

OHIO AUDITOR OF STATE
KEITH FABER



WHAT REVENUES FOR WHAT EXPENSES?

Presented by:
Local Government Services

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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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2

FUND TYPES

Governmental 

 Business-Type

Fiduciary 

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3

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.



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.

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.

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 or special road and bridge levy.
- 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 and/or EMS Fund

- Revenue consists of property taxes, intergovernmental revenues, and charges for services.
- Must be used for fire / EMS 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.
 - ✓ AOS Bulletin 1999-006

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10

Debt Service Funds



- **Debt Service Funds** - "Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. (GASB 54 ¶34)"
- Talk with Bond Council. Make sure of any restrictions included in the debt documentation.
- Capital Leases are not required to be paid from a debt service fund.

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Capital Project 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. (AOS Bulletins 2000-008 & 2002-004).

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12

Capital Project Funds Example

OPWC Grant: \$500,000 paid on behalf
OPWC Loan: \$300,000 money received by entity
Local Share: \$200,000 paid by entity
Total Project: \$1,000,000

- How will funds be disbursed?
- Talk with grantor / project manager / check web-sites for disbursements made on your behalf.

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.

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Private Purpose Trust Funds

- 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

- Recording revenues at gross (i.e. property taxes)
- Transfers and Advances
- Allocating costs – Trustee and Fiscal Officer Salaries and Audit Costs
- Unclaimed Monies – ORC 9.39
- AQS Bulletin 2020-003: GASB 84 (issued February 27, 2020)

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18

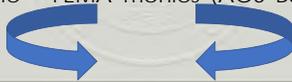
Recording Revenues at Gross

- Revenues with fees should be recorded at gross, not net.
 - Revenue should be recorded at the amounts collected.
 - Expenses deducted from collections should be recorded as expenditures.
 - The net amount should match the amount received/deposited into the bank.
- Example: Property Taxes
 - Taxes Collected Revenue
 - County Auditor/Treasurer Fees/Election Exp./etc.
 - The difference should equal the amount deposited into the bank.



Transfers and Advances

- **Transfers** – permanent moving of monies from one fund to another. No repayment expected.
- **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).



Cost Allocations

- Departmental costs can be allocated to other departments (i.e. audit costs or fiscal officer costs).
- Ohio Compliance Supplement Section O-27 and AOS Bulletin 2020-002
- Ohio Compliance Supplement Chapter 1-29 Allocating Trustee / Fiscal Officer Salaries
- Document.....Document.....Document!
 - If costs are allocated without proper documentation, those allocations may not be allowed.

Unclaimed Monies



9.39 Liability for public money received or collected - unclaimed money.

"All public officials are liable for all public money received or collected by them or by their subordinates under color of office. All money received or collected by a public official under color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. **If not claimed within a period of five years, the money shall revert to the general fund of the public office.**"

GASB 84 – Fiduciary Funds

- AOS Bulletin 2020-003: GASB 84
- This is related to the 9000 funds in UAN
- The Governmental Accounting Standards Board (GASB) established new criteria for fiduciary funds. Therefore, some of the 9000 funds may need to be changed to a different fund type (i.e. Special Revenue fund).
- If you have a fund that changes fund types, that fund is now required to be budgeted for like all of your other funds.
- If you determine that you still have a custodial fund, then UAN has a whole different set of program codes that you will need to establish and use.
- These possible changes are looked at on a case-by-case basis.

Useful Resources

- Go to <https://ohioauditor.gov>
 - Click on Resources / Publications & Manuals
 - Village / Township Officer's Handbook
 - Ohio Compliance Supplement
 - Technical Bulletins from 1995 to the present
 - Click on Resources / IPA Resources / Ref. Materials
 - ORC and OAC
- Talk to your supervisors
- There are no dumb questions!

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Dave Yost • Auditor of State

Bulletin 2011-004

Auditor of State Bulletin

Date Issued: September 29, 2011 - ~~Revised May, 2017~~ (See edits in **strikeout and double underlined font**)

TO: All Fiscal Officers

FROM: Dave Yost, Ohio Auditor of State

SUBJECT: **Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions**

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. This bulletin references specific paragraphs from GASB 54.

The GASB included explanatory information related to GASB 54 in their ~~2010—2011~~ *Comprehensive Implementation Guide*. The Guide is organized in a question and answer format. This bulletin references specific questions from the 2015-1 Implementation Guide, shown as Z.54.XX (any revisions from 2016-1 are explicitly noted).

The requirements of this Statement ~~are~~ were effective for financial statements for periods beginning after June 15, 2010. ~~Fund reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented. The change in fund balance presentation to the five classifications of fund balance in GASB 54 is not a restatement.~~¹

Fund Balance Classifications

Following are the definitions of the five fund balance classifications (these definitions are taken directly from GASB 54):

Nonspendable Fund Balance The 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. (GASB 54 ¶6 or GASB Cod. 1800.166)²

¹ While accurate, this sentence was struck out due to the passage of time since the effective date of the GASB requirements.

² GASB Codification references in this document were current as of the date of the revisions to this publication; however they are always subject to change.

Restricted Fund Balance The 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. (GASB 54 ¶8 or GASB Cod. 1800.168)

Committed Fund Balance The 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. (GASB 54 ¶10 or GASB Cod. 1800.170)

Assigned Fund Balance 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 (GASB 54 ¶13 or GASB Cod. 1800.173).

Unassigned Fund Balance Unassigned fund balance is the residual classification for the general fund. This classification 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 (GASB 54 ¶17 or GASB Cod. 1800.177).

Nonspendable Fund Balance

The nonspendable definition addresses two components of nonspendable fund balance – (a) not in spendable form or (b) legally or contractually required to be maintained intact. Items are considered "not in spendable form" if they are not expected to be converted to cash; examples include inventories and prepaid amounts. Long-term loans and notes receivable, as well as property acquired for resale are also considered "not in spendable form." However, if once the receivables are collected or the assets are sold the proceeds are restricted, committed, or assigned, then those amounts should be included in the appropriate fund balance classification (restricted, committed, or assigned) rather than nonspendable fund balance. The principal (or corpus) reported in a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. (GASB 54 ¶6 or GASB Cod. 1800.166)

Restricted Fund Balance

The restricted fund balance definition addresses enabling legislation. GASB 54 defines enabling legislation as follows:

Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stated in the legislation. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation. (GASB 54 ¶9 or GASB Cod. 1800.169)

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. If legislation is passed to generate revenues for a local government under the authority of State statute, it is not enabling legislation.

Restricted fund balance constraints are externally imposed, typically by way of grant agreements, State statute, and debt covenants. Federal and State grant agreements generally include language placing constraints on the resources, thus restricting the fund balance. Constraints placed on

resources collected under the authority of State statute are identified in the respective section of the Ohio Revised Code. Debt agreements typically stipulate how the debt proceeds may be spent and what resources are to be used for repayment. These constraints are sufficient to restrict fund balance. The charts on the attached pages will assist in identifying when fund balance is restricted.

Local match requirements are bound by the constraints in the grant agreement; thus, if the grant is restricted the local match will be also. (Z.54.8 / Cod. 1800.742-1) The grant agreement or State statute will specify constraints placed on interest earned on restricted resources. If the interest can be used only for the same purposes as the restricted resources, as indicated in the grant agreement or State statute, the interest will also be restricted, otherwise the interest is assigned. (Z.54.9 / Cod. 1800.742-2)

ORC Section 5705.10 (H), states: "Money paid into any fund shall be used only for the purposes for which such fund is established." Therefore, all fund inflows, once recorded in a fund, are to be used for the same purpose as the specific revenue source serving as the foundation of that fund, and fund balance may be limited to one classification, the same as the foundation revenue. Thus, once the foundation revenue of a special revenue fund has been identified and classified as restricted (or committed), other inflows into the same fund are also restricted (or committed). If the foundation revenue ceases to be collected, the same constraints continue to exist. See the special revenue fund definition section of this bulletin.

Committed Fund Balance

Committed fund balance amounts are internally imposed by the governing body. 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. The difference between restricted and committed fund balance is committed fund balance constraints are imposed by the local government, separate from the authorization to raise the underlying revenue, and compliance with constraints imposed by the local government is not considered to be legally enforceable. (GASB 54 ¶11 or GASB Cod. 1800.171) Restricted fund balance constraints are externally imposed or are enacted through enabling legislation and are legally enforceable.

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. The type of contractual obligations that would meet the committed criteria would be a contract 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.

While an Ohio local government may impose constraints on certain resources and change those constraints prospectively by taking the same action that originally imposed the constraints, redirecting the existing resources (the cash balance of the fund) requires compliance with State statutes for the transfers of money, specifically ORC Sections 5705.14 - 16.

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. See discussion of "Charges for Services" later in this bulletin.

Assigned Fund Balance

In governmental funds other than the general fund, assigned fund balance is the default classification which represents the remaining amount that is not restricted or committed. The assigned fund balance definition addresses the government's intent. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. (GASB 54 ¶13 or GASB Cod. 1800.173)

The governing body's intent may be expressed by a motion, but not by formal action such as a resolution or ordinance. In other words, a formal legislative process is not needed to add, remove, or modify assigned amounts. In a School District, a board policy indicating intended use of certain fees or charges for services would be considered an assignment. 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. (GASB 54 ¶14 or GASB Cod. 1800.174)

When ~~the~~an appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. (GASB 54 ¶16 or GASB Cod. 1800.176 and Z.54.13 / Cod. 1800.744-2) Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The determination of the purposes, as well as the amounts for assigned fund balances can be made after the end of the reporting period, so this assignment is not limited to appropriation measures made prior to year end (Z.54.15 / Cod. 1800.743-2).

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the general fund. In governmental funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from expenditures exceeding amounts that have been restricted, committed, or assigned. If a deficit exists, there should be no amounts reported in any other fund balance classifications. (GASB 54 ¶19 or GASB Cod. 1800.179 and Z.54.16 / Cod. 1800.746-2)

Unassigned fund balance of the general fund of a blended component unit (reported as a special revenue fund by the primary government) should be reclassified as assigned, committed, or restricted based on the process through which those resources of the component unit could be used for other purposes of the primary government. For example, if the resources of the component unit are restricted to the purposes of the component unit, those resources may be classified as unassigned in the context of the stand-alone financial statement of the component unit but would be considered restricted from the perspective of the primary government. (Z.54.50, as amended by 5.41 in the 2016 IG / Cod. 1800.746-6)

Encumbrances

Accounting for encumbrances will continue; however, reserved for encumbrances will no longer appear on the financial statements. Encumbered amounts will be included in the restricted, committed, and assigned fund balance classifications. (Z.54.27 / Cod. 1800.754-1) Issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance, unless the purchase order relates to restricted or committed resources. (Z.54.28 / Cod. 1800.751-2) If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. Encumbrances cannot further restrict or commit resources.

Stabilization Arrangements

Some governments set aside money in a rainy-day fund, specifying when and how the dollars can be spent. The criteria for the use of the resources should be specific, and the resources should not be expected to be spent routinely. “In an emergency” or to offset “anticipated revenue shortfall” are not specific enough to meet the criteria for restricted or committed. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the criteria for restricted or committed, based on the source of the constraint on their use. Stabilization arrangements that do not meet the criteria to be reported within the restricted or committed fund balance classifications should be reported as unassigned in the general fund.

In Ohio, a taxing authority of a subdivision, by resolution or ordinance, may establish reserve balance accounts to accumulate currently available resources to stabilize its budgets against cyclical changes in revenues and expenditures under ORC Section 5705.13. The criterion for using the budget stabilization is not specific enough to meet the committed criteria and it does not meet the restricted criteria as the budget stabilization is not mandated by State statute. Therefore, a budget stabilization/reserve account should be reported as unassigned in the general fund. While statute also gives the authority to have stabilization reserve accounts in other operating funds, the fund balance is reported as restricted, committed, or assigned and the reserve account does not change the fund balance classification.

Balance Sheet Presentation

On the face of the financial statements, amounts for the two components of nonspendable fund balance may be presented separately or in total. If the financial statements present the total amount, then the separate components should be disclosed in the notes. Specific purpose amounts for restricted, committed or assigned fund balance amounts may be presented on the financial statements or disclosed in the notes. (GASB 54 ¶22 and ¶25 or GASB Cod. 2200.163) The information disclosed in the notes should provide the same level of detail as would be displayed on the face of the financial statements. That is, the disclosure should provide information for the general fund, each major governmental fund, and the nonmajor funds in the aggregate. (Z.54.61 / Cod. 1800.748-2)

Required Note Disclosure

Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classification:

For committed fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment. (GASB 54 ¶23 or GASB Cod. 1800.183)

For assigned fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given. (GASB 54 ¶23 or GASB Cod. 1800.183)

Governments should also disclose (1) whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, and (2) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. (GASB 54 ¶23 or GASB Cod. 1800.183)

Significant encumbrances should be disclosed in the notes to the financial statements as part of the construction and other significant commitments note. This disclosure should include amounts for each major fund with a separate total for all non-major funds. (GASB 54 ¶24 or GASB Cod. 1800.184)

Governments that establish stabilization arrangements, even if they don't meet the restricted or committed criteria, should disclose: (a) the authority for establishing stabilization arrangements (for example, by statute or ordinance), (b) the requirements for additions to the stabilization amount, (c) the conditions under which stabilization amounts may be spent, and (d) the stabilization balance, if not apparent on the face of the financial statements. (GASB 54 ¶26 or GASB Cod. 1800.186)

If a governing body has formally adopted a minimum fund balance policy, the government should describe in the notes to its financial statements the policy established by the government that sets forth the minimum amount. (GASB 54 ¶27 or GASB Cod. 1800.187)

Governmental Fund Type Definitions

The definitions of the general, special revenue, capital projects, debt service, and permanent fund types are clarified in GASB 54. The new governmental fund type definitions are (these definitions are taken directly from GASB 54):

General Fund The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. (GASB 54 ¶29 or GASB Cod. 1300.104)

Special Revenue Funds Special revenue funds are 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. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. (GASB 54 ¶30 or GASB Cod. 1300.105)

Capital Projects Funds Capital projects funds are 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. Capital projects funds exclude 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. (GASB 54 ¶33 or GASB Cod. 1300.106)

Debt Service Funds Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. (GASB 54 ¶34 or GASB Cod. 1300.107)

Permanent Funds Permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. Permanent funds do not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. (GASB 54 ¶35 or GASB Cod. 1300.108)

Special Revenue Funds

The special revenue fund type definition addresses proceeds of specific restricted or committed revenue sources as the basis for a special revenue fund. Various revenues or resources can be reported in a special revenue fund; however, the fund is required to include substantial restricted or

committed revenues as its foundation. Assigned revenues, transfers-in, or other financing sources (inflows) cannot be the foundation for establishing a special revenue fund. Substantial restricted or committed revenues means a material amount and it does not imply a quantitative range (more or less than some percentage of inflows).

When a special revenue fund is established to account for restricted or committed revenue, but the fund has a limited life expectancy and the inflows into the fund ultimately cease, the balance in that fund does not have to be reported as part of the general fund provided there **are no continuing inflows** (i.e., transfers) into the fund. The separate fund can continue to be reported until the restricted resources have been used for their specified purposes (Z.54.33 / QZ.704-10). Governments should discontinue reporting a special revenue fund and instead report the fund's remaining resources in the general fund, or another fund with a similar purpose that meets the criteria to be reported as a special revenue fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

The new definition for special revenue funds includes a requirement that a specific source of revenue at least be committed. A fund with committed resources may require Auditor of State approval under ORC Section 5705.12. Most Ohio local governments can only do what is authorized in State statute, so the ability to commit an otherwise unrestricted general fund revenue for some other specific purpose may not exist. Municipalities may, because of home rule, be able to commit, by ordinance, a specific source of revenue to a specific purpose.

Debt Service and Capital Projects Funds

Debt service and capital projects funds do not need a foundation revenue to exist and can have transfers as their sole inflow. If a capital projects fund has a transfer as its sole inflow and the governing body has identified a specific purpose by ordinance or resolution, then the fund balance is committed. However, if the governing body has not identified a purpose, the fund balance is assigned.

