

# Ohio Auditor of State

What Revenues for What Expenses?

Presented by:  
Local Government Services

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## Definition of a Fund

- A Fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and balances, which are segregated for the purposes or carrying on specific activities in accordance with restrictions or limitations.



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## FUND TYPES

- Governmental
- Business-Type
- Fiduciary

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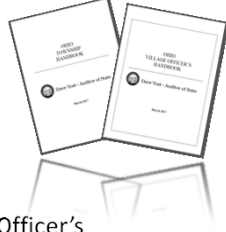
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## Governmental Funds

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Permanent Funds
- The Village and Township Officer's Handbooks are very good references.



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## Special Revenue Funds

- Drug Law Enforcement, Enforcement and Education, and Law Enforcement Trust Fund
- All 3 - Special Revenue Funds for similar purposes.
- **Drug Law Enforcement:** Revenue is fines from drug offenders.
- **Enforcement and Educ.:** Revenue is fines.
- **Law Enforcement Trust:** Revenue is proceeds from the sale of seized property and cash.

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## Special Revenue Funds



- Drug Law Enforcement, Enforcement and Education, and Law Enforcement Trust Fund
- **Drug Law:** Law enforcement costs.
- **Enforcement and Educ.:** Spend money in this fund to enforce ORC 4511.19 and to educate the public about driving under the influence.
- **Law Enforcement Trust:** Law enforcement costs.

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## Special Revenue Funds

- Motor Vehicle License Tax, Street Construction, Maintenance and Repair, Gasoline (Cents per Gallon) Tax, State Highway, Permissive Motor Vehicle License Tax, Road and Bridge Fund (Townships)
- Specific revenue sources from various taxes.
- Road and Bridge – inside millage Prop. Taxes or special road and bridge levy.
- All funds to be used for road improvements, repairs, street signs, etc.

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## Special Revenue Funds

### Cemetery

- Revenue consists of property taxes, lot sales, intergovernmental revenue, opening & closing fees, and interest.
- Must be used for cemetery purposes.

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## Special Revenue Funds

### Fire and/or EMS Fund

- Revenue consists of property taxes, intergovernmental revenues, and charges for services.
- Must be used for fire / EMS protection.



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## Special Revenue Funds

### Grants

- Many grant agreements specify that the entity receiving the grant shall establish a new fund for the grant.
- It is not necessary to ask AOS permission for a new fund if required by the agreement.
  - AOS Bulletin 1999-006

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## Debt Service Funds



- **Debt Service Funds** - "Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. (GASB 54 ¶34)"
- Talk with Bond Council. Make sure of any restrictions included in the debt documentation.
- Capital Leases are not required to be paid from a debt service fund.

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## Capital Project Funds

- Used to account for financial resources received for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- If you are utilizing grant funds in which the grantor is paying the contractor directly, you still need to record the activity in a capital project fund. (AOS Bulletins 2000-008 & 2002-004).

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## Capital Project Funds Example

OPWC Grant: \$500,000 paid on behalf  
OPWC Loan: \$300,000 money received by entity  
Local Share: \$200,000 paid by entity  
Total Project: \$1,000,000

- How will funds be disbursed?
- Talk with grantor / project manager / check web-sites for disbursements made on your behalf.

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## Permanent Funds



- Used to account for the financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that **benefit the government or its citizens.**

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## Enterprise Funds



- Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.
- Can only spend the money in these funds for costs relating to the "business". Can allocate a portion of administrative salaries/benefits to these funds.

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## Internal Service Funds

- Account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

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## Private Purpose Trust Funds

- Used to report all trust arrangements, other than those properly reported in pension or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

**PRIVATE**

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## Additional Issues

- Recording revenues at gross (i.e. property taxes)
- Transfers and Advances
- Allocating costs – Trustee and Fiscal Officer Salaries and Audit Costs
- Unclaimed Monies – ORC 9.39

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## Recording Revenues at Gross

- Revenues with fees should be recorded at gross, not net.
  - Revenue should be recorded at the amounts collected.
  - Expenses deducted from collections should be recorded as expenditures.
  - The net amount should match the amount received/deposited into the bank.
- Example: Property Taxes
  - Taxes Collected Revenue
  - County Auditor/Treasurer Fees/Election Exp./etc.
  - The difference should equal the amount deposited into the bank.

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## Transfers and Advances

- **Transfers** – permanent moving of monies from one fund to another. No repayment expected.
- **Advances** – Loan money from one fund to another. Repayment is expected.
  - If repayment is NOT anticipated, then transfer the money.
- Example – FEMA monies (AOS Bulletin 98-013).



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## Allocating Audit Costs

- Departmental costs can be allocated to other departments (i.e. audit costs or fiscal officer costs).
- Ohio Compliance Supplement Chapter 1-21
- Ohio Compliance Supplement Chapter 1-29 Allocating Trustee / Fiscal Officer Salaries
- Document.....Document.....Document!
  - If costs are allocated without proper documentation, those allocations will not be allowed.
  - We have heard about more of these situations recently.

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## Unclaimed Monies

- **9.39 Liability for public money received or collected - unclaimed money.**
- "All public officials are liable for all public money received or collected by them or by their subordinates under color of office. All money received or collected by a public official under color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the general fund of the public office."

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## Useful Resources

- Go to <https://ohioauditor.gov>
  - Click on Resources / Publications & Manuals
    - Village / Township Officer's Handbook
    - Ohio Compliance Supplement
    - Technical Bulletins from 1995 to the present
  - Click on Resources / IPA Resources / Ref. Materials
    - ORC and OAC
- Talk to your auditors
- Call our office. There are no dumb questions!

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## Local Government Services

### Southwest Region

88 East Broad Street  
Columbus, Ohio 43215

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Email: [contactus@ohioauditor.gov](mailto:contactus@ohioauditor.gov)

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