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**Village 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
- Appendix A-1 of the Village Officer's Handbook is a good reference.



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Special Revenue Funds

- Drug Law Enforcement, Enforcement and Education, and Law Enforcement Trust Fund
- All 3 - Special Revenue & 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
- Specific revenue sources from various taxes
- All funds to be used for road improvements, repairs, street signs, etc.



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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



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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.



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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. (MAS Bulletin 88-08)



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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 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.

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Additional Issues

- Transfers and Advances
- Allocating costs for Villages



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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 (AOS Bulletin 98-013).



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Allocating Costs for Villages

- Departmental costs can be allocated to other departments (i.e. audit costs or fiscal officer costs).
- 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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Useful Resources

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



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