

Frequent Budgetary Errors

- When short-term notes mature, villages often issue a new note to pay off the old note.
- The new note is usually for the same or smaller amount than the old note.
- Villages are required to budget the payment of the principal on the old note and also budget the receipt of the proceeds of the new note.
- Be careful not to show only the “net” effect of the rollover. The transaction should be recorded for the full amount of the old and new note.

25

Frequent Budgetary Errors

- Property taxes and income taxes should be posted at gross, not net.
- The property tax revenue (before the property tax collection fees) should be recorded in total.
- The property tax collection fees should be posted separately as expenditures.
- The property tax allocation (homestead and rollback) should be posted as intergovernmental revenue.

26

Receipts

- The receiving of money in the form of cash, check, or direct deposit

27

Receipts

- All money received by the Village should be recorded by the use of a receipt or “pay-in”.
- Deposit slips should include all of the receipt or pay-in numbers that are included in the total deposit.

28

Receipts

- Money should be deposited on the business day next following the day of receipt for amounts in excess of \$1,000.
- Money should be deposited on the business day next following the day of receipt for amounts less than \$1,000, unless council has adopted a policy not to exceed 3 business days.

29

Receipts

- The receipt or pay-in should include:
 - Receipt number
 - Total amount received
 - Date
 - Payor
 - Reason for receipt
 - Fund to which revenue is to be credited
 - Receipt code
 - Clerk’s signature

30

Receipts

- The original receipt should be given to the person making the payment (if in person).
- The duplicate receipt should remain in the receipt book for use in recording to the accounting system.
- Any source documents should be kept with the duplicate receipts.

31

Refund of a Receipt

- Appropriate for:
 - Overpayments
 - Return of deposits
 - Repayment of money when a service was not provided
 - Post as reduction of original receipt code used if in the same year
 - Post as expenditure if in subsequent year

32

Expenditures

- Certification of availability of funds prior to the obligation of funds
 - Purchase orders
- Payment of invoices after receipt of goods or services

33

Encumbrances

- Encumbrances are commitments for the expenditure of monies and are recorded as the equivalent of expenditures on the budgetary basis.
- When an amount is encumbered, it reserves that portion of the applicable appropriation and maintains legal compliance.

34

Purchase Orders

- Section 5705.41 of the O.R.C. states that the clerk must certify that “the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriation fund free from any previous encumbrance”.
- Section 5705.41 also states that “every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon”.
- The above requirements are met with the proper use of a purchase order, which is also known as the “Clerk’s Certification of Available Funds”.

35

Types of Purchase Orders

- Regular purchase orders
- Blanket purchase orders
- Super blanket purchase orders
- Then and now certificates
(see Appendix H)

36

Regular Purchase Orders

- Purchase of a specific item is planned
- Use is for a specific line item in the budget
- Carry over at year-end
- Multiple purchase orders can be open at one time
- There is no limit on the amount
- Must be signed and dated by the clerk

37

Blanket Purchase Orders

- Authorized under Section 5705.41 of the O.R.C.
- Used when the vendor, price, or quantity is open ended and not known
- No dollar limitations
- Only one outstanding at a time per appropriation account
- No time limitation except that does not extend beyond the end of the fiscal year
- Should be labeled as a blanket purchase order
- Must be signed and dated by the clerk

38

Super Blanket Purchase Orders

- Also found in Section 5705.41 of the O.R.C.
- No dollar limitations
- Authorized to be outstanding for any period up to the end of the fiscal year (cannot extend beyond fiscal year end)
- More than one certificate is permitted to be outstanding at a time
- Must identify a specific line-item appropriation in a specific fund
- The certification may be for single or multiple vendors

39

Super Blanket Purchase Orders

- Permitted purposes of the certification include:
 - The services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser by or on behalf of the subdivision
 - Fuel oil, gasoline, food items, roadway materials, and utilities
 - Any purchase exempt from competitive bidding under O.R.C. Section 125.04 and any other specific expenditure that is a recurring and reasonably predictable operating expense
- Must be signed by the clerk

40

Then and Now Certificates

- Used when prior approval for purchase was not obtained
- Two conditions:
 - Clerk certifies that at the time the order was made there were appropriations to cover the payment, and,
 - Currently there are appropriations to cover the payment
- *Less* than \$3,000, clerk may authorize
- *Exceeds* \$3,000, must be done only with council approval
- Must be done within 30 days of the legislative authority's receipt of the certificate

41

Purchase Orders - Conclusion

- One copy to the individual who initiated the purchase order
- One copy maintained by purchase order number and used to record to the accounting system
- One copy attached to the voucher and vendor invoice

42

Expenditures

- Payment of Invoices
 - When goods are received, what was received should be compared with the purchase order and the packing slip.
 - When an invoice is received it should be compared to what was received.
 - A check is prepared and sent to the vendor.

