

YELLOW MEDICINE COUNTY
TAX CYCLE NARRATIVE
12/31/07

Updated by Michelle May, County Finance Manager, 10/6/14

A single laser statement is printed and sent to the taxpayer. When a taxpayer comes in to pay taxes, the P&A Deputy or PPS Deputy total the tax statement(s) to verify they equal the check or cash received. The cash or check (after being restrictively endorsed) is placed in the cash drawer. If the taxpayer mails the funds, the process is the same. The P&A Deputy or PPS Deputy enters the information into the computer at the time of transaction which posts it to the tax list by number, date and amount.

Receipts and funds are tied out and a deposit is made by P&A Deputy. Deposits are usually made daily. Receipts are posted automatically by the computer to taxing districts with corresponding numbers and amounts.

Receipts are posted in total to the collection register at the weekly turnover by P&A Deputy. The tapes of receipts are filed.

The totals are posted to the collection register by the P&A Deputy. Delinquent prior years' taxes are posted into the tax system for each parcel that is paid. The total payments are also receipted into the treasurer's cash register that interfaces with IFS. The receipts are made in duplicate and the F&A Deputy in charge of financial duties retains one copy, and the other is filed in the PPSD office.

The collection register on the Finance file on the server are totaled by P&A Deputy. The F&A Deputy in charge of financial duties proofs her IFS balances with the P&A Deputy's mini trial balance on a monthly basis. The P&A Deputy's tax totals are also compared to Director of Property & Public Service's computer totals. When the totals match, they start the settlement process.

In the settlement process, the computer posts the calculations to the account sheets and then to the accounts for schools, towns/cities, and county funds. A summary sheet is prepared listing the amounts to be distributed by account. This summary is given to the F&A Deputy in charge of accounts payable duties who processes the payments in IFS as Auditor's Warrants. The checks are totaled and compared to the distribution sheets. The P&A Deputy sums the checks and verifies the total agrees to the warrant register. She then enters the checks into her warrant register and the other P&A Deputy mails them to the taxing districts. If the warrants are paid via ACH, the Shazam website is used to process the transactions. See the Purchasing Narrative for procedures around this process.

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The County uses a vendor developed and maintained tax software package.

Functions associated with property tax system: Appraisal/assessment and recording of property values; certification of tax capacity; calculation of tax liability/ preparation of property tax statements; collection/posting of tax payments and settlement distributions; update of associated accounting records.

1. Determine/record property values

The County Assessor, with the help of local assessors, determines the value and classification of all properties in the tax base. By statute, each taxing district is broken up into quintiles. Each parcel is to be assigned to a quintile and reappraised at least every five years as well as the addition of all new construction throughout that taxing district. Individual field cards are maintained annually. These cards have specific market value information unique to that property. The County is in the process of entering property characteristics into a Computer Aided Mass Appraisal (CAMA) system. The CAMA system is used to record parcel specific market value information. When required data is entered, the computer will calculate a value based on size, age, and condition of the property. Each parcel is assigned a class based on its use. Tables are reviewed annually. The Department of Revenue requires that estimated market values assigned to properties be at least 90-105% of current market. To accomplish this, the assessor tracks recent sales in all taxing districts by property type. After an in-depth analysis, schedules are arrived at, keyed into the computer, and notice of assessment cards mailed at least 10 days prior to boards of review.

2. Valuation changes

Taxpayers may question their value or classification or the value or classification of anyone else's property by appealing to the local Board of Appeal and Equalization for the taxing district in which the property is located. The appeal can be made in person, by representative, or in writing. These Boards meet between April 1 and May 31 each year. The Minnesota legislature added additional requirements for local taxing districts to continue to hold Boards of Appeal and Equalization beginning with the 2006 assessment.

Under these new requirements, before the Board can hold its meeting, at least one of the Board members must have attended training on the proper conduct of the meeting and that member must be present at the meeting. If a trained member is not present or no member has attended training or if there is no quorum, the Board loses the ability to hold the meeting for the current year and for at least the next subsequent year. To regain the ability to hold the meeting, the Board must petition the Commissioner of Revenue for reinstatement. When the local Board is prohibited from holding their meeting, the County Assessor conducts an open book meeting to discuss any valuation or classification questions with interested taxpayers. If the taxpayer is not satisfied with the action of the local Board or if the local Board is prohibited from holding their

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meeting, the taxpayer can appeal to the County Board of Appeal and Equalization. This meeting is held in mid-June. Only those property owners who appeal to the local Board and those in cities and townships that were prohibited from having a meeting can appeal to the County Board. No changes can be made by the County Board after June 30th. Copies of the official action of both the local Boards and the County Board must be sent to the Commissioner of Revenue for review. The Commissioner of Revenue, sitting as the State Board of Equalization, can make changes in values of individual properties or classes of property or by geographic area or in any other manner necessary to achieve what the State Board believe to be a better equalized assessment. Work by the State Board of Equalization must be completed by July 1st. After July 1st, only changes necessary to correct clerical errors can be made.

3. Property tax levy

To calculate tax capacity rate, staff divide the proposed levy by the proposed tax capacity in the taxing district. The result is the proposed individual property owner's tax. Truth in Taxation notices are mailed. Approved final levy information is entered to the property tax system, and the tax calculation is performed, generating the tax rolls. Tax rolls are used to prepare property tax statements, which are mailed to the taxpayer not later than March 31st. This processing sequence also produces the County Auditor's abstract for submission to the state Commissioner of Revenue. Amounts reported on abstract, tax rolls and tax calculation are compared and variances between levy net of aids and the tax calculation are analyzed. Property tax information is indexed by parcel number and by taxpayer name. For referenda, taxable market value rather than tax capacity is used in the calculation sequence. (For districts which lie in two or more counties, the home county must certify the initial tax rate to the other counties. The County Auditor certifies home county school and watershed values to surrounding counties.)

4. Collections

Current and delinquent taxes, as well as special assessments, are receipted by PPSD and F&A staff. First half taxes for real estate and personal property are due by May 15th. Mobile home taxes which total less than \$50, or first half payments for larger amounts, are due August 31st. The second half of non-farm real estate and personal property taxes are due October 15th. Second half farm property and mobile home taxes are due November 15th.

Penalties for late payment begin to accrue the first business day following the due date. Unpaid taxes become delinquent on January 1st.

5. Settlement

Treasurer's settlement date for May 15 collections is May 20, and first half of estimated collections for school districts are paid out within 7 business days after the May 15 due date. Second half of school collections are paid out within 14 business days after the due date. For all other taxing entities, 100% of actual collections received by May settlement are paid within 30

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days of the settlement date. For taxes due October 15th, estimated first half for schools are distributed within 7 business days after due date; second half is paid within 14 business days of due date. For taxes due November 15th, all actual collections, as well as any other collections received through November 20th, are distributed within 10 business days of the due date. Remaining collections for the year are settled January 5th of the following year, with final distribution on January 25th. Note: If a due date, settlement date, or tax distribution date falls on a Saturday, Sunday, or legal holiday, the effective date for the action moves to the next business day.