Required Note Disclosure

Governments should disclose in the notes to the financial statements the purpose for each major special revenue fund. This definition should identify the foundation revenues in each fund and the source of the restriction or commitment. (GASB Cod. 1300.105)

Change in Fund Classification

GASB 54 changes the definitions of governmental funds; therefore, some funds that are maintained for day-to-day accounting purposes may no longer meet the fund type criteria for reporting in the year-end external financial statements. These funds should be presented as part of the general fund or a qualifying special revenue fund in the year-end financial statements. The budgetary comparison information in the year-end financial statements should be the legally adopted budget for the general fund or major special revenue funds, without modification for the funds no longer meeting the special revenue criteria. Differences in fund structure between budgetary reporting and GAAP reporting are "perspective differences." (See GASB Codification 2400.113) This perspective difference should be explained in the reconciliation of budgetary information to generally accepted accounting principles information. (Z54.41 / Cod. 1800.707-1) ~~Changes in fund structure should be applied retroactively and will result in restating fund balance for all prior periods.~~¹

Specific Issues/Additional Information

Proprietary Funds

The new GASB 54 fund balance classifications apply to governmental fund financial statements only. They do not apply to net assets position in proprietary funds or to the government-wide statement of net assets position.

Relationship of net assets position to fund balance

Restricted fund balance on the governmental fund financial statements will generally be different from restricted net assets position for governmental activities reported on the government-wide statement of net assets position. There are three reasons for this difference. First, the principal amount of a permanent fund is classified as nonspendable fund balance in the governmental fund financial statements, but is included in restricted net assets position in the government-wide statement of net assets position.

Second, the fund financial statements are prepared on the modified accrual basis of accounting and the government-wide statement of net assets position is prepared on the accrual basis of accounting. The differences between the two bases of accounting will generate differences in the two amounts. And finally, the internal service fund is not included on the governmental fund financial statements; however, on the government-wide statement of net assets position, the internal service fund is generally included with governmental activities. (Z.54.10 / Cod. 1800.742-3)

Transfers

Transfers in are an inflow of resources to a fund, not a revenue source. A governing board can pass a resolution to annually transfer amounts from the general fund to a special revenue fund; however, when the transfer is the only inflow to be used for a specified purpose, it does not meet the criteria for **restricted** or **committed** revenues necessary to meet the definition of a special revenue fund. The separate fund can be reported as a special revenue fund even if the transfers-in exceed the foundation revenue for that fund, if the foundation revenues comprise a substantial portion of the total inflows in the fund. Following the constraint placed on fund resources by State law (5705.10(HI), R.C.), the transferred resources would be reported under the same classification as the foundation revenues in the fund (restricted or committed revenues). When transfers from the general fund are the only inflow for to any other governmental funds (other than special revenue fund) fund balance would be classified as part of assigned fund balance unless the governing board, by ordinance or resolution, identifies a specific purpose for the funds, in which case the resources would be reported as committed fund balance.

Cemetery Funds

Municipalities: Sale of cemetery lots under ORC Section 759.13 are restricted, “No more shall be charged for lots than is necessary to reimburse the city for the expense of lands purchased or appropriated for cemetery purposes, and to keep in order and embellish the grounds.” If the charges for services received under ORC Section 759.13 are considered the foundation revenue of the cemetery fund, then it would be a special revenue fund with a restricted fund balance. If the foundation revenue under ORC Section 759.13 is no longer collected, reevaluate the fund.

Cemetery money coming in under ORC Section 759.12 and ORC Section 759.15 should be reported as a permanent fund or private purpose trust fund. ORC Section 759.12 states that the dollars received under this section is “... for the perpetual care of the lots designated, using only the interest or income of the money.” ORC Section 759.15 states that the city shall “...forever hold such money as a permanent fund (statutory use and does not match GASB definition), and pay to the director (director of public service) in semiannual payments as interest on the funds, a sum sufficient to provide perpetual care of the lots as agreed by the director.”

GASB 34 and 54 defines permanent funds as funds “...used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs—that is, for the benefit of the government or its citizenry.” Private purpose trust funds “...should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or

other governments.” (GASB Cod. 1300.108) Investing a specific portion of the fee charged to everyone for the sale of lots and using the interest to cover on-going maintenance of a cemetery (mowing) is benefitting the government or its citizenry and would be a permanent fund. Allowing individuals the option to contribute with the principal and/or interest designated for placing flowers on specific grave sites is benefitting individuals and would be a private purpose trust fund.

Under GASB 54 (on the governmental fund financial statement), the principal of a permanent fund is reported as nonspendable. On the statement of net assets position, amounts that are required to be retained in perpetuity are to be classified as nonexpendable within the restricted net asset category. GASB 34, paragraph 35 (GASB Cod. 2200.103) states that permanent fund principal amounts should be shown in two additional categories of restricted net assets position—expendable and nonexpendable.

Donations received under ORC Section 759.14 could be a special revenue, capital projects, permanent or private purpose trust fund depending on the nature of the donation. ORC Section 759.14 states that the donation may be “...used for the enlargement, improvement, embellishment, or care of the cemetery grounds generally, or for any particular parts or lots therein, as the donor directs, or as the director determines if no such direction is given.” Embellishment or care of the grounds generally could be a special revenue fund if the GASB 54 restricted or committed criteria are met. Enlargement or improvement of the grounds generally would be a capital projects fund. Enlargement, improvement, embellishment or care of a particular lot directed by the donor would be a private purpose trust. A permanent fund would only be used if the principal cannot be spent and the earnings are used for government programs. (See permanent fund definition above.)

Townships: ORC Section 517.07 establishes the township’s ability to sell cemetery lots, “Upon application, the board of township trustees shall sell at a reasonable price the number of lots as public wants demand for burial purposes.” ORC Section 517.08 places the restriction on these dollars, “The proceeds arising from the sale of cemetery lots under ORC Section 517.07 shall be used in maintaining, improving, beautifying, and embellishing such grounds, ...” If the charges for services received under ORC Section 517.07 are considered the foundation revenue of the cemetery fund, then it is a special revenue fund with a restricted fund balance.

Dollars receipted into a Cemetery Fund under ORC Section 517.15 can be for a variety of purposes, as follows:

- (A) “Gifts, devises, or bequests received for the purpose of maintaining, improving, or beautifying township cemeteries;” These dollars would be presented in a special revenue fund with a restricted fund balance.
- (B) “Charges added to the price regularly charged for burial lots for the purpose of maintaining, improving, or beautifying township cemeteries;” These dollars may be presented in a permanent fund with a nonspendable fund balance.
- (C) “Contributions of money from the township general fund;” These dollars would most likely not be the foundation revenue of the fund. These dollars would be presented in a special revenue fund with a restricted fund balance.
- (D) “An individual agreement with the purchaser of a burial lot providing that a part of the purchase price is to be applied to the purpose of maintaining, improving, or beautifying any burial lot designated and named by the purchaser;” These dollars would be presented in a private purpose trust fund – not subject to GASB 54 fund balance classifications.
- (E) “Individual gift, devises, or bequests made for the maintenance, improvement, and

beautification of any burial lot designated and named by the person making the gift, devise, or bequest.” These dollars would be presented in a private purpose trust fund – not subject to GASB 54 fund balance classifications.

State statute allows this activity to be in one fund; however, maintaining separate funds may simplify financial reporting issues.

Municipal Income Tax

A municipal income tax enacted under ORC Section 718.01(C), results in various classifications of fund balance as follows:

- An income tax (up to one percent) is enacted without voter approval and no constraints are placed on the use of the revenue. This income tax revenue is to be included with the general fund and is part of the unassigned fund balance. There is no basis for a separate fund, even on a budgetary basis.
- An income tax is enacted with voter approval and no constraints are placed on the use of the revenue. This income tax revenue is included with the general fund and is part of the unassigned fund balance. Again, there is no basis for a separate fund.
- An income tax is enacted with or without voter approval and constraints on the use of the revenue are imposed by a separate ordinance. For GASB 54 purposes, this income tax revenue is included with the general fund if it is used for municipal operations. It could also be reported as a separate special revenue or as a capital projects fund depending on the use of the revenue. Regardless of how the fund is reported, the fund balance will be committed.
- An income tax (up to one percent) is enacted without voter approval and constraints on the use of the revenue are imposed through enabling legislation – original ordinance. For GASB 54 purposes, this income tax fund is reported as a separate special revenue or capital projects fund depending on the use of the revenue, and reports a restricted fund balance.
- An income tax is enacted with voter approval and constraints on the use of the revenue are imposed externally by the voters. For GASB 54 purposes, this revenue is reported as a separate special revenue or capital projects fund depending on the use of the revenue, and is classified as restricted fund balance.

School District Income Tax

A school district income tax is enacted with voter approval and no constraints are placed on the use of the revenue. For GASB 54 purposes, this income tax revenue is included with the general fund and is part of unassigned fund balance. If however, the revenue is for capital improvements, this income tax revenue is included in the permanent improvements capital projects fund and is classified as restricted fund balance

Charges for Services

When a fund has “Charges for Services” as its foundation revenue, each situation should be evaluated separately:

- Certain “Charges for Services” have external constraints and meet the definition of restricted fund balance. See the Restricted Fund Balance section of this bulletin.
- Certain “Charges for Services” 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 and indicate the revenue is to

support the activity. Examples include: charges for services related to swimming pools, parking lots, recreation centers, garbage collections, and transit services.

- If the criteria for restricted and committed are not met, the revenue will be reported with the general fund and report an assigned or unassigned fund balance, as appropriate.
- If “Charges for Services” is not the foundation revenue, and the foundation revenue is restricted, the “Charges for Services” would also be restricted. See the Restricted Fund Balance section of this bulletin.

Donations

Donations received by a local government can be classified two ways. First, donations received with constraints imposed by the contributor are nonspendable (corpus) or restricted. Second, donations can be given to a specific department or fund in which case there is an implied constraint imposed by the donor. When this is combined with a resolution/ordinance recognizing the implied consent on the use of the dollars, the fund balance is committed. Donations received without written directive of how it is to be used from the donor should be considered a general fund receipt and reported as unrestricted fund balance.

OCBOA and Regulatory Financial Statements

Those local governments preparing OCBOA and regulatory statements should implement both the new fund balance classifications and the governmental fund type definitions. ~~New templates will be~~ Templates are available to facilitate this process. A failure to follow these classifications would usually preclude auditors from expressing an unqualified opinion on the statements.

Unclaimed Monies Fund

For unclaimed monies, the difference between the amount of cash in the fund and the estimated liability for payments to claimants would be classified as nonspendable fund balance until the end of the five year holding period. Unclaimed funds are legally required (ORC Section 9.39) to be maintained for five years. For a cash basis entity, the entire cash balance would be reported as nonspendable.

School District Issues

Property Tax Advances and Subsequent Years' Appropriations

~~When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses or appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned. (GASB 54 ¶16 and Z.54.13) For School Districts, the amount available as an advance against the August real property settlement (booked as a receivable/revenue at June 30) is part of fund balance. Therefore, when making this calculation, the estimated receipts should not include the amount available as an advance against the August real property settlement. Since the general fund is the only fund with a positive unassigned fund balance, this calculation is only needed for the general fund. Note: After re-evaluation of this guidance subsequent to the date the original bulletin was issued, we have removed this paragraph to prevent confusion. The relevant information is already referenced in the last paragraph of the *Assigned Fund Balance* section on page 4 of this bulletin.~~

Allocation of Inside Millage

School Districts have the ability to allocate inside millage from the general fund to the permanent improvement fund. This reallocation process goes through a formal legislative process, public hearings, and the county budget commission. The allocated millage/revenues, such as those directed for permanent improvements, should be reported as committed fund balance as the same

process is followed to return the inside millage to the general fund.

Classroom Facility Maintenance Fund (034)

School districts are required to establish and maintain a Classroom Facility Maintenance Special Revenue Fund and have a voted half mill property tax levy to finance the maintenance of completed School Facility Projects for 23 years. As an alternative to the half mill levy, a school district may earmark a portion of an existing continuing permanent improvement property tax levy or the proceeds of an income tax levy that may be used for permanent improvements. By statute, these resources are transferred to the Classroom Facility Maintenance Fund. In order to report the Classroom Facility Maintenance Special Revenue Fund, the transfers-in, on a GAAP basis, should be reclassified to property or income tax revenues and the transfers-out should be eliminated by reducing property or income tax revenues in the originating fund. This allows the Classroom Facility Maintenance Fund to report a specific revenue source (the foundation revenue) meeting the criteria necessary to have a special revenue fund. The transfers should continue to be presented on the budget and actual financial statements.

Set-Asides

School District set-asides established by ORC Sections 3315.17 and .18 represent restricted fund balance within the general fund. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law.

Unspent refunds or rebates from Bureau of Workers' Compensation received prior to April 10, 2001, (previously required by law to be deposited into a budget reserve) are limited to the following purposes:

- To offset a budget deficit;
- For school facility construction, renovation or repair;
- For textbooks or instructional materials, including science equipment or laboratories;
- For the purchase of school buses; or
- For professional development of teachers.

The last four items above would be reported as restricted fund balance because of the constraints placed on the use by State statute and should be reported within the general fund according to the purpose chosen by the board of education. The choice to offset a budget deficit parallels a budget stabilization arrangement which is reported as unassigned fund balance. This presentation differs from the guidance in GASB 54 which has constraints imposed by State statute (laws of another government) as restricted fund balance.

GASB 54 Fund Balance Classification Analysis Charts

The following pages contain charts presenting the more common funds and foundation revenue/inflow for Cities/Villages, Schools Districts, Counties, Townships and Libraries.

The charts identify the "GASB 54 fund classification" and the "prior fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The charts do not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

The chart may identify multiple foundation revenues/inflows for a single fund. Local governments

should identify which resource or resources they will be using as their foundation revenue and classify fund balance as appropriate. For example on the county chart, the jail operations special revenue fund could have property taxes or charges for services as its foundation revenue. If property taxes are the foundation revenue, fund balance would be restricted; however, if charges for services are the foundation revenue, fund balance would be committed.

Questions

If you have any questions regarding the information presented in the Bulletin, please contact Local Government Services at the Auditor of State's Office at ~~(800) 345-2519~~ (614)466-4717.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Ohio Auditor of State

