



# Department of Local Government Finance

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## Certification of Net Assessed Values ("CNAVs")

April 27, 2022



# Agenda (Part I)

- 2022 pay 2023 Budget Cycle
- CNAV Calendar (January 1 – August 1)
  - Gross Assessed Value Determination
  - Net Assessed Value Reporting
- CNAV Reports on Gateway
- CNAV Submission Review by DLGF



# Agenda (Part II)

- Group Discussion about CNAV Internal Controls
  - County Assessor
  - County Auditor
  - DLGF – Budget Division
  - DLGF – Assessment Division



# 2022 pay 2023 Budget Cycle



# 2022 pay 2023 Budget Cycle

- While all units received their 2021 pay 2022 Budget Order by January 15. The Budget Cycle never truly ends.
- On January 1, 2022, the 2022 pay 2023 tax assessment and billing cycle began with the local assessors beginning the process of determining the gross valuation of the real and personal property within the county.
- This valuation is the beginning of calculating the tax base that will appear on the ensuing year's budget order.



# Assessment Introduction

- In order to generate the gross assessed value for all property in a county, the local assessor will use the following techniques:
  1. Mass Appraisal
  2. Annual Adjustments / Trending
  3. Cyclical Reassessment



# Assessment - Mass Assessment

- Consistent with the national standard, some Indiana properties are valued with Mass Assessment techniques.
- With Mass Assessment, properties are valued in conjunction with similar properties in the general 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 - Annual Adjustment

- 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. This process is known as annual adjustment or “trending.”
- Trending is designed to bring property values closer to market value-in-use.



# Assessment - Cyclical Reassessment

- Assessment is also performed on a micro (parcel) level.
- During statewide cyclical reassessments, county and township assessors physically inspect each property to ensure that property records are correct.
- Since 2014, cyclical reassessment is now conducted over a four-year period.



# Assessment – Gross and Net AVs

- 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.
- 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 will apply all deductions and exemptions to all taxable property.
- **The deadline to certify the NAVs to the State is August 1.**



# Assessment – Gross and Net AVs

	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 Exemption		100,000	
Government Exemption			100,000
Net Assessed Value	32,750	0	0

Note: In this example, the GAV is \$300,000, but NAV is only \$32,750. The \$32,750 will be used for the tax rate.

- The General Assembly 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.
- On a tax bill, a taxpayer will see both their gross and net AV.



# CNAV Reports on Gateway



# CNAV Reports on Gateway

- Once the county auditor certifies net assessed values (“CNAV”) to the State through Gateway, the Department will publish the values for all units to review.
- There are two reports that can be used review the CNAVs:
  1. CNAV - District Report
  2. CNAV - Detail by District and Fund Report



# CNAV by District Report

## CNAV - District Report

- The District Report is the more comprehensive of the two reports.
- The report contains a summary by taxing district of real property, personal property, TIF increment AV, and optional AV withholding.
- A taxing unit may span across multiple taxing districts. To build a unit's tax base, the unit may need to sum and review multiple of these taxing districts.



