

OHIO AUDITOR OF STATE
KEITH FABER

Fund Accounting

Presented by:
Michelle R. Wears, CPA
LGS Chief Project Manager
Justin W. Sloan, CGFM
LGS Assistant Chief Project Manager

Efficient • Effective • Transparent 1

Course Objectives

- This session will provide new fiscal officers an introduction to
 - Fund Accounting
 - Chart of Accounts
 - General Accounting Concepts

Efficient • Effective • Transparent 2

What is Fund Accounting?

- Fund accounting is the activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments
- Fund accounting is necessary to demonstrate a government's fiscal accountability.
 - Allows governments to track revenues with purpose restrictions against the expenditures made for those purposes
 - It is easier to identify which monies are available for specific purposes
- This is accomplished through the use of funds

Efficient • Effective • Transparent 3

What is a Fund?

- A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
- A fund segregates the monies of the government according to legal or purpose restrictions

Efficient • Effective • Transparent

4

Fund Classifications

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

Efficient • Effective • Transparent

5

Governmental Funds

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

Efficient • Effective • Transparent

6

General Fund

- The operating fund of the government, used to account for all financial resources except those required to be accounted for in another fund
- The general fund balance is available to the government for any purpose provided it is disbursed or transferred in accordance with Ohio law

Special Revenue Funds

- Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects

Special Revenue Funds

Townships (Common Examples)

- Motor Vehicle License Tax Fund
- Gasoline Tax Fund
- Road and Bridge Fund
- Cemetery Fund
- Special Levy Funds

Villages (Common Examples)

- Street Construction Maintenance and Repair Fund
- State Highway Fund
- Permissive Motor Vehicle License Tax Fund
- Cemetery Fund
- Special Levy Funds

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
- Should be used to report resources if legally mandated
 - Debt payable from property taxes
 - Notify the County Auditor when debt is incurred, and the County Auditor will distribute the portion of taxes or revenue collected that are to be used to pay the debt.

Efficient • Effective • Transparent

10

Capital Project Funds

- Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Efficient • Effective • Transparent

11

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 to support the government's programs (used for the benefit of the government or its citizens)

Efficient • Effective • Transparent

12

Proprietary Funds

- Enterprise Funds
- Internal Service Funds

Efficient • Effective • Transparent

13

Enterprise Funds

- May be used to account for any activity for which a fee is charged to external users for goods or services

Efficient • Effective • Transparent

14

Internal Service Funds

- May be used to 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.

Efficient • Effective • Transparent

15

Fiduciary Funds

- Used to report assets held in a trustee or custodial capacity for others and cannot be used to support the government's own programs
- The assets associated with the activity are NOT derived from either:
 1. Solely from the township's own source revenues, or
 2. From government-mandated nonexchange transactions or voluntary nonexchange transactions, with the exception of pass-through grants, for which the government does not have administrative involvement or direct financial involvement

Efficient • Effective • Transparent

16

Fiduciary Funds

- Pension (and Other Employee Benefit) Trust
- Investment Trust
- Private Purpose Trust
- Custodial

Efficient • Effective • Transparent

17

Pension (and Other Employee Benefit) Trust

- Used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contributions plans, other postemployment benefit plans, or other employee benefit plans

Efficient • Effective • Transparent

18

Investment Trust

- Accounts for the financial resources of an external investment pool that the government sponsors
- Very Rare

Efficient • Effective • Transparent

19

Private Purpose Trust

- Used to report all trust arrangements, other than those properly reported in pension (and other employee benefit) or investment trust funds
- The assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government

Efficient • Effective • Transparent

20

Custodial Funds

- Account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds

Efficient • Effective • Transparent

21

Establishment of Funds

- General statutory requirements for the creation of funds are found in Ohio Revised Code § 5705.09
- Townships/Villages shall establish the following funds:
 - General fund
 - Sinking fund or bond retirement fund
 - Special fund for each special levy
 - Special bond fund for each bond issue
 - 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
 - Special fund for each public utility operated by a township
 - Trust fund for any amount received by a township in trust

Efficient • Effective • Transparent

22

Establishment of Funds

- Statutory requirements for the creation of certain special funds are found in Ohio Revised Code § 5705.121
- Villages
 - Police Pension Fund
 - Urban Redevelopment Tax Increment Equivalent Fund
 - Cemetery Fund
- Villages
 - Cemetery Fund
- Capital Projects Funds (Ohio Revised Code § 5705.13)

