctly the quietus worksheet either proves:
 - The total amount to be distributed equals the treasurer's total cash available for distribution, or
 - The total amount to be distributed does not equal the treasurer's total cash available for distribution
- The total amount to be distributed and the treasurer's total cash available for distribution must be the same amount

Quietus Worksheet

- **Form Review**



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More Stuff

- **CVET & FIT distributions will occur December 1**
- **Refunds of taxes for tax years prior to the current tax year including tax years prior to 2009 are deducted in the settlement of the year the tax refund is paid. The payment of a tax refund for prior year tax does not require special settlement treatment regardless of the prior tax year.**
- **Late Payment Penalty collections on special assessments are not to be paid to the entity that certified the lien. The collections are included in the property taxes distributed to taxing units.**

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More Stuff

- Remember to copy all when sending in settlement
- Take advantage of making payments to the state via ACH
 - Settlement monies
 - Fines & Fees
 - Fines & Forfeitures
 - Judges Supplemental
 - Rainy Day Loan
 - Other payments made to AOS

More Stuff

- Late payment penalties cannot be charged on a tax liability when the taxpayer has not been billed and has not had an opportunity to pay
- Once a settlement has been processed and collections have been distributed, you must not move or remove a payment on a tax bill
- Anything else I forgot when putting the presentation together

The Lost Dr. Seuss Poem



I Love My Job!

I love my job. I love the pay!
I love it more and more each day.
I love my boss, he is the best!
I love his boss and all the rest.

I love my office and its location. I hate to have to go on vacation.
I love my furniture, drab and grey, and piles of paper that grow each day!
I think my job is really swell, there's nothing else I love so well.
I love to work among my peers, I love their leers and jeers and sneers.
I love my computer and its software; I hug it often though it won't care.
I love each program and every file, I'd love them more if they worked a while.

I'm happy to be here. I am. I am.
I'm the happiest slave of the Firm, I am.
I love this work. I love these chores.
I love the meetings with deadly bores.
I love my job - I'll say it again - I even love those friendly men.
Those friendly men who've come today, in clean white coats to take me away!!!!

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