Cities/Villages						
GASB 54 Fund Balance Classification Analysis						
GASB 54 Fund Classification	Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
General	General	General	Various sources	None	None	Unassigned
General	SR	Compensated Absences	Transfers +	ORC Section 5705.13(B), transferred from other funds	City's intent--pmt of sick/vacation/comp at termination	Committed
General	SR	Underground Storage Tanks	Transfers from other funds +	AOS Bulletin 94-04	Remediation deductible; no specific source, transfers	Committed
General	General	Unclaimed Monies Fund	Various unclaimed funds	ORC Section 9.39	Externally imposed by State Statute	Nonspendable
General	General	General	Hotel/Motel Tax - 50% for municipality	ORC Section 5739.09(B)	None	Unassigned
SR	SR	Police Pension	3/10 mill Property Taxes	ORC Sections 5705.06(G) & 742.33(B)	Externally imposed by State Statute	Restricted
SR	SR	Fire Pension	3/10 mill Property Taxes	ORC Sections 5705.06(G) & 742.34(B)	Externally imposed by State Statute	Restricted
SR	SR	Special Levy	Property Taxes	ORC Section 5705.19	Externally imposed by voters	Restricted
SR	SR	Hotel/Motel Tax	Hotel/Motel Tax - 50% for municipality	ORC Section 5739.09(B)	Internally imposed by City Ordinance	Committed
SR	SR	Hotel/Motel Tax	Hotel/Motel Tax - 50% for convention and visitors' bureau	ORC Section 5739.09(B)	Externally imposed by State Statute	Restricted
SR + a	SR	Tax Increment	Increment Taxes	ORC Sections 5709.40 - 5709.43 & 5709.47	Externally imposed by State Statute	Restricted
SR	SR	Service Assessments	Special Assessments	ORC Chapters 727 & 729	Externally imposed by State Statute	Restricted
SR + b	SR	CDBG	Intergovernmental-Grant Monies	Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	CDBG Revolving Loan	Intergovernmental	Grant Award/Agreement	Externally imposed by Grantor +	Restricted +
SR	SR	Cops	Intergovernmental-Grant Monies	Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	FEMA	Intergovernmental	ORC Section 131.35	Externally imposed by State Statute/grant award	Restricted
SR	SR	HUD Housing	Intergovernmental-Grant Monies	Grant Award/Agreement	Externally imposed by Grantor	Restricted
SR	SR	Joint Economic Develop District	Intergovernmental - City's share of JEDD income tax collections	ORC Sections 715.72-715.83	Externally Imposed by State Statute	Restricted
SR	SR	Street Maintenance (SCMR)	Intergovernmental		Externally imposed by State Statute	Restricted
			- Gas Tax	ORC Section 5728.06 & ORC Chapter 5735		
			- Motor Vehicle License Fees	ORC Chapter 4503		
SR	SR	State Highway	Intergovernmental		Externally imposed by State Statute	Restricted
			- Gas Tax	ORC Section 5728.06 & ORC Chapter 5735		
			- Motor Vehicle License Fees	ORC Chapter 4503		
SR	SR	Permissive Motor Vehicle License	Intergov't - Permissive MVL	ORC Chapter 4504	Externally imposed by State Statute	Restricted
SR	SR	Drug Law Enforcement	Fines and Forfeitures	ORC Section 2925.03, AOS Bulletin 86-16	Externally imposed by State Statute	Restricted
SR	SR	Enforcement and Education	Fines and Forfeitures	AOS Bulletin 90-25	Externally imposed by State Statute	Restricted
SR	SR	Federal Equitable	Fines and Forfeitures	US Treasury & Justice Departments	Externally imposed by Federal Law	Restricted
SR	SR	Indigent Alcohol	Fines and Forfeitures	ORC Sections 4511.191(H)(1) & 2949.094(A)	Externally imposed by State Statute	Restricted
SR	SR	Law Enforcement Trust	Fines and Forfeitures	ORC Section 2981.13 (C)(1)	Externally imposed by State Statute	Restricted
SR	SR	Mandatory Drug Fines	Fines and Forfeitures	ORC Section 2925.03, AOS Bulletin 86-16	Externally imposed by State Statute	Restricted
SR + c	SR	Municipal Court Special Programs	Fines and Forfeitures	ORC Section 1901.26 (B)(1)	Externally imposed by State Statute	Restricted
SR	SR	Cemetery	Charges for Services-Sale of Lots	ORC Section 759.13	Externally imposed by State Statute	Restricted
SR + d	SR	City Donation Fund	Donations	External resource providers	Externally imposed by contributor	Restricted
			Donations	External resource providers	Implied by donor, internally imposed by ordinance	Committed
DS	DS	G.O. Bond Retirement	Property Taxes	ORC Sections 5705.19; 133.10 & 133.25	Externally imposed by State Statutes	Restricted
			Income Taxes	ORC Sections 5705.09; 133.10 & 718.01	Externally imposed by State Statutes	Restricted
			Transfers +	Transfers from General Fund	City intends to use for specific purpose	Assigned
DS	DS	Special Assessment Bond Retirement	Special Assessments	ORC Sections 133.17 & 6115.50	Externally imposed by State Statutes	Restricted
CP	CP	Capital Grants	Intergovernmental	Grant Award/Agreement	Externally imposed by Grantor	Restricted
CP	CP	Federal Stimulus	Intergovernmental	Grant Award Letter	Externally imposed by Grantor	Restricted
CP	CP	Issue II Improvements	Intergovernmental	OPWC Money	Externally imposed by grantor/OPWC	Restricted
CP	CP	Municipal Court Improvements	Fines and Forfeitures	ORC Section 1901.26 (B)(1)	Externally imposed by State Statute	Restricted
CP	CP	Capital Improvement Assessment Fund	Special Assessments	ORC Chapters 727 & 729	Externally imposed by State Statute	Restricted

Cities/Villages							
GASB 54 Fund Balance Classification Analysis							
GASB 54 Fund Classification	Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance	Classification
CP	CP	Construction/Improvement Fund	Specific source TBD by City	ORC Section 5705.13 (C) & City Ordinance	Internally imposed by City ordinance		Committed
			Transfers +	ORC Section 5705.13 (C) & City Ordinance	City has identified a specific purpose by ordinance		Committed
			Transfers +	ORC Section 5705.13 (C)	City has not identified a specific purpose		Assigned
CP	CP	Construction Fund	Initial Debt Proceeds +	ORC Sections 133.15, & .32	Externally imposed by debt covenants		Restricted
Perm	Perm	Cemetery Investment/Perpetual Care	Charges for Services	ORC Sections 759.12 & .15	Imposed by State Statute		Nonspendable
Perm + c	Perm	Endowment	Donations-Corpus can't be spent	ORC Section 5705.09 (F), Trust Law	Externally imposed by donor		Nonspendable
			Earnings on corpus	ORC Section 5705.09 (F), Trust Law	Externally imposed by donor		Restricted

**Cities/Villages
Explanatory Notes**

The preceding chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds: however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

+ GASB 54 Fund Classification

- a AOS Bulletin 2010-003 addresses the appropriate fund classification to account for Tax Increment Financing (TIF) and other funds that maybe necessary for external reporting. Regardless of fund classification, the fund balance related to TIF’s would be restricted.
- b Some of the grant funds that are presented as special revenue funds could also be capital projects funds based on the use of the award; however, the fund balance classification will still be restricted.
- c The municipal court computerization funds could be classified as special revenue or capital projects funds based on the use of the dollars; however, the fund balance classification will still be restricted.
- d Some of the donation funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will not change.
- e The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

+ Foundation Revenue/Inflow

Transfers and debt proceeds represent an inflow not a revenue.

+ Type of Constraint

Review grant agreement for constraints on use of interest payments and collection of receivable.

+ Fund Balance Classification

The fund balance classification related to the loan receivable may be presented as restricted if the proceeds from the collection of the receivable are restricted.

Townships

GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Balance Classification Analysis						
GASB 54 Fund Classification	Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
General	General	General (1000)	Various sources	None	None	Unassigned
General	SR	Compensated Absences	Transfers +	ORC Section 5705.13(B) Cash transferred from other funds	Township's intent--payment of sick/vacation/comp-time at termination	Committed
General	SR	Underground Storage Tank (2291 - 2339)	Transfers +	AOS Bulletin 94-04	Remediation deductible; however, no specific source, transfers	Committed
General	General	Unclaimed Monies Fund	Various unclaimed funds	ORC Section 9.39	Externally imposed by State Statute	Nonspendable
General	SR	Zoning	None	ORC Chapter 519	None	Unassigned
General	SR	Various	Charges for Services	No resolution establishing funding source	Resolution establishing intent of fund	Assigned
General	General	General	Hotel/Motel Tax - 50% for general fund	ORC Section 5739.09(B)	None	Unassigned
SR	SR	Motor Vehicle License Tax Fund (2011)	Motor Vehicle License Fees	ORC Chapter 4503	Externally imposed by State Statute	Restricted
SR	SR	Gasoline Tax Fund (2021)	Gas Tax	ORC Section 5728.06 & Chapter 5735	Externally imposed by State Statute	Restricted
SR	SR	Road and Bridge Fund (2031)	Property Taxes	ORC Section 5705.19 (G)	Externally Imposed by State Statute	Restricted
SR	SR	Road and Bridge Fund (2031)	Property Taxes--inside millage	ORC Section 5705.06 (F)	Internally Imposed by Trustees	Committed
SR	SR	Cemetery (2041 -2069)	Property Taxes	ORC Sections 517.03 & 5705.19 (T)	Externally Imposed by State Statute	Restricted
SR	SR	Cemetery (2041 -2069)	Charges for Services	ORC Section 517.15 A, C	Externally Imposed by State Statute	Restricted
SR	SR	Cemetery (2041 -2069)	Charges for Services	ORC Sections 517.07 & 517.08	Externally Imposed by State Statute	Restricted
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	Property Taxes--inside millage	ORC Section 505.29,	Internally Imposed by Trustees	Committed
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	Property Taxes	ORC Section 5705.19 (V)	Externally Imposed by State Statute	Restricted
SR	SR	Garbage and Waste Disposal District (2071 - 2079)	Charges for Services	ORC Section 505.29 - no separate fund req'd - Resolution establishing funding source	Internally imposed by township resolution	Committed
SR	SR	Police District (2081 -2109)	Property Taxes	ORC Sections 505.48, 505.51, & 5705.19 (J)	Externally Imposed by State Statute	Restricted
SR	SR	Police District (2081- 2109)	Charges for Services	ORC Section 505.431 - no separate fund req'd - Resolution establishing funding source	Internally imposed by township resolution	Committed
SR	SR	Fire District (2111-2139)	Taxes	ORC Sections 505.39 & 5705.19 (I)	Externally Imposed by State Statute	Restricted
SR	SR	Fire District (2111 - 2139)	Charges for Services	ORC Sections 505.371 & 505.375 - separate fund - rate set by fire district board	Externally imposed by State Statute	Restricted
SR	SR	Road District (2141 -2169)	Property Taxes	ORC Section 5573.211	Externally Imposed by State Statute	Restricted
SR	SR	Park Levy (2171 - 2179)	Property Taxes--inside millage	ORC Section 511.27	Internally Imposed by Trustees	Committed
SR	SR	Park Levy (2171 - 2179)	Property Taxes	ORC Section 5705.19 (H)	Externally Imposed by State Statute	Restricted
SR	SR	Special Levy (2191 -2219)	Property Taxes	ORC Sections 5705.19, 505.46 & 47	Externally imposed by voters	Restricted
SR	SR	Drug Law Enforcement (2221)	Fines and Forfeitures	ORC Section 2925.03, Technical Bulletin 86-16	Externally imposed by State Statute	Restricted
SR	SR	Permissive Motor Vehicle License (2231)	Intergovernmental		Externally imposed by State Statute	Restricted
SR	SR	Permissive Sales Tax (2241)	- Permissive MVL	ORC Chapter 4504	Externally imposed by State Statute	Restricted
SR	SR	Permissive Sales Tax (2241)	Hotel/Motel Tax - 50% for convention and visitors' bureau	ORC Section 5739.09(B)	Externally imposed by State Statute	Restricted
SR	SR	Federal Law Enforcement (2251)	Fines and Forfeitures	AOS Bulletin 88-18	Externally imposed by State Statute	Restricted
SR	SR	Law Enforcement Trust (2261)	Fines and Forfeitures	ORC Section 2981.13 (C)(1)	Externally imposed by State Statute	Restricted
SR	SR	Enforcement and Education (2271)	Fines and Forfeitures	AOS Bulletin 90-28	Externally imposed by State Statute	Restricted
SR	SR	Fire and Rescue, Ambulance and Emergency Medical Services (2281 - 2289)	Charges for Services	ORC Section 505.84 - separate fund - rate set by township trustees	Externally imposed by State Statute	Restricted
SR	SR	Service Assessments (2401 - 2599)	Special Assessments	ORC Section 515.11 - lighting	Externally imposed by State Statute	Restricted
SR	SR	Miscellaneous Special Revenue (2901 - 2999)	TBD by township	TBD by township	TBD by township	TBD by township
DS	DS	General Retirement Fund (2101 - 3199)	Property Taxes	ORC Sections 5705.19; 133.10 & 133.25	Externally imposed by State Statutes	Restricted
			Transfers +	Transfers from General Fund		Assigned
DS	DS	Special Assessment Bond Retirement (3301 -3399)	Special Assessments	ORC Sections 133.17 & 6115.50	Externally imposed by State Statutes	Restricted

Townships						
GASB 54 Fund Balance Classification Analysis						
GASB 54 Fund	Prior Fund	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
DS	DS	Miscellaneous Debt Service (3901 - 3999)	TBD by Township	TBD by township	TBD by township	TBD by township
CP	CP	Bond Fund (4101 - 4999)	Initial Debt Proceeds +	ORC Sections 133.15, .32, & 504.20	Externally imposed by debt covenants	Restricted
CP	CP	Permanent Improvement (4301 - 4399)	TBD by Township	TBD by township	TBD by township	TBD by township
CP	CP	Public Works Commission Project (4401 - 4499)	Intergovernmental	OPWC Money	Externally imposed by grantor/OPWC	Restricted
CP	CP	Capital Improvement Assessment Fund (4501 - 4599)	Special Assessments	ORC Sections 504.18, 515.16 & 521.06 - water and sewer	Externally imposed by State statute	Restricted
CP	CP	Miscellaneous Capital Projects (4901 - 4949)	TBD by township	TBD by township	TBD by township	TBD by township
Perm	Perm	Cemetery (2041 -2069)	Charges for Services	ORC Section 517.15 B - endowment	Externally imposed by State Statute	Nonspendable
Perm +	Perm	Permanent (4951 - 4999)	Donations-Corpus can't be spent	ORC Section 5705.09(F)	Externally imposed by donor	Nonspendable
			Earnings on corpus	ORC Section 5705.09(F)	Externally imposed by donor	Restricted

Townships
Explanatory Notes

The chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

+ GASB 54 Fund Classification

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

+ Foundation Revenue/Inflow

Transfers and debt proceeds represent an inflow not a revenue.

Libraries

GASB 54 Fund Balance Classification Analysis

GASB 54 Fund Balance Classification Analysis						
GASB 54 Fund Classification	Prior Fund Classification	Fund Name	Revenue Source Foundation Revenue (SR only)/ Inflow	Source of Constraint	Type of Constraint	Fund Balance Classification
General	General	General	Various sources	None	None	Unassigned
General	General	Unclaimed Monies Fund	Various unclaimed funds	ORC Section 9.39	Externally imposed by State Statute	Nonspendable
SR	SR	Miscellaneous Special Revenue	Intergovernmental - Grants	Federal/State Grantors	Externally Imposed by Grantor	Restricted
DS	DS	General Retirement Fund	TBD by Library	TBD by Library	TBD by Library	TBD by Library
CP	CP	Capital Projects	TBD by Library	TBD by Library	TBD by Library	TBD by Librar
CP	CP	Building and Repair Fund	TBD by Library	TBD by Library	TBD by Library	TBD by Librar
Perm +	Perm	Permanent	Donations-Corpus can't be spent	ORC Section 5705.09(F)	Externally imposed by donor	Nonspendable
Perm +	Perm	Permanent	Earnings on corpus	ORC Section 5705.09(F)	Externally imposed by donor	Restricted

Libraries
Explanatory Notes

The chart shows the “prior fund classification” and the “GASB 54 fund classification” to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

+ GASB 54 Fund Classification

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

+ Foundation Revenue/Inflow

Transfers and debt proceeds represent an inflow not a revenue.

MAS BULLETIN

THOMAS E. FERGUSON

AUDITOR OF STATE

MANAGEMENT ADVISORY SERVICES

P.O. Box 1140 - Columbus, Ohio - 43266-1140 (614) 466-4717 or 1-800-345-2519

MAS8616.BUL

MAS BULLETIN 86-16

MAS NO. 86-16
DATE 9/22/86
PAGE 1 of 2

TO: ALL CLERKS OF COURTS
ALL COUNTY AUDITORS
ALL COUNTY SHERIFFS
ALL CITY AUDITORS
ALL TOWNSHIP CLERKS
ALL VILLAGE CLERKS

SUBJECT: Amended Senate Bill No. 67, Revised Code Section 2925.03,
Effective August 29, 1986 (Drug Law Enforcement Fund)

The purpose of this advisory bulletin is to inform you that any fines collected under this section of the Revised Code "shall be paid to the law enforcement agencies in this state that were primarily responsible for or involved in making the arrest of, and in prosecuting, the offender. The mandatory fines shall be used to subsidize each agency's law enforcement efforts that pertain to drug offenses. Any additional fine imposed pursuant to division ~~(I)~~ of this section shall be disbursed as otherwise provided by law. ~~(K)~~ If a person is charged with any violation of this section and posts bail pursuant to sections 2937.22 to 2937.46 of the Revised Code or criminal rule 46, and if the person forfeits the bail, the forfeited bail shall be paid pursuant to division ~~(J)~~ of this section."

Change
(I) to (H)
(1)

Change
(K) to
(D)(1)

Change
(J) to (F)

The presiding court should make the determination as to which law enforcement agencies shall participate in the distribution and how much each agency should receive.

The court collecting the bail and/or fine should collect and the fines under this section of the Revised Code in a manner that of other fines.

Add "Pursuant to section (H)(2) of this section" here.

Upon distribution (from the court), the law enforcement agency (except any state agency) should deposit the distribution received in the manner provided by law. The distribution should be deposited to the credit of a special revenue fund to be established as follows:

MAS NO. 86-16

Page Two

Amended Senate Bill No. 67 (Drug Law Enforcement Fund)

For all Ohio local governmental entities, the fund shall be known as the "Drug Law Enforcement Fund"; and,

~~for counties, shall be coded as "B-01"; and,~~

alphanumeric

for townships, shall be coded as "22" in the fund structure;

and,

~~for villages, shall be coded as "B-8"; and,~~

2081 -- 2089

~~any other local governmental entity participating in a distribution under this section should contact the Auditor of State's Management Advisory Services Division for fund code assignments.~~

This fund does require permission of the Auditor of State for establishment.

The Drug Law Enforcement Fund shall be appropriated in the manner provided by law.

Lastly, the fund shall be established by resolution or ordinance or the legislative body of the local governmental entity.