# CNAV by District Report

Tax District Code	Tax District Name	RP Net AV 1%	RP Net AV 2%	RP Net AV 3%	Real Est Net AV	Local PP Net AV	State PP Net AV	PP Net AV	AV TIF Real Est	AV TIF PP	AV Withholding	Adjusted Net AV	AV TIF Released	AV Annex Change
A	B	C	D	E	F	G	H	I						
001	North Blue Creek Township	\$18,105,438	\$22,541,630	\$11,978,880	\$52,625,948	\$2,178,330	\$818,510	\$2,996,840	\$0	\$0	\$0	\$55,622,788	\$0	\$0
002	South Blue Creek Township	\$2,185,541	\$4,767,700	\$2,655,800	\$9,609,041	\$76,610	\$150,400	\$227,010	\$0	\$0	\$0	\$9,836,051	\$0	\$0
003	North French Township	\$19,563,526	\$19,750,340	\$12,010,860	\$51,324,726	\$4,144,990	\$708,140	\$4,853,130	\$0	\$0	\$0	\$56,177,856	\$0	\$0
004	South French Township	\$3,043,319	\$4,100,500	\$2,190,400	\$9,334,219	\$1,670,120	\$178,160	\$1,848,280	\$0	\$0	\$0	\$11,182,499	\$0	\$0
005	Hartford Township	\$13,190,038	\$24,784,980	\$8,541,980	\$46,516,998	\$6,613,700	\$1,816,460	\$8,430,160	\$0	\$0	\$0	\$54,947,158	\$0	\$0
006	Jefferson Township	\$11,952,677	\$24,412,800	\$13,984,540	\$50,350,017	\$4,961,990	\$702,360	\$5,664,350	\$0	\$0	\$0	\$56,014,367	\$0	\$0
007	Kirkland Township	\$22,810,657	\$24,982,960	\$11,482,190	\$59,275,807	\$5,582,760	\$2,473,800	\$8,056,560	\$0	\$0	\$0	\$67,332,367	\$0	\$0
008	North Monroe Township	\$34,634,474	\$30,417,000	\$28,991,620	\$94,043,094	\$3,714,600	\$4,532,160	\$8,246,760	\$0	\$0	\$0	\$102,289,854	\$0	\$0
009	South Monroe Township	\$7,736,526	\$9,974,120	\$11,516,922	\$29,227,568	\$5,235,030	\$1,471,290	\$6,706,320	\$0	\$0	\$0	\$35,933,888	\$0	\$0



# CNAV by District Report

Column	Descr	Notes
A	Tax District Code	Locally Assigned Taxing District Code
B	Tax District Name	Locally Assigned Taxing District Name
C	RP Net AV 1%	Net AV for real property that meets the qualifications of the “1% Allocation Type.” Homesteads eligible for a credit under IC 6-1.1-20.6-7.5.
D	RP Net AV 2%	Net AV for real property that meets the qualifications of the “2% Allocation Type.” Residential property, agricultural land, long term care property, and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.
E	RP Net AV 3%	Net AV for real property that meets the qualifications of the “3 % Allocation Type. Nonresidential real property and other tangible property eligible for a credit under IC 6-1.1-20.6-7.5.
F	Real Est Net AV	Formula: Column C + Column D + Column E
G	Local PP Net AV	Locally Assessed Personal Property
H	State PP Net AV	State Assessed Personal Property
I	PP Net AV	Formula: Column G + Column H



# CNAV by District Report

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001	North Blue Creek Township	\$18,105,438	\$22,541,630	\$11,978,880	\$52,625,948	\$2,178,330	\$818,510	\$2,996,840	\$0	\$0	\$0	\$55,622,788	\$0	\$0
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**J K L O M N**



# CNAV by District Report

Column	Descr	Notes
J	AV TIF Real Est	Valuation of the TIF Increment for Real Property
K	AV TIF PP	Valuation of the TIF Increment for Personal Property
L	AV Withholding	IC 6-1.1-17-0.5 allows county auditors to withhold or reduce net assessed value by two percent (2%) to absorb the effects of reduced property tax collections from appeals and application of deductions.
M	AV TIF Released	Any excess assessed value within TIF districts as reported by the RDC before June 15 of each year. IC 36-7-14- 39(b)(4) Note: Value not directly used in CNAV calculation.
N	AV Annex Change	The valuation of an annexed geographic area in annexation documents to the county auditor Note: Value not directly used in the CNAV calculation.
O	Adjusted Net AV	Formula: Column C + Column D + Column E + Column F + Column G - <b>Column J - Column K - Column L</b> or Formula: Real Property Total + Personal Property Total - TIF Increment (Real and Personal) - AV Withholding



# CNAV by Detail by District and Fund

- [CNAV by Detail by District and Fund](#)
- The report contains the total taxing district AV presented at the unit and the fund level.
- The “Adjusted Net AV” links the two reports.
- Where the “CNAV by District Report” focuses on the horizontal pieces of the Adjusted Net AV, the “CNAV by Detail by District and Fund” shows the vertical relationship between the taxing districts at the taxing unit level.



# CNAV by Detail by District and Fund (Ex #1)

- Taxing Unit 0001 has four funds listed.
- The tax base is split between taxing districts 001 and 002.
- The Department will use an CNAV of 63,344,296 for all four funds.

