



Department of Local Government Finance

ILMCT **Institute Class: Tax Structure**

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Agenda

1. Assessment 101
 - Overview of the how the State determines the annual tax base.
2. Budget 101
 - Deep Dive into calculation, distribution, and reports produced by the Department for the max levy, miscellaneous revenue estimates, local income tax, and circuit breaker estimates.
 - Discussion of the Department's process for certifying budgets.
3. Property Tax Abstract, Tax Bills, Tax Collections, and Property Tax Settlement and Distribution.
 - Comparing and Contrasting Estimated Circuit Breaker impact with Actual Circuit Breaker impact reports.
 - Overview of Property tax bill distributions, collection, and settlement.



Assessment 101



Assessment 101

- The 2020 pay 2021 tax assessment and billing cycle began on January 1, 2020.
- The cycle begins with the county assessor's valuation of the real and personal property within the county using the following techniques:
 - Mass Appraisal
 - Annual Adjustments / Trending
 - Cyclical Reassessment
 - Key Dates in the Assessment Cycle



Assessment 101 - Mass Appraisal

- Consistent with the national standard, Indiana properties are valued using mass appraisal techniques. With mass appraisal, properties are valued in conjunction with other properties in the area.
- Assessments value the property using considerations for:
 1. The age of the property
 2. The grade of the property
 3. The condition of property



Assessment 101 - Annual Adjustment

- Assessors also use a process known as annual adjustment, or “trending,” to value property. Trending is designed to bring property values closer to market value-in-use.
- This can be thought of as an annual change in the value of the property based on how similar properties sold in prior years.
- Each year real property sales data, based on sales of recent properties, is used to determine if the value of properties in the area should change to match the market value.



Assessment 101 - Annual Adjustment

- Since property values rise and fall over time, the annual adjustment technique ensures the assessment reflects current market value-in-use of a property.
- After the assessor has valued all properties in a county, the assessor submits to the Department an assessment to sales "ratio study" for review and approval.
- By using annually trended market-based assessments, taxpayers are assured their assessment reflects market conditions during the prior year. The Department's review ensures that market values are being used to determine assessed values.



Assessment 101 - Cyclical Reassessment

- Assessment is also performed on a micro (parcel) level.
- Prior to 2002, property was reassessed every 5 to 10 years. This timetable led to some taxpayers seeing significant changes to their assessments between reassessments.
- Since 2002, cyclical reassessment is now conducted over a four-year period.



Assessment 101 - Cyclical Reassessment

- During statewide cyclical reassessments, county and township assessors physically inspect each property to ensure that property records are correct.
- **Properties that are not part of the cyclical reassessment will be annually adjusted.**



Assessment 101 – Appeals

- Annually taxpayers are notified of their assessment.
- Assessors are required to provide a Notice of Assessment (Form 11) to all taxpayers. The Form 11 outlines the assessed value of the property.
- Assessors are required to send the Form 11 to taxpayers by April 30. Taxpayers have an appeal deadline of June 15.
- If an assessor sent a Form 11 on or after May 1, the appeal deadline is June 15 of the following year.



Assessment 101 – Appeals

PREVIOUS ASSESSMENT		NEW ASSESSMENT EFFECTIVE JANUARY 1, 20__	
LAND		LAND	
STRUCTURES / IMPROVEMENTS*		STRUCTURES / IMPROVEMENTS*	
TOTAL		TOTAL	
Reason for revision of assessment:			
<p>If the change in assessment is due to a new home, a taxpayer should be aware that there are many property tax benefits or deductions available. Please see INDIANA PROPERTY TAX BENEFITS (State Form 51781) available on the DLGF website, www.IN.gov/dlgef. Other non-residential construction may be eligible for deductions - see Forms 322/RE and Form 322/VBD.</p>			
County		Township	Date of notice (month, day, year)
Assessing Official		Telephone number ()	
Address (number and street, city, state, and ZIP code)			

- Above is an excerpt from the Form 11 Template. The form can be found at: <https://forms.in.gov/Download.aspx?id=4814>.



Assessment 101 – Appeals

- If a taxpayer believes that their assessed value does not reflect the market value-in-use of the property, the taxpayer has the right to appeal the current year's assessed valuation.
- If the assessed value increased by more than 5% over the prior year's assessment, the burden of proof is on the assessing official.
- The appeals process begins with written notification to the local assessing official.



Assessment 101

- After applying the mass appraisal, trending, and cyclical reassessment to all properties, then processing all appeals, the assessor will have calculated the “gross assessed value” for all property in a county.
- While the tax assessment and billing cycle begins with the gross assessed value, the actual tax base is based on the net assessed value.
- The Legislature has created a series of exemptions and deductions that reduce the a property’s tax liability without suppressing the property values.



Assessment 101

	Example 1 Standard Homestead	Example 2 Church	Example 3 Government Owned Property
Gross Assessed Value (From Assessor)	100,000	100,000	100,000
Homestead Deduction	45,000		
Supplemental Homestead Deduction	19,250		
Mortgage Deduction	3,000		
Religious Deduction		100,000	
Government Deduction			100,000
Net Assessed Value	32,750	0	0

- The Legislature has created a series of exemptions and deductions that reduce the a property’s tax liability without suppressing the property values.
- Annually, the exemptions and deductions are calculated and applied to all property by the county auditor.



Assessment 101

- On or before July 1, the assessor must “roll and balance” the gross assessed values for all property to the county auditor’s Office.
- After “rolling and balancing” with the county assessor, the auditor has 30 days to apply all deductions and exemptions to all taxable property.
- The Certified Net Assessed Values (“CNAV”) are submitted by the county auditor to the Department by August 1.



Assessment 101

- The Department has refined our the CNAV review procedures to try to improve accuracy and reduce corrections.
- For each taxing district, the county auditor must provide feedback for:
 - +/- 10% Change in Real Property
 - +/- 10% Change in Personal Property
 - +/- 10% Change in TIF Real Property
 - +/- 10% Change in TIF Personal Property
 - +/- 10% Change in TIF Passthrough



Assessment 101

- By August 1, all units have a statutory right (IC 6-1.1-17-1) to know their tax base / amount of taxable property.
- Once the county auditor certifies net assessed values (“CNAV”) in Gateway, the Department publishes the information for all units to review.
- **All units are strongly encouraged to validate the AVs certified by the county auditor on August 1.**



Assessment 101

- Gateway Report: Certification of Net Assessed Values by District Report.
- The report contains a summary by taxing district of real property, personal property, TIF increment AV, and optional AV withholding.
- The report also includes two read only columns to provide information about the TIF passthrough AV and any annexation information reported for the taxing districts.
- https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=assessedValue&rpt=CNav_2017&rptName=Certification%20of%20Net%20Assessed%20Values%20by%20District



2019 Certification of Net Assessed Values by District Report

Certificate of Net Assessed Valuations -- Tax District Data Bartholomew County -- 2020

County Number: 03

Note: For 2016 reports, click [here](#). For all years prior to 2016 click [here](#).