43

Reduction of an Expenditure

- Appropriate for:
 - Overpayments returned to the Village
 - Return of a deposit
 - Repayment of money to the Village when a service was not provided to them
 - Expenditures within the same fiscal year the payment actually occurred
- *Not* Appropriate for:
 - Reimbursements from other entities for services provided
 - Reimbursement of general fund expenditures from the State or other governments
 - Refund of prior year's expenditures (should be recorded as revenue when received)

44

Transfers

- **Permanent** reallocation of cash from one fund to another
- Allowable transfers are listed in Sections 5705.14 through 5705.16 of the O.R.C.
- Possibly obtain an amended certificate of estimated resources for transfers
- Possibly modify appropriations if not included originally
- Prepare the expenditure in the fund making the transfer

45

Transfers

- Other than certain exceptions, only the general fund may transfer monies to another fund (transfer can only be made from less restrictive funds to more restrictive funds)
 - Exceptions relate to funds no longer needed for the purpose they were created
 - Some exceptions require action by the Tax Commissioner

46

Transfers

- Funds not allowed to be transferred
 - Proceeds of loans
 - Proceeds of bond issues, barring an exception outlined in 5705.14-5705.16 of the O.R.C.
 - Proceeds of excise taxes levied for a specific purpose
 - Proceeds of license fees levied for a particular purpose

47

Documenting the Transfer

- Pass an ordinance authorizing the transfer
- Minute Record (if the existing appropriations need to be modified)
- Certification (certify that the funds are available to transfer)

48

Advances

- *Temporary* reallocation of cash from one fund to another
- Requirements of Advances:
 - Statutory authority (must be statutory authority to use the money in the fund advancing the cash for the same purpose as the fund receiving the cash)
 - Less restricted fund to a more restricted fund
 - Reimbursement restrictions (the reimbursement must not violate any restrictions on the money being used to make the reimbursement)
 - Approved by a formal resolution passed by council

49

Advances

- Resolution for an advance
 - Must include a CLEAR statement that the transaction is an advance of cash, and
 - An indication of the money that is to be used to repay the advance
 - Should include
 - The amount of the advance
 - The name of the fund advancing the money
 - The name of the fund receiving the money
 - An estimated repayment date

50

Budgetary Effects of Advances

- Advances do not directly affect budgetary
- They can have an impact if it is not repaid within the year:
 - At year end, you will need to adjust the unencumbered cash balances of the funds involved:
 - Increase the unencumbered cash balance of the fund that loaned the money, and
 - Decrease the unencumbered cash balance of the fund that received the money
- Advances that are not repaid by year end can be changed to transfers if the intent of repayment no longer exists and council approves change.

51

Interest Allocation

- As a general rule, interest must be paid into the general fund, with exceptions:
 - Interest earned on funds the law prescribes for a particular purpose, such as monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or fuel used for propelling such vehicles
 - Street Maintenance Fund
 - State Highway Fund
 - Permissive Motor Vehicle License Tax Fund
 - Accrued interest on the sale of bonds shall go to a bond retirement fund

52

Investment Policy

- Section 135.14 of the O.R.C. requires the clerk to have a written investment policy on file with the Auditor of State.
- Must be approved by council
- All brokers, dealers, and financial institutions by giving advice, making investment recommendations, or initiating transactions with the Village must also sign the investment policy, acknowledging their understanding and receipt of the policy.

53

Investment Policy

- If an investment policy is not on file with the Auditor of State, Village is limited to investing only in interim deposits (includes saving accounts and nonnegotiable certificate of deposit), as defined in Section 135.01 of the O.R.C., and in STAR Ohio.

54

Investment Policy

- The investment policy requirement and the restrictions for failure to file an investment policy do not apply to a village whose average annual portfolio is \$100,000 or less.
- The clerk and/or council must certify this fact to the Auditor of State.
- The clerk and/or council must comply and remain in compliance with the provisions of Sections 135.01 and 135.21 of the O.R.C. (which define terms used in the Uniform Depository Act, and direct apportionment of investment earnings among funds, respectively).

55

Bank Reconciliation

- It is **ESSENTIAL** that you reconcile the Village books to the bank statements every month.
- Review your bank statement
 - If there is interest, post it
 - If there is a service charge, post it

56

Bank Reconciliation

- Compare deposits on the bank statements to the receipts posted on the books.
 - You may have to post a direct deposit that you were not aware of
 - Note any deposits you made that don't appear on the bank statement
- Compare the checks that cleared the bank to those recorded on the books.

