


OHIO AUDITOR OF STATE  
KEITH FABER



## Understanding the Certificate of Revenues and Tax Receipts

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### Objectives

- Background / How it starts
- Receiving the Certificate
- Taxes, Homestead and Rollback, Other Revenues
- Planning for the Future



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### Let's Start with a Question

- How many Counties are there in the State of Ohio?
- How many possible ways are there to do things?
- **You need to get acquainted with/learn to work with your County Auditor.**

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### Tax Budget



- Used to set property tax rates
- Used to allocate local government fund
- Planning for the next year
- Presents need for tax levies
- May be waived by budget commission
- Tax Budget is submitted by President of Board of Trustees

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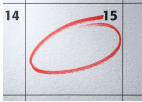
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### Tax Budget Hearing

- Notice to be published 10 days before hearing
- Hearing is to provide interested parties with an opportunity to have input
- Tax budget to be adopted/approved by governing board by July 15
- Tax budget to be filed with the county auditor by July 20



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### Content of the Tax Budget

- A summary of the amounts required from general (inside Millage) property tax approved by budget commission and County Auditor's estimated tax rates
- A summary of levies outside the 10 mill limitation exclusive of debt levies
- Actual and estimated receipts, disbursements and balances of the general fund (4 years)
- A summary of general obligation bonds and notes as of January 1st of coming year and the requirements of bond retirement fund
- An official certificate of estimated resources



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### Certificate of Year-End Balances

- Proper title is "Certificate of Total Amount from All Sources Available for Expenditures and Balances"
- The purpose of this form is twofold
  - to report the actual unencumbered fund balances
  - to adjust estimated revenues, if necessary
- It is completed by the fiscal officer and filed with the County Auditor around the first of the year (no later than January)
- Report reserve balances so as to exclude reserve balances from Fund Balance Available for Appropriation
  - Attach resolution establishing reserve balances



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### Estimated Resources

- Official Certificate of Estimated Resources (from the tax budget)
- Certificate of year-end balances
- Amended official certificate to start the new year.
- Amendments
  - Fiscal officer's responsibility (only)
  - No approval of governing board required
  - Governing board may request fiscal officer to amend the certificate so they can appropriate new or additional receipts



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### The Official Certificate and Amended Certificates

- The official certificate is in the tax budget
  - Signed by the budget commission and returned in September
  - Must be provided regardless of waiver of tax budget
- Amended official certificate of estimated resources
  - First amended certificate generally issued after the year-end balances are certified
  - May be amended as needed throughout the year
- Fiscal officer responsible for estimates therein and the amendments

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**Tax Revenues**

- In the examples that will be presented, you will notice that tax revenues are broken out separately from other types of revenue.
- In some Counties, regardless of the estimate provided by the Township, the County Auditor will adjust the estimated tax revenues based on their calculations.
- **Talk with your County Auditor.**

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**Millage and How to Account for Multiple Levies**

- Types of Millage
  - Inside Millage
  - Outside (Voted) Millage
- What if I have more than one tax levy? What do I do?
- If you have more than one tax levy, you need to make sure you are accounting for each levy properly, including providing the best estimates on your Certificate of Estimated Resources.
  - Road and Bridge Levy
  - Fire Levy – Operations Only
  - Fire Levy – Capital Purchases Only
- In most cases, each levy should be accounted for in its own fund. Exceptions do occur.....work with your legal representative, **your County Auditor**, and your financial auditors.

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**Homestead and Rollback**

- Are Homestead and Rollback and exemption monies accounted for as property tax revenues? Where do I include those on my Certificate of Estimated Resources?
- Homestead and Rollback and exemptions are actually reimbursements from the State of Ohio. Despite the amounts being based on property taxes, they are considered as Intergovernmental Revenue for revenue purposes because they are actually reimbursements from the State of Ohio.
- Some County Auditors separate these amounts on the Certificate of Estimated Resources. Some include them as part of taxes. Some view them as Other Revenues.
- You should **work with your County Auditor** to determine how they account for these revenues in the Certificate.

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**Homestead and Rollback continued**

- Do I have to break out these revenues into separate funds? Why can I not just post all of this money to the General Fund?
- **Your County Auditor** should provide you with Tax Settlement sheets showing different types of information related to taxes, homestead and rollback, fees (which will be discussed separately), and property tax assessments. These settlement sheets will provide you information regarding each fund that will receive money based on inside millage and each property tax levy.
- There are separate tax settlement sheets for 1<sup>st</sup> and 2<sup>nd</sup> half real estate settlements and an additional 1 or 2 settlement sheets for manufactured homes.

