



Dave Yost  
Auditor of State



Ohio Auditor of State  
Dave Yost

### How do I record...

Presented by:  
Local Government Services  
Northeast Region

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### Discussion will include....

- OPWC/OWDA Payments
- FEMA monies
- GASB 54
- Transfers and Advances
- New Funds
- Deficit Balances
- and much more.....



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### Special Levy Monies

Question: Am I allowed to use the fire levy to pay for the fire truck loan?

*Answer: The ballot language would determine this answer. I recommend consulting your legal counsel.*



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## Income Taxes

Question: Do I withhold income taxes on?

*Answer: The laws change all the time. I recommend calling the IRS directly.*



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## OPWC/OWDA Payments

Question: OPWC is paying the contractor directly, do I have to record the payments?

*Answer: Yes, you need to record both the revenue and the expenditure. (UAN users – memo receipt)*



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## FEMA Grants

Question: I received FEMA monies, what do I need to do?

*Answer: FEMA monies need to run through the FEMA fund (even if reimbursing another fund)*



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## Income Tax Contacts

Trudee Billo - 419.522.2359

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Adams	Hamilton	Pike
Brown	Highland	Preble
Butler	Jackson	Richland
Champaign	Logan	Ross
Clark	Madison	Scioto
Clermont	Marion	Shelby
Clinton	Miami	Union
Delaware	Montgomery	Vinton
Fayette	Morrow	Warren
Greene	Pickaway	

Wendy Speelman - 419.526.2607

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Allen	Hancock	Paulding
Ashtabula	Hardin	Putnam
Auglaize	Henry	Sandusky
Crawford	Huron	Seneca
Cuyahoga	Lake	Trumbull
Darke	Lorain	Van Wert
Defiance	Lucas	Williams
Erie	Medina	Wood
Fulton	Mercer	Wyandot
Geauga	Ottawa	

John Darr - 419.526.2886

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Ashland	Harrison	Morgan
Athens	Hocking	Muskingham
Belmont	Holmes	Noble
Carroll	Jefferson	Perry
Columbiana	Knox	Portage
Coshocton	Lawrence	Stark
Fairfield	Licking	Summit
Franklin	Mahoning	Tuscarawaras
Gallia	Meigs	Washington
Guernsey	Monroe	Wayne

*as of 2010*

AUDITOR OF STATE BULLETIN 98-013  
DECEMBER 16, 1998

TO: All City Auditors, Finance Directors and Treasurers  
All Village Clerks and Treasurers  
All Township Clerks  
All County Auditors  
All IPAs

SUBJECT: Accounting for FEMA grants

This office has been receiving numerous questions about the proper accounting treatment for grants received from the Federal Emergency Management Agency. The following are some general guidelines for handling FEMA money:

A. When no work has been completed at the time a check is received, your entity must:

- 1) Place all funds into a special FEMA fund,
- 2) Pay bills directly from the FEMA fund keeping in mind that the FEMA fund pays the federal share of each Damage Survey Report (DSR), that is 75% (federal) of the 100% total. The remaining 25% state/local match of any bills may be paid out of the general fund or other non-federal fund that permits expenditures for this purpose. When the state share is received, the state money may be receipted directly into the fund(s) from which the original payment(s) were made. As an alternative, if you wish to keep all expenditures related to the project in one fund, money may be advanced to the FEMA fund and repaid when the state share is received. The Auditor of State recommends that all project expenditures be maintained in one fund.

B. When a portion or all of the work has been completed and paid for at the time the FEMA money is received, your entity must:

- 1) Place all funds into a special FEMA fund,
- 2) For work completed and paid for, reimburse the fund(s) used to pay for the goods and/or services (before the FEMA money was received). One way to repay the fund is to reduce the expenditure in the fund making the original payment and to record the expenditure in the FEMA fund. A second method is to have advanced money to the FEMA fund in anticipation of the receipt of the grant. Repay the advance once the FEMA money is received. A third approach is to transfer the FEMA money from the FEMA fund to the fund that made the original payments.

A final alternative to repay from the FEMA fund is to create a bill from the fund that

made the original payment to the FEMA fund. The bill should identify the invoices(s) that were previously paid and show the portion(s) that are being charged to the FEMA fund. This method is most useful when the original expenditures were made in one year and receipt of the FEMA money didn't occur until the following year.

- 3) For Townships and Villages on the UAN system, the system will permit any of these procedures. Please call 1-800-833-8261 for any information on how to properly handle these types of transactions on the UAN system.

Other governments that have questions about accounting or interfund transactions may call 1-800-345-2519.

- 4) For any work not completed at the time FEMA money is received, please follow the instruction(s) shown under A.
- 5) Again, please keep in mind that the Federal FEMA money is to pay 75% federal match with the remaining 25% being paid from the state/local matching funds.

Please note that it is not necessary to create a FEMA fund for each Damage Survey Report. You need only create this fund for the entire grant. Appropriate fund numbers are as follows:

Villages	Alpha-Numeric	Numeric
Special Revenue Fund	B5 or B16	2901-2999
Capital Projects Fund	D2	4901-4999
Townships	Alpha-Numeric	Numeric
Special Revenue Fund	14	2901-2999
Capital Projects Fund	14	4901-4999

Cities and counties receiving FEMA grants should establish separate funds within their chart of accounts.

No additional Auditor of State approval is necessary to establish the FEMA funds; only a resolution of the legislative authority is needed.

The classification of the fund as special revenue or capital projects will depend on the nature of the expenditures that will be made. If the expenditures are mostly for salaries or repairs, special revenue would be appropriate. If the expenditures are for replacing fixed assets, then classify the fund as capital projects. If expenditures will be a mixture of the two, select the fund type that reflects the majority of the expenditures.

For all FEMA money, the correct receipt code to use is one which identifies the money as coming from the federal government.

UAN villages will use receipt code 411 - Federal Restricted. Non-UAN villages will use receipt code

D-141 - Federal Receipts. UAN Townships will use receipt code 511 - Federal Receipts. Non-UAN townships will use receipt code 14-C - Other Receipts.

Questions concerning this Bulletin should be addressed to the Local Government Services Division of the State Auditor's Office at (800) 345-2519.

## FEMA

The following steps should be used to account for FEMA on the UAN system if you have chosen the inter-fund billing method outlined in Auditor of State

Bulletin 1998-013. Here is a portion of the bulletin:

“A final alternative to repay from the FEMA fund is to create a bill from the fund that made the original payment to the FEMA fund. The bill should identify the invoices(s) that were previously paid and show the portion(s) that are being charged to the FEMA fund. This method is most useful when the original expenditures were made in one year and receipt of the FEMA money didn’t occur until the following year.”

