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# Township Funds and How They May Be Expended

Presented by: Local  
Government Services

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# Governmental Funds

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Permanent Funds



# Special Revenue Funds

- Motor Vehicle License Tax Fund
- Revenue consists solely of Motor Vehicle License Tax. Must be used for road improvements, repairs, street signs, etc.
- Can be included in cost allocation plan.



# Special Revenue Funds

- Gasoline (Cents per Gallon) Tax Fund
- Revenue consists solely of Gas Tax. Must be used for road improvements, repairs, street signs, etc.
- Can be included in a cost allocation plan.



# Special Revenue Funds

- Road and Bridge Fund
- Revenue consists solely of Property Taxes. Must be used for road improvements, repairs, street signs, etc.
- Can be included in a cost allocation plan.



# Special Revenue Funds

- Cemetery Fund
- Revenue consists of Property Taxes, lot sales, opening/closing fees, and interest. Must be used for Cemetery upkeep.
- Can be included in a cost allocation plan.



# Special Revenue Funds

- Fire Fund
- Revenue consists of Property Taxes and charges for services. Must be used for Fire protection.
- Can be included in a cost allocation plan.



# 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



# Debt Service Funds

- Used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.
- Capital Leases are not required to be paid from a debt service fund.



# Capital Projects 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.



# 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 Trusts

- 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.



# Additional Issues

- Transfers and Advances
- Allocating Township Trustee Salaries



# Transfers and Advances

- Transfers – permanent moving of monies from one fund to another.
- Advances – Loan money from one fund to another. Repayment is expected.
  - If repayment is NOT anticipated, then transfer the money.
- Example – FEMA monies.



# Allocating Township Trustee Salaries

- It is possible to allocate their pay on both the per diem and the salary methods, but it takes some effort on everyone's part, including theirs.
- ORC 505.24(C) and AG Opinion 2004-036
- Bottom line – They **MUST** document their services to the restricted fund(s).



# Additional Issues

- Insurance.
- Township Policy's.
- Document.....Document.....Document!
  - If costs are allocated without proper documentation, those allocations will not be allowed by audit.
  - We hear about more of these in recent times.



# Helping Hands

- Go to <http://www.auditor.state.oh.us/>
  - Click on Publications
    - Village and Township Handbooks
    - Technical Bulletins from 1995
  - Click on Ohio Law
    - ORC and OAC
- Talk to your auditors
- Call our office. There are no dumb questions!



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