Efficient • Effective • Transparent

23

Establishing a New Fund

- The establishment of certain new funds may require Auditor of State approval
- It is necessary 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 Revised Code §§ 5705.09 (A) – (I)
- Auditor of State approval for a new fund is also necessary when,
 - Management wants to capture additional financial information about a specific revenue source or activity;
 - When the fund will be used to account for restricted gifts or bequests that will not be held in trust; or
 - When management wants to impose internal restrictions not otherwise required by law

Efficient • Effective • Transparent

24

Establishing a New Fund

- Auditor of State approval is **not** necessary when the creation of the desired fund is already authorized or required by statute (either specifically by name, or in general)
- Auditor of State approval is **not** necessary 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

Efficient • Effective • Transparent

25

Requesting Auditor of State Approval

- Refer to Auditor of State Bulletin 99-006
- The form and instructions for requesting Auditor of State approval for a new fund can be found in the Ohio Township Handbook and the Village Officer's Handbook
- The information is also available at <https://www.ohioauditor.gov/resources/AOSNotifications.html>

Efficient • Effective • Transparent

26

Chart of Accounts

- Proper record keeping requires the establishment of a chart of accounts
- The Auditor of State supports a numeric chart of accounts for Uniform Accounting Network clients

Efficient • Effective • Transparent

Fund Balance Classifications

- Fund balance is the difference between assets and liabilities reported in a governmental fund
- Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the constraints on the specific purposes for which amounts in those funds can be spent

Efficient • Effective • Transparent

28

Fund Balance Classifications

- The five classifications are:
 - Nonspendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned

Efficient • Effective • Transparent

29

Fund Balance Classifications

- Nonspendable fund balance classification includes amounts that cannot be spent because they are either
 - (a) Not in spendable form or
 - (b) Legally or contractually required to be maintained intact.
- The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact

Efficient • Effective • Transparent

30

Fund Balance Classifications

- Restricted classification is used when constraints placed on the use of resources are either
 - (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or
 - (b) Imposed by law through constitutional provisions (City Charter) or enabling legislation
- In Ohio, municipalities have the ability to enact enabling legislation (i.e., impact fees) while most other local governments (counties, townships, school districts etc.) operate solely within State statute.

Efficient • Effective • Transparent

31

Fund Balance Classifications

- Committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority
- Once an amount is committed, it cannot be used for any other purpose unless the government, by taking the same type of action (resolution or ordinance), removes or changes the constraint

Efficient • Effective • Transparent

32

Fund Balance Classifications

- Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
 - Contracts awarded by resolution or through the bid process authorized by resolution of the governing board.
- Typically, this issue will be limited to the general fund because of its residual (unassigned) fund balance classification.

Efficient • Effective • Transparent

33

Fund Balance Classifications

- Certain “Charges for Services” and “Fees” have no external constraints; instead the constraints are internally generated by the government’s highest level of decision-making authority.
- To commit the resource, the language in the ordinance/resolution creating the constraint should identify both the revenue source and the constraint.
- Examples include: charges for services related to swimming pools, parking lots, recreation centers, garbage collections, and transit services

Efficient • Effective • Transparent

34

Fund Balance Classifications

- The primary difference between a restricted and committed fund balance is a matter of legal enforceability
- Constraints that are externally imposed (restricted) are legally enforceable, while constraints that are imposed by the local government (committed) are not considered to be legally enforceable

Efficient • Effective • Transparent

35

Fund Balance Classifications

- Assigned fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed
- The governing body’s intent may be expressed by a motion, but not by formal action such as a resolution or ordinance
- Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed
- Some governments may not have both committed and assigned fund balances, as not all governments have multiple levels of decision-making authority

Efficient • Effective • Transparent

36

Fund Balance Classifications

- Unassigned fund balance is the residual classification for the general fund
- Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund
- In governmental funds other than the general fund, the unassigned classification should be used only to report a deficit balance

Efficient • Effective • Transparent

37

Chart of Accounts

- Fund
- Revenue - for receipts and other financial resources
- Appropriations - for expenditures and other financial uses
 - Programs
 - Objects