***The following will need to be done on your system: (please note - steps 1 to 4 are the steps to get the money into the FEMA fund; steps 5 - 9 are the steps to reimburse the funds that originally spent the money)***

1. Create a FEMA fund - Accounting, Maintenance and Fund Maintenance. The fund should either be 2901 Special Revenue or 4901 Capital Projects as suggested in AOS Bulletin 1998-013. You can edit the name of the fund to ‘FEMA’ if you wish. From AOS Bulletin 1998-013: “The classification of the fund as special revenue or capital projects will depend on the nature of the expenditures that will be made. If the expenditures are mostly for salaries or repairs, special revenue would be appropriate. If the expenditures are for replacing fixed assets, then classify the fund as capital projects. If expenditures will be a mixture of the two, select the fund type that reflects the majority of the expenditures.
2. Create a revenue code to receipt the FEMA money into the FEMA fund - Accounting, Maintenance, Revenue Maintenance and Account Maintenance. AOS Bulletin 1998-013 suggests the revenue code should identify the money as coming from the Federal Government. For UAN Townships, this would be revenue code 511. For UAN Villages, this would be revenue code 411.
3. Budget the revenue amount in the FEMA fund - Accounting, Maintenance, Revenue Maintenance and Budget Maintenance. Choose Record and find the revenue code you set up in step 2. The budget amount should be the amount of the check received.
4. Receipt the money into the FEMA fund - Accounting, Transactions and Receipts. Choose Record and Standard Receipt. Post the receipt.
5. Create an appropriation account code in the FEMA fund - Accounting, Maintenance, Appropriation Maintenance and Account Maintenance. It is your choice as to what account code to use. One option would be to use an “other expenditure” type of code. For UAN Townships this would be 599 Other-Other Expenses. For UAN Villages this would be 690 Other-Other.
6. Add appropriations to the appropriation account code in the FEMA fund - Accounting, Maintenance, Appropriation Maintenance, Budget Maintenance and Supplemental Maintenance. Choose the ‘To Account Code’ as the one you created in step 5. Leave the ‘From Account Code’ blank. Enter the Supplemental Appropriation amount as the amount that is to be reimbursed and Process.
7. Create a vendor called “Your Township or Village” (your entity’s name) - Accounting, Maintenance and Vendor Maintenance. Choose Record and enter the vendor name as Your Township/Village. This is a “vendor” that will be used to make the PO for reimbursement. You do not need to enter any address information.
8. Create a PO for reimbursement - Accounting, Transactions and Purchases. Choose PO Regular and the vendor is “Your Township/Village.” The amount should be the amount for reimbursement. The distribution will be the account code that was set up in step 5. Post the PO.
9. Create a Memo Receipt for reimbursement - Accounting, Transactions and Receipts. Choose the type as Memo. The funds that are receiving the reimbursements (the funds that originally spent the money) will be recorded on the Receipt Distribution screen. It is up to you as to how to allocate the FEMA money amongst the funds for

reimbursement. The total on the receipt screen should be the same total as you made for the PO in step 8. The Charge Distribution screen should be used to charge the money out of the FEMA fund. The PO created in step 8 should be used for distribution. **The net receipt should be zero due to the receipt distribution and charge distribution amounts being the same.**

*(Alternate solution, if user already entered a Standard Receipt.)*

1. Create an appropriation account code in the FEMA fund - Accounting, Maintenance, Appropriation Maintenance and Account Maintenance. It is your choice as to what account code to use. One option would be to use an “other expenditure” type of code. For UAN Townships this would be 599 Other-Other Expenses.
2. Add appropriations to the appropriation account code in the FEMA fund - Accounting, Maintenance, Appropriation Maintenance, Budget Maintenance and Supplemental Maintenance. Choose the ‘To Account Code’ as the one you created in step 1. Leave the ‘From Account Code’ blank. Enter the Supplemental Appropriation amount as the amount that is to be reimbursed and Process.
3. Create a vendor called “(your entity’s name)” - Accounting, Maintenance and Vendor Maintenance. Choose Record and enter the vendor name. This is a “vendor” that will be used to make the PO for reimbursement. You do not need to enter any address information.
4. Create a PO for reimbursement - Accounting, Transactions and Purchases. Choose PO Regular (or Then and Now) and the vendor is (your entity). The amount should be the amount for reimbursement. The distribution will be the account code that was set up in step 2. Post the PO.
5. Create a Charge for reimbursement - Accounting, Transactions and Payments/Charges. Choose the type as Charge. The Charge Distribution screen should be used to charge the money out of the FEMA fund. The PO created in step 4 should be used for distribution.
6. Enter a Standard receipt to the funds that you are reimbursing.



## GASB 54

Question: I don't do GASB statements, just the cash. Do I have to do this?

*Answer: Yes. The regulatory statements have been modified to incorporate GASB 54.*



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## GASB 54

Question: How do I get started?

*Answer: I recommend reading technical bulletin 2011-004 and classifying the funds of the Village/Township.*



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## GASB 54

Question: What do I do with encumbrances?

*Answer: In the general fund, encumbrances generally are assigned. If there is Council or Trustee action, those encumbrances would be committed.*

*Capital Projects funds with an assigned fund balance would also need to be examined*