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**Homestead and Rollback....one final thing**

- Since these monies will be received from the State of Ohio, the Ohio Department of Taxation charges a fee for calculating and disbursing these monies.
- These fees should be treated like County Auditor and Treasurer fees (explained next). Therefore, the amount deposited in your bank will not match exactly to the Tax Settlement sheets provided by the County Auditor.
- [tax.ohio.gov/government/resources/distributions-real-property-tax-rollback](http://tax.ohio.gov/government/resources/distributions-real-property-tax-rollback)
- On the web site, look for Administration fees and select the appropriate year and month. These distributions are on the **February and August real estate tax settlements each year.**
- **Fund Number – Revenue Code**
  - **Townships** - 535 Property Tax Allocation
  - **Villages** - 231 Property Tax Allocation

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**Fees? What Fees?**

- Each County Auditor withholds fees from each entity's property tax collections. These fees account for things such as:
  - County Auditor / County Treasurer fees
  - Elections expenses (if necessary)
  - County Board of Health allocations (if a County Board of Health does not have its own levy supporting it).
- These fees are also allocated across funds receiving tax revenues. **Again, refer to the tax settlement sheets provided by the County Auditor.**
- These fees are accounted for as expenditures. Which means they should have an appropriation code established for them.

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**In Other Words.....**

- Tax Revenues Recorded at Gross
  - **TOWNSHIP**
  - **Fund Number – Revenue Code 101 Real Estate Taxes**
  - **Fund Number – Revenue Code 102 Tangible Personal Prop. Taxes**
- Minus Fees
  - **TOWNSHIP**
  - **Fund Number, Program Code – Object Code 314 Tax Collection Fees**
  - **Fund Number, Program Code – Object Code 315 Election Expenses**
  - **Fund Number, Program Code – Object Code 370 Payment to Another Political Subdivision**
    - Payments made to another political subdivision for contracted services provided to the township, such as fire protection, County Health fees, police services, emergency medical services and garbage and refuse.
- Net Tax Revenues (the amount posted to your bank account)
- For newer fiscal officers, they receive several audit comments because they just post the tax revenue they receive into their bank account. They do not post the tax revenues and the County Auditor fees separately, which is required.

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**In Other Words.....**

- Tax Revenues Recorded at Gross
  - **VILLAGE**
  - **Fund Number – Revenue Code 110 Real Estate Taxes**
  - **Fund Number – Revenue Code 120 Tangible Personal Prop. Taxes**
- Minus Fees
  - **VILLAGE**
  - **Fund Number, Program Code – Object Code 344 Tax Collection Fees**
  - **Fund Number, Program Code – Object Code 345 Election Expenses**
  - **Fund Number, Program Code – Object Code 640 Payment to Another Political Subdivision**
    - Payments made to another political subdivision for contracted services provided to the township, such as fire protection, County Health fees, police services, emergency medical services and garbage and refuse.

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**What about my other revenues?**

- As explained in the earlier slides, all revenue estimates come from the entity, including taxes.
  - Aside from adjusting property tax estimates, some County Auditors will also make corrections to /provide information regarding the Local Government Revenue estimates each year. **Talk with your County Auditor.**
- It is very important to record things properly in the accounting system each year and, when errors are discovered, it is important that they be corrected as soon as possible.
  - Bad information can lead to bad or sometimes VERY BAD decisions.
  - Without proper revenue estimates and an accurate Certificate of Estimated Resources, this could lead to overspending.
- Recording errors, especially posting revenues to incorrect funds, can lead to future audit adjustments as well as incorrect revenue projections for forecasts.

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**Looking Ahead - Forecasting**

- One thing that we are encouraging local governments to consider is forecasting – predicting what you think will happen over the next 2 – 5 years. The amount of time varies depending on each entity and their goals.
- When forecasting, you are using historical data and your current operating environment to predict what you think will happen over the forecast period.
  - Will our tax levies be renewed?
  - Do we need a new / additional tax levy?
  - We have a large business leaving our area. What impact could that have on us?
  - Our Township area is expanding. What types of additional resources will we need to provide the additional services required?
  - What large equipment, significant construction projects will need purchased or completed?

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**QUESTIONS?**

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ContactLGS@ohioauditor.gov

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