

OHIO GFOA E-NEWS UPDATE

Government Finance Officers Association

President's Message



Jill Thompson,
Athens County
Auditor

Having the opportunity to attend the National GFOA 111th Annual Conference in Denver, Colorado was an exhilarating and rewarding experience. It was an honor to represent Ohio and to meet finance officers from all over the United States, Canada and abroad.

The keynote speaker Jim Collins really drove home what it means to strive for Level 5 Leadership. Here is a link to an overview of his speech: [Striving for Level 5 Leadership](#). Jim defines the true mission of a leader, organization, or community at the intersection of three circles: 1) what we are deeply passionate about, 2) what we can be the best in the world at, and 3) what best drives our economic or resource engines. He also emphasized that, "Consistency is key-the signature of mediocrity is chronic inconsistency."

Speaking of leaders, Marc Gonzales addressed attendees in the Ballroom prior to passing the gavel to Pat McCoy. He serves as CFO for Clackamas County in Portland, Oregon. Mr. Gonzales described being GFOA President as a "life-changing experience." He described the work we do as a positive force in our lives beyond the money we earn and spoke of compensation that conveys emotional satisfaction, and societally, payback in the effect we have on our communities. He emphasized that the work we are doing helps others live their lives more fully. His general theme this year has been about what makes a team productive. He pointed out that none of us in our profession, or any profession achieves success in isolation. His words were spoken with humility and it was clear to everyone in the room that Mr. Marc Gonzales is a true and inspiring leader and mentor. He closed by saying that more than any honors or titles we may accrue along the way; it's all about the work. It is the role and personal leadership of finance officers that is instrumental in making our governments successful. You may view his speech in it's entirety by selecting the following link: [GFOA 2017 Annual Conference Speeches](#).

We don't all identify as leaders and when asked what a leader is we often look toward others. However, each of you has the ability to lead. Let's face it; government finance officers understand rejection, failure and how to get up again and again. Each of you already has the necessary ingredients for success and leadership: persistence and most importantly grit.

If you have not already done so, plan to join me in Cleveland, Ohio on September 20th for our 30th Ohio GFOA Annual Conference and Membership Meeting. Attending the annual conference will provide you opportunities to learn, lead and connect with other finance officers.

[30th Annual Conference and Membership Meeting Registration](#)

If you are not a member, we would love to have you join the Ohio GFOA. You may join online at www.ohgfoa.com.

My tenure serving as your president is quickly coming to a close. Thank you for this amazing journey. You are each encouraged to become involved with our leadership team at the Ohio GFOA. Consider seeking a position on our Board of Trustees or serving on a committee. The Ohio GFOA leadership team is quick to provide support, leadership and encouragement. Let's work together to create stronger communities and a more accountable government.

The greatest reward has truly been the friendships and professional relationships that I've formed along the way. We are here to inspire, encourage and assist you as you travel down the journey of the public finance officer.

Ohio's Government Fraud Hotline: Saving Tax Dollars From Valuable Tips

By: Ohio Auditor Dave Yost



Dave Yost
Ohio Auditor

One of the duties of the Ohio Auditor of State's Office is the oversight and operation of Ohio's government fraud hotline. Established by Ohio law in 2012, our office maintains a system for reporting fraud, including misuse and misappropriation of public money, including those by any public office or official. Many Ohio communities often lack the resources and specialized training to track down fraud and the misspending of tax dollars, which is why the hotline was created in the first place.

Government watchdogs can't see everything. The Ohio Government Fraud Hotline system allows residents and employees of any public office to help root out fraud by making anonymous complaints through a toll-free telephone number, the Auditor's website or U.S. mail to the office. Our staff has reviewed thousands of tips, many leading to criminal convictions.

We review all complaints in a timely manner and keep a log of all complaints filed with the office. When appropriate, we also work with federal, state and local law enforcement to investigate fraud in government with anonymous tips as the launching point.

Since 2011, thanks to calls and reports to the Ohio Government Fraud Hotline from public employees and citizens, the Auditor's office has investigated hundreds of cases leading to more than 125 convictions.

Common calls to the hotline include:

- Theft of Funds
- Theft of Time
- Improper Use of Time
- Violations of Public Records Laws
- Welfare Fraud
- Food Stamp Fraud
- Improper Acts by Public Officials
- Data Scrubbing
- Medicaid Fraud



The poster features a central graphic of a honeycomb pattern with various types of fraud listed in colored hexagons: FOOD STAMP FRAUD, TELEPHONE SCAMS, WELFARE FRAUD, COMPUTER SCAMS, IMPROPER ACTS BY SCHOOL DISTRICTS, IRS SCAMS, PUBLIC ASSISTANCE FRAUD, DATA SCRUBBING, THEFT OF FUNDS, UNEMPLOYMENT FRAUD, THEFT OF TIME, MEDICAID FRAUD, ETHICS VIOLATIONS, and CONFLICTS OF INTEREST. On the left side, it includes the Ohio Auditor of State logo, the text 'STOP GOVERNMENT FRAUD', and contact information: 'CALL OUR FRAUD HOTLINE 1-866-FRAUD-OH (1-866-372-8364)', 'EMAIL A TIP fraudohio@ohioauditor.gov', and 'USE OUR MOBILE APP Ohio stops fraud'.