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## Cities/Villages

### GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Classification		Prior Fund Classification	Fund Name	Revenue Source	Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
General	General	General	General	Various sources		None	None	Unassigned
General	SR	SR	Compensated Absences	Transfers +		ORC Section 5705.13(B), transferred from other funds	City's intent - pmt of sick/vacation/comp at termination	Committed
General	SR	SR	Underground Storage Tanks	Transfers from other funds +		AOS Bulletin 94-04	Remediation deductible; no specific source, transfers	Committed
General	General	General	Unclaimed Monies Fund	Various unclaimed funds		ORC Section 9.39	Externally imposed by State Statute	Nonspendable
General	General	General	General	Hotel/Motel Tax - 50% for municipality		ORC Section 5739.09(B)	None	Unassigned
SR	SR	SR	Police Pension	3/10 mill Property Taxes		ORC Sections 5705.06(G) & 742.33(B)	Externally imposed by State Statute	Restricted
SR	SR	SR	Fire Pension	3/10 mill Property Taxes		ORC Sections 5705.06(G) & 742.34(B)	Externally imposed by State Statute	Restricted
SR	SR	SR	Special Levy	Property Taxes		ORC Section 5705.19	Externally imposed by voters	Restricted
SR	SR	SR	Hotel/Motel Tax	Hotel/Motel Tax - 50% for municipality		ORC Section 5739.09(B)	Internally imposed by City Ordinance	Committed
SR	SR	SR	Hotel/Motel Tax	Hotel/Motel Tax - 50% for convention and visitors' bureau		ORC Section 5739.09(B)	Externally imposed by State Statute	Restricted
SR + a	SR	SR	Tax Increment	Increment Taxes		ORC Sections 5709.40 - 5709.43	Externally imposed by State Statute	Restricted
SR	SR	SR	Service Assessments	Special Assessments		ORC Chapters 727 & 729	Externally imposed by State Statute	Restricted
SR + b	SR	SR	CDBG	Intergovernmental-Grant/Monies		Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	SR	CDBG Revolving Loan	Intergovernmental		Grant Award/Agreement	Externally imposed by Grantor +	Restricted +
SR	SR	SR	Cops	Intergovernmental-Grant/Monies		Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	SR	FEMA	Intergovernmental		ORC Section 131.35	Externally imposed by State Statute/grant award	Restricted
SR	SR	SR	HUD Housing	Intergovernmental-Grant/Monies		Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	SR	Joint Economic Develop District	Intergovernmental - City's share of JEDD income tax collections		ORC Sections 715.72-715.83	Externally imposed by State Statute	Restricted
SR	SR	SR	Street Maintenance (SCMR)	Intergovernmental			Externally imposed by State Statute	Restricted
SR	SR	SR		- Gas Tax		ORC Section 5728.06 & ORC Chapter 5735		
SR	SR	SR		- Motor Vehicle License Fees		ORC Chapter 4503		
SR	SR	SR	State Highway	Intergovernmental			Externally imposed by State Statute	Restricted
SR	SR	SR		- Gas Tax		ORC Section 5728.06 & ORC Chapter 5735		
SR	SR	SR		- Motor Vehicle License Fees		ORC Chapter 4503		
SR	SR	SR	Permissive Motor Vehicle License	Intergov't - Permissive MVL		ORC Chapter 4504	Externally imposed by State Statute	Restricted
SR	SR	SR	Drug Law Enforcement	Fines and Forfeitures		ORC Section 2925.03, AOS Bulletin 86-16	Externally imposed by State Statute	Restricted
SR	SR	SR	Enforcement and Education	Fines and Forfeitures		AOS Bulletin 90-25	Externally imposed by State Statute	Restricted
SR	SR	SR	Federal Equitable	Fines and Forfeitures		US Treasury & Justice Departments	Externally imposed by Federal Law	Restricted
SR	SR	SR	Indigent Alcohol	Fines and Forfeitures		ORC Sections 4511.191(H)(1) & 2949.094(A)	Externally imposed by State Statute	Restricted
SR	SR	SR	Law Enforcement Trust	Fines and Forfeitures		ORC Section 2981.13 (C)(1)	Externally imposed by State Statute	Restricted
SR	SR	SR	Mandatory Drug Fines	Fines and Forfeitures		ORC Section 2925.03, AOS Bulletin 86-16	Externally imposed by State Statute	Restricted
SR + c	SR	SR	Municipal Court Special Programs	Fines and Forfeitures		ORC Section 1901.26 (B)(1)	Externally imposed by State Statute	Restricted
SR	SR	SR	Cemetery	Charges for Services-Sale of Lots		ORC Section 759.13	Externally imposed by State Statute	Restricted
SR + d	SR	SR	City Donation Fund	Donations		External resource providers	Externally imposed by contributor	Restricted
DS	DS	DS	G.O. Bond Retirement	Donations		External resource providers	Implied by donor, internally imposed by ordinance	Committed
				Property Taxes		ORC Sections 5705.19; 133.10 & 133.25	Externally imposed by State Statutes	Restricted
				Income Taxes		ORC Sections 5705.09; 133.10 & 718.01	Externally imposed by State Statutes	Restricted
DS	DS	DS	Special Assessment Bond Retirement	Transfers +		Transfers from General Fund	City intends to use for specific purpose	Assigned
CP	CP	CP	Capital Grants	Special Assessments		ORC Sections 133.17 & 6115.50	Externally imposed by State Statutes	Restricted
CP	CP	CP	Federal Stimulus	Intergovernmental		Grant Award/Agreement	Externally imposed by Grantor	Restricted
CP	CP	CP	Issue II Improvements	Intergovernmental		Grant Award Letter	Externally imposed by Grantor	Restricted
CP	CP	CP	Municipal Court Improvements	Fines and Forfeitures		OPWC Money	Externally imposed by grantor/OPWC	Restricted
CP	CP	CP	Capital Improvement Assessment Fund	Special Assessments		ORC Section 1901.26 (B)(1)	Externally imposed by State Statute	Restricted
						ORC Chapters 727 & 729	Externally imposed by State Statute	Restricted

## Cities/Villages

### GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Classification	Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
CP	CP	Construction/Improvement Fund	Specific source TBD by City Transfers +	ORC Section 5705.13 (C) & City Ordinance	Internally imposed by City ordinance	Committed
CP	CP	Construction Fund	Transfers +	ORC Section 5705.13 (C) & City Ordinance	City has identified a specific purpose by ordinance	Committed
Perm	Perm	Cemetery Investment/Perpetual Care	Initial Debt Proceeds + Charges for Services	ORC Section 5705.13 (C)	City has not identified a specific purpose	Assigned
Perm + e	Perm	Endowment	Donations-Corpus can't be spent Earnings on corpus	ORC Sections 133.15. & .32 ORC Sections 759.12 & .15 ORC Section 5705.09 (F), Trust Law ORC Section 5705.09 (F), Trust Law	Externally imposed by debt covenants Imposed by State Statute Externally imposed by donor Externally imposed by donor	Restricted Nonspendable Nonspendable Restricted

## **Cities/Villages Explanatory Notes**

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The preceding chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds: however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

### **+ GASB 54 Fund Classification**

- a AOS Bulletin 2010-003 addresses the appropriate fund classification to account for Tax Increment Financing (TIF) and other funds that maybe necessary for external reporting. Regardless of fund classification, the fund balance related to TIF’s would be restricted.
- b Some of the grant funds that are presented as special revenue funds could also be capital projects funds based on the use of the award; however, the fund balance classification will still be restricted.
- c The municipal court computerization funds could be classified as special revenue or capital projects funds based on the use of the dollars; however, the fund balance classification will still be restricted.
- d Some of the donation funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will not change.
- e The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

### **+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

### **+ Type of Constraint**

Review grant agreement for constraints on use of interest payments and collection of receivable.

### **+ Fund Balance Classification**

The fund balance classification related to the loan receivable may be presented as restricted if the proceeds from the collection of the receivable are restricted.