If you have any questions, you may contact the Auditor of State's Management Advisory Services at 1-800-282-0370 1-800-345-2519 or (614) 466-4717.

MANAGEMENT ADVISORY SERVICES
AUDITOR OF STATE - STATE OF OHIO

Russell L. Rouch, Deputy Auditor

THOMAS E. FERGUSON

AUDITOR OF STATE

MANAGEMENT ADVISORY SERVICES

P.O. Box 1140 - Columbus, Ohio - 43266-1140 (614) 466-4717 or 1-800-345-2519

MAS8718.BUL

MAS BULLETIN 87-18

Amended by (F)(1) See text on next page.

MAS NO. 87-18
DATE 9/28/87
PAGE 1 of 2

TO: All County Auditors
All Sheriffs

SUBJECT: Drug Law Enforcement Fund Uses

The purpose of this advisory bulletin is to clarify how money collected under section 2925.03 of the Revised Code can be used.

Division (J) of section 2925.03 of the Revised Code states in part, "Any mandatory fine imposed pursuant to this section shall be paid to the law enforcement agencies in this state that were primarily responsible for or involved in making the arrest of, and in prosecuting the offender. The mandatory fines shall be used to subsidize each agency's law enforcement efforts that pertain to drug offenses."

One often asked question received by the Auditor of State's staff is whether or not, money in the Drug Law Enforcement Fund can be used to make drug purchases in an undercover investigation.

Money received under section 2925.03 of the Revised Code should be subject to the appropriation, budget, purchase order, certification, voucher, warrant or check writing and any other accounting controls which all other public money is subject to, as long as the money is used for or in, drug law enforcement related activities.

An acceptable use of money received under section 2925.03 of the Revised Code would be in undercover drug law enforcement efforts.

In order to reconcile the previously mentioned concepts, it is recommended that the local governmental entity could appropriate an amount of money in the Drug Law Enforcement Fund to be used in accordance with the guidelines established for Furtherance of Justice money.

Money in the Drug Law Enforcement Fund can be made available to responsible officials on a voucher or purchase order, with a warrant or check, payable to the responsible officials, which they in turn could convert to cash to be used in drug related law enforcement efforts under the Furtherance of Justice guidelines.

It is recommended that wherever possible an imprest amount be established so that the amount of money available for use under Furtherance of Justice guidelines at any given time does not exceed a limit established by the management of the local governmental entity without their approval.

If you have any questions, you should contact the Management Advisory Services Staff of the Auditor of State's Office at 1-800-345-2519.

MANAGEMENT ADVISORY SERVICES DIVISION
STATE OF OHIO ----- AUDITOR OF STATE

Russell L. Rouch, Deputy State Auditor

2925.03(F)(1) (1) Notwithstanding any contrary provision of section 3719.21 of the Revised Code and except as provided in division (H) of this section, the clerk of the court shall pay any mandatory fine imposed pursuant to division (D)(1) of this section and any fine other than a mandatory fine that is imposed for a violation of this section pursuant to division (A) or (B)(5) of section 2929.18 of the Revised Code to the county, township, municipal corporation, park district, as created pursuant to section 511.18 or 1545.04 of the Revised Code, or state law enforcement agencies in this state that primarily were responsible for or involved in making the arrest of, and in prosecuting, the offender. However, the clerk shall not pay a mandatory fine so imposed to a law enforcement agency unless the agency has adopted a written internal control policy under division (F)(2) of this section that addresses the use of the fine moneys that it receives. Each agency shall use the mandatory fines so paid to subsidize the agency's law enforcement efforts that pertain to drug offenses, in accordance with the written internal control policy adopted by the recipient agency under division (F)(2) of this section.

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P.O. Box 1140 - Columbus, Ohio - 43266-1140 (614) 466-4717 or 1-800-345-2519

MAS8818.BUL

MAS BULLETIN 88-18

MAS NO. 88-18
DATE 6-22-88
PAGE 1 of 1

TO: CITY AUDITORS
COUNTY AUDITORS
TOWNSHIP CLERKS
VILLAGE CLERKS

Replaced by
2981.13.

The purpose of this advisory bulletin is to inform you of the correct fund to use for those proceeds which are received from Federal law enforcement agencies and which belong to the local government because of its participation (with the Federal agencies) in an arrest and seizure.

These proceeds are restricted and should be used only for law enforcement purposes.

City, county and village fiscal officers should receipt these proceeds into the Law Enforcement Trust Fund created by section 2933.43 of the Revised Code.

Townships clerks whose law enforcement agency has received such proceeds should establish a "Federal Law Enforcement Fund", fund code 25, for these proceeds. This fund is to be classified as a special revenue fund. This fund does not require any further Auditor of State approval for establishment.

These proceeds are to be used only for the purposes as stated in section 2933.43 of the Revised Code for the Law Enforcement Trust Fund.

If you have any questions, you may contact the Auditor of State's Management Advisory Services staff at 1-800-345-2519 or (614) 466-4717.

Fund 25 is from the township alpha-numeric fund codes (Twp. manual IV-25). The twp. numeric coding equivalent is fund 2251.

MANAGEMENT ADVISORY SERVICES DIVISION
STATE OF OHIO ----- AUDITOR OF STATE

Russell L. Rouch, Deputy State Auditor

Village Officer's Handbook

CHAPTER THREE: ADMINISTRATION AND FINANCE

3. If the income tax is being collected and distributed on behalf of another government only, then the monies should be recorded in an agency fund.

According to Attorney General Opinion 2005-011 dated March 31, 2005, if a village has levied an income tax for specified purposes at a rate in excess of one percent, the village may subsequently submit to the voters an amendment that would change the permissible uses of part of the proceeds of the income tax, and the county board of elections may properly place that issue on the ballot. If the voters reject a ballot issue amending a municipal income tax to change the permissible uses of part of the proceeds of that tax, then the municipal income tax remains in effect without amendment.

XII. "Tax" Distinguished from Other Revenue Sources

- A. License - A license differs from a tax in that its purpose is to regulate, as opposed to raising revenue. The ability to regulate the licensed activity indicates that it is more than a tax. Further, the amount charged for the license must be limited to the expenses involved in regulating the area of activity.
- B. Utility Service Charge - The village cannot raise general revenues indirectly through increased utility charges. The amount charged is limited to the actual expense of operating the utility.
- C. Assessments - An assessment is limited to those persons who are benefited by a public improvement, while a tax is generally imposed upon all taxpayers.
- D. Gas and Motor Vehicle Tax - Villages receive tax monies from the State treasury to be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for such purposes. This money should be receipted into the Street Construction, Maintenance, and Repair fund.

If a village is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half percent of the amount paid to any village shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways; to erect and maintain traffic lights and signals; to erect and maintain street and traffic signs and markers on such highways; or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. This money should be receipted into the State Highway fund. (Ohio Revised Code Section 5735.28)

Gas Tax and MVL
tax monies for
Villages with State
Highways

ROADS

II. ROADS MAINTENANCE AND REPAIR (CONTINUED)***Motor Vehicle Gasoline Tax Fund and Motor Vehicle License Tax Fund (Continued)
Unauthorized Uses (Continued)***

6. Q. May the cost of placing street lighting at dangerous intersections be paid from the gasoline tax fund or the motor vehicle license tax fund?
- A. No. The expense of installing street lighting as provided in O.R.C. 515.01 is a general fund expenditure.

Provision Against Transfer

1. Q. Is it necessary to establish a special fund into which to pay gasoline tax money and a special fund into which to pay motor vehicle license tax money?
- A. Yes. Both the gasoline tax money and the motor vehicle license tax money are within the category of revenue derived from a source other than the general property tax which the law requires to be used for a particular purpose. Pursuant to O.R.C. 5705.09(F) it is necessary to establish a special fund for each of such revenues.
2. Q. May the township trustees transfer money from either the gasoline tax or motor vehicle license tax fund to the general fund or the road and bridge fund?
- A. No. Article XII, Section 5a of the Constitution of Ohio would prohibit such transfer by resolution, court order, or otherwise.
3. Q. A township has a balance of approximately \$12,000 in its gasoline tax fund, but the township has no township roads. Since the general fund of the township is practically depleted, may the gasoline tax money be transferred to the general fund?
- A. No. O.R.C. 5735.27 provides the sole purposes for which the gasoline tax fund may be used. Transfers out of this fund are not authorized. Nor does the fact that there are not township roads in the township give rise to the conclusion that such funds may not be expended for a lawful purpose, since in accordance with O.R.C. 5735.27, the township trustees may pass a resolution authorizing the board of county commissioners to spend the township's share of such funds or any portion thereof for the improvement of county roads within the township. A similar prohibition against transfer would apply in the case of money in the motor vehicle license tax fund.
4. Q. May the township trustees issue and sell bonds and use the proceeds thereof to build and improve township roads, and provide for the retirement of such bonds out of gasoline tax money or motor vehicle license tax money?
- A. No. In order to use either fund for the purpose of retiring bonds there would have to be a transfer from the gasoline tax fund which is a special fund to the bond retirement fund. The unexpended balance in any special fund, with the exception of a permanent improvement fund may not be transferred to the bond retirement fund until after the termination of the activity, service, or other undertaking for which such special fund existed until all obligations incurred and payable from such special fund have been met. This condition will not occur with either the gasoline tax fund or the motor vehicle license tax fund. If either fund has received the proceeds of borrowing for road purposes, then repayment of the debt may be made directly from the fund itself.

AUDITOR OF STATE BULLETIN 99-006
APRIL 6, 1999

TO: Fiscal Officer of All Subdivisions
All Independent Public Accountants

SUBJECT: Requests for New Funds

The Auditor of State receives numerous requests to establish new funds under the provisions of Ohio Rev. Code §5705.12 which states:

In addition to the funds provided for by sections 5705.09, 5705.121, 5705.13, and 5705.131 of the Revised Code, the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the auditor of state, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds. The auditor of state shall consult with the tax commissioner before approving such funds.

The purpose of this Bulletin is to identify when a request under this code section is required and when a local government may create a new fund without the Auditor of State's approval.

When Requests are Unnecessary

Approval to establish a new fund is unnecessary when the creation of the desired fund is already authorized or required by statute. Whenever the creation of a fund is authorized or required by statute, either specifically by name, or in general, a separate letter requesting permission to establish the fund is not required.

Examples of specific statutory requirements are found in Ohio Rev. Code §3313.81, which requires that school districts establish food service funds, and in Ohio Rev. Code §5747.50, which requires that each county establish an undivided local government fund. Similar statutory provisions requiring the creation of a specific fund are scattered throughout the Revised Code.

General statutory requirements for the creation of funds are found in Ohio Rev. Code §5705.09. This code section states:

Each subdivision shall establish the following funds:

(A) General fund;

(B) Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;

- (C) Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- (D) A special fund for each special levy;
- (E) A special bond fund for each bond issue;
- (F) A 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;
- (G) A special fund for each public utility operated by a subdivision;
- (H) A trust fund for any amount received by a subdivision in trust.

Based on this statute, it is unnecessary to continue to request permission from the Auditor of State 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.

When Requests are Necessary

It is necessary to continue 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 Rev. Code §5705.09 (A) - (H). Situations in which it would be appropriate to continue to submit requests include: 1) when management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity; 2) when the fund will be used to account for restricted gifts or bequests that will not be held in trust; and 3) when management wants to impose internal restrictions on the use of otherwise unrestricted resources

Management often asks to create a new fund to determine how much revenue a specific source generates or how money from a specific source is being spent. In circumstances where the desired financial information can be obtained by creating additional accounts within an existing fund, the creation of a separate fund is generally considered unnecessary. An exception to this policy is made for requests for the creation of proprietary funds.

Proprietary funds are intended to account for activities that are similar to businesses. The activity is at least partially financed by charges for services or goods. Rates are usually set by the legislative authority, and the desire is to maintain accounting records which can demonstrate the extent that charges cover the costs of providing the goods or services. This is accomplished by tracking all revenues and the related expenses of an activity within a single fund. Requests for the creation of a proprietary fund are usually granted.

Sending a request to establish a new fund is still appropriate when the fund will be used to

Do not classify funds holding restricted gifts as trust funds if the beneficiary is the government. If a trust agreement designates other parties as beneficiaries, then the fund **should** be classified as a trust fund. GASB 1300.108)

account for restricted gifts or bequests not held in trust. ~~The creation of a trust fund is not necessary to account for restricted gifts or donations; this money may be accounted for in a special revenue fund or, if restricted to the acquisition of fixed assets, in a capital projects fund. A trust fund is recommended only when there is a formal trust agreement with the donor.~~ Requests to account for restricted gifts and donations are routinely granted based on the need to demonstrate compliance with donor restrictions.

Letters frequently request permission for a new fund based on management's wish to place internal restrictions on the use of otherwise unrestricted resources. These types of requests are generally not approved. It is the policy of the Auditor of State to refuse requests when approval would result in giving readers of financial statements the false impression that the use of the resources in the fund is restricted. The General Assembly has begun authorizing the creation of funds using unrestricted resources in certain specific circumstances. For example, H.B. 426 allows subdivisions to create funds for the payment of compensated absences and for the acquisition of fixed assets. The Auditor of State does not feel it is appropriate to extend this ability into areas where the legislature has not acted.

When responding to requests to establish new funds, the Auditor of State applies two basic guidelines. Separate funds are justified 1) when they will provide management with additional relevant financial information which is not obtainable using the current fund structure; and 2) when necessary to demonstrate compliance with legal or contractual restrictions.

When the purpose of a fund created under the provisions of Ohio Rev. Code §5705.12 has been fulfilled, the unexpended balance may be transferred to the general fund or to the bond retirement fund, but only after the payment of all obligations incurred and payable from the fund. (See Ohio Rev. Code §5705.14) Management may not simply modify or alter the purpose of the fund; that, in effect, creates a new fund and would require a second approval from the Auditor of State.

To request the creation of a new fund, complete the attached form. Send the form and a copy of the resolution or ordinance of the legislative authority authorizing the fund to:

~~Auditor of State's Office
Local Government Services Division
88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140~~

<http://www.ohioauditor.gov/resources/AOSNotificatons.html>

The request can be deemed approved if you do not receive a letter disapproving the request from the Auditor of State's local government services division within 30 days from the date of submission.

Questions concerning this bulletin should be addressed to the Local Government Services Division of the State Auditors Office at ~~(800) 345-2519~~.

<http://www.ohioauditor.gov/contact.html>

AUDITOR OF STATE
REQUEST FOR FUND APPROVAL

Replaced with the form available at:
[http://www.ohioauditor.gov/resources/
AOSNotificatons.html](http://www.ohioauditor.gov/resources/AOSNotificatons.html)

Entity: _____

Fiscal Officer: _____

Phone No.: _____

Request Date: _____

Fund Requested: _____

Purpose of Fund: _____

Sources of Revenues: _____

Anticipated Expenditures: _____
(Types) _____

NOTE: Please attach a copy of the resolution requesting approval to establish the fund.

**AUDITOR OF STATE BULLETIN 2000-008
MAY 2, 2000**

TO: ALL COUNTY AUDITORS
ALL CITY AUDITORS, FINANCE DIRECTORS & TREASURERS
ALL VILLAGE FISCAL OFFICERS
ALL SCHOOL DISTRICT TREASURERS
ALL EDUCATIONAL SERVICE CENTER TREASURERS
ALL TOWNSHIP CLERKS
ALL LIBRARY CLERKS/TREASURERS
ALL JOINT FIRE DISTRICT FISCAL OFFICERS
ALL FIRE AND AMBULANCE DISTRICT FISCAL OFFICERS
ALL JOINT RECREATION DISTRICT FISCAL OFFICERS
ALL PARK DISTRICTS
ALL JOINT ADAMH FISCAL OFFICERS
ALL UNION CEMETERY DISTRICT FISCAL OFFICERS
ALL PORT AUTHORITY FISCAL OFFICERS
ALL AIRPORT AUTHORITY FISCAL OFFICERS
ALL WATER AND SEWER DISTRICT FISCAL OFFICERS
ALL TOWNSHIP WASTE DISPOSAL DISTRICT FISCAL OFFICERS
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: ACCOUNTING FOR CASH BASIS LOCAL GOVERNMENTS' PARTICIPATION
IN ON-BEHALF-OF GRANTS OR IMPROVEMENT PROJECTS¹

Many local governments are the beneficiaries of programs commonly carried out or administered by other local governments or the State. Many of these grant programs or capital improvement projects (hereafter referred to as "program") are administered such that the benefitting governments do not receive cash or make disbursements as part of the program (for example, certain Issue II or CDBG programs). This bulletin describes the proper accounting treatment for these "on-behalf-of" programs.