Public employees are informed about the hotline as part of their orientations. However, informing Ohio residents about the existence of the hotline is more challenging. Our office is working with local libraries and agencies to raise awareness of the important hotline by displaying new posters and sharing information about the hotline. To download a copy of the fraud hotline poster, please visit: ([LINK](#)) or to request copies, please contact Beth Gianforaro, press secretary, bagianforaro@ohioauditor.gov 614-728-7243 or Cheryl Gray, hotline administrator, cgray@ohioauditor.gov 614-728-7268.

Washington DC Planning for Tax Reform: Ohio Grassroots Support Needed

By: National GFOA

Throughout the month of August your congressional delegation typically puts business on hold in Washington D.C. and heads home. The "August Recess" is designed to give members of Congress and their staff some time to reorient, so it's one of the very best times for OH GFOA members to meet with members of the Ohio Congressional delegation. In the next several weeks, you may either plan to or have the occasion to meet with your member of Congress. If you do, consider discussing importance of preserving the State and Local Deductibility as congress deliberates comprehensive tax reform. Moving into the 115th Congress, elected officials are planning to address tax reform and your grassroots support helps them put these tax deductions and exclusions into perspective.

What is the SALT Deduction

Taxpayers in the United States are granted a range of tax preferences from the federal government. The Revenue Act of 1913, which introduced the federal income tax, states that "all national, state, county, school, and municipal taxes paid within the year, not including those assessed against local benefits," can be deducted. The Revenue Act of 1964 later named specific state and local taxes that could be deducted, which included: real and personal property, income, and general sales taxes. These tax preferences serve two important goals. First, by allowing taxpayers the ability to deduct state and local taxes (SALT), taxpayers avoid being taxed twice on the same income. Additionally, the deduction on property taxes, along with deduction on mortgage interest, provides a strong incentive for homeownership. The sales tax deduction provides similar incentives for encouraging spending - which facilitates economic growth.

Compared with other common deductions, the state and local tax deduction has a larger impact than the deductions for both charitable giving and mortgage interest. In recent years, 29.5% of tax units used the SALT deduction. Only 21% used the SALT deduction for mortgage interest, and 15% used the deduction for charitable donations.

How Do Taxpayers Benefit from the SALT Deduction?

Everyone in the United States benefits from SALT, but the SALT deduction is used directly by around 30% of all taxpayers. Currently, taxpayers are given the option of deducting real estate taxes as well as either income taxes or sales taxes paid to state and local governments. While the SALT deduction is used across all income levels, the actual amount of property versus income versus sales tax deducted by lower, middle, and upper income taxpayers provides insight into how those taxpayers benefit. For example, while over 70% of SALT deductions for tax units with an AGI of more than \$200,000 are from income taxes, over 60% of deductions from taxpayers with less than \$50,000 in income come from property tax. This highlights how important the property tax deduction is for middle class homeownership.

In addition to its effect on taxpayers who itemize, regardless of adjusted gross income, the SALT deduction also benefits taxpayers in all 50 states. **The tax deduction is used by Americans living in urban, suburban, and rural locations and across all congressional districts.** Overall, use of the SALT deduction is widespread among all states. In Ohio, over a quarter of taxpayers use the SALT deduction and, on average claim \$2,650. If the SALT deduction were eliminated, assuming a 25% marginal tax rate, an average taxpayer in Ohio who currently itemizes SALT would face a tax increase of almost \$626. Effects on all Ohio congressional districts can be found in the appendix of a recently released GFOA report: [The Impact of Eliminating the State and Local Tax Deduction](#).

GFOA Defends the State and Local Tax Deduction



On July 11, 2017, local leaders from across the United States came together to in Washington, D.C., to defend the deductibility of state and local taxes, a fundamental feature of the U.S. tax code since 1913. GFOA

Executive Director Chris Morrill moderated the Capitol Hill briefing, "Protecting Local Control in Our Tax Code," to a standing room-only crowd.

Panelists (pictured above, from right to left) included **Jamie Nicholson, GFOA Executive Board**

member and finance director of Pataskala Ohio; Bob Coiner, mayor of Gordonsville, Virginia; Allison Silberberg, mayor of Alexandria, Virginia; and Mike Fricilone, Will County, Illinois, board member. Eliminating the deduction would have material negative financial consequences to the families in their jurisdictions by increasing their federal and state tax liability, panelists warned.

The panel urged Congress to recognize the mutually beneficial partnership that exists among federal, state, and local governments, ensuring that taxpayers are not subject to double taxation and helping preserve the essential public services Americans rely on.