57

Bank Reconciliation

- What if you don't reconcile?
 - Check your math
 - Narrow down where the error can be
 - Deposits per the bank statements plus this month's deposits in transit minus last month's deposits in transit should equal deposits per books
 - Cleared checks per the bank statements plus this month's outstanding checks minus last month's outstanding checks should equal disbursements per books
 - Remember that the bank isn't always right either

58

Fiscal Integrity Act Continuing Education Requirements

- Approved March 2015
- Newly elected or appointed fiscal officers
 - 6 hours before term of office or within one year
 - An additional 18 hours before end of first term
- Subsequent to first term
 - 12 hours each term including 2 hours of ethics training

59

Fiscal Integrity Act Continuing Education Requirements

- Auditor of State Training Portal
 - All qualifying training hours must be recorded on the AOS training portal.
 - To qualify a course - Center for Audit Excellence Training Section

60

Fiscal Integrity Act

- Outlines conditions for and process of removal of office.

61

Cash Basis Annual Financial Report

Filing Requirements:

- All villages must file financial reports at year end.
- The report must be filed within 60 days of year end.
- Hinkle Annual Financial Reporting System
- Financial statements must reflect the requirements of GASB Statement No. 54.

62

OHIO AUDITOR OF STATE
KEITH FABER



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63

CITY VILLAGE of _____,
 _____ County, Ohio,
 _____,
 _____ (date)

This Budget must be adopted by the Council or other legislative body on or before July 15th, and two copies must be submitted to the County Auditor on or before July 20th. FAILURE TO COMPLY WITH SEC. 5705.30 R.C. SHALL RESULT IN LOSS OF LOCAL GOVERNMENT FUND ALLOCATION.

To the Auditor of said County:

The following Budget for the fiscal year beginning January 1, _____, has been adopted by the Council _____, and is herewith submitted for consideration of the County Budget Commission.

Signed _____

Title _____

Schedule A

**Summary of Amounts Required From General Property Tax Approved
 By Budget Commission and County Auditor's Estimated Tax Rates**

County Auditor's Estimated Municipal Tax Valuation \$ _____

Fund	For Municipal Use		For Budget Commission Use				For County Auditor's Use	
	Total Amount Requested (Per Tax Budget)		Amount Approved By Budget Commission Inside 10 Mill Limit	Amount Approved By Budget Commission Outside 10 Mill Limit		County Auditor's Estimate of Tax Rate To Be Levied		
						Inside 10 Mill Limit	Outside 10 Mill Limit	
	Column I		Column II	Column III	IV	V		
General Fund								
Bond Retirement Fund								
Police Pension Fund								
Fire Pension Fund								
TOTAL								

Schedule B

For County Budget Commission Only

Levies Outside 10 Mill Limitation, Exclusive of Debt Levies

Authority For & Purpose of Levy	Date of Vote	Tax Year		Maximum Rate Authorized To Be Levied	Reduced Rate Per R.C. 5713.11	County Auditor's Estimate of Yield of Levy	
		Levy Begins	Levy Ends				

Exhibit 1

Comparative and Estimated Receipts, Disbursements and Balances

GENERAL FUND	For		For		Current Year Estimated For		Budget Year Estimated For	
	_____	_____	_____	_____	_____	_____	_____	_____
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
General Fund — Receipts								
Balance January 1st								
Property Tax Revenue								
Real Estate & Public Utility								
Tangible Personal Property								
Intangible (Classified) Tax								
Trailer Tax								
Income Tax Revenue								
Unvoted Municipal Income Tax Revenue								
Voted Municipal Income Tax Revenue								
Other Locally-Levied Taxes								
Admission Taxes								
Hotel - Motel Taxes								
In Lieu Payments								
Other (Explain)								
State Levied Locally-Shared Taxes								
Local Government Fund								
Estate (Inheritance) Tax								
Cigarette Licenses								
Liquor & Beer Permits								
Other (Explain)								

GENERAL FUND	For		For		Current Year Estimated For		Budget Year Estimated For	
	Actual		Actual					
General Fund — Receipts								
Intergovernmental Revenue								
Federal Aid or Grants								
State Aid Health Subsidy								
State Aid, Other								
Local Government Operating Contracts								
Other (Explain)								
Revenue Charges For Public Services								
General Government Fees								
Garbage & Refuse Collection & Disposal								
Parking Fees								
Recreation Programs								
Hospital								
Cemetery								
Other (Explain)								
Fines, Costs & Forfeitures								
Court Costs								
Court Fines								
Court Forfeitures								
Licenses, Permits & Inspections								
Building Permits & Inspections								
Zoning Permits & Fees								
Vehicle Licenses								