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Bus PP Net AV	Utility PP Net AV	Rail PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
001	Clay Twp	\$48,618,708	\$33,230,800	\$12,766,668	\$94,616,176	\$5,503,310			\$6,859,370	\$0	\$0	\$2,029,153	\$99,446,393	\$0	\$0
002	C-Clay Annex	\$22,480,380	\$1,894,900	\$274,300	\$24,649,580	\$932,450			\$1,576,700	\$0	\$0	\$524,393	\$25,701,867	\$0	\$0
003	Clifty Twp	\$21,613,872	\$23,600,200	\$11,790,438	\$57,004,510	\$4,491,780			\$6,239,230	\$0	\$0	\$1,264,708	\$61,979,032	\$0	\$0
004	Columbus Twp	\$61,811,809	\$51,185,691	\$30,193,949	\$143,191,449	\$15,067,720			\$34,259,960	\$0	\$0	\$3,548,517	\$173,902,892	\$0	(\$218,100)
005	City of Columbus	\$885,363,832	\$525,577,512	\$819,437,182	\$2,230,378,526	\$543,997,720			\$577,099,240	\$235,315,806	\$210,013,747	\$56,143,991	\$2,306,004,222	\$0	\$218,100

An analysis of CNAV will immediately inform the unit whether or not their tax rate is likely to increase. All units are strongly encouraged to validate the AVs certified by the county auditor on August 1.



2019 Certification of Net Assessed Values – Detail by District and Fund Report

- Gateway Report: Certification of Net Assessed Values - Detail by District and Fund Report
- The report contains the total taxing district AV presented at the unit and the fund level.
- https://gateway.ifionline.org/report_builder/Default3a.aspx?rpttype=assessedValue&rpt=CNav_full_public&rptName=Certification%20of%20Net%20Assessed%20Values%20-%20Detail%20by%20District%20and%20Fund



2019 Certification of Net Assessed Values – Detail by District and Fund Report

0101	GENERAL	002	C-Clay Annex	\$25,701,887
		005	City of Columbus	\$2,306,004,222
		007	C-Flatrock Annex	\$374,079
		021	C-Wayne Annex	\$374,867,738
		024	C-Harrison Annex	\$102,330,242
		025	C-German Annex	\$0
		0101 - TOTAL NET AV		

- After confirming the total AV, units can also review examine the AV construction at the taxing district for level for each fund.



Assessment 101 – Recap

- From January 1 to June 30, the county assessor will use a variety of techniques to calculate the gross assessed value.
- On July 1, the county assessor will roll the grossed assessed value to the county auditor.
- From July 1 to July 31, the county auditor will apply all exemptions and deductions to the gross assessed value to calculate the net assessed value.
- On August 1, the county auditor will certify the net assessed value to the Department.
- On August 2, the Department will make the net assessed values available to all units across the State.



Budget 101



Budget 101

- Often it feels like there is no end or beginning to the budget cycle. Many units are constantly in a state of reviewing, reconciling, adjusting, and projecting budget throughout the year.
- For the purposes of this presentation, the Department is going to claim that the official beginning of the budget cycle begins is July 1.
- Note: if any unit begins their first discussion about their budget on July 1, it will be difficult to complete the budget certification process on time.



Budget 101

- There are number of non-statutory, non-Department reviewed steps that units are encouraged to consider each Spring in preparation for the official beginning of the budget certification process:
 1. Requesting, preparing, and discussing local division and departmental budgets for the ensuing budget year.
 2. Analysis of prior year revenue projections versus actual collections to date.
 3. Identification of new miscellaneous revenue sources for the ensuing budget year.
 4. Reconciliation of cashbooks and bank accounts.
 5. Review of prior year circuit breaker estimates and actual circuit breaker.



Budget 101

- The second component of the tax assessment and billing cycle requires the Department's certification of the budget, levy, and tax rate for every political subdivision in the State.
- We will examine that four stages of that process:
 1. July Estimates.
 2. Department Workshops.
 3. Local Budget Public Hearings and Budget Adoptions.
 4. Department Budget Certification Overview.



Budget 101 – July Estimates



Budget 101 – July Estimates

- Throughout the month of July, the Department has a statutory responsibility to generate and post a variety of budget estimate reports for local governments :
 1. Maximum Levy Estimate.
 2. Miscellaneous Revenue Types and Projections.
 3. Local Income Tax Distributions .
 4. Circuit Breaker Estimate.



Budget 101 – Max Levy Estimates



Budget 101 – Max Levy Estimates

- The Property tax levy is one of the key funding sources for local government budgets. In 2020, the total levy for the State is \$8.2B.
- There are statutory limits placed on the amount of property tax that can be raised in a year. This amount is referred to as the maximum levy.
- The Department's Maximum Levy Estimate is the projected maximum of amount of property tax that can be levied in the ensuing year.



Budget 101 – Max Levy Estimates

- There are several important caveats with the Department's July Estimate:
- Units with multiple max levies, like a city that is the provider unit for a fire territory, will receive multiple separate reports.
- The value does not represent the final max levy for the year, and may be impacted by excess levy appeals filed by the unit.
- The actual max levy will not be available until November.



Budget 101 – Max Levy Estimates

- There are several important caveats with the Department's July Estimate:
- The estimated max levy report does not include funds considered to be outside the maximum levy, like debt funds, certain cumulative funds, and referendum funds.
- The max levy estimate calculation is based on **maximum levy**. The calculation does not consider certified levy.

2021 Estimated Max Levy Calculation Overview

1	2020 Maximum Levy	
2	2020 Permanent Appeals or Initial Max Levy Requests	
3	Other Adjustments to 2020 Maximum Levy	
4	—2020 Maximum Levy for Growth Quotient (Formula)	
5	2020 Maximum Levy Growth Quotient (Formerly Assessed Value Growth Quotient)	1.5000%
6	—Initial 2021 Maximum Levy (Formula)	
7	Potential 2021 Appeals as Reported by Unit on Pre Budget Survey ¹	
8	—Estimated Maximum Levy Prior to Allowable Adjustments (Formula)	
9	Estimated 2021 Cumulative Capital Development Adjustment	
10	—Blank²	
11	—Blank²	
12	Plus Other Adjustments Reported by Taxing Unit	
13	—Estimated 2021 Maximum Levy (Formula)	

Note 1: The Potential 2020 Appeals amount is based on the total reported by the county on the Pre Budget Worksheet. The unit may rescind the request or may not be approve for the amount.

Note 2: The two lines marked blank only apply to County units. They are not applicable to cities and towns.



Budget 101 – Max Levy Estimates

- The max levy estimate calculation uses a variety of information collected during the previous budget cycle:
- Line 01 – Restates the prior year max levy (Line 6)
- Line 05 – Certified by State Budget Agency on June 30
- Line 07 – Amount included is self reported by unit
- Line 09 – Applicable only to cities/towns with a CCD Fund
- Line 10 – Only Applicable to County Units
- Line 11 – Only Applicable to County Units

2021 Estimated Max Levy Calculation Overview

1	2020 Maximum Levy	\$900,000
2	2020 Permanent Appeals or Initial Max Levy Requests	\$99,000
3	Other Adjustments to 2020 Maximum Levy	\$10,000
4	—2020 Maximum Levy for Growth Quotient (Formula)	\$1,000,000
5	2020 Maximum Levy Growth Quotient (Formerly Assessed Value Growth Quotient)	1.5000%
6	—Initial 2021 Maximum Levy (Formula)	\$1,150,000
7	Potential 2021 Appeals as Reported by Unit on Pre Budget Survey ¹	\$2,000,000
8	—Estimated Maximum Levy Prior to Allowable Adjustments (Formula)	\$3,150,000
9	Estimated 2021 Cumulative Capital Development Adjustment	\$100,000
10	—Blank²	\$0
11	—Blank²	\$0
12	Plus Other Adjustments Reported by Taxing Unit	\$0
13	—Estimated 2021 Maximum Levy (Formula)	\$3,250,000

The estimated max levy quantifies the amount of levy that can be used to fund their ensuing year's budget.



