

WHAT REVENUES FOR WHAT EXPENSES?

Presented by:

Local Government Services

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.

FUND TYPES

Governmental



Business-Type

Fiduciary



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. - https://ohioauditor.gov/resources/publications_and_manuals
- Latest Ohio Compliance Supplement Manual - <https://ohioauditor.gov/resources/compliancemanuals>

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.

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.

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 and bridge improvements, repairs, maintenance, street signs, etc.



Special Revenue Funds



Cemetery

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

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.



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



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.



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 budget for and record the activity in a capital project fund. (AOS Bulletins 2000-008 & 2002-004).

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.

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**.

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.

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.

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

GASB 84 – Fiduciary Funds

- AOS Bulletin 2020-003: GASB 84
- This is related to the 9000 funds in UAN
- The Governmental Accounting Standards Board (GASB) established new criteria for fiduciary funds. Therefore, some of the 9000 funds may need to be changed to a different fund type (i.e. Special Revenue fund).
- If you have a fund that changes fund types, that fund is now required to be budgeted for like all of your other funds.
- If you determine that you still have a custodial fund, then UAN has a whole different set of program codes that you will need to establish and use.
- These possible changes are looked at on a case-by-case basis.

ARP and Opioid Monies

- **ARP**
 - AOS Bulletin 2021-004 It is constantly updated as new information is made available.
 - From paragraph 2 of the Bulletin – **"The Auditor of State (AOS) encourages local governments and other recipients of ARP funds to consult with their legal counsel as they plan to utilize ARP funds, given the recent enactment of ARP and guidance from pertinent federal agencies regarding the administration of ARP programs. Additionally, just as with the CARES Act funds, the AOS recommends that each government entity accepting ARP funds clearly document their rationale for each expenditure of ARP funds, ideally through legislation adopted by the entity's legislative body explaining how the expenditure meets the legal requirements of ARP. To aid in our future audit work, we also ask that each expenditure be carefully tracked and documented."**
 - ohioauditor.gov/resources/covid19_assistance.html
- **Opioid Settlement (OneOhio)**
 - ohioauditor.gov → Local Government → Reference Materials → Other Accounting FAQs → OneOhio
 - These are frequently asked questions that may provide some assistance related to accounting for the funding.

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
- AOS Bulletin 2020-003: GASB 84 (issued February 27, 2020)

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.



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).



Cost Allocations

- Departmental costs can be allocated to other departments (i.e. audit costs or fiscal officer costs).
- Ohio Compliance Supplement Section AOS Bulletin 2023-003 or
 - [Can Audit Costs Be Paid Using Federal Grants Infographic \(ohioauditor.gov\)](https://ohioauditor.gov/resources/covid19/Audit_Costs_Federal_Grants.pdf) - ohioauditor.gov/resources/covid19/Audit_Costs_Federal_Grants.pdf
- Ohio Compliance Supplement Chapter 1-23 Allocating Trustee / Fiscal Officer Salaries
- Document.....Document.....Document!
- If costs are allocated without proper documentation, those allocations may not be allowed.

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.**”

Useful Resources

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

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