## Townships

### GASB 54 Fund Balance Classification Analysis

Fund Classification		Fund Name		Revenue Source		Source of Constraint		Type of Constraint		Fund Balance Classification	
Prior Fund Classification				Foundation Revenue (SR only)/ Inflow							
General	General	General (1000)	General	Various sources	None	None	None	None	None	Unassigned	Unassigned
General	SR	Compensated Absences	SR	Transfers +	ORC Section 5705.13(B) Cash transferred from other funds	ORC Section 5705.13(B) Cash transferred from other funds	Township's intent--payment of sick/vacation/comp-time at termination	Township's intent--payment of sick/vacation/comp-time at termination	Transfers	Committed	Committed
General	SR	Underground Storage Tank (2291 - 2339)	SR	Transfers +	AOS Bulletin 94-04	AOS Bulletin 94-04	Remediation deductible; however, no specific source, transfers	Remediation deductible; however, no specific source, transfers	None	Committed	Committed
General	General	Unclaimed Monies Fund	General	Various unclaimed funds	ORC Section 9.39	ORC Section 9.39	Externally imposed by State Statute	Externally imposed by State Statute	None	Nonspendable	Nonspendable
General	SR	Zoning	SR	None	ORC Chapter 519	ORC Chapter 519	None	None	None	Unassigned	Unassigned
General	SR	Various	SR	Charges for Services	No resolution establishing funding source	No resolution establishing funding source	Resolution establishing intent of fund	Resolution establishing intent of fund	None	Assigned	Assigned
General	General	General	General	Hotel/Motel Tax - 50% for general fund	ORC Section 5739.09(B)	ORC Section 5739.09(B)	None	None	None	Unassigned	Unassigned
SR	SR	Motor Vehicle License Tax Fund (2011)	SR	Motor Vehicle License Fees	ORC Chapter 4503	ORC Chapter 4503	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Gasoline Tax Fund (2021)	SR	Gas Tax	ORC Section 5728.06 & Chapter 5735	ORC Section 5728.06 & Chapter 5735	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Road and Bridge Fund (2031)	SR	Property Taxes	ORC Section 5705.19 (G)	ORC Section 5705.19 (G)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Road and Bridge Fund (2031)	SR	Property Taxes--inside millage	ORC Section 5705.06 (F)	ORC Section 5705.06 (F)	Internally imposed by Trustees	Internally imposed by Trustees	Internally imposed by Trustees	Committed	Committed
SR	SR	Cemetery (2041 -2069)	SR	Property Taxes	ORC Sections 517.03 & 5705.19 (T)	ORC Sections 517.03 & 5705.19 (T)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Cemetery (2041 -2069)	SR	Charges for Services	ORC Section 517.15 A, C	ORC Section 517.15 A, C	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Cemetery (2041 -2069)	SR	Charges for Services	ORC Sections 517.07 & 517.08	ORC Sections 517.07 & 517.08	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	SR	Property Taxes--inside millage	ORC Section 505.29,	ORC Section 505.29,	Internally Imposed by Trustees	Internally Imposed by Trustees	Internally Imposed by Trustees	Committed	Committed
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	SR	Property Taxes	ORC Section 5705.19 (V)	ORC Section 5705.19 (V)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	SR	Charges for Services	ORC Section 505.29 - no separate fund req'd - Resolution establishing funding source	ORC Section 505.29 - no separate fund req'd - Resolution establishing funding source	Internally imposed by township resolution	Internally imposed by township resolution	Internally imposed by township resolution	Committed	Committed
SR	SR	Police District (2081 -2109)	SR	Property Taxes	ORC Sections 505.48, 505.51, & 5705.19 (J)	ORC Sections 505.48, 505.51, & 5705.19 (J)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Police District (2081 - 2109)	SR	Charges for Services	ORC Section 505.431 - no separate fund req'd - Resolution establishing funding source	ORC Section 505.431 - no separate fund req'd - Resolution establishing funding source	Internally imposed by township resolution	Internally imposed by township resolution	Internally imposed by township resolution	Committed	Committed
SR	SR	Fire District (2111-2139)	SR	Taxes	ORC Sections 505.39 & 5705.19 (J)	ORC Sections 505.39 & 5705.19 (J)	Externally Imposed by State Statute	Externally Imposed by State Statute	Externally Imposed by State Statute	Restricted	Restricted
SR	SR	Fire District (2111 - 2139)	SR	Charges for Services	ORC Sections 505.371 & 505.375 - separate fund - rate set by fire district board	ORC Sections 505.371 & 505.375 - separate fund - rate set by fire district board	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Road District (2141 -2169)	SR	Property Taxes	ORC Section 5573.211	ORC Section 5573.211	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Park Levy (2171 - 2179)	SR	Property Taxes--inside millage	ORC Section 511.27	ORC Section 511.27	Internally Imposed by Trustees	Internally Imposed by Trustees	Internally Imposed by Trustees	Committed	Committed
SR	SR	Park Levy (2171 - 2179)	SR	Property Taxes	ORC Section 5705.19 (H)	ORC Section 5705.19 (H)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Special Levy (2191--2219)	SR	Property Taxes	ORC Sections 5705.19, 505.46 & 47	ORC Sections 5705.19, 505.46 & 47	Externally imposed by voters	Externally imposed by voters	Externally imposed by voters	Restricted	Restricted
SR	SR	Drug Law Enforcement (2221)	SR	Fines and Forfeitures	ORC Section 2925.03, Technical Bulletin 86-16	ORC Section 2925.03, Technical Bulletin 86-16	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Permissive Motor Vehicle License (2231)	SR	Intergovernmental			Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Permissive MVL	SR	- Permissive MVL	ORC Chapter 4504	ORC Chapter 4504	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Permissive Sales Tax (2241)	SR	Hotel/Motel Tax - 50% for convention and visitors' bureau	ORC Section 5739.09(B)	ORC Section 5739.09(B)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Federal Law Enforcement (2251)	SR	Fines and Forfeitures	AOS Bulletin 88-18	AOS Bulletin 88-18	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Law Enforcement Trust (2261)	SR	Fines and Forfeitures	ORC Section 2981.13 (C)(1)	ORC Section 2981.13 (C)(1)	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Enforcement and Education (2271)	SR	Fines and Forfeitures	AOS Bulletin 90-28	AOS Bulletin 90-28	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Fire and Rescue, Ambulance and Emergency Medical Services (2281 - 2289)	SR	Charges for Services	ORC Section 505.84 - separate fund - rate set by township trustees	ORC Section 505.84 - separate fund - rate set by township trustees	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Service Assessments (2401 - 2599)	SR	Special Assessments	ORC Section 515.11 - lighting	ORC Section 515.11 - lighting	Externally imposed by State Statute	Externally imposed by State Statute	Externally imposed by State Statute	Restricted	Restricted
SR	SR	Miscellaneous Special Revenue (2901 - 2999)	SR	TBD by township	TBD by township	TBD by township	TBD by township	TBD by township	TBD by township	TBD by township	TBD by township
DS	DS	General Retirement Fund (2101 - 3199)	DS	Property Taxes	ORC Sections 5705.19; 133.10 & 133.25	ORC Sections 5705.19; 133.10 & 133.25	Externally imposed by State Statutes	Externally imposed by State Statutes	Externally imposed by State Statutes	Assigned	Assigned
DS	DS	Special Assessment Bond Retirement (3301 -3399)	DS	Transfers + Special Assessments	Transfers from General Fund	ORC Sections 133.17 & 6115.50	Externally imposed by State Statutes	Externally imposed by State Statutes	Externally imposed by State Statutes	Restricted	Restricted

## Townships

### GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Classification		Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
DS		DS	Miscellaneous Debt Service (3901 - 3999)	TBD by Township	TBD by township	TBD by township	TBD by township
CP		CP	Bond Fund (4101 - 4999)	Initial Debt Proceeds +	ORC Sections 133.15, .32, & 504.20	Externally imposed by debt covenants	Restricted
CP		CP	Permanent Improvement (4301 - 4399)	TBD by Township	TBD by township	TBD by township	TBD by township
CP		CP	Public Works Commission Project (4401 - 4499)	Intergovernmental	OPWC Money	Externally imposed by grantor/OPWC	Restricted
CP		CP	Capital Improvement Assessment Fund (4501 - 4599)	Special Assessments	ORC Sections 504.18, 515.16 & 521.06 - water and sewer	Externally imposed by State statute	Restricted
CP		CP	Miscellaneous Capital Projects (4901 - 4949)	TBD by township	TBD by township	TBD by township	TBD by township
Perm +		Perm	Cemetery (2041 - 2069)	Charges for Services	ORC Section 517.15 B - endowment	Externally imposed by State Statute	Nonspendable
		Perm	Permanent (4951 - 4999)	Donations-Corpus can't be spent	ORC Section 5705.09(F)	Externally imposed by donor	Nonspendable
				Earnings on corpus	ORC Section 5705.09(F)	Externally imposed by donor	Restricted

## **Townships Explanatory Notes**

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The chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

### **+ GASB 54 Fund Classification**

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

### **+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

## Libraries

### GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Classification		Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
General	General	General	General Unclaimed Monies Fund	Various sources Various unclaimed funds	None ORC Section 9.39	None Externally imposed by State Statute	Unassigned Nonspendable
SR	SR	SR	Miscellaneous Special Revenue	Intergovernmental - Grants	Federal/State Grantors	Externally Imposed by Grantor	Restricted
DS	DS	DS	General Retirement Fund	TBD by Library	TBD by Library	TBD by Library	TBD by Library
CP	CP	CP	Capital Projects	TBD by Library	TBD by Library	TBD by Library	TBD by Library
CP	CP	CP	Building and Repair Fund	TBD by Library	TBD by Library	TBD by Library	TBD by Library
Perm +	Perm	Perm	Permanent	Donations-Corpus can't be spent	ORC Section 5705.09(F)	Externally imposed by donor	Nonspendable
Perm +	Perm	Perm	Permanent	Earnings on corpus	ORC Section 5705.09(F)	Externally imposed by donor	Restricted



## **Libraries Explanatory Notes**

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The chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

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### **+ GASB 54 Fund Classification**

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

### **+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

## Transfers/Advances

Question: What is the difference between a transfer and an advance?

