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Unclaimed Funds and Reserves

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Unclaimed Funds

What are Unclaimed Funds???

- Definition per ORC 9.39:
  Money received or collected by a public official under color of office and not otherwise paid out according to law

Unclaimed Funds

In plain English…

Unclaimed funds are money that a government owes to someone, but for some reason that person/group has not accepted the money.

Unclaimed Funds

What situations cause unclaimed funds?

- Deposits not yet returned
- Stale checks
- Person is unreachable

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Unclaimed Funds

Where should you keep unclaimed funds?

- Unclaimed Monies Agency Fund

How does the money get there?

- Receipt into the Unclaimed Monies fund

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Where is it reported on the financial statements?

- OCBOA Statements – Reflected as a reserved portion of the General Fund
- Regulatory Statements – Reflected as an Agency Fund

Unclaimed Funds

How long do I have to keep the money as an unclaimed fund?

5 years

Unclaimed Funds

After 5 years the money is placed in the general fund and can be spent by the village/township.

Reserve Accounts

- Types of Reserve Accounts
  - Reserve Balance Accounts - A
  - Termination Benefits Account - B
  - Capital Improvements Account - C
- Established by Trustees/Council

Reserve Accounts - A

- Reserve Balance Accounts
- A taxing authority may establish a reserve balance account for the following:
  1. To stabilize the budget
  2. To provide for the payment of self-insurance claims (only one fund)
  3. To provide for the payment of claims under a retrospective ratings plan for workers' compensation (only one fund)

Reserve Accounts - A

- Reserve Balance Accounts
  - Shall be established in the general fund
  - Shall not exceed five per cent of the general fund revenue for the preceding year

Reserve Accounts - A

- Budget Stabilization Account
  - "Rainy Day" Fund
  - Balance of this account is not included in unencumbered fund balance for budgeting purposes

Reserve Accounts - A

- Amount in the Reserve is not available for appropriation.
- Note on the amended certificate the amount that is not part of available revenue.
- Identify the intent of the Reserve.

Reserve Accounts - A

- Self Insurance Account
  - Part of the General fund or create an Internal Service fund
  - Amount in account should be based on actuarial principles and estimates

Reserve Accounts - A

- Retrospective Workers' Comp Claims
  - Part of the General fund or create an Internal Service fund
  - To provide for the payment of claims under a retrospective ratings plan for workers' compensation

Reserve Accounts - B

- Termination Benefits
  - Established as a special revenue fund
  - Accumulates resources for the payment of sick leave and vacation leave, and for payments in lieu of taking compensatory time off
  - Payments are upon the termination of employment or the retirement

Reserve Accounts - C

- Capital Improvements
  - Should be established as a capital projects fund
  - Accumulates resources for the acquisition, construction, or improvement of capital assets
  - "Capital Assets" includes motor vehicles
  - More than one capital projects fund may be established and may exist at any time

Reserve Accounts - C

- Capital Improvements
  - The ordinance or resolution shall identify:
    - The source of the money to be used
    - The amount of money to be accumulated
    - The period of time over which that amount is to be accumulated
    - The capital assets to acquire, construct, or improve with the money.

Reserve Accounts - C

- Capital Improvements
  - This account has a 10 year life span
    - At the end of the 10 years there must be at least a contract to begin the capital project or the money can't stay in this account

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Reserve Accounts

- What happens if the money will not be used for the purpose of the account? How can the account be eliminated?
  - The money is transferred back to the fund or funds where it originally came from

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