Efficient • Effective • Transparent

Fund Chart of Accounts

- Each fund is assigned a unique fund number, based on the fund type

Efficient • Effective • Transparent

38

Fund Chart of Accounts

Townships

- Governmental Funds:
 - General Fund – 1000
 - Special Revenue Funds – 2011-2999
 - Debt Service Funds – 3101-3999
 - Capital Project Funds – 4101-4949
 - Permanent Funds – 4951-4999
- Proprietary Funds:
 - Enterprise Funds – 5001-5999
 - Internal Service Funds – 6001-6999
- Fiduciary Funds:
 - Custodial Funds – 9001-9249
 - Investment Trust Funds – 9501-9749
 - Private Purpose Trust Funds – 9751-9999

Villages

- Governmental Funds:
 - General Fund – 1000
 - Special Revenue Funds – 2011-2999
 - Debt Service Funds – 3101-3999
 - Capital Project Funds – 4101-4949
 - Permanent Funds – 4951-4999
- Proprietary Funds:
 - Enterprise Funds – 5101-5919
 - Internal Service Funds – 6101-6999
- Fiduciary Funds:
 - Custodial Funds – 9101-9924
 - Investment Trust Funds – 9951-9974
 - Private Purpose Trust Funds – 9976-9999

Efficient • Effective • Transparent

40

Revenue Chart of Accounts

- Each revenue source is assigned a unique revenue code based on the type of revenue

Townships

- Property and Other Local Taxes – 101-199
- Charges for Services – 201-299
- Licenses, Permits and Fees – 301-399
- Fines and Forfeitures – 401-499
- Intergovernmental – 511-599
- Special Assessments – 601-699
- Earnings on Investments – 701-799
- Miscellaneous – 801-892
- Other Financing Sources – 911-999

Villages

- Property and Other Local Taxes – 110-190
- Intergovernmental – 211-290
- Special Assessments – 310-390
- Intergovernmental – 411-490
- Charges for Services – 511-590
- Fines, Licenses and Permits – 611-690
- Earnings on Investments – 701-790
- Miscellaneous – 811-892
- Other Financing Sources – 911-999

Efficient • Effective • Transparent

41

Appropriation Chart of Accounts

- Expenditures and uses of financial resources are assigned both a program code and object code
- Programs provide information on the overall purposes or objectives of expenditures
- Objects identify the types of items purchased or services obtained

Efficient • Effective • Transparent

42

Appropriation Chart of Accounts

• Program codes include:

Townships

- General Government – 110-190
 - Administrative, Townhalls, Memorial Buildings and Grounds, Zoning, Self-Insurance
- Public Safety – 210-290
 - Police Protection, Fire Protection, Emergency Medical Services, Civil Defense
- Public Works – 310-390
 - Lighting, Sanitary Dump, Highways
- Health – 410-490
 - Cemeteries, Health Districts, Underground Storage Tanks

Villages

- Security of Persons and Property – 110-190
 - Police Enforcement, Fire Fighting, Prevention and Inspection, Street Lighting, Civil Defense, Traffic Signals, Signs and Marking, Emergency Medical Services
- Public Health Services – 210-290
 - Payment to County Health District, Payment to County Human Services Program, Other Assistance to Needy, Cemetery
- Leisure Time Activities – 310-390
 - Recreation, Provide and Maintain Parks, Cultural Facilities, Swimming Pool, Concessions

Efficient • Effective • Transparent

43

Appropriation Chart of Accounts

• Program codes include:

Townships (continued)

- Human Services – 510-590
- Recreation – 610-690
- Other – 710
- Intergovernmental – 730
- Capital Outlay – 760
- Fiduciary Distributions – 781-789
- Debt Service – 810-890
 - Bond Principal Payment, Note Principal Payment, Interest, Fiscal Charges, Discount on Debt

Villages (continued)

- Community Environment – 410-490
 - Community Planning and Zoning, Public Housing Projects
- Basic Utility Services – 511-599
 - Electric, Gas, Water, Sanitary Sewers and Sewage, Storm Sewers and Drains, Refuse Collection and Disposal
- Transportation – 610-699
- General Government – 710-790
 - Mayor and Administrative Offices, Legislative Activities, Mayor's Court, Clerk – Treasurer, Lands and Buildings, Boards and Commissions, Solicitor

Efficient • Effective • Transparent

44

Appropriation Chart of Accounts

• Program codes include:

Townships (continued)

- Other Financing Uses – 910-990
 - Transfers, Advances, Contingencies

Villages (continued)