Cash Accounting

When a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

This accounting treatment should only be applied when a local government or its residents are the recipients of benefits as evidenced by an agreement or an approved program application (This might include a consortium application where a group of local governments enter into an agreement as a consortium and the consortium is not a legally separate entity.²) A local government should not record any program transactions if the government has not entered into an agreement or has not been approved for program participation as a result of its request for participation. That is, transactions should not be recorded if the local government benefits solely as a consequence of a program carried out or

¹ Though this Bulletin is intended primarily for cash basis local governments, local governments reporting under Generally Accepted Accounting Principles may find this guidance helpful when considering the application of Statement No. 24 of the Governmental Accounting Standards Board. ←

² For purposes of this Bulletin, the consortium fiscal agent may use any reasonable method to allocate receipt and disbursement activity of the consortium among consortium participants. However, be aware that a particular grant may provide specific allocations among consortium participants in which case those allocations should be used.

There have been some amendments to GASB 24. The current requirements are codified in Section N 50.

administered by another party.

For example, suppose the Ohio Department of Transportation administers a program which widens and repaves a five-mile section of state highway located within the Village of XYZ's boundaries. The Village has not applied for funding or entered into an agreement related to the project³. However, the improvements benefit the Village by providing increased access for tourists. In this case the Village would not record any receipts or disbursements related to the project.

Suppose, however, that the Village submits an application to XYZ County for participation in the County's CDBG-funded annual improvement project. The County approves the Village's application for a sidewalk replacement project, and the County advertises for bids, awards the contracts, and pays the vendors directly. In this case, even though the Village did not receive any payment or make any disbursements related to the project, the Village should record receipts and disbursements for the amount of the project payments made on-behalf-of the Village.

Note: When a local government makes on-behalf-of program disbursements for the benefit of another local government, the Auditor of State recommends that the disbursements be recorded as intergovernmental. This treatment prevents two governments from reporting operating or capital disbursements for the same grant. Also, GASB Statement No. 24 provides guidance regarding the fund type to be used when a government receives financial assistance to spend on-behalf-of a secondary recipient. In general, a government receiving such assistance should record the related receipts and disbursements in a governmental fund (though a proprietary or trust fund might also be appropriate). However, if the government has no administrative responsibility the financial activity should be recorded in an agency fund (This would be infrequent.)

Budgetary Accounting (for entities subject to Ohio Revised Code Chapter 5705)

The legislative authority should approve, by resolution, the grant or project application and must establish any fund(s) necessary to meet the grant or project objectives. Auditor of State permission for fund establishment is not necessary, although it may be necessary to obtain a fund number from the Auditor of State if one has not been previously assigned.

Once the grant is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the grant or project, based on the expected cash disbursements to be made on the local government's behalf in the current fiscal year. Any on-behalf-of payments expected to be made in the next year should be reflected on the next year's certificate⁴.

The fiscal officer shall record the appropriations in accordance with the terms and conditions of the grant or project agreement. In addition, prior to recording the appropriations, Ohio Rev. Code § 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

If the grant or project will be expended over a period longer than the current fiscal year, only the amount expected to be obligated during the current fiscal year should be recorded as appropriated. The remainder of the project should be appropriated in the subsequent year(s)⁵.

³ Some local governments do participate in certain ODOT projects as part of a formal agreement, with matching requirements.

⁴ However, if the local government, with the exception of a school district, has budgeted on a project length basis pursuant to Ohio Rev. Code § 9.34(B), the fiscal officer must obtain an official certificate of estimated resources for the entire project length fiscal period. If the project length basis is used, the local government would appropriate the entire project amount.

⁵ See footnote 4.

Other Matters

Local governments participating in on-behalf-of programs should review program documents and/or contact the awarding entity to determine the estimated and actual on-behalf-of disbursements for the fiscal year. These amounts should be used, respectively, for the budgetary and cash accounting treatment described above.

For federally funded programs, application of this accounting treatment will generally be an indication that the local government is a subrecipient of federal financial assistance, however, each agreement must be evaluated individually. When a local government has not applied for funding or entered into an agreement, as discussed in the ODOT example above, it will generally not be considered a subrecipient of federal financial assistance. When determining whether or not the local government is a subrecipient of federal financial assistance, the guidance provided by Office of Management and Budget (OMB) Circular A-133 should be considered ⁶.

Township officials are compensated based on annual budgets. The application of this accounting treatment and the related budgetary accounting may alter the budget amounts on which officials' compensation is based (see Auditor of State Bulletin 99-008.)

If you have any questions regarding this matter, please contact your regional Auditor of State's Office.

⁶ OMB Circular ~~A-133 section .205 (a)~~ states in part, that the determination of when an award is expended should be based on when the activity related to the award occurs. This section further states, that generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and provisions of contracts or grant agreements. ~~A-133 Section .105~~ defines *Subrecipient* as a non-Federal entity that expends federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. ~~A-133 Section .105~~ defines *Federal Financial Assistance* to include assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

Under these sections, a local government should generally be considered a subrecipient when it receives cash or non-cash assistance under a federal program for which the local government has significant administrative or compliance responsibility.

Now included in Uniform Guidance §200.502
Now in §200.93
Now in §200.40.

Date: May 28, 2002
Bulletin 2002-004

AUDITOR OF STATE BULLETIN

TO: CITY AUDITORS
COUNTY AUDITORS
TOWNSHIP CLERKS
VILLAGE CLERKS
COUNTY ENGINEERS
INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: PUBLIC WORKS COMMISSIONS INFRASTRUCTURE PROJECT
ACCOUNTING (ISSUE 2 MONEY)

The purpose of this advisory bulletin is to inform you of the accounting treatment for infrastructure projects funded through the Ohio Public Works Commission (OPWC). This bulletin updates and combines the guidance provided in prior bulletins on State Issue 2 grants (MAS Bulletin 89-17) and the retainage on contracts (MAS Bulletin 89-11).

A - Establishment of Fund(s)

All local governments participating in Issue 2 Funds (single or multi-project grant) must, for each project awarded, establish a capital projects fund to account for both the Issue 2 monies and local matching funds. It is not necessary to obtain authorization from the Auditor of State to establish the fund(s) because the authority exists under Section 5705.09 of the Ohio Revised Code. The purpose of the fund is to account for the related revenues and expenditures to the extent the local government has received benefit from the project.

The appropriate fund numbers are:	County	Assigned by County
	City	Assigned by City
	Township	14
	Township UAN	4401-4499
	Village	D1
	Village UAN	4901-4499

B - Local Government Matching Requirement

The local governments matching requirement may be satisfied with note or bond proceeds, loans, other grants designated for the same purpose, monies available from other funds of the local government, or labor, materials and equipment that will be contributed to the project by the local government.

In a case where monies available from other funds (i.e., General Fund) will be used to meet matching requirements, the local government shall transfer these monies, providing statutory authority exists for the transfer of the monies, to the capital projects fund. If the authority does not exist for the transfer of monies to the capital projects fund, (i.e., gas

Date: May 28, 2002
Bulletin 2002-004

AUDITOR OF STATE BULLETIN

tax, motor vehicle registration fees, street construction, road and bridge funds) then the local governments shall appropriate and expend its matching requirement directly from the other fund if lawfully permitted. It is the local government's responsibility to establish the appropriate account codes to segregate these expenditures from the other expenditures of the fund. Segregation of these expenditures is essential in demonstrating compliance with the matching requirement.

In a case where the local government has approval to contribute labor, materials and equipment, or engineering costs to meet matching requirements, all efforts should be made to record the costs in the project fund. This situation may require interfund billings.

C - Certificate of Estimated Resources and Appropriations

The local government shall include in its official or amended certificate of estimated resources the amount of Issue 2 monies anticipated to be received into the project fund during the fiscal year, along with its matching requirements, if appropriate. The fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year. If the project is not expected to be completed in the current year, the remainder of the project must be appropriated immediately in the subsequent year(s).

In situations when the grant or loan will be received after the expenditures have been incurred, it is possible that the local government will have appropriated an amount in one fiscal year that is in excess of the amount reflected as available on the amended certificate of estimated resources. This situation will not constitute a noncompliance citation during an audit. This approach is only acceptable when the eventual receipt of the resources to pay for the full amount of the contract is certain, such as when the money will be coming from the State or Federal government based on an approved grant.

D - Recording of Issue 2 Monies

The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the State will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed by the OPWC.

E - Multi-Project Grants

In situations where one local government agrees to act as fiscal agent for a multi-project grant, the fiscal agent should establish an agency fund for the collection of participating subdivisions' matching shares, and the subsequent payments to the contractors, if the

Date: May 28, 2002
Bulletin 2002-004

AUDITOR OF STATE BULLETIN

agreement between the subdivisions calls for the collection of matching shares. The project manager, chief fiscal officer and chief executive officer designated in the grant agreement are responsible for maintaining a complete set of records to account for the complete project, including notification to each participating subdivision of revenues and expenditures it should post to its own capital projects fund, and the basis of any proration used. In order to accomplish this, it will be necessary to obtain either engineer or contractor cooperation to determine which subdivision(s) benefit from each invoice, and the respective amounts.

F - Accounting for Project Receipts and Expenditures Accurately

Each local government participating in a multi-project grant (one grant awarded to a group of local governments) needs to be able to identify the project activity related to their own government. Unless this information is provided to the local government by the project manager, fiscal officer or other appropriate parties, the accounting records will not accurately reflect the local government's portion of the project. It will also be necessary for each participating local government to receive this information on a timely basis. Receiving information on a timely basis will enable the local government to record the activity in the proper accounting period and will facilitate the preparation of accurate financial reports.

G - Retainage Requirements

Section 153.13 of the Revised Code establishes that for contracts of \$15,000 or greater, the amount of the retainage is to be withheld from the first 50 percent of the payments made. When the invoice which would put the project at or over 50 percent completed is processed, the total contracted retainage amount which has been retained (8 percent from the first 50 percent of payments) should be placed in escrow (in a separate bank account or otherwise in conjunction with the provisions of Section 153.63 of the Revised Code).

Please note that in regard to the fund to be used, the capital projects fund can and should account for payments and continue to hold the retainage. There is no need for a separate fund. Rather, in the case of complying with Section 153.63 of the Revised Code, the emphasis should be in meeting the escrow requirements.

As an example, if we assume the capital projects fund is being used and a \$100,000 contract exists with a 4 percent retainage, (8 percent of the payments made up to the 50 percent point as described in Sections 153.12 and 153.14 of the Revised Code), one could track through the escrow as follows:

Date: May 28, 2002
 Bulletin 2002-004

AUDITOR OF STATE BULLETIN

Invoice Received and Payment Requested		Amount Paid	Amount Retained No Escrow	Amount in Escrow
#1	\$20,000	\$18,400	\$1,600	-0-
2	20,000	18,400	1,600	-0-
3*	20,000	19,200	-0-	\$4,000
4	20,000	20,000	-0-	4,000
5	20,000	20,000	-0-	4,000

* At the third payment, the 50 percent completed point was reached and the \$3,200 retained from the first 2 payments, plus the \$800 from the third payment was placed in escrow. Please note that the total retainage of \$4,000 was reached from the first 50 percent of the payments. At the 50 percent completed point, all retainage was placed in escrow.

Turning our attention to the fund involved, we find the following:

Invoice Received and Payment Requested		Fund Balance	Balance in Regular Bank Account	Balance in Escrow Account
Beginning Balance		\$100,000	\$100,000	-0-
#1	\$20,000	81,600	81,600	-0-
2	20,000	63,200	63,200	-0-
3**	20,000	44,000	40,000	\$4,000
4	20,000	24,000	20,000	4,000
5	20,000	4,000	-0-	4,000
Escrow is paid		-0-	-0-	-0-

** The 50 percent completed point is reached. The governmental entity should obtain a monthly bank statement or other monthly accounting of the escrowed money from the escrow agent to use as a reconciliation item in the monthly cash reconciliation.

AUDITOR OF STATE BULLETIN 98-013
DECEMBER 16, 1998

TO: All City Auditors, Finance Directors and Treasurers
All Village Clerks and Treasurers
All Township Clerks
All County Auditors
All IPAs

SUBJECT: Accounting for FEMA grants

This office has been receiving numerous questions about the proper accounting treatment for grants received from the Federal Emergency Management Agency. The following are some general guidelines for handling FEMA money:

A. When no work has been completed at the time a check is received, your entity must:

- 1) Place all funds into a special FEMA fund,
- 2) Pay bills directly from the FEMA fund keeping in mind that the FEMA fund pays the federal share of each Damage Survey Report (DSR), that is 75% (federal) of the 100% total. The remaining 25% state/local match of any bills may be paid out of the general fund or other non-federal fund that permits expenditures for this purpose. When the state share is received, the state money may be receipted directly into the fund(s) from which the original payment(s) were made. As an alternative, if you wish to keep all expenditures related to the project in one fund, money may be advanced to the FEMA fund and repaid when the state share is received. The Auditor of State recommends that all project expenditures be maintained in one fund.

B. When a portion or all of the work has been completed and paid for at the time the FEMA money is received, your entity must:

- 1) Place all funds into a special FEMA fund,
- 2) For work completed and paid for, reimburse the fund(s) used to pay for the goods and/or services (before the FEMA money was received). One way to repay the fund is to reduce the expenditure in the fund making the original payment and to record the expenditure in the FEMA fund. A second method is to have advanced money to the FEMA fund in anticipation of the receipt of the grant. Repay the advance once the FEMA money is received. A third approach is to transfer the FEMA money from the FEMA fund to the fund that made the original payments.

A final alternative to repay from the FEMA fund is to create a bill from the fund that

made the original payment to the FEMA fund. The bill should identify the invoice(s) that were previously paid and show the portion(s) that are being charged to the FEMA fund. This method is most useful when the original expenditures were made in one year and receipt of the FEMA money didn't occur until the following year.

- 3) For Townships and Villages on the UAN system, the system will permit any of these procedures. Please call ~~1-800-833-8261~~ for any information on how to properly handle these types of transactions on the UAN system.

<https://uanlink.ohioauditor.gov/>

Other governments that have questions about accounting or interfund transactions may call ~~1-800-345-2519~~.

<https://ohioauditor.gov/local.html>

- 4) For any work not completed at the time FEMA money is received, please follow the instruction(s) shown under A.
- 5) Again, please keep in mind that the Federal FEMA money is to pay 75% federal match with the remaining 25% being paid from the state/local matching funds.

Please note that it is not necessary to create a FEMA fund for each Damage Survey Report. You need only create this fund for the entire grant. Appropriate fund numbers are as follows:

Villages	Alpha-Numeric	Numeric	Note: AOS no longer prescribes alpha-numeric fund codes for villages, but does not object to governments that might still use them.
Special Revenue Fund	B5 or B16	2901-2999	
Capital Projects Fund	D2	4901-4999	
Townships	Alpha-Numeric	Numeric	
Special Revenue Fund	14	2901-2999	
Capital Projects Fund	14	4901-4999	

Cities and counties receiving FEMA grants should establish separate funds within their chart of accounts.

No additional Auditor of State approval is necessary to establish the FEMA funds; only a resolution of the legislative authority is needed.

The classification of the fund as special revenue or capital projects will depend on the nature of the expenditures that will be made. If the expenditures are mostly for salaries or repairs, special revenue would be appropriate. If the expenditures are for replacing fixed assets, then classify the fund as capital projects. If expenditures will be a mixture of the two, select the fund type that reflects the majority of the expenditures.

For all FEMA money, the correct receipt code to use is one which identifies the money as coming from the federal government.

UAN villages will use receipt code 411 - Federal Restricted. Non-UAN villages will use receipt code

D-141 - Federal Receipts. UAN Townships will use receipt code 511 - Federal Receipts. Non-UAN townships will use receipt code 14-C - Other Receipts.

Questions concerning this Bulletin should be addressed to the Local Government Services Division of the State Auditor's Office at (800) 345-2519.

Village Officer's Handbook

CHAPTER SIX: ACCOUNTING PROCEDURES

V. Transfers

Transfers are intended to permanently reallocate money from one fund to another as authorized in Ohio Revised Code Section 5705.14 to 5705.16. Since this transaction will permanently change the total appropriations of the funds, an amended official certificate of estimated resources should be obtained from the county budget commission if the transfers were not originally anticipated and certified. The transfers out should be appropriated for as well.