Budget 101 – Miscellaneous Revenue Projections



Budget 101 – Misc. Revenue Projections

- In 2020, the sum of all property tax levies for all units was \$8.2B. In same period, units reported there were \$20.1B worth of miscellaneous revenue available for budgeting.

Miscellaneous Revenue Types	2020 Budget Amount
Basic Grant	\$10,221,413,026
Federal, State, and Local Reimbursement for Services	\$457,406,632
Federal and State Grants and Distributions - Other	\$450,216,060



Budget 101 – Misc. Revenue Projections

- While the majority miscellaneous revenues are collected locally and managed locally, there are a number revenue sources that are distributed by the State.
 1. Motor Vehicle Highway (“MVH”)
 2. Local Road and Street (“LRS”)
 3. Cigarette Tax
 4. ABC Gallonage
 5. Commercial Vehicle Excise Tax (“CVET”)
 6. Financial Institution Tax (“FIT”)



Budget 101 – Misc. Revenue Projections

Miscellaneous Revenue Type	2020 Amount
Motor Vehicle Highway Distribution	\$760,426,326
Motor Vehicle/Aircraft Excise Tax Distribution	\$494,465,078
License Excise Tax	\$336,720,398
Local Road and Street Distribution	\$145,145,394
Cigarette Tax Distribution	\$117,981,313
Financial Institution Tax Distribution	\$92,270,787
Commercial Vehicle Excise Tax Distribution (CVET)	\$69,439,149
ABC Excise Tax Distribution	\$5,229,436

- In 2020, the State distributions represented a significant portion of the local government funding.



Budget 101 – Motor Vehicle Highway

- Monthly distribution directly to cities and towns from Auditor of State's office.
- Cities and Towns can use the MVH revenue for:
 1. Construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways.
 2. The purchase or lease of highway construction and maintenance equipment, purchase and maintenance of traffic signs and signals, and safety zones and devices.
 3. Payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.



Budget 101 – Motor Vehicle Highway

- Motor Vehicle Highway Distribution Revenue Sources:
 - 14.286% of Gasoline Use Tax
 - 75% Gasoline Tax after the first \$70 million less fuel tax refunds
 - Residual Balance of the Motor Fuel Tax Fund
 - 75% Special Fuel Tax less refunds after the transfer to the Motor Carrier Reg. Fund
 - Motor Carrier Fund fiscal year-end balance exceeding \$500,000
 - Vehicle registration and title fees (excluding 1969 increase)
 - Drivers' license fees and defensive driver school fees
 - 40% of the amount deposited to the motor vehicle odometer fund
 - International Registration Plan
 - 19.05% of the state's share of court costs



Budget 101 – Motor Vehicle Highway

- Of the total amount available, monthly distributions are made as follows:
 1. Cities and Town receive 12.13%
 - Distribution is based on population.
 2. State Highway Fund receives 62.00%.
 3. Counties receive 25.87%.
 - 5% equally, 65% road mileage basis, 30% total vehicle registrations basis.



Budget 101 – Local Road and Street (“LRS”)

- Monthly distribution directly to cities and towns from Auditor of State’s office.
- Cities and Towns can use the LRS revenue for:
 - Engineering, land acquisition, construction, maintenance, restoration, of local and arterial road and street systems.
 - The payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.
 - The purchase, rental, or repair of highway equipment.



Budget 101 – Local Road and Street (“LRS”)

- LRS Distribution Revenue Sources:
 - 25% of the Gasoline Tax after the first \$70 Million
 - 25% of the Special Fuels Tax
 - 1969 increase in vehicle registration and title fees.
- Of the Total Revenue available for distribution:
 - 37% to distributed to counties, cities, and towns.
 - 63% to the State Highway Fund.



Budget 101 – Local Road and Street (“LRS”)

- The LRS distribution is a two-step process.
- Step one:
 - Allocate the total amount available proportionally for each county on the basis of passenger car registrations.
- Step two:
 - If a county has a population of 50,000 or less:
 - 20% is distributed proportionally on the basis of the population.
 - 80% is distributed proportionally on the basis of the road and street miles.
 - If a county has a population of more than 50,000:
 - 60% is distributed proportionally on the basis of the population.
 - 40% is distributed proportionally on the basis of the road and street miles.



Budget 101 – Cigarette Tax

- The cigarette tax is semi annual distribution directly to cities and towns from Auditor of State's office:
- Cigarette Tax Distribution:
 - 56.24% to the state General Fund
 - 27.05% to the Healthy Indiana Plan Trust Fund
 - 0.6% to the Mental Health Centers Fund
 - 5.43% to the Pension Relief Fund
 - 2.46% to the State General Fund for Medicaid current obligations
 - 4.0% to the Retiree Health Benefit Trust Fund
 - 4.22% to the Cigarette Tax Fund



Budget 101 – Cigarette Tax

- Of the amount of revenue available for distribution:
 - Cities and towns receive $\frac{2}{3}$ of the total.
- The semi annual distribution is allocated on the basis of population.
- For cities or towns not located in Marion County:
 - $\frac{3}{14}$ of total shall be deposited into the general fund.
 - $\frac{11}{14}$ of total shall be deposited into the capital improvement fund (“CCIF”).



Budget 101 – Financial Institution Tax (“FIT”)

- The FIT distribution has its origins in the 1989 Bank Tax, and is one of the most complicated and difficult revenue sources to discuss. 2020 recipients are based on a 1989 and 2012 determination.
- If a unit was not a FIT recipient in 2012, they will never be a FIT recipient.
- The list of recipients can be found in two places:
 1. <https://www.in.gov/dlgf/2339.htm>
 2. <https://www.in.gov/auditor/1265.htm>



Budget 101 – Financial Institution Tax (“FIT”)

- FIT Revenue Source:
- Amount equal to forty percent (40%) of the total financial institutions tax revenue collected during the preceding State fiscal year;
- FIT Distribution:
- The FIT is distribution proportionally on the basis of the “guaranteed distributions” received by the taxing unit calendar year 2012 divided by the total amount of all “guaranteed distributions” received by all taxing units during calendar year 2012.



Budget 101 – Financial Institution Tax (“FIT”)

- FIT Distribution Time Table:
- The county auditor shall distribute the FIT at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.
- Distribution 1 – December 2020
- Distribution 2 - June 2021



Budget 101 – Commercial Vehicle Excise Tax (“CVET”)

- The CVET is collected by the locally by the Bureau of Motor Vehicles.
- then distributed by the Auditor of the State’s (“AOS”) office to the county auditor.
- The CVET distribution is three steps:
 - Step 1: The funds are deposited by BMV into county specific silos.
 - Step 2: AOS uses the 2009 Formula (Based on 2008 Revenue) to calculate the allocation amount for each unit.
 - Step 3: The county auditor distributes the CVET to each unit in the same manner as the current year’s property tax distribution.