*Answer: Advances are a loan of money. The general fund expects to be repaid. Transfers are a move of money, no repayment is expected.*



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## Transfers/Advances

Question: Am I allowed to transfer money out of a capital projects?

*Answer: Generally, no. There are certain cases in which this is allowable. You would need to consult with legal counsel.*



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## Debt Proceeds

Question: I issued \$100,000 in notes to pay for a project. They took the costs of the note out of the proceeds and I only received 99,000. What do I book?

*Answer: Debt proceeds - \$100,000  
Issuance Costs – \$1,000*

***Everything is at booked gross***



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## Property Taxes

Question: Can I book property taxes net?

*Answer: No. Property tax settlements are booked at gross (UAN users – memo receipt).*



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## Oil & Gas Leases/Royalties

Question: What fund do I book Oil & Gas leases?

*Answer: General Fund.*



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## New Funds

Question: What do I need to do to create a new fund?

*Answer: Technical Bulletin 1999-006*



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AUDITOR OF STATE BULLETIN 99-006  
APRIL 6, 1999

TO: Fiscal Officer of All Subdivisions  
All Independent Public Accountants

SUBJECT: Requests for New Funds

The Auditor of State receives numerous requests to establish new funds under the provisions of Ohio Rev. Code §5705.12 which states:

In addition to the funds provided for by sections 5705.09, 5705.121, 5705.13, and 5705.131 of the Revised Code, the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the auditor of state, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds. The auditor of state shall consult with the tax commissioner before approving such funds.

The purpose of this Bulletin is to identify when a request under this code section is required and when a local government may create a new fund without the Auditor of State's approval.

#### When Requests are Unnecessary

Approval to establish a new fund is unnecessary when the creation of the desired fund is already authorized or required by statute. Whenever the creation of a fund is authorized or required by statute, either specifically by name, or in general, a separate letter requesting permission to establish the fund is not required.

Examples of specific statutory requirements are found in Ohio Rev. Code §3313.81, which requires that school districts establish food service funds, and in Ohio Rev. Code §5747.50, which requires that each county establish an undivided local government fund. Similar statutory provisions requiring the creation of a specific fund are scattered throughout the Revised Code.

General statutory requirements for the creation of funds are found in Ohio Rev. Code §5705.09. This code section states:

Each subdivision shall establish the following funds:

(A) General fund;

(B) Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;

(C) Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;

(D) A special fund for each special levy;

(E) A special bond fund for each bond issue;

(F) A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;

(G) A special fund for each public utility operated by a subdivision;

(H) A trust fund for any amount received by a subdivision in trust.

Based on this statute, it is unnecessary to continue to request permission from the Auditor of State to establish a new fund when the purpose of the fund will be to record and expend the proceeds of debt, to account for a new grant whose use is restricted to a particular purpose or to account for money received in trust.

#### When Requests are Necessary

It is necessary to continue to submit requests to the Auditor of State when the creation of the fund is not specifically authorized by statute or when the purpose of the fund is not identified in Ohio Rev. Code §5705.09 (A) - (H). Situations in which it would be appropriate to continue to submit requests include: 1) when management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity; 2) when the fund will be used to account for restricted gifts or bequests that will not be held in trust; and 3) when management wants to impose internal restrictions on the use of otherwise unrestricted resources

Management often asks to create a new fund to determine how much revenue a specific source generates or how money from a specific source is being spent. In circumstances where the desired financial information can be obtained by creating additional accounts within an existing fund, the creation of a separate fund is generally considered unnecessary. An exception to this policy is made for requests for the creation of proprietary funds.

Proprietary funds are intended to account for activities that are similar to businesses. The activity is at least partially financed by charges for services or goods. Rates are usually set by the legislative authority, and the desire is to maintain accounting records which can demonstrate the extent that charges cover the costs of providing the goods or services. This is accomplished by tracking all revenues and the related expenses of an activity within a single fund. Requests for the creation of a proprietary fund are usually granted.

Sending a request to establish a new fund is still appropriate when the fund will be used to

account for restricted gifts or bequests not held in trust. The creation of a trust fund is not necessary to account for restricted gifts or donations; this money may be accounted for in a special revenue fund or, if restricted to the acquisition of fixed assets, in a capital projects fund. A trust fund is recommended only when there is a formal trust agreement with the donor. Requests to account for restricted gifts and donations are routinely granted based on the need to demonstrate compliance with donor restrictions.

Letters frequently request permission for a new fund based on management's wish to place internal restrictions on the use of otherwise unrestricted resources. These types of requests are generally not approved. It is the policy of the Auditor of State to refuse requests when approval would result in giving readers of financial statements the false impression that the use of the resources in the fund is restricted. The General Assembly has begun authorizing the creation of funds using unrestricted resources in certain specific circumstances. For example, H.B. 426 allows subdivisions to create funds for the payment of compensated absences and for the acquisition of fixed assets. The Auditor of State does not feel it is appropriate to extend this ability into areas where the legislature has not acted.

When responding to requests to establish new funds, the Auditor of State applies two basic guidelines. Separate funds are justified 1) when they will provide management with additional relevant financial information which is not obtainable using the current fund structure; and 2) when necessary to demonstrate compliance with legal or contractual restrictions.

When the purpose of a fund created under the provisions of Ohio Rev. Code §5705.12 has been fulfilled, the unexpended balance may be transferred to the general fund or to the bond retirement fund, but only after the payment of all obligations incurred and payable from the fund. (See Ohio Rev. Code §5705.14) Management may not simply modify or alter the purpose of the fund; that, in effect, creates a new fund and would require a second approval from the Auditor of State.

To request the creation of a new fund, complete the attached form. Send the form and a copy of the resolution or ordinance of the legislative authority authorizing the fund to:

Auditor of State's Office  
Local Government Services Division  
88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

The request can be deemed approved if you do not receive a letter disapproving the request from the Auditor of State's local government services division within 30 days from the date of submission.

Questions concerning this bulletin should be addressed to the Local Government Services Division of the State Auditors Office at (800) 345-2519.

AUDITOR OF STATE  
REQUEST FOR FUND APPROVAL

Entity: \_\_\_\_\_

Fiscal Officer: \_\_\_\_\_

Phone No.: \_\_\_\_\_

Request Date: \_\_\_\_\_

Fund Requested: \_\_\_\_\_

Purpose of Fund: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sources of Revenues: \_\_\_\_\_

\_\_\_\_\_

Anticipated Expenditures: \_\_\_\_\_  
(Types)

\_\_\_\_\_

NOTE: Please attach a copy of the resolution requesting approval to establish the fund.