- Capital Outlay – 800
- Debt Service – 850
- Intergovernmental – 870
- Fiduciary Distributions – 881-889
- Other Financing Uses – 910-990
 - Transfers, Advances, Contingencies

Efficient • Effective • Transparent

45

Appropriation Chart of Accounts

• Object codes include:

Townships

- Salaries – 100's
- Employee Fringe Benefits – 200's
 - Employer's Retirement Contributions, Insurance Benefits, Employee Reimbursements
- Purchased Services – 300's
 - Professional and Technical Services, Property Services, Communications, Printing and Advertising, Utilities, Insurance and Bonding
- Supplies and Materials – 400's
- Other – 500's
 - Dues and Fees, Claims, Other Expenses
- Capital Outlay – 700's

Villages

- Salaries – 100's
- Employee Fringe Benefits – 200's
 - Employer's Retirement Contributions, Insurance Benefits, Employee Reimbursements
- Contractual Services – 300's
 - Professional and Technical Services, Property Services, Communications, Printing and Advertising, Utilities, Insurance and Bonding
- Supplies and Materials – 400's
- Capital Outlay – 500's
- Other – 600's
- Deposits, Damages, Claims

Efficient • Effective • Transparent

46

Appropriation Chart of Accounts

• Object codes include:

Townships (continued)

- Debt Service – 810-890 & 940
 - Principal, Interest, Fiscal Charges, Discounts on Debt, Payment to Refunded Bond Escrow Agent *(from resources other than bond proceeds)*
- Other Financing Uses – 910-990
 - Transfers Out, Advances Out, Contingencies, Payment to Refunded Bond Escrow Agent *(from bond proceeds)*

Villages (continued)

- Debt Service – 710-790 & 940
 - Principal, Interest, Fiscal Charges, Discounts on Debt, Payment to Refunded Bond Escrow Agent *(from resources other than bond proceeds)*
- Other Financing Uses – 900's
 - Transfers Out, Advances Out, Contingencies, Payment to Refunded Bond Escrow Agent *(from bond proceeds)*

Efficient • Effective • Transparent

47

Basic Accounting Concepts

- Revenues
 - Receipts
- Expenditures
 - Requisitions
 - Purchase Orders
 - Vouchers and Checks
- Transfers and Advances
- Bank Reconciliations

Efficient • Effective • Transparent

48

Revenues

- All money received by the government is to be recorded into the accounting system and documented through the use of a receipt or a "pay-in"
- Entered into the accounting system by the fiscal officer
- The accounting system generates a receipt (pay-in) which should include:
 - Receipt number
 - Total amount received
 - Date money was received
 - Payer
 - Reason for receipt
 - Fund to which revenue is to be credited
 - Receipt code
 - Fiscal Officer's signature
- Receipts should be deposited daily
- Governing Body may approve a policy to allow up to three days between receipt of money to deposit (Ohio Revised Code § 9.38)

Efficient • Effective • Transparent

49

Refund of Receipts

- Appropriate in the case of
 - Overpayments
 - Return of deposits
 - Repayment of money when a service was not provided
- Post as reduction of original receipt code used if in the same year
- Post as expenditure if in subsequent year

Efficient • Effective • Transparent

50

Expenditures

- A good or service is determined to be necessary and a requisition is prepared and submitted for approval
- Prior to expending moneys, there needs to be a certification of the availability of funds
 - Accomplished through the use of a Purchase Order
- Payment of Invoices
 - Compare invoiced items, prices and quantities to purchase order and billing slips
 - Recompute invoices to ensure accurate extensions and totals
- A voucher is prepared and filed
 - A voucher is a written order to draw a check in payment of a lawful obligation which includes a requisition, purchase order, invoice, and receiving order or billing slip
- A check is drawn and sent to vendor

Efficient • Effective • Transparent

51

Purchase Orders

- Ohio Revised Code § 5705.41(D)(1), states that no contracts or orders involving the expenditure of money may be made unless the fiscal officer has certified that “the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances”
- Certification is accomplished with the issuance of a purchase order
- Any contract made without this certification shall be void and no warrant shall be issued in payment

Efficient • Effective • Transparent

52

Purchase Orders

- Types of purchase orders
 - Regular
 - Blanket
 - Super Blanket
 - Then and Now

