

**Property Taxes
Year-End Entries
Fiscal Year 2015**

In accordance with generally accepted accounting principles, property taxes are recognized as revenue in the year for which they are levied. They should be recognized net of estimated refunds and uncollectibles. Under modified accrual accounting, revenues must be measurable and available in order to be recognized. GAAP prescribe the period of availability used for the purposes of property tax revenue recognition at a maximum of 60 days after year end. The example below has a period of availability equal to 60 days. If the county has selected an availability period of less than 60 days, the county can use fewer remittance tickets from the sheriff to determine FY 15 taxes collected in FY 16. In addition, the amount of property taxes receivable must be evaluated and an allowance established for those amounts estimated to be uncollectible. The adjusting entry below will result in year end balances conforming to these specifications.

Documents Needed:

- Sheriff's Settlement at June 30, 2015
- Levy Order and Rate Sheet for the 2014-15 fiscal year
 - **To determine the allowance percentage:**
 - Levy Order and Rate Sheets for the past 5 fiscal years
 - Sheriff's settlements for the past five years

STEP 1

Review the Sheriff's Settlement

Record the sum of the amounts from line 11 and line 41 on the sheriff's settlement at June 30, 2015 (Ending Taxes Receivable plus Ending Balances) 3,116,093 ①

Record the amount from line 41 on the sheriff's settlement at June 30, 2015 (Ending Balances 6/30/15) 582,110 ②
This is the amount that will be received from the sheriff in July and August 2015 from the FY 15 taxes.

Find the difference between the two 2,533,983 ③
This amount will be divided into two parts: Allowance for Uncollectibles and Deferred Inflows of Resources – see calculation below.

STEP 2

Determine the Allowance for Uncollectibles

Each school district will need to estimate a percentage of gross taxes levied that are eventually collected. There are two possible methods for estimating this percentage:

Option 1: Base the allowance percentage on a historical analysis for the past three – five years. This is the most accurate method and the one recommended by the Office of School Finance. You will need to compare the gross taxes to be collected off the Levy Order and Rate Sheet for FY 11 (for example) with the collections received from that particular levy during FY 11. Divide the collections received by the gross taxes to be collected to obtain a collection percentage for that particular levy. Do this for a three to five year span, FY 11, FY 12, FY 13, FY 14, and FY 15. Average those percentages and subtract from 100 to arrive at an allowance percentage.

Option 2: Base the allowance percentage on an average of the percentage used on the past five years' Levy Order and Rate Sheets for the Allowance for Uncollectibles, Exonerations and Delinquencies. (Some school districts may have used the same percentage for the past five years.) Average the five years to arrive at an allowance percentage.

Allowance percentages between 2% and 10% are considered reasonable.

Apply the allowance percentage to the FY 15 Gross Taxes Levied off the FY 15 Levy Order and Rate Sheet to determine the amount that will be recorded for the allowance for uncollectibles.

FY 15 gross taxes to be collected	36,146,273 ①
Multiplied by the allowance percentage determined above	x 3%
Result is the amount of the allowance for uncollectibles	<u>1,084,388</u> ②

STEP 3
Determine the amount for deferred inflows of resources

Difference from step 1 above	2,533,983 ③
Less the allowance for uncollectibles	<u>1,084,388</u> ②
Result is the amount of deferred inflows of resources	<u>1,449,595</u> ④

STEP 4
The year-end adjusting journal entry

Dr.	11..00121.001	Property taxes receivable	3,116,093 ⑤	
	Cr.	11..01111.009	Property tax revenue – current year	582,110 ⑥
	Cr.	11..00122.001	Allowance for uncollectibles	1,084,388 ②
	Cr.	11..00601.006	Deferred inflows of resources	1,449,595 ④

The adjusting journal entry will be made at year end each fiscal year following these same procedures.

STEP 5
Reversing entry in the subsequent year

Each subsequent year, this entry will need to be reversed to zero-out the balances and enable districts to perform the calculations above without considering the changes occurring during the year.

Dr.	11..00122.001	Allowance for uncollectibles	1,084,388 ②	
Dr.	11..00601.006	Deferred inflows of resources	1,449,595 ④	
	Cr.	11..00121.001	Property taxes receivable	2,533,983 ③ - ⑥

Make sure the amount in ③ (FY 15 taxes received in the sheriff's July and August 2015 remittance) is not included in FY 16 revenue. When the sheriff's July and August 2015 checks are received, the amount relating to FY 15 taxes should be receipted to the property tax receivable account. If it is receipted to revenue in FY 16, then revenues will be double-counted in FY 16. To correct this, if it occurs, credit property taxes receivable and debit property tax revenue to zero out the receivable account in FY 16.