Budget 101 – Commercial Vehicle Excise Tax (“CVET”)

B	BZ	CA	CB	CC
01 Adams County CVET				
	TAXING UNIT PERCENTAGES	2019 TOTAL BASED ON CY18 CVET REVENUE	MAY 2019 DISTRIBUTION	DECEMBER 2019 DISTRIBUTION
Unit		Step 1 → 293,283		
BERNE CIVIL CITY	3.48%	10,219	5110	5,109
DECATUR CIVIL CITY	Step 2 → 9.10%	26,699	13350	13,349
GENEVA CIVIL TOWN	0.15%	427	214	213
MONROE CIVIL TOWN	0.60%	1,771	86	885
County Total (Unit Amounts plus Allocations)	100.00%	293,283	146,654	146,629

- The graph above is an excerpt <https://www.in.gov/auditor/1267.htm>
- Step 1 is the amount the BMV collected for Adams County. Step 2 is the 2008 Allocation Percentage for Decatur Civil City. Step 3 equals Step 1 times Step 2. The total in Step 3 will be distributed on using the CB adjusted tax rates by June 30 and December 31.



Budget 101 – Commercial Vehicle Excise Tax (“CVET”)

- CVET Distribution Time Table:
- The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.
- Distribution 1: May 2020
- Distribution 2: December 2020



Budget 101 – Misc. Revenue Projections

- In June 15, the Department will provide each unit with estimate for of these miscellaneous revenue sources.
- The Department's estimates are intentionally designed to be conservative.
- **Units are not required to use the Department's estimates,** but regardless of the amount used by the unit for the budget, the Department recommends periodic reviews of revenue projections versus actual collections.



Budget 101 – Misc. Revenue Report

- For the monthly/quarterly State distributions, the Department uses the lesser of the 36 month or 12 month average.

Miscellaneous Revenue Type	Estimate Methodology
Local Road and Street	Lesser of: (A) 36 month average or (B) 12 month average
Motor Vehicle Highway	Lesser of: (A) 36 month average or (B) 12 month average
Cigarette Tax – General Fund	Lesser of: (A) 36 month average or (B) 12 month average
Cigarette Tax – CCIF Fund	Lesser of: (A) 36 month average or (B) 12 month average
ABC Gallonage	Lesser of: (A) 36 month average or (B) 12 month average



Budget 101 – Misc. Revenue Projections

- For the semi annual distributions, the State uses a three year average.

<u>Miscellaneous Revenue Type</u>	<u>Estimate Methodology</u>
Financial Institution Tax (“FIT”)	Based on 3 Year Average of amount reported in Gateway
Commercial Vehicle Excise (“CVET”)	Based on 3 Year Average of amount reported in Gateway
Excise	Based on 3 Year Average of amount reported in Gateway



Budget 101 – Local Income Tax (“LIT”)

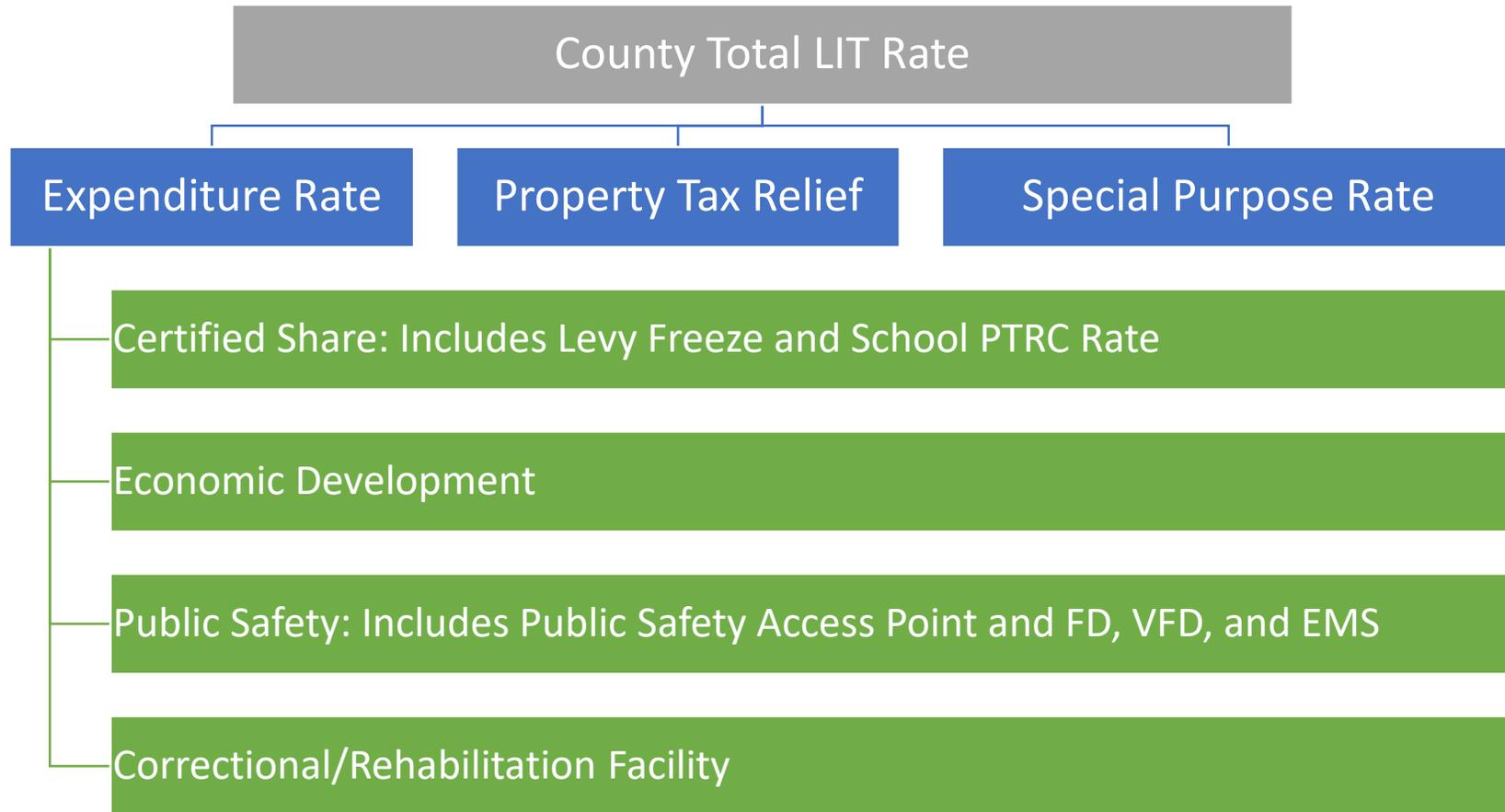


Budget 101 – Local Income Tax (“LIT”)

- In 2020, the State collected on behalf of and distributed to local governments \$2.6B in local income tax.
- While the funds are collected at the State, the LIT amounts collected are based on the locally based adopted resolutions/ordinances that set the various income tax rates.
- LIT is collected and distributed based on your county of residence, and not the county where the money was earned.
- LIT is a monthly distribution from the State to the county auditor. The county auditor will distribute the money locally.



