



## Ohio Administrative Code

### Rule 117-2-02 Accounting and reporting records.

Effective: July 16, 2021

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(A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code.

(B) The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following assertions are achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

(1) Assertions about classes of transactions and events, and related disclosures, for the period under audit:

(a) Occurrence: Transactions and events that have been recorded or disclosed have occurred, and such transactions and events pertain to the entity.

(b) Completeness: All transactions and events that should have been recorded have been recorded, and all related disclosures that should have been included in the financial statements have been included.

(c) Accuracy: Amounts and other data relating to recorded transactions and events have been recorded appropriately, and related disclosures have been appropriately measured and described.

(d) Cutoff: Transactions and events have been recorded in the correct accounting period.

(e) Classification: Transactions and events have been recorded in the proper accounts.



(f) Presentation: Transactions and events are appropriately aggregated or disaggregated and clearly described, and related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework, or as prescribed by the auditor of state.

(2) Assertions about account balances, and related disclosures, at the period end:

(a) Existence: Assets, liabilities, and equity interests exist.

(b) Completeness: All assets, liabilities, and equity interests that should have been recorded have been recorded, and all related disclosures that should have been included in the financial statements have been included.

(c) Rights and obligations: The entity holds or controls the rights to assets, and liabilities are the obligation of the entity.

(d) Accuracy, valuation, and allocation: Assets, liabilities, and equity interests have been included in the financial statements at appropriate amounts, and any resulting valuation or allocation adjustments have been appropriately recorded, and related disclosures have been appropriately measured and described.

(e) Classification: Assets, liabilities, and equity interests have been recorded in the proper accounts.

(f) Presentation: Assets, liabilities, and equity interests are appropriately aggregated or disaggregated and clearly described, and related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.

(C) The following systems and documents may be used to effectively maintain the accounting and budgetary records of the local public office:

(1) All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.



The legal level of control is the level (e.g., fund, program or function, department, or object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705. of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in section 5705.38 of the Revised Code. For school districts, the minimum legal level of control is prescribed in rule 117-6-02 of the Administrative Code. For public libraries, the minimum legal level of control is prescribed in rule 117-8-02 of the Administrative Code. The legal level of control is a discretionary decision to be made by the local public office's legislative authority, unless otherwise prescribed by statute.

(2) Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by division (D) of section 5705.41 of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.

(3) Vouchers may be used as a written order authorizing the drawing of a check or an electronic fund transfer payment in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and all other required information. The local office should also attach supporting documentation to the voucher, such as vendor invoices.

(D) All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

(1) Cash journal, which typically contains the following information: the amount, date, receipt number, check or electronic fund transfer number, account code, purchase order number, and all other information necessary to properly classify the transaction.

(2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose,



receipt number, and other information required for the transactions can be recorded on this ledger.

(3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

(4) In addition, all local public offices should maintain or provide a report similar to the following accounting records:

(a) Payroll records including:

(i) W-2s, W-4s, I-9s, and other withholding records and authorizations.

(ii) Payroll journal that records, assembles and classifies by pay period the name of employee, the employee's identification number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.

(iii) Check register that includes, in numerical sequence, the check or electronic fund transfer number, payee, net amount, and the date.

(iv) Information regarding nonmonetary benefits such as car usage, employer provided cell phones, life insurance, and health insurance.

(v) Information, by employee, regarding leave balances and usage.

(b) Utilities billing records including:

(i) Master file of service address, account numbers, billing address, type of services provided, and billing rates.



(ii) Accounts receivable ledger for each service type, including for each customer account, the outstanding balance due as of the end of each billing period (with an aging schedule for past due amounts), current usage and billing amount, delinquent or late fees due, payments received and noncash adjustments, each maintained by date and amount.

(iii) Cash receipts records, recording cash received and date received on each account. This information should be used to post payments to individual accounts in the accounts receivable ledger described above.

(c) Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

(E) Each local public office should establish a capitalization threshold so that, unless the local public office establishes a capitalization threshold for any individual item of five thousand dollars or more, at a minimum, eighty per cent of the local public office's non-infrastructure assets are identified, classified, and recorded on the local public office's financial records. Capitalization thresholds are best applied to individual items rather than to groups of similar items such as desks and tables, unless the effect of doing so would be to eliminate a significant portion of total capital assets such as books belonging to a library district.