GFOA referenced [The Impact of Eliminating the State and Local Tax Deduction](#), a report that GFOA recently released, joined by eight other national organizations representing state and local elected and appointed officials. Other tools that are free and available to the public on www.gfoa.org/SALT include an interactive map on impact by congressional district, to tell your story and urge the preservation of the deductibility of state and local taxes.

Pooled Collateral System Ensures Safety of Ohio's Tax Money

By: The Ohio Treasurer's Office



Josh Mandel
Ohio Treasurer

Innovative legislation recently passed by the Ohio Legislature streamlines and modernizes Ohio's public deposit collateral structure. HB 64 created the Ohio Pooled Collateral System (OPCS) to better ensure the safety and protection of Ohio's government deposits by creating a centralized pool of collateral overseen by the Ohio Treasury.

This system is required to be operational by July 1, 2017, and participation is voluntarily for financial institutions. Local governments retain the authority to select their financial institution and can still require collateral above the state statutory rate.

Under prior law, Ohio's collateral monitoring and oversight process was decentralized, which could create uncertainty as to whether local governments had a perfected security interest in the amount of collateral pledged against their deposits, and whether or not that deposit was appropriately protected in the event of a financial crisis.

With the creation of OPCS, the Ohio Treasury will oversee a pool of collateral for each financial institution that chooses to participate on behalf of Ohio's local governments. This new structure seeks to reduce costs for Ohio's local governments, provides administrative benefits for local governments, and most importantly, guards against fraud.

With OPCS, Ohio's local governments still have ample flexibility in the handling of their public deposits and control over their banking relationships. OPCS simply leverages the administrative capacity of the Treasurer's office to streamline the collateral process, while giving local governments the autonomy and flexibility to make the best decisions on behalf of their constituents.

In addition, OPCS provides greater efficiencies to Ohio's local governments. OPCS shifts the burden of processing pledged collateral from local governments to the Treasurer's office, freeing up valuable time and resources for local governments. OPCS also enables financial institutions to report information to the Treasurer's office rather than multiple entities.

Under OPCS, the Treasurer's office utilizes a 3rd party pricing source to determine the market value of collateral that participating financial institutions have pledged, and ensures that all necessary steps have been taken by those financial institutions to protect public deposits. This safeguards Ohio's tax money and protects against potential fraud or abuse.

Furthermore, the Treasurer's office maintains OPCS records via an online portal to allow for the efficient and transparent reporting of all public deposits and corresponding collateral. This daily monitoring enables participating local governments to review and analyze their collateral reports in a manner not available before.

With OPCS, local governments have yet another tool in their tool-belt to help ensure the safety, security and protection of Ohio's public funds.

OPCS was established based on changes to the Ohio Revised Code in 2015 and is scheduled to launch on or before July 1, 2017. For more information, please contact the Treasurer's office at 614-995-3773 or by email at constituentaffairs@tos.ohio.gov.

OHIO GFOA

Ohio Government Finance Officers Association

30TH ANNUAL CONFERENCE AND MEMBERSHIP MEETING



September 20-22, 2017

Cleveland Marriott Downtown at Key Center
Cleveland, Ohio



Ohio GFOA's Annual Conference and Membership Meeting offers 2 1/2 days of unsurpassed networking opportunities and educational sessions focused on issues facing the industry.

Continuing education credits will be provided through the Ohio Accountancy Board (CPE), Ohio Treasurer of State's Center for Public Investment Management (CPIM), and the Supreme Court of Ohio Commission on Continuing Legal Education (CLE).



Kevin McCarthy

Opening Speaker, Kevin McCarthy

Blind Spot: Why Good People Make Bad Choices

Kevin captivates audiences with spellbinding, real life stories involving some of the biggest names in sports, one of the largest stock fraud cases in his State's history, and the enigmatic FBI. He even shares how his blindspots landed him in prison for 33 months!



Wednesday Welcome Reception Featuring Kevin McPeck

Kevin is a 25 year veteran of the stand up stage. A comedian that has worked all over the country and appeared on Television for two decades. HBO, ABC, NBC and Fox Laughs. He has written for *Will and Grace* as well as *Everybody Loves Raymond*.

Kevin is a dynamic comic on stage. He brings a level of funny reserved for a select few. He has been one of the most requested comics in the country since he first started doing stand up in 1992. Don't miss a chance to see [Kevin...](#)

Click [here](#) for a sneak peak!


REGISTER NOW!

GFOA Award Recognitions

Congratulations to the following for receiving the Certificate of Achievement of Excellence in Financial Reporting:

Big Walnut Local Schools
Cincinnati Public Schools (CPS)
Delaware City School District
Granville City Schools
Lancaster City Schools
Xenia Community Schools

Visit <http://www.gfoa.org/awards> for a complete list of GFOA award programs.

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Mission Statement

"Shared Knowledge for Effective Government" is The Government Finance Officers Association's Mission Statement. By Promoting the Exchange of Information Among Finance Officers of all Local Governments, Ohio GFOA works to Meet the Challenges of the Ever-Evolving Profession of Government Finance and Fosters Increase Cooperation Among Governments and Private Financial Institutions.