Budget 101 – Local Income Tax (“LIT”)



The graphic above represents the Statewide LIT structure. Actual LIT configurations vary from county to county.



Budget 101 – Local Income Tax (“LIT”)

- There are no deadlines for a counties can change its LIT configurations. A change in the LIT configuration may increase or decrease the amount money that is available for distribution.
- The State releases two round of LIT estimates before certifying the following year’s LIT amounts.

	<u>SBA Release Date</u>	<u>DLGF Release Date</u>
2021 LIT Estimate #1	August 2, 2020	August 3, 2020
2021 LIT Estimate #2	October 1, 2020	October 2, 2020
2021 LIT Certification	November 1, 2020	November 2, 2020



LIT Calculation by type – Certified Shares

The Department's calculation of the Certified Shares is based on IC 6-3.6-6-12.

	SBA CY Certified Share Total
(minus)	CAGIT (School) PTRC¹
(minus)	<u>LIT Levy Freeze²</u>
	Department Certified Share Starting total

Note 1: School PTRC is only applied former CAGIT Counties. School PTRC portion is equal to the first .25 of the county certified share rate.

Note 2: LIT Levy freeze is a county wide configuration that only applies to a handful of counties statewide.



LIT Calculation by type – Certified Shares

The Certified Shares calculation is based on IC 6-3.6-6-12.

Allocation Amount

In former CAGIT counties, a portion of the Certified Shares are distributed to all units including schools.

Attributed Allocation Amount

In all counties, Certified Shares are distributed to all units excluding schools.

The county unit is adjusted to add in the Welfare allocation.



LIT Calculation by type – Certified Shares

The Certified Shares calculation is based on IC 6-3.6-6-12.

- 2020 Certified Levy
- + 2020 Certified Shares
- + 2020 Certified Shares (School PTRC)
- +/- Fire Territory Adjustment
- Post 2005 Debt Levies
- Allocation Amount Calculation
- + Welfare Allocation Amount 1
- Attributed Allocation Amount Calculation

Note 1: The Welfare Allocation is applied to the county unit as per IC 6-3.6-2-18.



LIT Calculation by type – Public Safety

The LIT Public Shares is based on IC 6-3.6-6-8.

SBA CY Public Safety Total

(minus) PSAP Allocation

(minus) Portion earmarked for FD, VFD, EMS

Department Public Safety Starting total



LIT Calculation by type – Certified Shares

County 01 Adams

Expenditure Rate - Certified Shares Revenue	4,751,694	Expenditure Rate - Public Safety Revenue	1,979,872	Expenditure Rate - Economic Development Revenue	3,167,796
IC 6-3.6-6-3(a)(2) Distribution	0	PSAP Distribution	0		
Certified Shares Distribution	4,751,694	Public Safety Distribution	1,979,872		

Note 1:

<u>Unit</u>	<u>Expenditure Rate - Certified Shares</u>		<u>Total Expenditure Rate - Certified Shares Distribution</u>	<u>Public Safety Distribution</u>	<u>Economic Development Distribution</u>
	<u>IC 6-3.6-6-3(a)(2) Distribution</u>	<u>Certified Shares Distribution</u>			
ADAMS COUNTY	0	2,709,729	2,709,729	1,195,602	2,046,938
BLUE CREEK TOWNSHIP	0	5,915	5,915	0	0
FRENCH TOWNSHIP	0	6,562	6,562	0	0
HARTFORD TOWNSHIP	0	8,551	8,551	0	0
JEFFERSON TOWNSHIP	0	6,054	6,054	0	0
KIRKLAND TOWNSHIP	0	12,922	12,922	0	0
MONROE TOWNSHIP	0	32,366	32,366	0	0
PREBLE TOWNSHIP	0	9,916	9,916	0	0
ROOT TOWNSHIP	0	18,441	18,441	0	0
ST. MARYS TOWNSHIP	0	9,890	9,890	0	0
UNION TOWNSHIP	0	11,278	11,278	0	0
WABASH TOWNSHIP	0	15,328	15,328	0	0
WASHINGTON TOWNSHIP	0	30,004	30,004	0	0
DECATUR CIVIL CITY	0	969,507	969,507	513,223	733,485

Note 2:

- Note 1: In Adams County, there are no adjustments to the certified share amount.
- Note 2: 100% of the CS amount is distributed using the Attributed allocation calculation.



LIT Calculation by type - Certified Shares

Note 1:

County 04 Benton						
Expenditure Rate - Certified Shares Revenue	1,864,117	Expenditure Rate - Public Safety Revenue	466,029	Expenditure Rate - Economic Development Revenue		466,029
IC 6-3.6-6-3(a)(2) Distribution	466,029	PSAP Distribution	466,029			
Certified Shares Distribution	1,398,088	Public Safety Distribution	0			
Unit	Expenditure Rate - Certified Shares IC 6-3.6-6-3(a)(2) Distribution	Certified Shares Distribution	Total Expenditure Rate - Certified Shares Distribution	Public Safety Distribution	Economic Development Distribution	
EARL PARK CIVIL TOWN	3,007	13,867	16,874	0	5,398	
FOWLER CIVIL TOWN	46,815	215,866	262,681	0	84,057	
OTTERBEIN CIVIL TOWN	8,337	38,444	46,781	0	14,963	
OXFORD CIVIL TOWN	13,465	62,087	75,552	0	24,029	
BENTON COMMUNITY SCHOOL CORPORATION	141,773	0	141,773	0	0	
SOUTH NEWTON SCHOOL CORPORATION	26,733	0	26,733	0	0	
TRI COUNTY SCHOOL CORPORATION	16,489	0	16,489	0	0	
BOSWELL PUBLIC LIBRARY	4,062	18,731	22,793	0	0	
EARL PARK PUBLIC LIBRARY	1,486	6,852	8,338	0	0	
OTTERBEIN PUBLIC LIBRARY	5,972	27,535	33,507	0	0	
OXFORD PUBLIC LIBRARY	5,450	25,130	30,580	0	0	
BENTON COUNTY PUBLIC LIBRARY	9,562	44,090	53,652	0	0	
YORK TOWNSHIP PUBLIC LIBRARY	381	1,759	2,140	0	0	

Note 1a:

Note 2:

- Note 1: As a former CAGIT county, the School Portion is deducted from the \$1.8M.
- Note 1a: The \$466,029, from note 1, is distributed to all unit, including schools, using the allocation amt.
- Note 2: The remaining 1.3M is distributed to all units, except schools, using the Attributed Allocation amt.



LIT Calculation by type – Public Safety

- The Department's calculation of the Public Shares is based on IC 6-3.6-6-8.
- Unlike certified shares, which goes to all units, the public safety is distributed to only to counties, cities, and towns.
- Depending on the county configuration, the distribution may be done using the Attributed Allocation Amount method or on the basis of the (unadjusted) levy.