Efficient • Effective • Transparent

53

Purchase Orders

- Regular Purchase Order
 - Issued when the purchase of a specific item(s) from a specific vendor is planned
 - Also must specify at least one appropriation account
 - No limit to the dollar amount
 - Does not expire and can therefore carry-over into subsequent year
 - May be encumber more than one fund and appropriation line item
 - This certificate only needs to be signed by the fiscal officer

Efficient • Effective • Transparent

54

Purchase Orders

- Blanket Purchase Order
 - Council/Trustees must, by resolution, set a dollar amount above which Blanket POs may not exceed
 - Use when the vendor, price, or quantity is open ended or not known
 - An amount, not exceeding the amount limiting blanket POs voted on by the Trustees, must be included on the purchase order
 - Only one Blanket PO can be open against a particular line-item appropriation account
 - Does not extend past the end of the year
 - This certificate only needs to be signed by the fiscal officer

Efficient • Effective • Transparent

55

Purchase Orders

- Super Blanket Purchase Order
 - No limit to the dollar amount
 - Can only be for the following specific uses:
 - Most Professional Services
 - Fuel Oil, Gasoline, Food Items, Roadway Materials
 - Utilities
 - Any purchase exempt from competitive bidding under Ohio Revised Code §125.04
 - Any other specific expenditure that is a recurring and reasonably predictable operating expense
 - One or multiple vendors
 - One account code
 - Multiple Super Blanket PO can be open against a particular line-item appropriation account
 - Does not extend past the end of the year
 - This certificate only needs to be signed by the fiscal officer

Efficient • Effective • Transparent

56

Purchase Orders

- Then and Now Certificate
 - Used when prior approval for purchase was not obtained
 - If there were unencumbered appropriations at the time of purchase (then) and there are currently (now) unencumbered appropriations
 - If the amount is less than \$3,000, the fiscal officer may authorize the expenditure
 - If the amount is greater than \$3,000, the Trustees/Council must pass a resolution authorizing the expenditure
 - Resolution must be passed within 30 days of receipt of the fiscal officer's certification
 - Should be the exception, rather than the rule

Efficient • Effective • Transparent

57

Purchase Orders

- Purchase orders should be numbered consecutively
- Each purchase order should be made out in triplicate by the purchasing authority
- Two copies should be filed with the fiscal officer who will complete both
 - Forward one copy to the vendor
 - The other copy should be used as a source entry for posting in the appropriation ledger
- The third copy should be returned to the individual initiating the purchase order (or requisition)
 - The third copy should serve as a receiving report and be returned to the fiscal officer once the items are received and verified
 - The third copy of the purchase order should then be attached to the voucher along with the invoice

Efficient • Effective • Transparent

58

Expenditures

- A voucher is prepared and filed
 - Date
 - Payee
 - Purchase order number
 - Account number
 - Amount
 - Check number
- A voucher is a written order to draw a check in payment of a lawful obligation which includes a requisition, purchase order, and invoice
- A check is drawn and sent to vendor

Efficient • Effective • Transparent

59

Reductions (Refunds) of Expenditures

- Appropriate for:
 - Overpayments returned to the Village
 - Return of a deposit
 - Repayment of money to the government when a service was not provided to them
 - Expenditures within the same fiscal year the payment actually occurred
- Not Appropriate for:
 - Reimbursements from other entities for services provided
 - Reimbursement of general fund expenditures from the State or other governments
 - Refund of prior year's expenditures (should be recorded as revenue when received)

Efficient • Effective • Transparent

60

Transfers and Advances

- A transfer is a permanent reallocation of cash from one fund to another
- Trustees/Council must pass a resolution authorizing the transfer
- Transfers must be included on your certificate of estimated resources and appropriation resolution
- Ohio Revised Code §§ 5705.14 through 5705.16 describe allowable transfers
- Only the general fund may transfer monies to another fund, with certain exceptions
 - Exceptions relate to funds no longer needed for the purpose they were created
 - Some exceptions require permission from the Ohio Tax Commissioner
 - Ohio Revised Code § 5705.13(c) allows for establishment of a capital projects fund for the purpose of accumulating resources for acquiring fixed assets

Efficient • Effective • Transparent

61

Transfers and Advances

- Advances are temporary reallocations of cash from one fund to another
- Must be statutory authority to use the money in the fund advancing the cash for the same purpose as the fund receiving the cash
- Made from a less restricted fund to a more restricted fund
- The reimbursement must not violate any restrictions on the money being used to make the reimbursement
- Advances must be approved by a formal resolution passed the legislative body
 - Resolution includes:
 - The amount of the advance
 - The name of the fund advancing the money
 - The name of the fund receiving the money
 - The source of funds used to repay the advance
 - An estimated repayment date

