

A black and white photograph of a hand holding a pen, poised to write on a document. The document has several lines of handwritten text, including '10/15/10', '10/15/10', '10/15/10', and '10/15/10'. The background is a light gray with a subtle grid pattern.

FINAL TAX SETTLEMENT

November 18, 2015

PRESENTED BY:
ARKANSAS LEGISLATIVE
AUDIT

CHARLES CAMP, CPA

Final Tax Settlement Timeline

YEAR 1 (Assessment Year)

JANUARY

- **Assessment process begins.**
 - **From the 1st day of January to May 31, (or following business day if May 31, falls on a Saturday, Sunday, or postal holiday)
Assessor assesses all personal property. (ACA 26-26-1408)**
 - **From the 1st day of January to July 1, Assessor assesses all real property. (ACA 26-26-1101)**

NOVEMBER

- **In November the Quorum Court levies millage rates for all taxing entities. (ACA 14-14-904)**

Final Tax Settlement Timeline

YEAR 2 (Collection Year)

FEBRUARY

- **On or before February 1 of each year, the preparer of tax books shall make out and deliver the tax books to the County Collector. (ACA 26-28-108)**

MARCH

- **On the first business day of March, the Collector opens the tax books for collection. (ACA 26-36-201)**
- **On March 31, the first homestead tax credit report is due to DF&A. (ACA 26-26-310)**

JUNE

- **By June 30, the second homestead tax credit report is due to DF&A. (ACA 26-26-310)**

Final Tax Settlement Timeline

JULY

- **No later than July 1 of each year, the Sheriff or Collector shall mail tax statements. (ACA 26-35-705)**

OCTOBER

- **Final installment of taxes due and payable no later than October 15. (ACA 26-35-501)**

NOVEMBER

- **By November 15th, the third homestead tax credit report is due to DF&A. (ACA 26-26-310)**

DECEMBER

- **No later than December 1, Collector delivers a list of delinquent Real Estate to newspaper. (ACA 26-37-107)**
- **No later than December 1, Collector delivers a list of delinquent Personal to newspaper. (ACA 26-36-203)**

Final Tax Settlement Timeline

DECEMBER

- **By the 4th Monday in December, the Collector makes & files Final Settlement with County Court. (ACA 26-39-402, 26-28-306, 26-39-401)**
- **By December 30th, the Collector shall make the settlement with the County Treasurer. (ACA 26-39-404)**
- **By December 31st, the County Court must approve Settlement. (ACA 26-39-402)**

Final Tax Settlement

Real Estate

Personal

Utilities

Original
Charge

Original
Charge

Original
Charge

+ Adds

+ Adds

+ Adds

- Errors

- Errors

- Errors

- DAV's

- DAV's

+ Redeemed
Real

- Delinquent

- Delinquent

- Delinquent

- Voluntary
Refused

- Voluntary
Refused

- Voluntary
Refused

= Net Valuation &
Pre-Credit Tax

= Net Valuation &
Pre-Credit Tax

= Net Valuation &
Pre-Credit Tax

- Homestead
Credit

+ Delinquent
Homestead Credit

= Post Credit Tax

= Post Credit Tax

= Post Credit Tax

Road Adjustment

Road Adjustment

Road Adjustment

= Adjusted Net Tax

= Adjusted Net Tax

= Adjusted Net Tax

Final Tax Settlement

Real Adjusted
Net Tax

Personal Adjusted
Net Tax

Utilities Adjusted
Net Tax

Net Tax
(Summation of Real, Personal and Utilities)

+

Adjustments
(Late Assessment Fees, Penalties, Cost)

=

Post Credit Total Net Tax
(Total Tax Collected)

+

Real Estate Late Payment Penalty

+

Collector's and Treasurer's Interest

Final Tax Settlement

-

Proration Adjustments:

- **Collector's Commission**
- **Assessor's Salary and Expense**
- **Reappraisal Expense**
- **Cost Prorated Real**
- **Cost Prorated Personal**
- **Clerk's Fees**
- **Equalization Board**
- **Collector's Bond**

=

Amount Due Accounts

-

Prior Distributions

=

Final Distribution

Final Tax Settlement

Collector's Commission and Rate Sheet:

- **Collector's Commission:** These are commissions taken to cover the Collector's office expense and should be prorated on Post-Credit Total Net Tax based on the rates calculated.
- **Assessor's Salary and Expense:** These are commissions taken to cover the cost of maintaining the Assessor's Office less Assessor's fees collected and should be prorated on Pre- Credit Total Net Tax less the improvement tax based on rates calculated.
- **Reappraisal:** Any expenses associated with property reappraisal in excess of amount reimbursed from the state should be prorated in the same way as Assessor's Salary and Expense.
- **Cost Prorated Real and Personal:** Made to distribute uncollected costs associated with advertising delinquent property; rate is based on Delinquent Real Tax and Delinquent Personal Tax, respectively.
- **Clerk's Fees**
- **County EQ Board:** Made to reimburse expense of Board to General Fund

Amendment 79 Sales Tax

Amendment 79 sales tax and property tax are two completely separate things.

However, the Amendment 79 credit given to tax payers must be removed from original charge on the county's final tax settlement.

The amount of sales tax received by the County is determined by the certification made to the State by the Tax Collector.

Amendment 79 Sales Tax

Amendment 79 implementing legislation calls for homestead credit certifications to be made three times each year, March 31st, June 30th, and November 15th.

In no event shall the amount of Amendment 79 sales tax distributed to the counties exceed the final amount certified by the collector as of November 15th.

Once the final certification is made a ratio should be determined based on the amount that is due each taxing unit as related to the total amount due the county.

Care should be taken to ensure monthly distribution of sales tax is as accurate as possible. The more accurate the March, June and November certifications are the more accurate the monthly settlements will be.

It is important to calculate the final sales tax distribution ratio as soon as possible after the November 15th certification. Should material errors have been made in previous certifications, this will allow the county time to correct them before the final sales tax payment from the state is received.

Excess Commissions

EXCESS COLLECTOR'S COMMISSION

Excess Collector's commission is the result of the difference between the computed Collector's Commission and the office expenses of the Collector's office, with the office expenses being reduced by the cost collected, the advertising cost prorated – real and personal and postage. Be sure to include all relevant Collector's expenses, including accruals, for a complete and accurate distribution of excess commissions.

Act 1215 of 2001 established a Collector's Automation Fund. This allows a maximum of 10% gross commissions to be set aside and restricted to operate the office of county collector; for administrative costs; and to purchase, maintain, and operate an automated record keeping system.

Expenses of the automation fund CANNOT be used in subsequent years to reduce excess commissions to be distributed back to the taxing units.

This computation should be done separate from the final tax settlement.

Excess Commissions

EXCESS ASSESSOR'S SALARY AND EXPENSE:

Excess Assessor's Salary and Expense is the result of the difference between estimated Assessor's office expenses prorated on the final tax settlement, less Assessor's fees, and the actual office expenses. Be sure to include all relevant Assessor's expenses, including accruals, for a complete and accurate distribution of excess commissions.

Any Assessor's expenses paid with the Amendment No. 79 "Property Tax Relief Assessor's Commission" revenue paid from the State WOULD NOT be included.

This computation should be done separate from the final tax settlement.

QUESTIONS

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