The following are the only allowable transfers:

1. Money may be transferred from the general fund to any other fund of the village by simple resolution and majority vote of village council.
2. The unexpended balance of special revenue funds established under Ohio Revised Code Section 5705.12, or division (D), (F), or (G) of Ohio Revised Code Section 5705.09, which are funds for levies and other special purposes, may be transferred to the general fund or bond retirement fund after all obligations within the special revenue fund have been met. This requires a resolution approved by a two-thirds vote of the village council.
3. The unexpended balance of a bond fund which is no longer needed for the purpose it was created, can be transferred to the bond retirement fund. This requires a resolution approved by a two-thirds vote of the village council.
4. The unexpended balance in any specific permanent improvement fund shall be transferred to the bond retirement fund. If such money is not needed in the bond retirement fund, then it may be transferred to a special fund for the acquisition of permanent improvements. This requires a resolution approved by a two-thirds vote of the village council. If village council does not wish to transfer the money to a permanent improvement fund, with approval of the court of common pleas, they can transfer the money to the general fund.
5. The unexpended balance of a bond retirement fund may be transferred to any other fund with the village council resolution and approval of the court of common pleas.

Funds not allowed to be transferred:

1. Proceeds on the balances of loans;
2. Proceeds on the balances of bond issues except as identified in item three and five above;
3. Proceeds on the balances of funds derived from excise taxes levied for a particular purpose; and
4. Proceeds on the balances of license fees levied for a particular purpose.

Village Officer's Handbook

CHAPTER SIX: ACCOUNTING PROCEDURES

The following source documents may be required for interfund transactions:

Minute Record	In some instances, when performing interfund transactions, it is necessary to modify existing appropriations. The source document for modifying appropriations is the minute record. It is recommended that the specific minutes be described in the description column of the journal and ledgers.
Certification	When transferring money from fund to fund, it is necessary to certify that monies are available. The purchase order can be used as the vehicle for this certification.
Check/Warrant	The Auditor of State does not require the issuance of a check when accomplishing interfund transactions. If the accounting software allows for and the village wants to write a check, it is permissible, but not required.
Receipt	The receipt is used as the source document for incoming money to any fund. When monies are received by way of an interfund transaction, a receipt certifying the revenue and its source should be used. An amended official certificate of estimated resources should be obtained from the county auditor if the interfund transactions were not originally anticipated and certified.

These documents are used to provide adequate reconciliation tools and audit trails.

VI. Advances

Advances are temporary loans to other funds which are ultimately going to be repaid. Advances must be made from a less restricted fund to a more restricted fund. For example, the general fund can be used for any purpose, whereas, the state highway fund is restricted in its use. Thus, the general fund can advance money to the state highway fund; however, the state highway fund cannot advance money to the general fund. The village council must pass a resolution authorizing an advance. The resolution should include, at a minimum, the following information:

1. Amount of the advance;
2. Name of the fund loaning the money and the name of the fund receiving the money; and
3. An estimated date of repayment. The intent of a cash advance is to require repayment within the current year.

Interfund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Ohio Revised Code Sections 5705.14 to 5705.16. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment;

Village Officer's Handbook

CHAPTER SIX: ACCOUNTING PROCEDURES

2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established; and
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on the use of the money to be used to make the reimbursement.

A. Accounting Procedures

The following procedures are necessary to account for interfund advances:

1. Initial advance:

Cash Journal On the effective date of the resolution authorizing an advance, an entry is made in the cash journal to reduce the cash balance of the creditor fund (the fund making the advance) by the amount of the advance, and to increase the cash balance of the debtor fund (the fund receiving the advance) by the same amount.

Ledgers When the initial advance occurs, an appropriations ledger account for "advances out" must be established for the creditor fund. Similarly, a receipts ledger account for "advances in" must be established in the debtor fund. All pertinent information should be recorded in the ledgers when the transactions are posted.

2. Repayment of an advance:

Cash Journal On repayment of the advance in whole, or in part, an entry is made in the cash journal to increase the cash balance of the creditor fund by the amount of repayment, and to reduce the cash balance of the debtor fund by the same amount.

Ledgers When the advance is repaid, an appropriations ledger account for "advances out" will need to be established in the debtor fund to show the disbursement of the repayment. To record the receipt of the repayment in the creditor fund, a receipt ledgers account for "advances in" will need to be established.

B. Budgetary Effects

An interfund cash advance does not directly affect the budgetary accounts of either the creditor or debtor funds when the advance is made or repaid. It merely is recorded in the cash journal to adjust the fund cash balances and in the ledgers to provide accountability. The amended official certificate of estimated resources and the appropriations ordinance do not need to include advances since they are temporary loans of money. If, however, such an advance is not repaid at the end of the fiscal year, the altered cash balances must be taken into consideration in the preparation of the appropriation ordinance.

Village Officer's Handbook

CHAPTER SIX: ACCOUNTING PROCEDURES

When a cash advance is outstanding at the beginning of a fiscal year in which repayment is expected, the total resources available for expenditure in the creditor and debtor fund are misstated, as no provision exists for the receipt of cash in the creditor fund or for the use of cash in the debtor fund. To adjust for this, the unencumbered cash balance of the creditor fund must be increased by the amount of repayment expected during the succeeding fiscal year to produce the "carryover balance available for appropriation". Similarly, the unencumbered cash balance in the debtor fund must be reduced by the amount of repayment expected during the succeeding fiscal year to produce the "carryover balance available for appropriation." This adjustment is made on the "certificate of the total amount from all sources available for expenditures, and balances" filed with the county budget commission pursuant to Ohio Revised Code Section 5705.36.

C. Conversion to a Transfer

If, after an advance is made, the village council determines that the transaction should, in fact, be treated as a transfer, the following procedures should be followed:

1. The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas;
2. The transfer should be formally recorded on the records of the village; and
3. The entries recording the cash advance should be reversed to, in effect, repay the advance with the proceeds of the transfer.

Example: The general fund advances \$500 to the state highway fund. The village council determines that the advance should be permanent. The general fund transfers \$500 to the state highway fund and \$500 is advanced back from the state highway fund to the general fund.

VII. **Refund of a Receipt**

Refunds are appropriate for items such as overpayments, the return of deposits, or the repayment of money when the service was not provided (i.e., prepayment for renting the village hall is returned when the individual decides not to use the facility).

Example: John Smith paid a fee of \$20 to the village. At a later time, it was determined that John Smith was entitled to a refund of this amount.

Note: Reducing receipts is only permitted when both of the transactions occur during the same fiscal year. If the refund occurs in the subsequent year, post the payment as an expenditure.

Step 1 Prepare a receipt indicating the amount to be refunded. This amount should be shown as a negative amount.

TOWNSHIP ACCOUNTING MANUAL

TRANSFERS/ADVANCES**TRANSFERS**

Transfers are intended to permanently reallocate money from one fund to another as authorized in O.R.C. 5705.14 through 5705.16. Since this transaction will permanently change the total appropriations of funds, an amended certificate of estimated resources should be obtained from the county budget commission if the transfers were not originally anticipated and certified. The following are the only allowable transfers.

1. Money may be transferred from the General Fund to any other fund of the township by simple resolution and majority vote of the board of township trustees.
2. The unexpended balance of special revenue funds established under O.R.C. 5705.12, which are funds for levies and other special purposes, may be transferred to the General Fund or Bond Retirement Fund after all obligations within the special revenue fund have been met. This requires a resolution approved by a two-thirds vote of the board of township trustees.
3. The unexpended balance of a bond fund which is no longer needed for the purpose it was created, can be transferred to the bond retirement fund or sinking fund. This requires a resolution approved by a two-thirds vote of the board of township trustees.
4. The unexpended balance in any specific permanent improvement fund shall be transferred to the Bond Retirement Fund or Sinking Fund. If such money is not needed in the Bond Retirement Fund, then it may be transferred to a special fund for the acquisition of permanent improvements. This requires a resolution approved by a two-thirds vote of the board of township trustees. If the board of township trustees does not wish to transfer the money to a permanent improvement fund, with approval of the court of common pleas, they can transfer the money to the General Fund.
5. The unexpended balance of a Bond Retirement Fund may be transferred to any other fund with a board of trustee resolution and approval of the court of common pleas.

Funds not allowed to be transferred:

1. Proceeds on the balances of loans;
2. Proceeds on the balances of bond issues except as identified in item three and five above;
3. Proceeds on the balances of funds derived from excise taxes levied for a particular purpose; and
4. Proceeds on the balances of license fees levied for a particular purpose.

TOWNSHIP ACCOUNTING MANUAL

TRANSFERS/ADVANCES

The following example illustrates basic procedures used in posting a transfer.

- Example: Transfer \$1,000 from the general fund to capital projects fund.
- Step 1 The governing body passes a resolution authorizing the transfer. If there are insufficient funds in the transfer out appropriation, the board will have to authorize an appropriation modification.
- Step 2 Prepare a receipt in the amount of \$1,000 for the capital projects fund transfers-in receipt account.
- Note: This transfer may be made by using a check written from the general fund appropriation if you desire. Otherwise, a book should may be made from the appropriation account to the capital projects fund (transfer-out in the general fund and transfer-in to the capital projects fund).

Source Documentation

The following source documents are required for the accomplishment of inter-fund transactions:

- Minute Record In some instances, when performing inter-fund transactions, it is necessary to modify existing appropriations. The source document for modifying appropriations is the minute record. It is recommended that the specific minutes be described within the "descriptor" or "particulars" area of the posting medium for appropriation accounts.
- Certification When transferring monies from fund to fund, it is necessary to certify that monies are available. The purchase order can be used as the vehicle for the certification.
- Warrant (Check) The Auditor of State does not require the issuance of a warrant when accomplishing inter-fund transactions. If accounting software allows and the entity wants to write a warrant, it is permissible, but not required.
- Receipt The receipt is used as the source document for incoming monies to any fund. When monies are received by way of an inter-fund transaction, a receipt certifying the income and its source should be used.

These documents are used to provide adequate reconciliation tools and audit trails.

TOWNSHIP ACCOUNTING MANUAL

TRANSFERS/ADVANCES**ADVANCES**

Advances are temporary loans to other funds which are ultimately going to be repaid. Advances can be made from a less restricted fund to a more restricted fund. For instance, the General Fund can be used for anything, whereas, a Motor Vehicle License Tax Fund is restricted. Thus, the General Fund could advance money to the Motor Vehicle License Tax Fund, however, the Motor Vehicle License Tax Fund could not advance money to the General Fund. The Board of Trustees must pass a resolution authorizing an advance. The resolution should include at a minimum the following information: (1) amount of advance, (2) name of fund loaning the money and the name of the fund receiving the money, (3) an estimate of the date of repayment. (The intent of a cash advance is to require repayment within the current year). Advances have no effect on the budgetary process except when considering the available fund balance at the beginning of the year (See the budgetary paragraph in this section).

Inter-fund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in O.R.C. 5705.14 to 5705.16. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment;
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
4. Advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:
 - a. A specific statement that the transaction is an advance of cash, and
 - b. An indication of the money (fund) from which it is expected that repayment will be made.

TOWNSHIP ACCOUNTING MANUAL

TRANSFERS/ADVANCES**Accounting Procedures Transfers:**

The following procedures are necessary to account for inter-fund transfers:

Cash Journal

On the effective date of the resolution authorizing a transfer, an entry should be made in the cash journal to reduce the cash balance of the fund transferring the money by the amount of the transfer and increase the cash balance of the fund receiving the money by the same amount.

Appropriation Ledger

When the transfer occurs, a ledger account for "Transfers" must be established for the fund transferring the money. All pertinent information should be recorded on the ledger when the transaction is posted.

Receipt Ledger

When the transfer occurs, a ledger account for "Transfers" must be established for the fund receiving the money. All pertinent information should be recorded on the ledger when the transaction is posted.

Accounting Procedures for Advances:

The following procedures are necessary to account for inter-fund advances:

LoanCash Journal

On the effective date of the resolution authorizing an advance, an entry should be made in the cash journal to reduce the cash balance of the creditor fund (the fund making the advance) by the amount of the advance and to increase the cash balance of the debtor fund (the fund receiving the advance) by the same amount.

Appropriation Ledger

When the initial advance occurs, a ledger account for "advance Out" must be established for the creditor fund. All pertinent information should be recorded on the ledger when the transaction is posted.

Receipt Ledger

When the initial advance occurs, a ledger account for "Advances In" must be established for the debtor fund. All pertinent information should be recorded on the ledger when the transaction is posted.

RepaymentCash Journal

On repayment of the advance in whole or in part, an entry should be made in the cash journal to increase the cash balance of the creditor fund by the amount of the repayment and to reduce the cash balance of the debtor fund by the same amount.

Appropriation Ledger

When the advance is repaid, a ledger account for "Advances Out" will need to be established in the debtor fund to show the disbursement of the repayment.

TOWNSHIP ACCOUNTING MANUAL

TRANSFERS/ADVANCESReceipt Ledger

When the advance is repaid, a ledger account for “Advances In” will need to be established in the creditor fund to show the receipt of the repayment.

Budgetary - Effects:

An inter-fund cash advance does not directly affect the budgetary accounts of either the creditor or the debtor funds when the advance is made or repaid. It merely is recorded in the cash journal to adjust the fund cash balances and in the appropriation and receipt ledger pages to provide accountability. If, however, such an advance is not repaid at the end of the fiscal year, the altered cash balances must be taken into consideration in the preparation of the appropriation resolution.

When a cash advance is outstanding at the beginning of a fiscal year in which repayment is expected, the total resources available for expenditure in the creditor and debtor fund are misstated, as no provisions exist for the receipt of cash in the creditor fund or for the use of cash in the debtor fund. To adjust for this the unencumbered cash balance of the creditor fund must be increased by the amount of the repayment expected during the succeeding fiscal year to produce the “Carryover Balance Available for Appropriation”. Similarly, the unencumbered cash balance in the debtor fund must be reduced by the amount or repayment expected during the succeeding fiscal year. This produces “Carryover Balance Available for Appropriation.” The adjustment is made on the “Certificate of the Total Amount from all Sources Available for Expenditures, and Balance” filed with the County Budget Commission pursuant to O.R.C. 5705.36.

Conversion to Transfer:

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer, the following procedures should be followed:

1. The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas;
2. The transfer should be formally recorded on the records of the subdivision; and
3. The entries recording the cash advance should be reversed to, in effect, repay the advance with the proceeds of the transfer.

**Auditor of State
Bulletin 2020-002**

DATE ISSUED: February 10, 2020

TO: All Public Offices
Community Schools

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Hourly Audit Rates and Allocation of Audit Costs

Billing Rates

Ohio Revised Code (ORC) 117.13 governs how the Auditor of State's Office charges public offices for the costs for audit services. The total costs of audits, both direct and indirect, are to be recovered by the office. For local governments, these costs are offset by resources available in the Local Government Audit Support Fund and the state General Revenue Fund. For state agencies, these costs take into consideration federal cost recovery guidelines and are offset by resources from the state General Revenue Fund.

The Auditor of State's Office charges local and state entities an hourly rate for audit services in order to recover costs. Prior to House Bill 166 of the 133rd General Assembly, these rates were established by rule, but recent amendments to ORC 117.13 removed the rulemaking authority and instead requires the Auditor to determine and publish annually the rates to be charged to state agencies and local public offices.

For the remainder of FY 2020 or until a subsequent bulletin is published, the following rates are to be charged:

- audit rate charged to local governments is \$41/hour,
- audit rate charged to state agencies is \$76/hour,
- rate for Local Government Services is \$50/hour, and
- rate for interns is 50 percent of the standard rate charged for the services provided.

If you have questions regarding the above billing information, please contact the Finance staff of the State Auditor's Office at (800) 282-0370.

Ability to Charge Funds Other than the General Fund

ORC 117.13 (C)(2) allows fiscal officers of local public offices being audited to allocate the charges billed for the cost of the audit to appropriate funds using a methodology that follows guidance provided by the Auditor of State. The fiscal officer may distribute the cost to each fund audited in accordance with its percentage of the total cost. The fiscal officer should determine which funds should be charged a percentage of the audit costs. The Auditor of State is of the opinion that most operating funds of a local government, including utility funds (i.e., water, sewer, electric, refuse), special levy funds, funds that receive gas taxes, and motor vehicle registration fees can be charged a portion of the audit costs.

Other funds of a local government that may be charged a percentage of the audit costs include bond and grant funds. The ability to charge bond funds will depend on the allowable uses defined in the bond legislation. Trust and other funds that receive donations restricted to specific purposes will require analysis by the fiscal officer of the restrictions imposed by the donor and/or trust agreement to determine if any audit costs may be charged to those funds. Custodial funds (previously referred to as Agency Funds) should not be charged for any share of the cost of an audit for the fiscal officer's role as the fiscal agent.