## Blanket Vs. Super Blanket Purchase Orders

Question: What is the difference between blanket and super blanket purchase orders?



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## Blanket Purchase Order

- Used for:
  - The purchase of a variety of items over a specified period of time from a variety of vendors
- Attributes:
  - Single or multiple vendors
  - No specific items or quantities, or prices
  - Dollar amount set by ordinance or resolution of the governing board - requires majority vote
  - Limited to the current year (90 day limit repealed)
  - Single fund and account (only one blanket PO may be open at a time to an account)
  - Must be labeled "Blanket Purchase Order"



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## Super Blanket Purchase Order

- Used for:
  - Used for certain types of expenditures that are recurring and reasonably predictable
- Attributes:
  - Single or multiple vendors
  - Limited to one expenditure code per SBPO
  - \$ limit is the amount appropriated to that line-item
  - Cannot extend beyond current fiscal year
  - Limited to specific goods and/or services
  - Multiple SBPO may exist per account code



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## Super Blanket Purchase Order

- May be used for:
  - 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 or contracting authority;
  - fuel oil, gasoline, food items, roadway materials, and utilities;
  - any purchases exempt from competitive bidding under section [125.04](#) of the Revised Code; and,
  - any other specific expenditure that is a recurring and reasonably predictable operating expense.



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I got a 90 day letter...



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## Deficit Funds

Question: UAN won't allow me to have deficit balances. I need to make payroll, what do I do?

*Answer: Contact Local Government Services*

*Northeast – Nita Hendryx*

*Southeast – Robert Burlenski*

*Northwest – Belinda Miller*

*Southwest – Dave Thompson*



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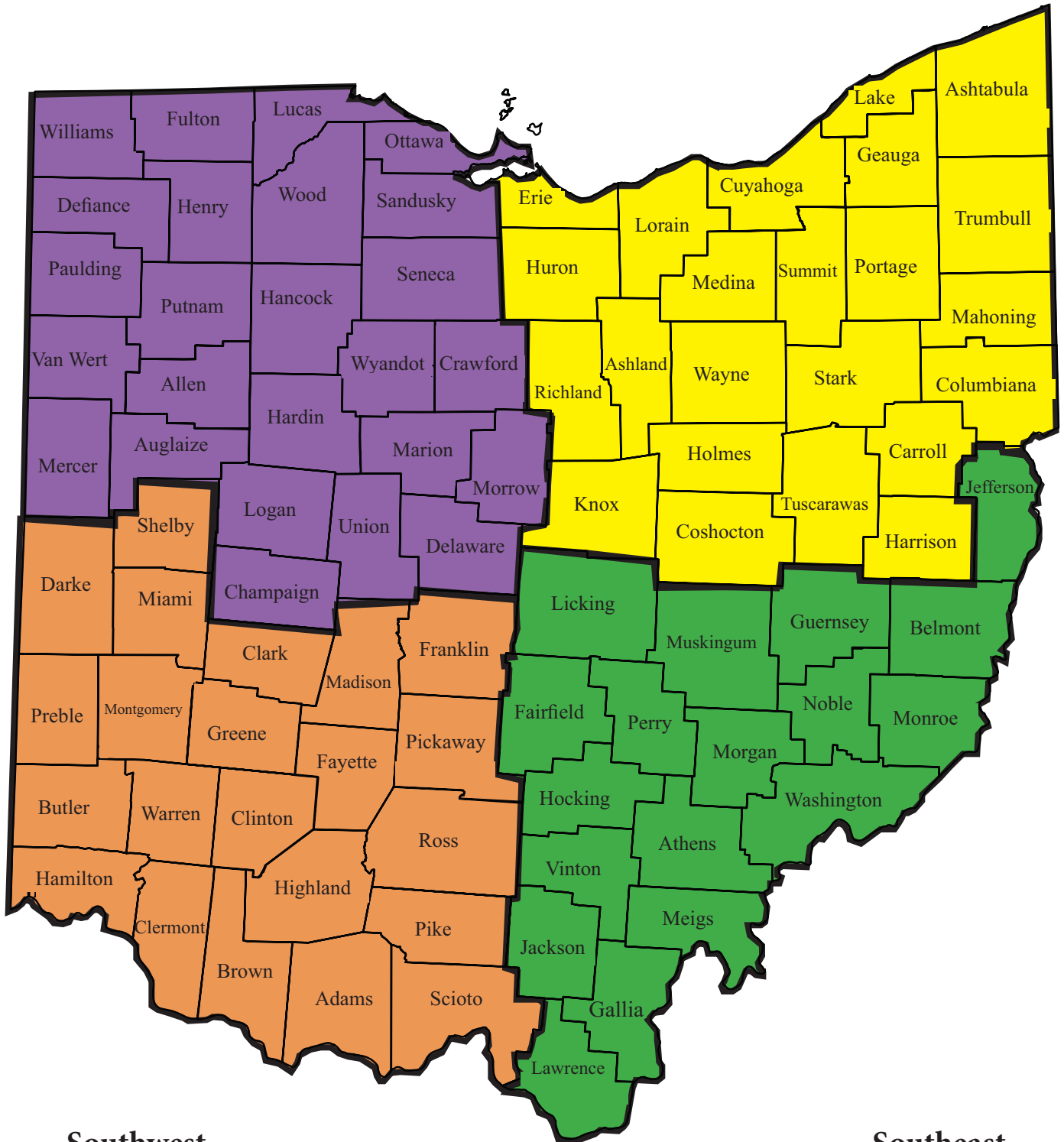
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# OHIO AUDITOR OF STATE'S OFFICE

## LGS REGIONAL MAP

Northwest

Northeast



Southwest

Southeast

## Declining Balances

Question: Council/Trustees keep spending down our balances. What can I do to curtail the spending?

Answer: *Prepare a forecast (3-5 years) showing the direction of the Village/Township*  
- *Contact Local Government Services*



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## Fiscal Caution, Watch, Emergency

Question: Am I in Fiscal....?

Answer: *Only the Auditor of State can declare an entity into fiscal caution, watch or emergency.*



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## Fiscal Caution

- **Potential** Triggers for Fiscal Caution
  - Unauditable Financial Records
  - Significant deficiencies, material weaknesses, direct and material noncompliance as disclosed in the financial audit
  - Deficit fund balances
  - Carryover fund balance of less than one month's average expenditures for two or more consecutive years
  - Failure to reconcile accounting journals and ledgers with the treasury



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## Grounds for Fiscal Watch

- Anyone of four conditions constitutes grounds for a fiscal watch:
  - Accounts Payable
  - Deficit Fund Balances
  - Deficit in the Treasury
  - Forecasted General Fund Deficit.



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## Grounds for Fiscal Emergency?

Any one of six conditions constitutes a fiscal emergency:

- A default on any debt obligation
- A failure to make payroll to employees
- An increase in the minimum levy - inside millage
- Accounts Payable
- Deficit Fund Balances
- Deficit in the treasury



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Is this a public record...



