



AUDITOR OF STATE

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To: County Auditors

From: Dan Bastin, Settlement Director

Subject: HEA1001-2008 Homestead Credit Fund Balance

Date: October 30, 2014

October 19, 2010 an auditor of state, department of local government finance and state board of accounts joint memorandum was issued designating the December 2014 settlement as the earliest date the HEA1001-2008 Homestead Credit (HSC) Fund balance can be closed out.

Following is an excerpt from the October 19, 2010 memorandum;

“At the 2013 pay 2014 December Settlement, or at a later December Settlement, if determined necessary by the county auditor, the HEA1001-2008 Homestead Credit Fund balance will be disbursed or replenished. If the HEA1001-2008 Homestead Credit fund balance is a positive balance, then the balance will be disbursed to taxing units. If the HEA1001-2008 Homestead Credit fund balance is a negative balance, then the balance will be replenished by withholding money from taxing units.

The percentage of the fund balance to either disburse or withhold from each taxing unit will be based on each taxing unit's share of the 2007 pay 2008, 2008 pay 2009 and 2009 pay 2010 HEA1001-2008 Homestead Credit. The 2007 pay 2008, 2008 pay 2009 and 2009 pay 2010 HEA1001-2008 Homestead Credit abstract amounts and property tax rates for each of those years will be used to calculate the taxing unit percentages. The auditor of state's office will work with each county auditor's office to calculate the taxing unit percentages.

If the HEA1001-2008 Homestead Credit Fund balance is a positive balance, then the disbursements to the taxing units will be separate from the December Settlement distributions and the fund balance disbursement will be received by each taxing unit to the taxing unit's levy excess fund.

If the HEA1001-2008 Homestead Credit Fund balance is a negative balance, then the amounts withheld from each taxing unit will be deducted from each taxing unit's general fund on the December Settlement Form 22 Certificate of Tax Distribution.”

End of excerpt.

Included as an attachment to the email that included this memorandum is a workbook containing HEA1001-2008 HSC Abstract data. The workbook contains four worksheets, three of the worksheets are worksheets for each of the three years (2008, 2009 and 2010) the HEA1001-2008 HSC existed and the fourth worksheet is a worksheet summarizing the three years.

The summary worksheet is the worksheet to be used to calculate each taxing unit's or fund's percentage that will be applied against the HEA1001-2008 HSC Fund balance to determine the taxing unit or fund share of the HEA1001-2008 HSC Fund balance.

The state funds and county taxing unit percentages are already calculated in the summary worksheet. You will need to calculate the other taxing unit and fund percentages by using the amounts from the columns that are applicable to the taxing unit or fund and the total amount of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column.

Township unit percentages are calculated by using the amounts in the Township column and the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. A couple of examples of calculating a township unit percentage are; (1) if there is not a city or town located within the township, then the percentage is calculated by dividing the applicable Taxing District amount shown in the Township column by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column (2)) if there is a city or town located within the township, then the percentage is calculated by first combining the applicable Taxing District amounts shown in the Township column followed by dividing the combined amount by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. Carry the calculation out to six decimal places.

School unit percentages are calculated by using the amounts in the School column and the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. Combine the Taxing District amounts that are applicable to the school and divide the combined amount by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column to determine the percentage. Carry the calculation out to six decimal places.

Library unit percentages are calculated by using the amounts in the Library column and the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. Combine the Taxing District amounts that are applicable to the library and divide the combined amount by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column to determine the percentage. Carry the calculation out to six decimal places.

City and town unit percentages are calculated by using the amounts in the City and Town column and the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. Combine the Taxing District amounts that are applicable to the city or town and divide the combined amount by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column to determine the percentage. Carry the calculation out to six decimal places.

Special taxing district and/or fund percentages are calculated by using the amounts in the applicable special district taxing or fund column or columns and the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column. Combine the Taxing District amounts that are applicable to the special taxing district and/or fund and divide the combined amount by the total of the "HEA 1001-2008 STATE HOMESTEAD CREDIT Pay 2008 Through Pay 2010 Total" column to calculate the percentage. Carry the calculation out to six decimal places.

Once all of the taxing unit and fund percentages have been calculated, sum the percentages to determine if the sum of the percentages equals 1.000000. The sum may not equal 1.000000 by a small amount; a small amount is anything equal to or less than .000009. If the sum does not equal 1.000000 by a small amount, then adjust the largest percentage by the small amount so that the sum of the percentages after the adjustment does equal 1.000000. If the sum of the percentages does not equal 1.000000 by more than a small amount, then recheck the percentage calculations.

Once it has been verified that the sum of the percentages equals 1.000000, use the verified percentages to determine each taxing unit's or fund's share of the HEA1001-2008 HSC balance. Each taxing unit's or fund's share of the HEA1001-2008 HSC Fund balance is determined by multiplying the fund balance times the percentage. Sum the taxing unit or fund shares of the balance to verify that the sum equals the HEA1001-2008 HSC balance. The sum of the shares may not equal the balance by a small amount; a small amount is a difference equal to or less than \$0.05. If the difference is a small amount then adjust the largest share by the small amount. If the difference is more than a small amount, then recheck the calculations.

As mentioned in the October 19, 2010 memorandum if the HEA1001-2008 HSC Fund balance is a positive amount, then each taxing unit's share of the balance is distributed to the taxing unit's levy excess fund. This distribution will be made to the taxing unit separate from the December Settlement distribution, except for the state amount. The state amount is added to the school excise tax allocation amount and sent to the auditor of state as part of the school excise tax allocation. The amounts distributed are disbursed from the HEA1001-2008 HSC Fund.

If the HEA1001-2008 HSC Fund balance is a negative amount, then each taxing unit's share of the balance is shown as a deduction from the taxing unit's general fund on the taxing unit's Certificate Tax Distribution Form 22, except for the school units and the state. For schools the deduction is made against the transportation fund and for the state the deduction is made against the school excise tax allocation. The amounts deducted are quietus to the HEA1001-2008 HSC Fund.

If you have questions please send them to settlements@auditor.in.gov