In determining a percentage of total cost that may be charged to a fund, any reasonable and rational method such as a percentage of the fund's revenue or expenditures compared to the total revenue or expenditures for all funds, excluding custodial funds, would be acceptable. A local government's indirect cost allocation plan may also be an acceptable method for allocating audit costs.

For federal grant funds, the costs of audits are allowable if the audits were performed in accordance with the federal Single Audit Act and Uniform Guidance (UG)¹. Generally, the percentage of costs charged to federal awards for a single audit shall not exceed the percentage derived by dividing federal funds expended by total funds expended by the recipient or sub-recipient (including program matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs. Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

If you have any questions regarding the above information, please contact the Local Government Services staff of the State Auditor's Office at (800) 345-2519 or (614) 466-4717.



Keith Faber
Ohio Auditor of State

¹ The costs of audits that are not required by the Single Audit Act or Subpart F are not allowable under 2 CFR 200.425, including performance audits. For more information, refer to questions 1 through 5 presented by the Council on Federal Award Reform (COFAR) on OMB's Uniform Guidance available at: <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>.

Section F: Other Laws and Regulations

Various Entity Types

Revised: HB 166, 133 GA

Effective: July 18, 2019

O-27 Compliance Requirement: Ohio Rev. Code § 117.13(C)(3) and 2 C.F.R. § 200.425 – Allocating Audit Costs (MOVED from Chapter 1).

Summary of Requirements: Local governments can charge audit costs to funds other than the general fund only if the charges are properly allocated to those funds.

Ohio Rev. Code § 117.13(C)(2)(3) provides the fiscal officer may allocate ~~the charges billed for the~~ appropriate funds using a methodology that follows guidance provided by the auditor of state ~~each fund audited in accordance with its percentage of the total cost.~~

The fiscal officer should determine which funds should be charged a percentage of the audit costs. The Auditor of State is of the opinion that most operating funds of a local government, including utility funds (i.e., water, sewer, electric, refuse), special levy funds, funds that receive gas taxes, and motor vehicle registration fees can be charged a portion of the audit costs.

Other funds of a local government that may be charged a percentage of the audit costs include bond and grant funds. The ability to charge bond funds will depend on the allowable uses defined in the bond legislation. Trust and other funds that receive donations restricted to specific purposes will require analysis by the fiscal officer of the restrictions imposed by the donor and/or trust agreement to determine if any audit costs may be charged to those funds. Custodial funds, because of their custodial nature, should not be charged for any share of the cost of an audit for the fiscal officer's role as the fiscal agent.

In determining a percentage of total cost that may be charged to a fund, any reasonable and rational method such as a percentage of the fund's revenue or expenditures compared to the total revenue or expenditures for all funds, excluding custodial funds, would be acceptable. A local government's indirect cost allocation plan may also be an acceptable method for allocating audit costs.

For grant funds, a reasonably proportionate share of the costs of audits required by, and performed in accordance with the Single Audit Act and Uniform Guidance (UG), "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" are allowable. See 2 C.F.R. § 200.425 for further explanation of allowable and unallowable audit costs and UG FAQ 200.425-1 through -5 for guidance when the auditee charges non-single, internal, legislative or performance audit⁶⁰ costs.⁶¹

⁶⁰ Performance audits are not allowable costs per UG FAQ 200.425-1 through 5.

⁶¹ For awards made on or before 12/26/14 A-133 guidance should be followed. See this section in previous versions of the OCS for details.

Suggested Audit Procedures - Compliance (Substantive) Tests:

1. Determine if the government charges funds other than the general fund for audit costs. If so, review documentation supporting how the government determines a reasonable basis for allocating audit costs to funds other than the general fund. (Lack of formal documentation should not result in a citation or finding for adjustment if the allocation is reasonable.)
2. Determine if the government allocates audit costs to grant funds. If so, review documentation supporting the government allocated the audit costs to grant funds in accordance with Federal guidelines.

Audit Procedures, Government Personnel Interviewed and Dates:**Conclusion (management letter comments):**

TOWNSHIP

1-29 Compliance Requirement: Ohio Rev. Code §§ 507.09 and 505.24(~~DC~~) - Allocating township trustee and fiscal officer compensation.

Summary of Requirement, per Ohio Rev. Code §§ 507.09(D) and 505.24(~~DC~~):

Attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; therefore, allocating 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio law.

- (1) **Trustees receiving per diem compensation (MUST USE TIME AND EFFORT DOCUMENTATION):** When members of the board of township trustees are compensated per diem, a *majority* of the board must pass a resolution establishing the periodic notification method to be used for reporting the number of days spent in the service *and kinds of services rendered* on those days.¹²⁴ The per diem compensation shall be paid from the township general fund or from other township funds in proportion to the kinds of services rendered, as documented. (For example, the township could charge trustee time spent on road repairs to the road & bridge fund.) Ohio Rev. Code § 505.24(A) limits the number of days a trustee can be compensated to 200.

However, for *salaries not* paid from the general fund, 2004 Op. Att'y. Gen. No. 2004-036 established the following documentation requirements:

As noted above, however, a board of trustees is authorized by Ohio Rev. Code § 505.24 to pay trustees' salaries from the general fund or other township funds "in such proportions as the board may specify by resolution." The board may therefore determine, as part of its budgeting process, to appropriate money in the EMS Fund for payment of trustees' salaries. In order to meet the provision in Ohio Rev. Code § 505.84, that the EMS Fund be used only for ambulance and emergency medical services, however, the board would be required to establish administrative procedures for assuring that the proportionate amount paid from the EMS Fund for trustees' salaries properly reflected the proportion of time each trustee spent on EMS matters relative to other township matters. This would necessitate trustees documenting all time spent on township business and the type of service performed, in a manner similar to trustees paid a per diem. To the extent that the board is able to determine the portion of time spent on EMS matters, relative to the total time spent on township business, it may pay the proportionate cost of the trustee's salary from the EMS Fund. If a trustee's time is not documented, however, then no part of his salary may be paid from the EMS Fund.

In other words, 2004 Op. Att'y. Gen. No. 2004-036 requires trustees compensated on a per diem basis to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on

¹²⁴ The Ohio Rev. Code does not define a "day" for purposes of this requirement. Townships should consult with their legal counsel and adopt a policy in compliance with 2004 Op. Att'y. Gen. No. 2004-036. If a Township has a duly enacted policy defining what constitutes a "day" in compliance with 2004 Op. Att'y. Gen. No. 2004-036, we will audit in accordance with that policy. If the Township has not adopted a policy, we will audit based on our determination of a "day" as an 8 hour workday.

township business and the type of service performed. If per diem trustees do not document their time, then no part of salaries may be paid from the restricted funds.

The important factor is the portion of time spent on other township funds, relative to the total time spent on township business (as opposed to the total days in a given month). In other words, do not factor days in which no township work is done into the allocation.

Per the above, per-diem trustees must record the time spent on various tasks and the specific fund to which the township will charge their costs when paying any proportion of a trustee's salary from a restricted fund. Although the fire and rescue services, ambulance services, and emergency medical services fund under Ohio Rev. Code § 505.84 was the focus of 2004 Op. Att'y. Gen. No. 2004-036, the ruling also applies to funds for the motor vehicle license tax pursuant to Ohio Rev. Code §§ 4504.18 and 4504.19; motor vehicle tax pursuant to Ohio Rev. Code § 4503.02; gasoline tax pursuant to Ohio Rev. Code § 5735.27(A)(5)(d); the cemetery fund pursuant to Ohio Rev. Code § 517.03, and any other restricted fund. (The sole exception to this is for trustees charging all salaries to the general fund, as described above.) The township must maintain daily records of tasks performed for each individual trustee that, when reviewed cumulatively for the fiscal year, will provide reasonable justification for the apportionment of salary between funds as specified in the resolution. **Monthly summaries in lieu of daily records are not acceptable.**

- (2) **Trustees receiving compensation by annual salary (MUST USE CERTIFICATIONS IF PAID FROM FUNDS OTHER THAN THE GENERAL FUND):** To be paid on a salary basis in equal monthly installments, the board of trustees must *unanimously* pass a resolution to allow it. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund (Ohio Rev. Code § 505.24(DC)). If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification can be found at: [Example Payroll Certification.pdf](#). If 100% of the compensation of the township trustee is to be paid to from the general fund, no certification is required.
- (3) **Fiscal officer compensation:** Fiscal officers compensated from funds other than the general fund must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. They must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification can be found at: [Example Payroll Certification.pdf](#). If 100% of the compensation of the township fiscal officer is to be paid from the general fund, no certification is required.

For salaried trustees only, AOS will forgo issuance of a finding for adjustment in any case where the Township has reasonable supporting documentation (such as detailed time and effort records, timesheets, etc.) in lieu of the certifications. Absent this documentation, auditors should issue a finding for adjustment. Also, auditors should still issue a noncompliance citation for not preparing the certifications as required by statute in all cases.

Undocumented per diem salaries for trustees, where the trustees officers have been paid from funds other than the General Fund, should result in findings for adjustment and the consideration of opinion qualifications including adverse opinions (if the auditee refuses to post the adjustment).

Townships allocating 100 percent of officials’ salaries to restricted funds will be subject to audit findings. Townships must properly allocate the officials’ salaries for the entire period. Failure to make necessary allocation revisions could result in findings for adjustment that may serve to disqualify the township from lower-cost agreed upon procedure audits, result in qualified opinions, or otherwise increase audit costs.

Note: If the township allocated salaries incorrectly, it is likely they allocated reimbursable health care benefits incorrectly. Improper allocations of health care benefit reimbursements should be included in the findings for adjustment (if the auditee refuses to post the adjustment).

POSSIBLE NONCOMPLIANCE RISK FACTORS:

Note: In assessing the risk of noncompliance, auditors should consider recent changes to the statutory requirements described in this OCS step. This statute contains intricate requirements and interpretations.

In determining how the government ensures compliance, consider the following:	What control procedures address the compliance requirement?	W/P Ref.
<ul style="list-style-type: none"> • Policies and Procedures Manuals, • Knowledge and Training of personnel • Time summaries / timecards • Legislative and Management Monitoring • Management’s identification of changes in laws and regulations • Management’s communication of changes in laws and regulations to employees 		

Suggested Audit Procedures - Compliance (Substantive) Tests:

1. Document how the township records the time spent on each township service.
2. Recompute selected allocations of trustee/fiscal officer salaries or per diem amounts to each fund.

For UAN entities: Use the wage base earning report – detail and summary. For periods before 2015, use the wage detail report.

3. For fiscal officers or trustees paid by annual salary with allocations to funds other than the general fund, trace selected allocations to certifications.
4. For trustees paid per diem, with allocations to funds other than the general fund, trace time or services performed to time or activity sheet.
5. Agree selected postings of the salaries from step 2 to the township's check register.

Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, significant deficiencies/material weaknesses, and management letter comments):

**Auditor of State
Bulletin 2020-003**

DATE ISSUED: February 27, 2020

TO: All Public Offices
Independent Public Accountants

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Governmental Accounting Standards Board Statement No. 84 –
Fiduciary Activities

Background Information

The Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, includes guidance for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The GASB issued an implementation guide to supplement the guidance found in GASB 84. The Implementation Guide is organized in a question and answer format. This bulletin references specific questions from the Implementation Guide No. 2019-2, *Fiduciary Activities* (IG).

The requirements of this Statement apply to all Ohio state and local governments that prepare GAAP (Generally Accepted Accounting Principles) Statements, including those with a GAAP reporting requirement per Ohio Admin. Code (OAC) §117-2-03(B). Some other governments may be subject to GAAP reporting requirements, such as through a debt covenant. GASB 84 is effective for financial statements for periods beginning after December 15, 2018. Meaning, governments with a December 31 fiscal year end must apply it to their December 31, 2019 GAAP financial statements; school districts and other governments with a June 30 fiscal year end must apply GASB 84 to their June 30, 2020 GAAP financial statements. Guidance from the implementation guide will also be effective at this time. Any local governments that early implemented GASB 84 will also need to apply the guidance from the implementation guide.

Applicability to Non-GAAP entities is addressed later in this bulletin.

Fiduciary Component Units

GASB 84 establishes criteria in paragraphs 6 through 9 for when a component unit is a fiduciary activity. Generally, pension plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 and other postemployment benefits (OPEB) plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 74 are legally separate entities. In determining whether those legally separate entities are component units, a primary government is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan or OPEB plan. (GASB 84 ¶7)

GASB 84 paragraph 8 identifies when a component unit, that is not a pension arrangement or OPEB arrangement, is a fiduciary activity.

GASB 84 paragraph 10 explains how to treat pension and OPEB arrangements that are not component units.

Criteria for Fiduciary Activity

For all fiduciary activity not addressed above, the criteria for identifying fiduciary activity is found in paragraph 11 of GASB 84. For activity to be considered fiduciary, it should meet three criteria: the assets are controlled by the government; the assets associated with the activity are not own source revenue or result from nonexchange transactions (with certain exceptions), and the assets must meet one of the remaining characteristics which establish the assets are held in trust or are held for the benefit of individuals, organizations or other governments.

The assets are controlled by the government. (GASB 84 ¶11 a):

A government controls the assets of an activity if the government (a) holds the assets or (b) has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients. Restrictions from legal or other external restraints that stipulate the assets can be used only for a specific purpose do not negate a government's control of the assets.

A government uses an asset when it expends or consumes that asset for the benefit of individuals, organizations, or other governments outside of the government's provision of services to them.

When a government appoints a designee to act on its behalf, the designee is performing the government's fiduciary duties and not assuming them. Thus, appointing a designee to act on its behalf does not alter the government's ability to direct the use, exchange, or employment of the assets. (GASB 84 ¶12)

Fiduciary assets are not own-source revenue or result from nonexchange transactions. (GASB 84 ¶11 b):

The assets associated with the activity are not derived either:

- 1 Solely from the government'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.

Note: If custodial funds are receiving revenues from government-mandated nonexchange transactions or voluntary nonexchange transactions, the transaction should be evaluated under GASB 24 to determine if there is administrative involvement or direct financial involvement. This includes undivided state levied shared amounts.

Own-source revenues are revenues that are generated by a government itself. They include exchange and exchange-like revenues (for example, water and sewer charges) and investment earnings. Derived tax revenues (such as sales and income taxes) and imposed nonexchange revenues (such as property taxes) are also included. (GASB 84 ¶13)

For purposes of evaluating administrative involvement and direct financial involvement of a government that is a recipient of a pass-through grant the following definition should be applied:

A recipient government has administrative involvement if, for example, it (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, or (c) has the ability to exercise discretion in how the funds are allocated. A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs. (GASB 24 ¶5 & GASB 84, fn 2)

The assets have one or more of the following characteristics (GASB 84 ¶11 c):

- 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. (Note: this is the GASB 84 ¶11 c (1) criteria referred to in some of the following trust fund definitions.)
- The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.

- The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

A government has administrative involvement with the assets if, for example, it (a) monitors compliance with the requirements of the activity that are established by the government or by a resource provider that does not receive the direct benefits of the activity, (b) determines eligible expenditures that are established by the government or by a resource provider that does not receive the direct benefits of the activity, or (c) has the ability to exercise discretion over how assets are allocated. A government has direct financial involvement with the assets if, for example, it provides matching resources for the activities. (GASB 84, fn1)

Fiduciary Fund Type Definitions

Pension (and other employee benefit) trust funds: These are used to report fiduciary activities for the following (GASB 84 ¶15):

- a. Pension plans and OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively.
- b. Other employee benefit plans for which (1) resources are held in a trust that meets the criteria in GASB 84 ¶11 c (1), and (2) contributions to the trust and earnings on those contributions are irrevocable.

Investment trust funds: These are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in GASB 84 ¶11 c (1). (GASB 84 ¶16) If the activity does not meet the criteria in GASB 84 ¶11 c (1), it can be evaluated under the custodial fund type definition.