Efficient • Effective • Transparent

62

Transfers and Advances

- Advances may be subsequently converted to a transfer if the fund initially receiving the advance will not be able to repay the advance
- Perform the necessary procedures for approval of a transfer
- In the year of the initial advance,
 - Record the transfer in the cash journal, receipts journal and appropriations ledger
 - Reverse the advance
 - Update the Amended Certificate of Estimated Resources
 - Amend the Appropriations Resolution
- In a year subsequent to the initial advance,
 - Perform the necessary procedures for approval of a transfer
 - Update the Certificate of Available Balances

Efficient • Effective • Transparent

63

Bank Reconciliation

- It is essential that bank reconciliations be performed every month!
- Should be done as soon as the month closes
- Reconciliation should include all of the governments financial accounts
 - Checking
 - Savings
 - Investment Portfolios
- Add in the total of Deposits in Transit
- Subtract off total of Current Outstanding Checks
- Reconciled balance should match the total of the cash book for the month

Efficient • Effective • Transparent

64

Bank Reconciliation

- Ensure that checks cleared the bank for the amounts that they were issued for
 - Ensure checks were not cleared more than once
- Ensure deposits on the bank statement match deposit slips and pay-in totals
- Verify that all EFT/ACH payments have been recorded into the accounting system
 - EFT Remit Lookup (used to electronic payments from the State of Ohio/OAKS)
 - <https://remitlookup.obm.ohio.gov/default.aspx>

Efficient • Effective • Transparent

65

OAKS EFT Remittance Lookup

- Vendor ID is a numeric code unique to each entity
- Key# is the ZIP Code of your entity
- Email ID: should be the fiscal officer's email address
- Search by Date Range and Remitting Agency OR Amount, Invoice, Voucher, Payment ID

- <https://remitlookup.obm.ohio.gov/default.aspx>

Efficient • Effective • Transparent

66

Hinkle System Financial Reporting

- The Hinkle System is an internet-based application that allows certain financial statement, debt, and demographic data to be entered and/or uploaded and transmitted to the Auditor of State to satisfy the filing requirements prescribed by the Ohio Revised Code and the Ohio Administrative Code. The Hinkle System increases uniformity in financial reporting, generates the statutory reports for the governor and general assembly required pursuant to ORC §117.38, and provides users of this information improved access and functionality
- All entities required to file annually with the Auditor of State are required to file via our Hinkle Annual Financial Data Reporting System (Hinkle System)
 - For townships and villages, the filing deadline is sixty (60) days after year-end

Efficient • Effective • Transparent

67

Hinkle System Financial Reporting

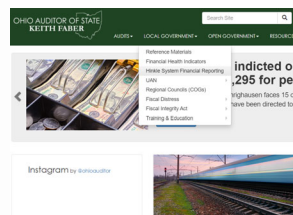
- For most UAN clients, the entity's required filing via the Hinkle System will be completed as part of their year-end UAN reporting
- Meeting this requirement for UAN members occurs when the AFR internet upload (or disc) containing the end of year filing data of the government is received by UAN
- The Year End Procedures booklet includes instructions
 - An application update in the fourth quarter contains the latest booklet

Efficient • Effective • Transparent

68

Hinkle System Financial Reporting

- Questions? – Access the Hinkle System Financial Reporting System webpage
- Visit OhioAuditor.gov
 - Local Government tab
 - Select Hinkle System Financial Reporting



Efficient • Effective • Transparent

69

Hinkle System Financial Reporting

- Quick Guides for filing in the Hinkle System are available under the resources section of the webpage and are available for various specific entities
- Webinar for Preparing Notes to the Financials is available under the Additional Guidance section under References
- Course handout materials are also available

Guidelines

References

Resources

Specific Entity System Quick Guides

Other Guides

Efficient

Effective

Transparent

70

OHIO AUDITOR OF STATE
KEITH FABER

Michelle R. Wears, CPA
Chief Project Manager

Justin W. Sloan, CGFM
Assistant Chief Project Manager

Local Government Services | Southeast
800-345-2519

Efficient

Effective

Transparent

71

24