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# Dave Yost • Auditor of State

Bulletin 2011-006

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## Auditor of State Bulletin

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**Date Issued:** October 21, 2011

**TO:** To All Public Offices and Independent Public Accountants

**FROM:** Dave Yost, Ohio Auditor of State

**SUBJECT:** Best Practices for Responding to Public Records Requests – Updated

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### I. Public Records

#### A. A Hope, a Goal, a Right

The concept of “public records” and access of the people to those records has a rich history in the United States. The Founding Fathers, under English Common Law, knew well the pitfalls and inequities of a government where the records were the property of only an elite few and access to those records was, at best, guarded. In creating this Nation, the Founding Fathers carved out many new democratic rights for citizens. Key among these rights is the ability to participate in government, and the previously unheard-of-right to inspect government records and observe government deliberations. Transparency, after all, makes a more accountable government. Although now firmly secured for Ohio citizens as a “right” by virtue of the Ohio Public Records Act (the “Act”), all public servants have a legal responsibility to ensure that both the letter and spirit of the Act are upheld.

#### B. What does the Ohio Public Records Act require?<sup>i</sup>

Ohio law requires that a public office make public records available for inspection or copying, depending on the request. The time required for a response depends on the type of request.

- (1) If a request is to inspect public records – response must be prompt.
- (2) If copies are requested – those copies must be provided within a reasonable period of time.

As is often noted, the terms “promptly” and “reasonable period of time” are not defined by a specific period of time. Rather, these terms have been interpreted by courts to mean “without delay” and “with reasonable speed,<sup>ii</sup>” and the ultimate determination of “reasonableness” will differ in each case depending on the particular facts and circumstances of a request.<sup>iii</sup> Additionally, courts have held that a “prompt” or “reasonable period of time” includes the time for a public office to (1) identify the responsive records; (2) locate and retrieve records from place of storage; (3) review, analyze and make necessary redactions (or legal review); (4) prepare the requests; and (5) provide for delivery.

Not all documents and information kept by a public office is subject to disclosure under the Act. In these instances, it may be necessary to withhold records or redact the relevant information from the response. When redacting information from a request, the public office is required to notify the requester of any redaction or make the redaction plainly visible.<sup>iv</sup> Additionally, where the request is denied, in whole or in part, including redactions, the public office must provide the requester with a reason, including the legal authority for the denial/redaction.<sup>v</sup>

### **C. Penalties**

What happens when there has been a violation of the Act? A warning? An administrative investigation? No - neither of these items are provided for in the Act. Instead, the Act gives an “aggrieved party” the right to sue in court for the records. There is no other body that alerts a public office that an allegation of noncompliance exists or that litigation may be forthcoming. Therefore, a public office often becomes aware of an allegation of noncompliance through service of a lawsuit.

Penalties provided for in the Act can also be quite severe, depending on the nature of the noncompliance. The penalties can range from a court order to force compliance (a mandamus action) to the awarding of statutory damages, attorneys fees and court costs. In addition, if records are not properly retained in accordance with an approved record retention schedule, a public office may be fined up to \$1,000 per record. Prior to a recent law change, the amount a public office could be fined was not capped. For instance, one court fined a city approximately \$861,000 for improper destruction of public records.

Members of the Ohio General Assembly capped a public office’s liability for improper destruction of public records in Ohio’s recently-passed operating budget legislation – Am. Sub. House Bill 153 of the 129<sup>th</sup> General Assembly. This new cap limits a public office’s liability to a cumulative total of \$10,000, regardless of the number of violations. It also limits attorney’s fees to an amount not to exceed the total penalty. According to the Ohio Secretary of State’s office, these changes became law on September 29, 2011.

The Ohio Supreme Court also recently clarified who may bring a lawsuit under the Act as an “aggrieved party” for improper destruction of public records.<sup>vi</sup> In the Court’s opinion, Justice McGee Brown writes:

“The requirement of aggrievement indicates that a forfeiture is not available to ‘any person’ who has made a request and discovered that the records were not available due to the public office’s violation of R.C. 149.351; it is available *only* to a person who made a request with the goal being to access the public records. If the goal is to seek a forfeiture, then the requester is not aggrieved. The presumption, however, is that a request for public records is made in order to access the records.” *Emphasis added.*<sup>vii</sup>

So, if a public office is able to establish that the requester does not actually want records being requested and instead only wants the request to be denied, then a court may conclude that the requester was not aggrieved by destruction of public records. The burden of proof, however, is on the public office to demonstrate this intent, and the risk of litigation is still high.

## **II. Best Practices for Compliance with the Act**

Access to public records is a right that underlies the fundamental principles of democracy. A citizen's right to know how government operates is a right that needs to be protected and preserved.

Ohio public records laws are sometimes confusing, and responding to a request can be burdensome on an already burdened public office. Noncompliance with the laws, however, will be costly to taxpayers.

The Auditor of State's recommendations for best practices are not intended to add to the responsibilities of your office or to place additional burdens on you or your staff. Rather, we hope our recommendations will help a public office streamline its response process and insulate itself from liability in the event of litigation.

In reviewing the requirements of the Act, discussing the practical problems of compliance with local government officials, and also examining the multitude of new public records litigation, it has become clear that additional documentation, organization and early detection would prove beneficial to both the public office and a potential records requester.

### **A. Public Records Log**

In seeking to achieve these goals, we recommend that each public office keep a log of all public records requests not fulfilled at the time they are made. Ideally, this log would include the following components:

- Date of request;
- Name of person or entity making the request (if provided);
- Type of records requested;
- Date of release;
- Legal authority for any redactions/withholdings; and
- Name of person fulfilling the request.

The attachment to this bulletin provides a sample of a public records log similar to one utilized in the Auditor of State's Office and other Ohio public offices. A log, however, may be in any form, *e.g.* a log book, a spreadsheet, or files maintained together.

It is important to note that the maintenance of such a log is not a legal requirement. Rather, it is a recommended best practice that is designed to help public entities ensure compliance with the Act.

The goal of this recommendation is not to create additional work for the public office. Instead, it is the Auditor's hope that, by maintaining all information in a central location, the response process will be streamlined, and the risk of litigation and, ultimately, liability lessened.

### **B. Copies of Public Records Requests**

Another recommended best practice is to make copies of responses to public records requests that include redactions so you know what you have provided. These copies should be kept in accordance with your records retention schedule.

### **C. Other Best Practices**

Other best practices recommended include the following:

- Training employees on how to handle public records requests;
- Assigning a central point of contact for your office or each division/section;
- If a request is in writing, date stamp when you receive the request;
- Notifying legal counsel when a request is received and redactions may be required;
- Acknowledging receipt of a request that requires legal review and possible redactions, include guidance on when you anticipate responding;
- Documenting when you respond to a request; and
- Addressing how long you will maintain copies of public records requests in your records retention schedule.

## **III. Putting the Recommendations for Best Practices to Work**

### **A. What Does this Mean for a Public Office?**

Many public offices record public records requests in some form. Additionally, many public offices have a record of what was released, the date it was released, and what, if any, redactions were made. The Auditor's recommendations for best practice simply suggest keeping all of that information in one central location.

Whether the entity's public records requests are filled by one employee or fielded by multiple staff members, the Auditor's recommendations for best practices will help ensure compliance and accuracy. Relevant employees will be able to identify duplicate or similar requests and be more efficient in the filling, redaction and response.

Finally, the Auditor's recommendations will help a public office protect itself from liability in the event of litigation. The recommended public records log would serve to demonstrate the specifics of compliance in each instance.

### **B. Examples**

*Q. I am a county auditor fulfilling a request for a copy of a map. I am providing a copy at the time the request is made and I am not making any redactions? Am I required to log this request and keep a copy?*

- In this case, a copy of the map was immediately provided to the requestor so the Auditor's recommendation for maintaining a log would not apply. In addition, there were no required redactions so the Auditor's recommendation for keeping copies of the response would not apply.

