

OCBOA (GAAP look-alike)

Presented by:

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Objectives

- Identify the various types of reporting options
- Filing requirements based on Ohio Administrative Code
- Pros and Cons of preparing OCBOA reports

Different Types of Reports

- Comprehensive Annual Financial Report (CAFR)
- GAAP Basis Financial Statements
- OCBOA (GAAP Look-a-like) – “Other Comprehensive Basis of Accounting”
- AOS Regulatory Basis (Non-OCBOA)

Comprehensive Annual Financial Report

Financial report that at a minimum contains:

➤ **Introductory Section**

- Letter of Transmittal, Organizational Chart, Table of Contents, List of Elected Officials, Previous GFOA award

➤ **Financial Section**

- Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Section, Note Disclosures, Combining Statements

➤ **Statistical Section**

- Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, Operating Information

GAAP Basis Financial Statements

- Includes MD&A, Financial Statements and Note Disclosures
- Nationally recognized standards of external financial reporting
- Includes the following elements:
 - Assets
 - Liabilities
 - Deferred Inflows of Resources
 - Deferred Outflows of Resources
 - Net Position

OCBOA – “Other Comprehensive Basis of Accounting”

- GAAP Look-a-Like’s conform with GASB Statement No. 34 presentation
- Reports cash receipts and disbursements
- Includes the following elements:
 - Management’s Discussion and Analysis (optional)
 - Both Fund Statements and Full Accrual Government-Wide Information
 - Note Disclosure

OCBOA – Entity Wide Statements

- Statement of Net Position
- Statement of Activities

These statements look at the entity as a whole

No individual fund distinction

Governmental activities separate from Business type

OCBOA – Entity Wide Statements

Statement of Net Position

(government can elect to present other information)

Assets:

Cash and investments

Net Position:

- Restricted
- Unrestricted

OCBOA – Entity Wide Statements

Statement of Activities

Comparison of direct expenses vs. program revenues

General revenues

Separated by governmental and business-type
Change in net position

OCBOA – Entity Wide Statements

Statement of Activities

Purpose:

Shows the change in net position

Useful in making long-term management decisions regarding fiscal solvency, cost recovery, reliance on general revenues

OCBOA – Governmental Fund Statements

Balance Sheet

Statement of Receipts, Disbursements, and
Changes in Fund Balances

Statement of Receipts, Disbursements, and
Changes in Fund Balances (Budget and Actual

OCBOA – Governmental Fund Statements

Balance Sheet

- Each Major fund – aggregate column for nonmajor fund
- Fund Balance instead of Net Position
- Similar to Statement of Net Position
 - Cash and investments, Fund Balances (restricted vs. unrestricted)

OCBOA – Governmental Fund Statements

Statement of Receipts, Disbursements and Changes in Fund Balance

- Each Major fund – aggregate column for nonmajor fund
- Fund Balance instead of Net Position
- Similar to Statement of Activities
 - Does NOT identify program specific receipts

OCBOA – Governmental Fund Statements

Statement of Receipts, Disbursements and Changes in Fund Balance (budget and actual)

- General Fund and Major Special revenue funds (each presented separately)
- Columns for original budget, final budget and actual
- Original – First Permanent Appropriations (plus prior year carryover) and First Amended Certificate

OCBOA – Governmental Fund Statements

Statement of Receipts, Disbursements and Changes in Fund Balance (budget and actual)

- Final – Board Approved appropriations prior to fiscal year end (can't be retroactive after year end). Includes prior year encumbrances carried forward.
- Actual – disbursements include current year encumbrances
- Fund balance is unencumbered cash balance

OCBOA – Proprietary Statements

- Statement of Fund Net Position
- Statement of Receipts, Disbursements and Changes in Fund Net Position

A column for each major fund and then aggregate for nonmajor enterprise funds

A column for internal services funds (all combined)

OCBOA – Fiduciary Statements

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

Agency Funds, Trust Funds

OCBOA – Note Disclosures

➤ Getting Started

Shells are available on the AOS website

Local government- reference materials – financial statements footnotes and shells

Obtain prior year note disclosures from auditors to use as a starting point

Customize every note for your entity – if it doesn't apply, it should be removed

OCBOA – Note Disclosures

- Most common disclosures
 - Reporting Entity
 - Summary of Significant Accounting Policies
 - Compliance
 - Budgetary Activity
 - Deposits and Investments
 - Property Taxes
 - Income Taxes
 - Interfund Transfers

OCBOA – Note Disclosures

- Most common disclosures (continued)
 - Interfund Advances
 - Risk Management
 - Defined Benefit Pension Plans
 - Postemployment Benefits
 - Debt
 - Contractual Commitments
 - Contingent Liabilities
 - Jointly Governed Organizations

OCBOA – Note Disclosures

- Most common disclosures (continued)
 - Fund Balances
 - Significant Subsequent Events
 - Amp Ohio Revenue Coverage (if applicable)
 - Restatement of Net Position (required for error corrections and implementation of new GASB standards that impact prior year information)
 - Other entity specific disclosures

OCBOA – Management's Discussion and Analysis

- Provides an overview of the entity's financial picture for the year
- Includes tables and narratives comparing current year and prior year
- Explanations of significant variances
- Current issues section at the end
 - Include only items that have an impact on financial position and should only be KNOWN facts – do not include things that may or may not happen

Regulatory Basis

- The Auditor of State provides the financial statement shell
- Does not conform to the display requirements of generally accepted accounting principles (GAAP)
- Cash basis information, no accruals
- Does not include Management's Discussion and Analysis or Note Disclosures
- Information presented by fund type (i.e. General, Special Revenue, Debt Service)

Regulatory Basis

- Libraries, townships, villages and special districts
- Governments that **are not** required to file GAAP statements per AOS and choose to file regulatory statements will receive a “an emphasis of matter” and an **unmodified** opinion
- Governments that **are** required to file GAAP statements and file regulatory statements would receive an **adverse** opinion

GAAP Basis Financials

- Ohio Administrative Code (OAC 117-2-03) requires the following entities to file GAAP Basis financial statements:
 - Counties
 - Cities
 - School Districts
 - Educational Service Centers (ESCs)
 - Community Schools

Hinkle System

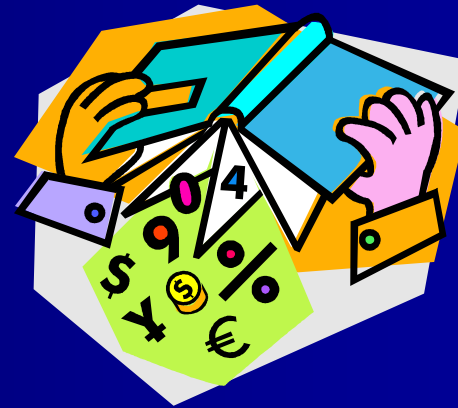
- Required to file financial statements using the online Hinkle Reporting System
 - UAN Users file as part of the closing process
 - Non-UAN users receive a link to the email address on file with AOS
 - Financial Data and demographic information required to be manually entered
 - A full copy of the annual financial statements in one PDF document is required to be uploaded

Users of Financial Reports

- Creditors
- Citizens
- Governing Board
- Unions
- Federal Agencies
- State Agencies
- Other Local Governments

Characteristics of Financial Reporting

- Understandability
- Reliability
- Relevance
- Timeliness
- Consistency
- Comparability



OCBOA – Pros and Cons

QUESTIONS



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