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May 12, 2009

McDonald Township Trustees
Cindy Shepherd, Fiscal Officer
7830 CR 200
Belle Center, Ohio 43310

RE: Special Revenue Fund; the Motor Vehicle Gasoline Excise Tax

Dear McDonald Trustees:

On May 5, 2009 I had a telephone conversation with the office of the State of Ohio Auditor. I spoke with legal counsel for the State Auditor's Office. In going over our problems she offered a suggestion, which I wanted to pass along to the townships, which might help you in your financial crunch. The State Auditor has permitted paying utilities with the gasoline excise tax special revenue fund so long as you can justify it by some sort of formula. A suggestive method was to take the square footage of all your buildings. If your garages account for 60 or 75% or whatever of your total square footage, then when paying your heating or lighting expenses, the part which represents your garages you can pay with the special revenue fund. You can use this formula for gas or electric utilities. Most townships have a meeting room, possibly a room that is used for storage and then have a garage, which has the mower, township truck, and other township equipment. Whatever percentage that garage portion represents for your road tools in square footage of your total township square footage is the percentage you apply in paying that portion of utilities. Therefore, again, if your garage represents 7500 square feet of 10000 total square foot of buildings you could probably

justify a formula of 75% a year utilities being paid out of this fund. This formula has been utilized by some of our colleagues in Southern Ohio and the auditors have found this acceptable. This is another way to use the special revenue funds to take some of the pressure off your general fund.

Additionally, a township may expend motor vehicle fuel excise tax revenues paid to it pursuant to RC §5735.27(A)(5) to plan, construct and maintain a driveway and parking lot that serve a building in which the township houses road machinery and equipment. The township may also use that driveway and parking lot to provide access to the township hall, if their location is such as to make that use possible: OAG No. 93-057 (1993).

Legally, while this office does not believe you necessarily have to itemize your trustee time it is still a wise event to do in case you have an audit. As I have advised before, keep track of what percentage of time that your meetings are used for roads, whether it be mowing, grass control, snow plowing, blacktopping, tar and chipping, removing of debris, clearing a nuisance on the roads, etc. I'm sure that it occupies a good percentage of your monthly meeting. Additionally, as I stated before, have the trustees use a little notebook when you work on roads to be kept in each trustees' pocket and then the notes are handed over to the clerk. This would help justify the extra time the trustee is spending on roads.

Hopefully, some of this makes some sense. If you have any questions, feel free to contact me.

Sincerely,

Bradford W. Bailey
Hardin County Prosecuting Attorney

enclosure(s)
BWB/jp