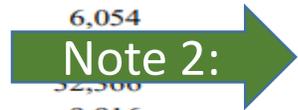


LIT Calculation by type - Certified Shares

County 01 Adams

Expenditure Rate - Certified Shares Revenue	4,751,694	Expenditure Rate - Public Safety Revenue	1,979,872	Expenditure Rate - Economic Development Revenue	3,167,796
IC 6-3.6-6-3(a)(2) Distribution	0	PSAP Distribution	0		
Certified Shares Distribution	4,751,694	Public Safety Distribution	1,979,872		

<u>Unit</u>	<u>Expenditure Rate - Certified Shares</u>		<u>Total Expenditure Rate - Certified Shares Distribution</u>	<u>Public Safety Distribution</u>	<u>Economic Development Distribution</u>
	<u>IC 6-3.6-6-3(a)(2) Distribution</u>	<u>Certified Shares Distribution</u>			
ADAMS COUNTY	0	2,709,729	2,709,729	1,195,602	2,046,938
BLUE CREEK TOWNSHIP	0	5,915	5,915	0	0
FRENCH TOWNSHIP	0	6,562	6,562	0	0
HARTFORD TOWNSHIP	0	8,551	8,551	0	0
JEFFERSON TOWNSHIP	0	6,054	6,054	0	0
KIRKLAND TOWNSHIP	0	12,922	12,922	0	0
MONROE TOWNSHIP	0	32,366	32,366	0	0
PREBLE TOWNSHIP	0	9,916	9,916	0	0
ROOT TOWNSHIP	0	18,441	18,441	0	0
ST. MARYS TOWNSHIP	0	9,890	9,890	0	0
UNION TOWNSHIP	0	11,278	11,278	0	0
WABASH TOWNSHIP	0	15,328	15,328	0	0
WASHINGTON TOWNSHIP	0	30,004	30,004	0	0
DECATUR CIVIL CITY	0	969,507	969,507	513,223	733,485



Note 1: In Adams County, there are no adjustments to the public safety amount.

Note 2: Townships, libraries, special districts and school never receive a PS distribution.



LIT Calculation by type

- The Department's calculation of the Economic Development is based on IC 6-3.6-6-9.
- Unlike certified shares, which goes to all units, the Economic Development is distributed to only to counties, cities, and towns.
- Counties may opt to have economic development distributed on the basis of levy or on the basis on population.



LIT Calculation by type – Certified Shares

County 01 Adams

Expenditure Rate - Certified Shares Revenue	4,751,694	Expenditure Rate - Public Safety Revenue	1,979,872	Expenditure Rate - Economic Development Revenue	3,167,796
		PSAP Distribution	0		
IC 6-3.6-6-3(a)(2) Distribution	0	Public Safety Distribution	1,979,872		
Certified Shares Distribution	4,751,694				

<u>Unit</u>	<u>Expenditure Rate - Certified Shares</u>		<u>Total Expenditure Rate - Certified Shares Distribution</u>	<u>Public Safety Distribution</u>	<u>Economic Development Distribution</u>
	<u>IC 6-3.6-6-3(a)(2) Distribution</u>	<u>Certified Shares Distribution</u>			
ADAMS COUNTY	0	2,709,729	2,709,729	1,195,602	2,046,938
BLUE CREEK TOWNSHIP	0	5,915	5,915	0	0
FRENCH TOWNSHIP	0	6,562	6,562	0	0
HARTFORD TOWNSHIP	0	8,551	8,551	0	0
JEFFERSON TOWNSHIP	0	6,054	6,054	0	0
KIRKLAND TOWNSHIP	0	12,922	12,922	0	0
MONROE TOWNSHIP	0	32,366	32,366	0	0
PREBLE TOWNSHIP	0	9,916	9,916	0	0
ROOT TOWNSHIP	0	18,441	18,441	0	0
ST. MARYS TOWNSHIP	0	9,890	9,890	0	0
UNION TOWNSHIP	0	11,278	11,278	0	0
WABASH TOWNSHIP	0	15,328	15,328	0	0
WASHINGTON TOWNSHIP	0	30,004	30,004	0	0
DECATUR CIVIL CITY	0	969,507	969,507	513,223	733,485

Note 1:

Note 2:

- Note 1: In Adams County, the economic development rate generates \$3.1M.
- Note 2: As with PS, only the county, cities, and towns, are eligible to receive a distribution.



Budget 101 – Circuit Breaker Estimates



Budget 101 – Circuit Breaker Estimates

- Property Tax Cap, often referred to as circuit breakers, are one of the most complicated topics in the property tax process.
- Circuit Breaker represents an amount of property tax that is uncollectable during each cycle.
- Units are required to consider this uncollectable amount while budgeting.



Budget 101 – Circuit Breaker Estimates

	Example 1	Example 2	Example 3
Gross AV	\$1,000	\$1,000	\$1,000
Exemptions/ Deductions	\$400	\$400	\$400
Net AV (Gross AV – Exe/Ded)	\$600	\$600	\$600
Tax Rate	1.5%	2.5%	3.5%
Gross Tax Bill (Net AV * Tax Rate)	\$9	\$15	\$21
Circuit Breaker Cap (Gross AV * 1%)	\$10	\$10	\$10
Net Tax Bill	\$9	\$10	\$10
CB Saving/Loss	\$0	\$5	\$11

1. The table is a simplified an introduction to how circuit breakers impact both taxpayers and taxing units.
2. These examples illustrate how an increase in the tax rate on a homestead parcel, which has a circuit breaker cap of 1%, create a circuit breaker “savings” for the tax payer and a circuit breaker “loss” for local government.



Budget 101 – Circuit Breaker Estimates

- In June, the Department will estimate the expected circuit breaker loss for each unit.
- The estimate will factor historical CB loss, expected debt issuance, and planned excess levy appeals.
- **Units are not required to use the Department's estimates,** but regardless of the amount used by the unit for the budget, the Department recommends a reconciliation between the estimates and the actual CB amounts.



Circuit Breaker Estimate

0407 DECATUR CIVIL CITY	Estimated Impact
Civil Max Levy Fund Credits	\$468,447
Total Estimated Credits	\$468,447

- In July 2018, the Department estimated that this unit would experience CB loss of 468,447 during their 2019 budget. The July CB estimate is not separated by fund, but in July, the Department does not know which funds the unit will want to certify.



Budget Certification Overview



Budget Certification Overview

- Between July 1 and November 5, using a combination of:
 1. Data prepared locally
 - Cash balances, other revenue, spending priorities.
 2. Assessed Values
 - Certified by the county auditor on August 1.
 3. July Estimates prepared by Department
 - Max levy, miscellaneous revenue, CB.
 4. Department Budget Workshops (Optional)
- Units will prepare, advertise, adopt and submit budget information to the Department via Gateway.



Budget Certification Overview

Date	Deadline
October 12, 2020	Last day to post notice to taxpayers (Budget Form 3) of proposed 2021 budgets and net tax levies and public hearing to Gateway. Units who have not submitted by October 12 will not have time to complete the process before deadline. IC 6-1.1-17-3
October 22, 2020	Last possible day for taxing units to hold a public hearing on their 2021 budgets. Public hearing must be held at least ten days before budget is adopted. Units who have not had a public hearing by October 22 will not have time to complete the process before the deadline. IC 6-1.1-17-5
November 2, 2020	Deadline for all taxing units to adopt 2021 budgets, tax rates, and tax levies. IC 6-1.1-17-5(a)
November 9, 2020	Last day for units to submit their 2021 budgets, tax rates, and tax levies to the Department through Gateway as prescribed by the Department.