GENERAL FUND	For		For		Current Year Estimated For		Budget Year Estimated For	
	Actual		Actual					
Business Licenses								
Other (Explain)								
General Fund — Receipts								
Other Revenue								
Sale of Assets								
Interest								
Rental Income								
Premium on Investments Sold								
Other (Explain)								
Non-Revenue								
Income Tax Collected For Others								
Reimbursements For Capital Expenditures								
Other Reimbursements								
Refunds								
Transfers From (Identify)								
Other (Explain)								
Total Receipts								

GENERAL FUND	For _____ Actual		For _____ Actual		Current Year Estimated For _____		Budget Year Estimated For _____	
Total Receipts and Balance								
General Fund — Disbursements								
Security of Persons and Property								
Police Law Enforcement								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Traffic Control								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Animal Control								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Fire Prevention & Inspection								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Civil Defense								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Police & Fire Communications								
Personal Services								
Other Operation & Maintenance								

GENERAL FUND	For		For		Current Year Estimated For		Budget Year Estimated For	
	Actual		Actual					
Capital Improvements								
General Fund — Disbursements								
Street Lighting								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Police Pension (not shown in transfer fund)								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Fire Pension (not shown in transfer fund)								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Safety Administration Support								
Personal Services								
Other Operation & Maintenance								
Capital Improvements								
Other Expenditures (Explain)								

Exhibit 3

Amounts Requested From General Property Tax and Estimated Tax Rates
 City/Village of _____ fiscal officer's estimated tax value \$ _____

Fund	Total Amount Requested	Estimate Amount to be Derived from Levies Outside the 10 Mill Limit		Estimated Amount Requested Inside the 10 Mill Limit		Municipal Estimate of Tax Rates to be Levied	
						Inside 10 Mill Limit	Outside 10 Mill Limit
	Column I	Column II		Column III		IV	V
General Fund							
Bond Retirement Fund							
Police Pension Fund							
Fire Pension Fund							
Total							

Proposed Tax Levies

Purpose	Date of Vote	Tax Rate to be Levied (In Mills)	Estimated Yield of Levy, Budget Year (Dollar Amount)	Tax year to Begin	Number of Years

Tax Levies and Rates For _____
 (May be filled in by local fiscal officer - Memorandum entry only)

Governmental Unit	Amount Approved By Budget Commission			County Auditor's Estimate of Rate, In Mills		
	Inside 10 Mill Limit	Outside 10 Mill Limit	Total	Inside	Outside	Total
County						
Township						
School						
City or Village of _____						
Other						
Total						

Certificate of the County Budget Commission

The Budget Commission of _____ County, Ohio, hereby makes the following official certificate of estimated Resources for the (City) Village _____, for the fiscal year beginning January 1, _____.

Funds	Unencumbered Balance, Jan 1st.	General Property Tax	Local Government Allocation	Classified Property Tax	Other Revenue Sources	Transfers and Other Non-Revenue	Total
General Fund							
General Revenue Sharing Fund							
Street Construction, Maint, & Repair Fund							
State Highway Improvement Fund							
Bond Retirement Fund							
Police Pension Transfer Fund							
Fire Pension Transfer Fund							
TOTAL							

The Budget Commission further certifies that its action on the foregoing budget and the County Auditor's estimate of the rate of each tax necessary to be levied within and without the 10 mill limitation is set forth in the proper columns of the preceding pages and the total amount approved for each fund must govern the amount of appropriation from such fund.

Date _____ Budget Commissioners _____

**Certificate of the Total Amount From All Sources Available
For Expenditures, and Balances
(Rev. Code, Sec. 5705.36)**

From the : _____, Ohio, as of _____, _____ County

To the County Auditor of said County:

The following is the total amount from all sources available for expenditure for all funds as set up in the tax budget (shown in the fiscal officer ledgers if no tax budget was required under 5705.281) that exist at the end of the fiscal year.