SHERIFF'S SETTLEMENT
FOR THE PERIOD 07/14 THRU 06/15

	SCHOOL CURRENT FUND-373		SCHOOL EXCESS LEVY FUND-374	TOTAL
1 Unpaid taxes	983,400.26		1,190,879.97	2,174,280.23
2 Adjustments to unpaid taxes	155.10	-	183.49	338.59
3 Current Year Taxes	12,808,840.43		15,790,418.51	28,599,258.94
4 Additional Levies	970,965.35		1,151,231.35	2,122,196.70
5 TOTAL TAXES RECEIVABLE	14,763,361.14		18,132,713.32	32,896,074.46
6 Add: Interest and Fees Collected on Taxes	137,473.04		166,142.37	303,615.41
7 Computer Differences + or (-)	18.40	-	23.48	41.88
8 Deduct: Taxes Exonerated without refund	40,288.41		48,309.80	88,598.21
9 Discounts	234,202.11		289,926.58	524,128.69
10 Land Sales Deductions	10,999.29		13,048.84	24,048.13
11 Ending Taxes Receivables	1,142,018.83		1,391,964.40	2,533,983.23
12 NET TAXES COLECTIONS	13,473,343.94		16,555,629.55	30,028,973.49
13 Deduct: Exoneration with refund	9,761.65		12,080.80	21,842.45
14 Sheriff's Commission	4,206.00		5,187.17	9,393.17
15 Assessor's Valuationis	314,670.41		-	314,670.41
16 Add: Manual Distributions & Public Utilities	3,120,130.49		3,689,484.83	6,809,615.32
17 TOTAL TAXES COLLECTED	16,264,836.37		20,227,846.41	36,492,682.78
18 Other Taxes				
19 Licenses and Permits				
20 Intergovernmental: Federal				
21 State				
22 Local				
23 Charges ofr Services Sheriff				
24 County Clerk				
25 Circuit Clerk				
26 Magistrate				
27 Assessor				
28 Other	31,388.59		37,132.33	68,520.92
29 Fines and Forfeits				
30 Interest on investments	2,914.20		3,540.13	6,454.33
31 Miscellaneous				
32 TOTAL REVENUES & RECEIPTS	16,299,139.16		20,268,518.87	36,567,658.03
33 Disbursements: Orders Issued	16,259,069.89		20,215,844.02	36,474,913.91
34 Bank Charges				
35 Other Disbursements				
36 TOTAL DISBURSEMENTS	16,259,069.89		20,215,844.02	36,474,913.91
37 Excess of Revenues over Expenditures	40,069.27	-	52,674.85	92,744.12
38 Transfers				
39 Beginning Balances	222,683.12		266,682.61	489,365.73
40 Audit Adjustments				
41 ENDING BALANCES 6/30/2015	262,752.39		319,357.46	582,109.85

LEVY ORDER AND RATE SHEET
Putnam COUNTY BOARD OF EDUCATION
For the Fiscal Year Ended June 30, 2015

The above named county board of education, having ascertained that the amount to be raised by a levy of taxes for the purposes and within the limits prescribed by statute or authorized by voters, does hereby propose to adopt the following rates to be

	Column E	Current Expense Levy	
	Certificate of Valuation Assessed Value for Tax Purposes	Levy Rate/\$100	Taxes Levied
Class I			
Personal Property	\$ -	19.40	\$ -
Public Utilities	-		-
Total Class I	-		-
Class II			
Real Estate	1,424,097,050	38.80	5,525,497
Personal Property	13,397,244		51,981
Total Class II	1,437,494,294		5,577,478
Class III			
Real Estate	370,611,790	77.60	2,875,947
Personal Property	464,306,526		3,603,019
Public Utilities	395,498,655		3,069,070
Total Class III	1,230,416,971		9,548,036
Class IV			
Real Estate	96,931,130	77.60	752,186
Personal Property	69,407,429		538,602
Public Utilities	18,279,597		141,850
Total Class IV	184,618,156		1,432,638
Total Assessed Valuation and Projected Gross Tax Collections			\$ 16,558,152
TOTAL OF REGULAR AND EXCESS IS			\$ 36,146,273
Less Allowance for Uncollectibles, Exonerations and Delinquencies		9.00%	1,490,234
Less Allowance for Tax Discounts		1.00%	150,679
Less Allowance for Tax Increment Financing - see worksheet (Subtracted from regular current expense tax levy only)			485,634
Net Projected Tax Collections, before allowance for Assessor's Valuation Fund			14,431,605
Less - Allowance for Assessor's Valuation Fund (Subtracted from regular current expense tax levy only)		2.00%	288,632
Projected Net Taxes to be Collected			\$ 14,142,973

Note: Copies of all approved excess and/or bond levy orders and certified copies of the canvass of votes must be on file with the State Auditor's Office and the State Department of Education before excess or bond levy rates can be approved.

SIGNED THIS 19th DAY OF APRIL, 20XX, BY

COUNTY SUPERINTENDENT

Signature

LEVY ORDER AND RATE SHEET
Putnam COUNTY BOARD OF EDUCATION
For the Fiscal Year Ended June 30, 2015

	<u>Excess Levy</u>		<u>Permanent Improvement</u>		<u>Bond Levy</u>	
	Levy Rate/\$100	Taxes Levied	Levy Rate/\$100	Taxes Levied	Levy Rate/\$100	Taxes Levied
Class I						
Personal Property	22.95	\$ -	-	\$ -	-	\$ -
Public Utilities		-		-		-
Total Class I		-		-		-
Class II						
Real Estate	45.90	6,536,605	-	-	-	-
Personal Property		61,493		-		-
Total Class II		6,598,098		-		-
Class III						
Real Estate	91.80	3,402,216	-	-	-	-
Personal Property		4,262,334		-		-
Public Utilities		3,630,678		-		-
Total Class III		11,295,228		-		-
Class IV						
Real Estate	91.80	889,828	-	-	-	-
Personal Property		637,160		-		-
Public Utilities		167,807		-		-
Total Class IV		1,694,795		-		-
Total Assessed Valuation and Projected Gross Tax Collections		\$ 19,588,121		\$ -		\$ -
Uncollectibles, Exonerations and Delinquencies	9.00%	1,762,931	0.00%	-	-	-
Less Allowance for Tax Discounts	1.00%	178,252	0.00%	-		
Projected Net Taxes to be Collected		\$ 17,646,938		\$ -		\$0
Total Projected Net Taxes from Regular and Excess Levies		\$ 31,789,911				