0001	BLUE CREEK TOWNSHIP	0061	RAINY DAY	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
				<b>0061 - TOTAL NET AV</b>		<b>\$63,344,296</b>
		0101	GENERAL	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
		<b>0101 - TOTAL NET AV</b>		<b>\$63,344,296</b>		
		0840	TOWNSHIP ASSISTANCE	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
		<b>0840 - TOTAL NET AV</b>		<b>\$63,344,296</b>		
		1111	FIRE	001	North Blue Creek Township	\$53,743,926
				002	South Blue Creek Township	\$9,600,370
		<b>1111 - TOTAL NET AV</b>		<b>\$63,344,296</b>		



# CNAV by Detail by District and Fund (Ex #2)

- Taxing Unit 0006 has two funds listed.
- The tax base is split between taxing districts 008, 009, 010, and 011.
- The Department will use a CNAV of \$210,421,206 for the township assistance fund, but will use a CNAV of \$134,006,535 for the fire fund.

0006	MONROE TOWNSHIP	0840	TOWNSHIP ASSISTANCE	008	North Monroe Township	\$99,223,355
				009	South Monroe Township	\$34,783,180
				010	Berne City-Monroe Township	\$55,331,022
				011	Monroe Town-Monroe Township	\$21,083,649
<b>0840 - TOTAL NET AV</b>						<b>\$210,421,206</b>
		1111	FIRE	008	North Monroe Township	\$99,223,355
				009	South Monroe Township	\$34,783,180
<b>1111 - TOTAL NET AV</b>						<b>\$134,006,535</b>



# CNAV Submission Review



# CNAV Review

- The annual assessment process means that the tax base changes every year.
- While the Gross and Net AV figures are calculated locally and applied locally, the Department tries to assist the county during the certification processes.
- During the Gateway submission by the County Auditor, the Department will request additional information from the county auditor if certain criteria are met.



# CNAV Review

- During Certification, the County Auditor must provide additional feedback if a taxing district is reported with:
  - +/- 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
  - +/- 10% Change in Gross AV (Conservancies Only)



# Recertification of CNAVs



# Recertification of CNAVs

- On April 13, 2022, the Department was contacted by a County Auditor because of an issue on the tax bills:
  - The primary issue with the tax bills was related to the application of certain deductions to certain property.
  - The underlying issue impacted the original CNAV submission by approximately \$116M.



# Recertification of CNAVs

- Using the amended CNAV, the Department will recalculate the certified tax rates for 53 impacted units.
- Each impacted unit will receive a new 1782 Notice.
- Once the 1782s have expired, the Department certify an amended Budget Order.
- The County Auditor will complete the Abstract, then will rerelease approximately 71,000 amended tax bills.



# Recertification of CNAVs

- In the original county, there are three cross county schools that cross into three additional counties.
- These three counties will receive amended Budget Orders and will also recomplete their 2022 Abstract.
- Once Abstracts are reapproved, the impacted cross counties will reissue approximately 14,000 tax bills across the 10 impacted taxing districts.



# Discussion – Conversations w/ Assessor

- Does the Assessor discuss notable changes in the gross assessed value for each taxing district?
- Does the Assessor discuss appeals (Form 11) filed?
- Does the Assessor discuss potential Abatements?
- Does the Assessor discuss which parts of the county are currently going through cyclical reassessment?
- Does the Assessor provide regular updates on their progress with their Sales Data submission, Ratio Studies approval, and proximity to Roll Avs:
  - <https://www.in.gov/dlgf/files/maps/2023-Budget-Status.pdf>



# Discussion – Conversations w/ Auditor Office

- What are the prerequisite steps for preparing for the Assessor Roll?
- What are the prerequisite steps for preparing for the DECAF submission?
- Other than the DECAF questions about +/- 10% changes by type, how else does the Auditor review their CNAV?
- How often are the specific exemptions, deductions, abatements tied to each parcel reviewed by the County Auditor?
- How does County let their units know that the CNAV is available, what they know about the changes, and how the CNAV may impact the tax rates?



# Discussion – Conversations w/ Department

- Each year, the Department send the State Distributable amounts electronically to both the Assessor and Auditor by June 15. Does your office have a designated person to work with our Utility Specialists for State Distributable property?
- What changes will the Department need add to DECAF – CNAV submission and validation process to prevent this from occurring?