Private-purpose trust funds: These are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and (b) are held in a trust that meets the criteria in GASB 84 ¶11 c (1). (GASB 84 ¶17) If the activity does not meet the criteria in GASB 84 ¶11 c (1), it can be evaluated under the custodial fund type definition. (GASB 84 IG 4.41 and 4.42)

Custodial funds: These are used to report 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. The external portion of investment pools that are not held in a trust that meets the criteria in GASB 84 ¶11 c (1) should be reported in a separate external investment pool fund column under the custodial funds classification. (GASB 84 ¶18)

Business-type activities, including enterprise funds, may report assets with a corresponding liability that otherwise should be reported in a custodial fund in the statement of net position of

the business-type activity if those assets, upon receipt, are normally expected to be held for three months or less. (GASB 84 ¶19)

Statement of Fiduciary Net Position

Fiduciary funds will present a statement of fiduciary net position to report assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The new custodial funds will present net position. (GASB 84 ¶20)

With certain exceptions for pension and OPEB trusts, a liability to the beneficiaries of a fiduciary activity should be recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. For example, a county government should recognize a liability when it collects taxes for other governments, even though it may not be required to distribute the taxes to those governments until a specified time in the future. Liabilities, other than those to beneficiaries, should be recognized in accordance with existing accounting standards using the economic resources measurement focus. (GASB 84 ¶21)

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position should be used to report additions to and deductions from pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Unless amounts are expected to be held for three months or less, the statement of changes in fiduciary net position should disaggregate additions by source. The statement of changes in fiduciary net position should disaggregate deductions by type and, if applicable, should separately display administrative costs. A single aggregated total for additions and a single aggregated total for deductions can be used for custodial funds when, upon receipt, amounts are normally expected to be held for three months or less. (GASB 84 ¶23 and ¶24)

Types of Activity Currently Found in Agency Funds

The following describes activity currently found in agency funds and explains how that activity will be viewed under GASB 84. Our website contains a GASB 84 Analysis Chart that summarizes how these various types of activity should be maintained on a local government's day-to-day books, and how it should be reported on a Regulatory basis, on Regulatory Statements prepared by a local government that is mandated to prepare GAAP Statements, on an OCBOA basis (GAAP look-alike) and on a GAAP basis.

The Auditor of State's Office (AOS) has historically tried to match fund structure for day-to-day recording to GASB fund definitions. However, with GASB 84, there are some instances where this may generate more complex reporting than may be necessary. Therefore, in some instances, AOS is prescribing a simplified approach for recording for day-to-day cash basis transactions

along with simplified reporting for regulatory filers that are not required to prepare GAAP statements. However, regulatory filers who are mandated to prepare GAAP statements will receive an adverse opinion for not reporting on the proper framework and should not be following this simplified reporting. In the following discussion of the types of activity found in agency funds, the regulatory reporting described applies to regulatory filers who are not mandated to file GAAP statements. Regulatory filers who are mandated to prepare GAAP statements should be following the fund structure as prescribed for GAAP filers.

Amounts held for other Governments/Organizations: Within current agency funds, there are several types of activity that are considered amounts held for other government/organizations, including: (GASB 84 ¶11 c (3))

Fiscal Agent for legally separate organizations: If the primary government serves as fiscal agent for a legally separate organization, the activity will be reported as a custodial fund for all types of reporting. However, if this legally separate organization is presented as a component unit of the primary government, the custodial fund will not be shown on the financial statements. A custodial fund and a component unit should not be reported for the same activity. Common examples of legally separate organizations for which a county serves as fiscal agent include: District Board of Health, Family and Children First, Soil and Water Conservation, Regional Planning, among others. Currently, regulatory filers have the option to present component unit activity in the financial statements or report the relationship in the notes. This option will remain unchanged for regulatory filers; however, if they present the component unit, then any fiduciary activity should not be included on the financial statements. (GASB 84 ¶11 c (3))

Cash conduit for grants: Local governments sometimes receive grants or other financial assistance (including state levied shared monies) to pass on to a secondary recipient. Under GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, when a recipient government serves only as a cash conduit, the grant is reported in an agency fund. This activity has been reported as an agency fund under GASB 24, and will be reported as a custodial fund under GASB 84 for all types of reporting. Counties currently serve as a cash conduit for distributing certain state-levied shared revenues, including; MVL, Gas Tax, Personal Property Tax Reimbursement, Local government money, Library Local government money, and Homestead and Rollback, among others. This activity will be presented in custodial funds.

Clearing account with external participation: Local governments will sometimes collect dollars and distribute those dollars to other entities as well as other funds of the government. Under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, any balances in these funds that pertain to other funds of the government are reported in the appropriate funds rather than in the agency fund. Under GASB 84, this guidance is expanded to include the additions and deductions of the fund as well. These types of clearing funds will present only the amounts related to outside entities. For example the following would meet the

GASB 84 definition of a custodial fund: OHSAA Tournament money with School District's money eliminated; County undivided with all county money eliminated; County court money with all county money eliminated; and Arson Registry [Ohio Rev. Code (ORC) §2909.15]. GAAP filers and OCBOA filers will be following this GASB 84 guidance. Since the local government's money is collected along with the amounts for the other governments, using a custodial fund for these unallocated resources will be allowed to continue on a local government's day-to-day books. Regulatory filers can include their government's resources within in the custodial fund on their financial statements.

Amounts held for Individuals: When dollars are held for individuals, an evaluation will need to be made to determine if the local government has administrative involvement or direct financial involvement. These definitions are included on page 3 of this bulletin. If the local government has administrative involvement or direct financial involvement, the activity will not be fiduciary.

Examples of moneys held where the local government typically has no administrative involvement include money for residents in healthcare facilities and money for inmates in correctional institutions. Although the conclusion of no administrative involvement is typical for these types of accounts, each local government should perform its own evaluation. When there is no administrative involvement or direct financial involvement, the activity will be custodial for all types of reporting.

Examples of money held where the local government has administrative involvement include school district student activity funds (USAS 200 funds). Student activity funds are viewed as being held for individuals. (IG 4.16) Student activity funds are viewed as having school district administrative involvement as the school district has a faculty advisor who approves disbursements (IG 4.20), the school district establishes policies (IG 4.21), and certain policies are established by the State (IG 4.23). School districts should review their 200 funds and reclassify any funds that should not be 200 funds, including amounts held for other governments or organizations. School districts also have administrative involvement when school district employees determine the recipients of college scholarships. When there is administrative involvement or direct financial involvement, the activities will not be fiduciary for any types of reporting.

Own source revenue: Unless an exception is noted below, current agency funds whose revenue source is the government's own source revenue will need reclassified to another fund type for all types of reporting.

Performance bonds and fire trusts (ORC 3929.86): These are part of an exchange transaction and should not be reported as a custodial fund. An exception to this would be if the local government is holding the fire trust money for another political subdivision. Performance bonds include cash received prior to the beginning of a project which is held to ensure satisfactory performance by another party. To simplify reporting, day-to-day books and regulatory filers can continue to report these items in custodial funds.

Retainage: For all types of reporting, retainage is not fiduciary as local governments hold retainage for their own benefit. It arises from an exchange transaction between the local government and the contractor.

Guarantee Deposits: For all types of reporting, guarantee deposits related to utilities are not fiduciary and will continue to be reported with enterprise funds.

Sheriff Money: The sheriff's office has various bank accounts. The accounts will need to be reviewed as these accounts typically include own source revenue.

Marriage License Fee: The portion of the marriage license fee that is collected for the purpose of funding shelters for victims of domestic violence is considered the government's own source revenue. Under GASB 84, these dollars should not be reflected in a custodial fund. This treatment is consistent with AOS Bulletin 2011-004.

Motor Vehicle License Tax: Counties have the ability to levy certain motor vehicle license taxes which the county will review and determine the amount distributed to municipal corporations (ORC 4504.04 and 4504.05) and townships (4504.05). Under GASB 84, these dollars should not be reflected in a custodial fund.

Payroll clearing: Once dollars are withheld from the employee's checks, the local government is obligated to remit the dollars; therefore, there is a liability for these amounts. Under GASB 84, payroll clearing funds are not considered custodial. (GASB 84 IG 4.15) To simplify the reporting for regulatory filers, these amounts can be reflected in a custodial fund. For OCBOA filers, these will not be fiduciary and the balance will need to revert back to the fund that paid the employee and reduce the expenditure. For GAAP filers, these will not be fiduciary and will need to revert back to the fund that paid the employee as cash and payroll withholding payable. As an alternative, these balances can also be brought back to the general fund on a GAAP basis, provided they represent only employee payroll withholdings. The day-to-day reporting of payroll clearing will not change as this is a part of the year end W-2 process.

Also, on a cash basis and for regulatory reporting, whether a payroll clearing account is used can alter the reporting on the regulatory statements. When a payroll clearing account/fund is used, gross payroll is expensed with the withholding held in a separate fund/account until payment is due. When no payroll account/fund is used, net payroll is expensed on the pay date with the withholding expensed when paid (when due). Beginning with financial statements for 2020, regulatory reports will include note disclosure to address this difference.

Clearing accounts with only internal participation: Local governments will sometimes collect dollars and distribute those dollars to other funds of the government. These unallocated resources are held by the local government until the resources can be allocated to the individual funds. For the day-to-day books, these funds will be allowed to continue. To simplify the reporting for regulatory filers, these amounts can be reflected in a custodial fund. For GAAP and OCBOA, these funds will not be presented as their activity is already reflected in the

governmental/proprietary funds of the government. These fund are intended to be temporary and should not be accumulating an ongoing balance. If these funds have any cash balance, this balance will need allocated to the appropriate individual fund. For counties, this category will include the Medicaid Sales Tax Transition Fund.

Flow through clearing fund: These funds are typically used by counties in conjunction with their undivided funds for taxes. When the taxes are ready to be settled, instead of going directly to the local government, they flow from the undivided fund to an entity-type fund (e.g. township, village, school district) and then are distributed to the specific entity. For GAAP and OCBOA these funds will not be presented as their activity is already reflected in other funds of the government. If these funds have any cash balance, this balance will need allocated to the appropriate individual fund.

Funds used for the payment of bills: Some governments use a separate fund to accumulate dollars for the payment of future bills. These are most commonly seen with the employer share of pension. If the fund is a temporary clearing account used for day-to-day operations and routinely zeros out, it will be permissible for day-to-day books. However, if the fund is accumulating a balance, it will be viewed as a set-aside which needs to be authorized by State Statute. Any fund that is being used as a set aside that is not authorized by State Statute, will need to return the balance to the rightful fund with 2021 budget year. For GAAP and OCBOA, these temporary funds will not be presented as their activity is already reflected in the governmental/proprietary funds of the government. If these fund have any cash balance, this balance will need allocated to the appropriate individual fund.

Investment trust funds and private purpose trust funds: Each entity will need to review their trust agreements to ensure they are complaint with the GASB 84 ¶11 c (1) criteria found on page 3 of this bulletin. All types of reporting will need to meet the GASB 84 definition. Any trust funds not meeting this GASB 84 ¶11 c (1) criteria, will need to be reclassified, both for day-to-day reporting and all types of financial reporting.

Applicability to Non-GAAP Entities

Governments that prepare Other Comprehensive Basis of Accounting (OCBOA) statements will need to follow GASB 84 fund definitions and display requirements. Governments statutorily required to prepare GAAP statements that prepare regulatory statements will need to follow GASB 84 fund definitions.

For 2019, governments not statutorily required to prepare GAAP statements that prepare regulatory statements will not need to make any changes to their financial reporting. These governments can use the term agency or custodial to describe their funds.

Effective with 2020 statements, governments not statutorily required to prepare GAAP statements that prepare regulatory statements will be preparing a new Statement of Changes for their Fiduciary Funds. For governments not mandated to prepare GAAP Statements, new accounts have

been established to facilitate the preparation of this new statement. These new accounts can be found in the 2020 updated UAN Accounting and General Manual at:

https://uanlink.ohioauditor.gov/training/accounting/manuals/Accounting_General%20Manual%20Version%202019.2.pdf

Regulatory (not GAAP mandated) filers are following a simplified version of GASB 84 which allows, in certain instances identified above, clearing accounts which allocate dollars to the local government's governmental or proprietary funds to continue to be presented as fiduciary. However, amounts that are allocated to the local government's governmental or proprietary fund should be separately identified in the "Distributions to other funds (primary government)" on the financial statements.

Transition

Governments should restate beginning net position/fund balance to conform to the fund definitions contained in GASB 84.

Budgetary Considerations

Custodial funds will not need to be budgeted. Although GASB 84 is effective for 2019 for governments with a December 31st year end, any changes in fund classification will not need to be made to the day-to-day books or budgeted until the 2021 budget year. Schools will need to begin budgeting according to GASB 84 fund classifications for fiscal year 2021.

On the GASB 84 Analysis Chart, the column labeled "Day-to-Day Books/Budgetary" indicates if the fund is considered custodial for budgetary purposes. If this column identifies a fund as custodial, it does not need to be budgeted.

Audit Considerations

As noted in the prior section, any fund classifications will not need made to the day-to-day books or budgeted until the 2021 budgetary year. Therefore, auditors should not issue noncompliance citations for the failure to budget these funds until the 2021 budget year audits. Also, auditors should use professional judgement when determining whether control deficiencies exist in the entity's financial statement framework preparation process when misstatements result from implementation.

Bulletin 2020-003

Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*

Page 11

Additional Resources Available on the Auditor of State’s Website

The Auditor of State’s Office has a GASB 84 Analysis Chart, a sample new Statement of Changes, and a Frequently Asked Questions (FAQ) document available related to GASB 84’s implementation available on our website at:

www.ohioauditor.gov/references/gasb84.html

The Chart and the FAQs will be updated as additional information becomes available.

Questions

If you have any questions regarding the information presented in the Bulletin, please contact Local Government Services at the Auditor of State’s Office at (800) 345-2519.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Ohio Auditor of State

COUNTY AUDITORS OFFICE

DATE: 03/16/2018

STATEMENT OF SEMIANNUAL APPORTIONMENT OF TAXES
WE NEED THE MONEY TOWNSHIPMADE AT THE FIRST HALF SETTLEMENTS 2018, WITH THE COUNTY TREASURER FOR EXAMPLE TOWNSHIP
REAL ESTATE SETTLEMENT

SOURCE OF RECEIPTS	UAN CODE	GENERAL FUND	PARKS	FIRE	ROAD IMPROVEMENT	TOTAL
REAL ESTATE						
AGR/RES GROSS		33,980.86	29,807.22	63,005.42	54,602.04	\$181,395.54
COM/IND GROSS		1,919.06	1,683.41	4,587.68	2,863.27	\$11,053.42
SUB-TOTAL		35,899.92	31,490.63	67,593.10	57,465.31	\$192,448.96
LESS REIMBURSEMENTS						
HOMESTEAD		1,807.76	1,585.74	3,351.88	2,904.81	\$9,650.19
Non Business Credit		3,060.12	2,684.27	5,673.90	4,917.14	\$16,335.43
Owner Occupied Credit		536.73	470.80	995.16	862.43	\$2,865.12
TOTAL REIMBURSEMENTS	rev # 535	5,404.61	4,740.81	10,020.94	8,684.38	\$28,850.74
THESE WILL COME IN AS SEPARATE REIMBURSEMENTS FROM THE STATE.						
NET CURRENT REAL PROPERTY		30,495.31	26,749.82	57,572.16	48,780.93	\$163,598.22
DELINQ. REAL PROPERTY		2,859.87	2,508.61	5,320.88	4,591.46	\$15,280.82
PER. PROP. UTIL		2,149.06	1,885.15	6,158.14	3,644.61	\$13,836.96
TOTAL DISTRIBUTIONS (i.e. Prop. Tax Revenue)	rev # 101	35,504.24	31,143.58	69,051.18	57,017.00	\$192,716.00
SUB-TOT+DELINQ+PER PROP		40,908.85	35,884.39	79,072.12	65,701.38	\$221,566.74
DEDUCTIONS						
AUD. AND TREA. FEES	object # 314	719.27	630.89	1,392.31	1,154.62	\$3,897.09
DTAC	object # 314	143.00	125.43	266.04	229.57	\$764.04
ELECTION EXPENSE	object # 315	1,154.78	0.00	0.00	0.00	\$1,154.78
COUNTY HEALTH DEPARTMENT	object # 370	9,942.48	0.00	0.00	0.00	\$9,942.48
ADVERTISING DEL. TAX LIST	object # 314	92.58	0.00	0.00	0.00	\$92.58
MISCELLANEOUS		0.00	0.00	0.00	0.00	\$0.00
BOARD OF REVISIONS EXPS		0.00	0.00	0.00	0.00	\$0.00
TOTAL DEDUCTIONS	B	12,052.11	756.32	1,658.35	1,384.19	\$15,850.97
BALANCES		23,452.13	30,387.26	67,392.83	55,632.81	\$176,865.03
LESS ADVANCES RC SEC 321.34		0.00	0.00	0.00	0.00	\$0.00
NET DISTRIBUTIONS (should tie to amount deposited into bank)	A-B	\$23,452.13	\$30,387.26	\$67,392.83	\$55,632.81	\$176,865.03