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Ohio Auditor of State
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Village/ Township Funds and How They May Be Expended

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.



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FUND TYPES

- Governmental
- Proprietary
- Fiduciary



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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.



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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.



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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, Road and Bridge Fund (Townships)
- Specific revenue sources from various taxes.
- Road and Bridge – inside millage prop. taxes.
- All funds to be used for road improvements, repairs, street signs, etc.



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Special Revenue Funds

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



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Special Revenue Funds

- Fire Fund
 - Revenue consists of property taxes, intergovernmental revenues, and charges for services.
 - Must be used for fire protection.



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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 & AOS Bulletin 2000-008).



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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 / Township 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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