Fund Types	Cash Balance 12/31/_____	Encumbrances 12/31/_____	Advances Not Repaid	Carryover Balance Available For Appropriations	Total Estimated Revenue From All Sources	Total Carryover Balance Plus Estimated Resources
Governmental Fund Types						
General Fund						
Special Revenue						
Debt Service						
Capital Projects						
Permanent						
Proprietary Fund Types						
Enterprise						
Internal Service						
Fiduciary Fund Types						
Trust						
Agency						
Total All Funds						

Fund Types	Cash Balance 12/31/____	Encumbrances 12/31/____	Advances Not Repaid	Carryover Balance Available For Appropriations	Total Estimated Revenue From All Sources	Total Carryover Balance Plus Estimated Resources
Governmental Fund Types						
General Fund						
General						
Special Revenue Fund						
Street Maintenance and Repair						
State Highway Improvement						
Contribution						
Special Assessment						
Total Special Revenue Funds						
Debt Service						
General Obligation Bond						
Special Assessment Bond Retirement						
Total Debt Service						

Fund Types	Cash Balance 12/31/____	Encumbrances 12/31/____	Advances Not Repaid	Carryover Balance Available For Appropriations	Total Estimated Revenue From All Sources	Total Carryover Balance Plus Estimated Resources
Capital Project Funds						
Total Capital Project Funds						
Permanent Funds						
Endowment						
Total Permanent Funds						
Proprietary Fund Types						
Enterprise Funds						
Water						
Sewer						
Total Enterprise Funds						
Internal Service						

Fund Types	Cash Balance 12/31/____	Encumbrances 12/31/____	Advances Not Repaid	Carryover Balance Available For Appropriations	Total Estimated Revenue From All Sources	Total Carryover Balance Plus Estimated Resources
Internal Service						
Total Internal Service Funds						
Fiduciary Fund Types						
Trust & Agency						
Total Trust & Agency Funds						
Total - All Funds						

Amended Official Certificate of Estimated Resources
(Rev. Code, Sec. 5705.36)

To the Council of the Village of _____:

The following is the amended official certificate of estimated resources for the fiscal year beginning January 1st, _____, as revised by the Budget Commission of said County, which shall govern the total of appropriations made at any time during such fiscal year:

Fund Types	Unencumbered Balance 1/1/_____	Taxes	Other Sources	Total
Governmental Fund Types				
General				
Special Revenue				
Debt Service				
Capital Projects				
Permanent				
Proprietary Fund Types				
Enterprise				
Internal Service				
Fiduciary Fund Types				
Trust				
Agency				
Total				

Signed: _____

Budget Commission

Fund Types	Unencumbered Balance 1/1/_____	Taxes	Other Sources	Total
Governmental Fund Types				
General Fund				
General				
Special Revenue Funds				
Street Maintenance and Repair				
State Highway Improvement				
Contribution				
Special Assessment				
Total Special Revenue Funds				
Debt Service Funds				
General Obligation Bond				
Special Assessment Bond Retirement				
Total Debt Service Funds				
Capital Project Funds				
Total Capital Project Funds				
Permanent Funds				
Endowment				
Total Permanent Funds				

Fund Types	Unencumbered Balance 1/1/_____	Taxes	Other Sources	Total
Proprietary Fund Types				
Enterprise Funds				
Water				
Sewer				
Total Enterprise Funds				
Internal Service Funds				
Total Internal Service Funds				
Fiduciary Fund Types				
Private Purpose Trust Funds				
Total Private Purpose Trust Funds				
Investment Trust Funds				
Total Investment Trust Funds				
Agency Funds				
Total Agency Funds				
Total - All Funds				

PURCHASE ORDER

OFFICE OF THE Village Clerk		Requisition No. _____		
Willow Glen Village		Purchase Order No. <u> 4 </u>		
Baldwin County, Ohio		APPROPRIATION		
Willow Glen, Ohio	Jan. 5, 20 <u>XX</u>	Code	Amount	
To: RST Construction Co.		4101-730-530	\$9,600 00	
Hampton, Ohio 54321				
Deliver to: Willow Glen Village				
At: Willow Glen, Ohio 12345				
Terms: Payable quarterly @ \$2,400.00 upon billing - check				
Quantity	Unit	Description	Price/Unit	Amount
		Contract to build Willow Glen Village building.		\$9,600 00
		Beginning 1-10-XX		

CLERK'S CERTIFICATE

It is hereby certified that the amount of (\$9,600.00) required to meet the contract, agreement, obligation, payment or expenditure for the above, has been lawfully appropriated or authorized or directed for such purpose and is in the Treasury or in process of collection to the credit of _____
New Municipal Building
Fund free from any obligation or certification now outstanding.

Dated 1-5-XX C. Archer
Clerk _____ Willow Glen Village

APPROVED BY:

This order is not valid unless Clerk's Certificate is signed.

ORIGINAL
(To be sent to vendor)