Budget Certification Overview

- The Department's Certified Budget is calculated considering all of the following information:
 - Advertised budget (Form 3)
 - Cash reserves (CYFW)*
 - Miscellaneous revenue (Form 2)
 - Current year levy (Form 4B)
 - Adopted budgets (Form 4)
- Note: The Cash Reserves is short hand for the June 30 cash balance, expenditures from July 1 – Dec 31, and estimated tax draw for December.



Budget Certification Overview

	Example 1	Example 2	Example 3
Advertised Budget (Form 3)	\$100	\$750	\$1,000
Cash Reserves (CYFW)	\$350	\$0	\$400
Miscellaneous Revenue (Form 2)	\$0	\$750	\$500
Property Tax Levy (Form 4B)	\$0	\$0	\$100
Adopted Budget (Form 4)	\$100	\$500	\$1,000

1. The advertised budget represented the maximum appropriation that can be certified by the Department.
2. The Cash Reserves, Miscellaneous Revenue, and Property tax levy are summed together and represent how the unit proposes to fund that appropriation.
3. The adopted budget is additional level of control in the certification. The adopting body may adopt a budget up to the advertised amount.



Budget Certification Overview

	Example 1	Example 2	Example 3
Advertised Budget (Form 3)	\$100	\$750	\$1,000
Cash Reserves (CYFW)	\$350	\$0	\$400
Miscellaneous Revenue (Form 2)	\$0	\$750	\$500
Property Tax Levy (Form 4B)	\$0	\$0	\$100
Adopted Budget (Form 4)	\$100	\$500	\$1,000

Example 1:

- The Department can certify an appropriation of \$100. There will be \$250 of unappropriated funds.

Example 2:

- The Department can certify an appropriation of \$500. There will be \$250 of unappropriated funds.

Example 3:

- The Department can certify an appropriation of \$1000. There will be \$0 of unappropriated funds.



Budget Certification Overview

	Example 4	Example 5	Example 6
Advertised Budget (Form 3)	\$100	\$750	\$1,000
Cash Reserves (CYFW)	\$50	\$0	\$200
Miscellaneous Revenue (Form 2)	\$0	\$150	\$300
Property Tax Levy (Form 4B)	\$0	\$0	\$400
Adopted Budget (Form 4)	\$100	\$500	\$1,000

1. The advertised budget represented the maximum appropriation that can be certified by the Department.
2. The Cash Reserves, Miscellaneous Revenue, and Property tax levy are summed together and represent how the unit proposes to fund that appropriation.
3. The adopted budget is additional level of control in the certification. The adopting body may adopt a budget up to the advertised amount.



Budget Certification Overview

	Example 4	Example 5	Example 6
Advertised Budget (Form 3)	\$100	\$750	\$1,000
Cash Reserves (CYFW)	\$50	\$0	\$200
Miscellaneous Revenue (Form 2)	\$0	\$150	\$300
Property Tax Levy (Form 4B)	\$0	\$0	\$400
Adopted Budget (Form 4)	\$100	\$500	\$1,000

Example 4:

- The Department can certify an appropriation of \$50. There will be \$0 of unappropriated funds.

Example 5:

- The Department can certify an appropriation of \$150. There will be \$0 of unappropriated funds.

Example 6:

- The Department can certify an appropriation of \$900. There will be \$0 of unappropriated funds.



Budget Certification Overview

- When the Department certifies a budget less than was approved by the fiscal body, it's generally stated that the “Department cut the budget.”
- In practice, when this occurs the Department is balancing the unit's budget based on the unit's self reported resources.
- The Department will never tell a unit how to spend its money, but will never certify a budget that exceeds a unit's self reported resources.



Budget Certification Overview

- The Department repeats this certification process for every taxing unit and fund in the State.
- During the 2020 Budget Cycle, the Department certified budgets for:
 - Total Number of Units: 2,461
 - Total Number of Funds: 11,110



Sample Unit Budget Order

	<u>Fund</u>	<u>Certified Budget</u>	<u>Certified AV</u>	<u>Certified Levy</u>	<u>Certified Rate</u>
0101	GENERAL	\$18,405	\$67,360,355	\$11,721	\$0.0174
	Budget approved for displayed amount. Rate reduced due to increased assessed valuation.				
0840	TWP ASSISTANCE	\$15,500	\$67,360,355	\$0	\$0.0000
	Budget approved for displayed amount.				
1111	FIRE	\$16,050	\$67,360,355	\$18,457	\$0.0274
	Budget approved for displayed amount. Rate reduced due to increased assessed valuation.				
			Unit Total:	\$30,178	\$0.0448

- This unit has a certified appropriation of \$18,405 in its general fund. This amount represents the approved spending authority for the year based on the unit's cash reserves, miscellaneous revenue, levy, and advertised and adopted budgets.



Sample Unit Budget Order

Notable Points on the Sample Budget Order:

1. Fund 0101, the unit's budget is higher than the levy.
 - The unit is pledging a combination of levy, cash reserves, and miscellaneous revenue to fund their budget.
2. Fund 0840, the unit is adding \$0.00 of new levy, but still has a budget.
 - The Unit is funding the budget for this fund exclusively using cash and miscellaneous revenue.
3. Fund 1111, the unit is adding more levy than the unit is asking for in their budget.
 - We can assume that the unit is building up its cash balance for this fund for future budget.



Sample Unit Budget Order

2020 TAX RATES (Per Taxing District)		
Year: 2020		
County: 58 Ohio		FOR COMPARISON ONLY
<u>Taxing District</u>	<u>2020 District Rate</u>	<u>2019 District Rate</u>
001 CASS TWP	1.6198	1.6255
002 PIKE TWP.	1.6320	1.6399
003 RANDOLPH TWP	1.6030	1.6129
004 RISING SUN CORP.	2.1794	2.2049
005 UNION TWP	1.6091	1.6154

- A taxing district is a geographic area of unique, overlapping taxing units. Taxing district rates are what actually appear on tax bills. During Certification, the Department certifies a county’s taxing district rates.



Budget Certification Overview

December 31	Deadline for the Department to certify 2021 budgets, tax rates, and tax levies unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal. IC 6-1.1-17-16
Jan 15, 2021	Deadline for the Department to certify 2021 budgets, tax rates, and tax levies if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal under IC 6-1.1-18.5-16. IC 6-1.1-17-16

- All units will receive their certified budget by either Dec. 31 or January 15.
- The Budget Order is a listing of every unit's budget, levy, AV, and tax rate.
- The Budget Order also contains the county taxing district rates.



Budget Certification Overview

- December 31 is the halfway point for the 2020 pay 2021 budget cycle. January 1 is the starting point for the 2021 pay 2022 budget cycle.
- The State and local units have completed the assessment and Budget Certification for 2020 pay 2021, but haven't begun the tax collection.
- We have also begun a new assessment cycle of 2021 pay 2022.



Abstract, Tax Bills, and Distribution



Abstract, Tax Bills, and Distribution

- The third and final component of the tax assessment and billing cycle actually includes the billing, collection, and distribution of funds.
 1. County auditor and the county abstract.
 2. Circuit breaker actuals.
 3. Tax bill collection and property tax distribution.