*Q. I am a county recorder – am I required to log all requests for copies of title records maintained by my office? My office makes these records available for inspection and copying in a public area of my office. Therefore, I fulfill these requests at the time they are requested.*

- Same as above – in this case, these records are made readily available to the public. In addition, copies are immediately provided to the requestor so the Auditor's recommendation for maintaining a log would not apply.



*Q. I am a school district treasurer for a very large school district – does the Auditor’s recommended best practices require that my school hire an additional employee to handle all public records requests and maintain the log?*

- No. Each public office handles its responsibilities under the Act a little bit differently. Some entities do employ a separate public records officer to coordinate and respond to all public records requests. Other entities have several employees, often one in each department/division, that respond to public records requests. Typically, these employees are not employed solely to respond to public records requests. Rather, this is one of several duties that the employee may have. The decision of how to utilize staff and resources is, ultimately, a management decision to be made by each entity. Utilization of the public records log will work in any environment.
- In this case, the school may want to assign a point of contact in each building to handle public records requests.

*Q. I run a city building department. Do I need to log requests for applications for a permit and information submitted as part of that application? Do I need to log when I issue a permit?*

- No. Requests for applications and issuances of permits are outside of the scope of logging recommendations.
- Public offices, however, may want to log requests for copies of permits if copies are not immediately provided to the requestor.

*Q. What if I decide not to implement the Auditor’s recommended best practices? Will the public office I represent be cited for noncompliance in an audit report?*

- No. The Auditor’s recommendations for best practice are not a legal requirement. Rather, they are suggestions to help a public office comply with the Act and limit risk. If a public office, however, lacks controls for compliance with public records requests; this may be noted in an audit report or management letter.

### **C. Court Records**

Ohio courts are subject to the Rules of Superintendence for the Courts of Ohio, adopted by the Supreme Court of Ohio. The Rules of Superintendence establish rights and duties regarding court case documents and certain administrative documents, starting with the statement that “[c]ourt records are presumed open to public access.” Sup. R. 45(A). While similar to the Act, the Rules of Superintendence contain additional or different provisions for these records. As such, this bulletin does not apply to courts. The Rules of Superintendence are available at the link below.

<http://www.sconet.state.oh.us/LegalResources/Rules/superintendence/Superintendence.pdf>.

## **IV. Putting it All Together**

### **A. Open Government or Public Records Hotline—888.877.7760**

In seeking additional ways to aid local governments in compliance, the Auditor has established an Open Government or Public Records Hotline. This hotline is a separate telephone number that links directly to the Auditor’s Open Government Unit. The hotline is available to receive complaints from any person that feels he/she has been aggrieved under the Act.

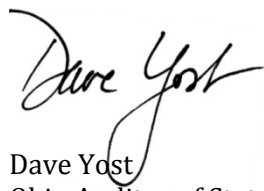
After receiving a complaint, the Auditor will notify the relevant public office that a complaint has been filed. In addition, staff in the Auditor’s Open Government Unit may forward the complaint to audit staff for review during an entity’s next regular audit. At that point, staff in our Open Government Unit’s involvement is complete. Once notified, the public office has the ability to

address the complaint. The goal of the hotline is to provide the public office with notice and the opportunity to correct any noncompliance before the onset of litigation. While we are not able to provide legal advice, we will also direct public officials to available resources to answer any questions they may have about compliance with the Act.

## **B. Audits**

During the 2012 annual financial or bi-annual financial audit, the Auditor's staff, in a sample of public offices, will analyze a public office's process and procedures to determine if the office has controls to ensure compliance with the Act. Using a log is an example of one of these controls. This inquiry and any additional analysis will aid the Auditor's staff in analyzing any risks facing the public entity and in making recommendations to improve controls in an effort to reduce risks.

We hope these recommendations for best practices will help public offices navigate the requirements of the Act, minimize risk, and, ultimately, provide for more efficiency. Should you have any questions about these best practices, please do not hesitate to contact us at 800-282-0370.



Dave Yost  
Ohio Auditor of State

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<sup>i</sup> This is a general overview of Act and its requirements. For a more complete look at Ohio Public Records Law, including the rights, duties and protections provided, please consult the Ohio Sunshine Manual located at [http://www.auditor.state.oh.us/services/opengov/resources/2011-3-15\\_SunshineLawsManual\\_CO.pdf](http://www.auditor.state.oh.us/services/opengov/resources/2011-3-15_SunshineLawsManual_CO.pdf)

<sup>ii</sup> *State ex rel. Office of Montgomery Cty. Pub. Defender v. Siroki*, 108 Ohio St.3d 207, 2006-Ohio-662, at ¶16; *State ex rel. Consumer News Serv., Inc. v. Worthington City Bd. of Educ.*, 97 Ohio St.3d 58, 2002-Ohio-5311, at ¶37; see also, *State ex rel. Wadd v. City of Cleveland*, 81 Ohio St.3d 50,53, 1998-Ohio-444.

<sup>iii</sup> *State ex rel. Morgan v. Strickland*, 121 Ohio St.3d 600, 2010-Ohio-1901 ("Given the broad scope of the records requested, the governor's office's decision to review the records before producing them, to determine whether to redact exempt matter, was not unreasonable."); *State ex rel. Dispatch Printing Co. v. Johnson*, 106 Ohio St.3d 160, 2005-Ohio-4384, at ¶44 (delay due to "breadth of the requests and the concerns over the employees' constitutional right of privacy" was not unreasonable); *State ex rel. Consumer News Serv., Inc. v. Worthington City Bd. of Educ.*, 97 Ohio St.3d 58, 2002-Ohio-5311; *State ex rel. Stricker v. Cline* (5th Dist.), 2010-Ohio-3592 (provision of records within nine business days was a reasonable period of time to respond to a records request.); *State ex rel. Holloman v. Collins* (10th Dist.), 2010-Ohio-3034 (Assessing whether there has been a violation of the public records act, the critical time frame is not the number of days between when respondent received the public records request and when relator filed his action. Rather, the relevant time frame is the number of days it took for respondent to properly respond to the relator's public records request.).

<sup>iv</sup> R.C. 149.43(B)(1).

<sup>v</sup> R.C. 149.43(B)(3).

<sup>vi</sup> See *Rhodes v. New Philadelphia*, Slip Opinion No. 2011-Ohio-3279 (2011).

<sup>vii</sup> *Id.*



## Bank Reconciliations

Question: Do I have to reconcile every month?

*Answer: Yes. Reconciliations should be completed in a timely manner every month.*



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## Township Salaries

Question: How do I calculate how to charge the salaries to the various funds?

*Answer: You are looking for a reasonable method of calculation. That is a management decision.*

*Document...Document...Document*



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## Appropriations & Estimated Resources

*The amended certificate needs to be obtained prior to the appropriations being passed.*



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## Legal Level of Control

The level at which the trustees/council sets appropriations.

- Legal level of control should remain consistent throughout the year.
- Minimum level implied by statute (5705.38(C)) fund department/activity, and major object level

- General fund
  - Police operations
    - Personal services xxx,xxx
    - All other expenditures xxx,xxx
  - Fire operations
    - Personal services xxx,xxx
    - All other expenditures xxx,xxx



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## Questions?



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