County Auditor and the County Abstract



County Auditor and the County Abstract

- Abstract is a summary of the parcel level data:
 1. Assessed Value:
 - Gross AV, Net AV, and TIF AV
 2. Exemptions, deductions, abatements
 3. Tax Rates
 4. Additional Charges
 - Delinquencies, penalties, interest
 5. Tax Levy
 6. Total Tax Summary



Circuit Breaker Actuals



Circuit Breaker Actuals

0407 DECATUR CIVIL CITY	Estimated Impact
Civil Max Levy Fund Credits	\$468,447
Total Estimated Credits	\$468,447

- In July, the Department estimated that this unit would experience CB loss of 468,447.
- At that time, we could not have known exactly which funds the unit would adopt, what the CNAV was, and what decisions other unit would make that could impact the CB.



Circuit Breaker Actual - 2019

Unit	Unit Type/Fund Name	Fund Code	Certified Levy	Levy Based on Abstract AV	Over 65 Circuit Breaker	1%/2%/3% Circuit Breaker	Total Circuit Breaker	Post-Circuit Breaker Levy
DECATUR CIVIL CITY	City/Town		\$4,301,931	\$4,288,582.20	\$11,372.71	\$310,254.94	\$321,627.65	\$3,966,954.54
	RAINY DAY	0061	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	GENERAL	0101	\$2,449,806	\$2,442,204.30	\$6,476.38	\$176,679.82	\$183,156.21	\$2,259,048.10
	FIRE PENSION	0341	\$110,540	\$110,197.49	\$292.23	\$7,972.17	\$8,264.40	\$101,933.09
	POLICE PENSION	0342	\$171,147	\$170,616.11	\$452.45	\$12,343.12	\$12,795.57	\$157,820.54
	LOCAL ROAD & STREET	0706	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	MOTOR VEHICLE HIGHWAY	0708	\$797,035	\$794,561.88	\$2,107.07	\$57,482.11	\$59,589.17	\$734,972.70
	PARK & RECREATION	1301	\$588,152	\$586,326.63	\$1,554.86	\$42,417.45	\$43,972.31	\$542,354.32
	CUMULATIVE CAPITAL IMP (CIG TAX)	2379	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	CUMULATIVE CAPITAL DEVELOPMENT	2391	\$185,251	\$184,675.79	\$489.73	\$13,360.26	\$13,849.99	\$170,825.79

- Since the Abstract is based on simulation of actual and current values, the Department can use the Abstract to project the exact CB impact for the certified funds for all units.



Circuit Breaker Reconciliation

	Example 1	Example 2	Example 3
July 15 DLGF CB Estimate (From Spreadsheet)	\$500	\$10,000	\$100,000
November 1 CB Estimate (From 4B)	\$500	\$15,000	\$50,000
April 15 Actual CB Report (From Abstract)	\$500	\$8,000	\$110,000

- Circuit breaker values are estimated in July, used in November, and actually calculated in April. In this table, we will examine three potential CB positions that all units will find themselves in once the actual CB values are related.
- The Department strongly encourages all units to reconcile the November 1 CB estimate to the April 15 Actual CB Report.



Circuit Breaker Reconciliation

	Example 1	Example 2	Example 3
July 15 DLGF CB Estimate (From Spreadsheet)	\$500	\$10,000	\$100,000
November 1 CB Estimate (From 4B)	\$500	\$15,000	\$50,000
April 15 Actual CB Report (From Abstract)	\$500	\$8,000	\$110,000

Example 1:

- CB was perfectly estimated by the unit.
- The unit's certified budget remains funded.

Example 2:

- CB was overestimated by the unit.
- The unit will receive more levy than expected. The unit may either request an additional appropriation or may use the extra levy to build up the cash balance.

Example 3:

- The CB was underestimated by the unit.
- The unit's budget will not be recertified adjusted by the Department.
- Unit may need to draw down cash balances to maintain the level of certified appropriations.



Tax Bill Collection and Property Tax Distribution



Tax Bill Collection and Property Tax Distribution

- The first installment of the tax bills is due on May 11.
- The deadline for county auditor to distribute the taxes collected is June 30.

- The second installment of the tax bills is due on Nov. 10.
- The deadline for county auditor to distribute the taxes collected is December 31.



Tax Bill Collection and Property Tax Distribution

Unit	Unit Rate		
County	1.0000		
Township	0.1000		
City	0.4000		
School	0.2500		
Total Tax Rate:	1.7500		

Tax District: 00X
 Tax Rate: 1.7500
 Number of Taxpayers: 5.00
 Total Tax Collections: \$1,000

In order to settle the \$1,000 of collections, we need to turn the taxing district rate into its most basic pieces.



Tax Bill Collection and Property Tax Distribution

Unit	Fund Descr	Fund Rate	
County	General	0.6000	
County	Health	0.4000	
Township	General	0.1000	
City	General	0.2000	
City	Park	0.1500	
City	CCD	0.0500	
School	Operations	0.2500	
Total		1.7500	

Tax District: 00X
 Tax Rate: 1.7500
 Number of Taxpayers: 5.00
 Total Tax Collections: \$1,000

Instead of looking at the total rate by unit, we can separate the amount into tax rate by fund.



Tax Bill Collection and Property Tax Distribution

Unit	Fund Descr	Fund Rate	Allocation Percentage
County	General	0.6000	34%
County	Health	0.4000	23%
Township	General	0.1000	6%
City	General	0.2000	11%
City	Park	0.1500	9%
City	CCD	0.0500	3%
School	Operations	0.2500	14%
Total		1.7500	

Tax District: 00X
 Tax Rate: 1.7500
 Number of Taxpayers: 5.00
 Total Tax Collections: \$1,000

At the fund level, we can calculate the total allocation for each fund by dividing the fund rate by the total tax district rate.



Tax Bill Collection and Property Tax Distribution

Unit	Allocation Percentage	Tax Distribution
County	34%	\$ 343
County	23%	\$ 229
Township	6%	\$ 57
City	11%	\$ 114
City	9%	\$ 86
City	3%	\$ 29
School	14%	\$ 143
Total	100%	\$1,000

Tax District: 00X
 Tax Rate: 1.7500
 Number of Taxpayers: 5.00
 Total Tax Collections: \$1,000

With the allocation percentage and total collections, we can determine how much each fund will receive.



Tax Bill Collection and Property Tax Distribution

Unit	Unit Rate	Total Distribution
County	1.0000	\$571
Township	0.1000	\$57
City	0.4000	\$229
School	0.2500	\$143
Total Tax Rate:	1.7500	\$1,000

Tax District: 00X
 Tax Rate: 1.7500
 Number of Taxpayers: 5.00
 Total Tax Collections: \$1,000

We can sum fund totals to determine how much will be distributed to each unit.



Recap

1. Assessment 101
 - Overview of the how the State determines the annual tax base
2. Budget 101
 - Deep Dive into calculation, distribution, and reports produced by the Department for the max levy, miscellaneous revenue estimates, local income tax, and circuit breaker estimates
 - Discussion of the Department's process for certifying budgets
3. Property Tax Abstract, Tax Bills, Tax Collections, and Property Tax Settlement and Distribution
 - Comparing and Contrasting Estimated Circuit Breaker impact with Actual Circuit Breaker impact reports.
 - Overview of Property tax bill distributions, collection, and settlement