



PAFR, CAFR, REGULATORY , OCBOA REPORTING DIFERENCES

Presented by

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A 3D illustration of a person holding a magnifying glass over the word 'AGENDA'. The person is a simple grey figure with a large magnifying glass held up to their eye. The word 'AGENDA' is written in large, bold, blue, 3D block letters. The background is white with a green horizontal bar at the top.

AGENDA

- Annual Reporting Requirements
- Different Types of Financial Reports
 - Regulatory
 - OCBOA
 - GAAP
 - CAFR
 - PAFR

Annual Reporting Requirements – OAC 117-2-03

- ORC 117.38 – All public offices must file an annual financial report
- Electronic submission – Hinkle System
- GAAP financial statements required for
 - Cities
 - Counties
 - Schools (ESC's and Community Schools also)
 - Insurance Consortiums
 - CIC's, Development Corp, Land Banks
 - State Universities and Colleges



Annual Reporting Requirements– Hinkle System

- GAAP Basis Entities – Must file 150 days following fiscal year end
- CIC's and Development Corps – 120 days
- College's and Universities – October 31st
- All other entities and GAAP mandated entities not filing on GAAP Basis – 60 days after year-end
- Refer to AOS bulletin 2015-007 for comprehensive list

Annual Reporting Requirements– Hinkle System

- Penalty for not filing - \$25 per day – maximum of \$750
- Penalty can be assessed for incomplete filing, failure to file or late filing
- AOS can grant extensions or waive penalties upon receipt of report
- Extension Requests (AOS bulletin 2015-007)
 - Entity located in area of major flood or natural disaster
 - Records destroyed by fire or casualty
 - Recent death or disability of person responsible for preparing report
 - Newly elected or appointed public official – where poor maintenance of records by predecessor official
 - Other extenuating circumstances as determined by AOS

Annual Reporting Requirements– OAC 117-2-03

- Entities that utilize Uniform Accounting Network (UAN)
 - File in accordance with UAN (upload financial statements and note disclosures)
- All other public offices not required to file OCBOA or GAAP Statements
 - Regulatory Basis

Annual Reporting Requirements– OAC 117-2-03

- If filing GAAP basis, OCBOA Cash or OCBOA Modified Cash Basis – report must include:
 - Management’s Discussion and Analysis (required for GAAP -optional for OCBOA)
 - Any other Required Supplementary Information (RSI) – GAAP only
 - Basic Financial Statements
 - Government Wide Financial Statements (including Statement of Activities)
 - Fund Financial Statements
 - Notes to the Basic Financial Statements

Regulatory Basis Financial Statements



- Basis of Accounting used to comply with the financial reporting requirements of a governmental regulatory agency
- Presentation is defined by Regulatory Agency (Ohio Auditor of State)
- Financial Statement Shells, including footnotes, available on the Ohio Auditor of State website

Regulatory Basis Financial Statements



- Regulatory Basis Financial Statements include:
 - Basic Financial Statements
 - Statement (or combined statements) of Receipts, Disbursements, and Changes in Fund Balances – Governmental, Proprietary and Fiduciary (as applicable)
 - Notes to the Basic Financial Statements

OCBOA Financial Statements

- “GAAP Look-a-like”
- Cash Basis (No accruals)
- Optional – Management’s Discussion and Analysis
- Government Wide Statements
 - Statement of Net Position
 - Statement of Activities



OCBOA Financial Statements

- Fund Specific Information
 - Major Funds (a separate column for each major fund)
 - Remaining Funds (titled nonmajor funds)
- If required to file GAAP – but chose to file OCBOA
 - Unqualified Opinion with emphasis of matter paragraph in independent auditors report

GAAP Basis Financial Statements

- Report prepared in compliance with Generally Accepted Accounting Principles (GAAP)
- Accruals!
- Major Differences from OCBOA Reporting include
 - Capital Assets
 - Receivables
 - Accounts Payable
 - Long-term Debt
 - Deferred Inflows and Outflows
 - Pension and OPEB liability reporting (GASB 68 & 75)
 - Required Supplementary Information (RSI) for GASB 68 and 75



Comprehensive Annual Financial Reports (CAFR)

- GAAP Basis financial report with additional components including:
 - Introductory Section
 - Financial Section
 - Statistical Section



Comprehensive Annual Financial Reports (CAFR)

- CAFR is encouraged but not required

- Possible Awards:

- GFOA Certificate of Achievement

<https://www.gfoa.org/award-programs/certificate-achievement-excellence-financial-reporting-program-cafr-program>

- ASBO Certificate of Excellence (School Only)

- Ohio Auditor of State Award with Distinction

<https://www.ohioauditor.gov/financial/awards.html>

Comprehensive Annual Financial Reports (CAFR)

- INTRODUCTORY SECTION – general information on government’s structure and services
 - Table of Contents
 - Letter of Transmittal
 - Organizational Chart
 - List of Principal Officials
 - Certificate of Achievement (GFOA) or Certificate of Excellence (ASBO) from prior year (if applicable)



Comprehensive Annual Financial Reports (CAFR)

- TRANSMITTAL LETTER (Part of Introductory Section)
 - Four parts – Formal transmittal, Profile of Government, Information useful in assessing economic condition, awards and acknowledgments



Comprehensive Annual Financial Reports (CAFR)

- TRANSMITTAL LETTER (Part of Introductory Section)
 - On Entity Letterhead, signed by at least CFO, dated on or after opinion date
 - Must state management is responsible for contents of the report
 - Designed to assist users in assessing government's economic condition

Comprehensive Annual Financial Reports (CAFR)

- FINANCIAL SECTION
 - Independent Auditor's Report
 - MD&A
 - Basic Financial Statements – including Notes, RSI and Notes to the RSI
 - Combining Statements (including individual fund BVAs)

Comprehensive Annual Financial Reports (CAFR)

- FINANCIAL SECTION
 - Independent Auditor's Report
 - MD&A
 - Basic Financial Statements – including Notes, RSI and Notes to the RSI
 - Combining Statements (including individual fund BVAs)
 - Nonmajor governmental funds/enterprise funds
 - Internal service funds, private-purpose trust and agency

Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION
 - Financial Trends
 - Revenue Capacity
 - Debt Capacity
 - Demographic and Economic Information
 - Operating Information



Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION – FINANCIAL TRENDS
 - 10 year comparison of financial data
 - Evaluate how financial position has changed over time
 - Agree to previous audit reports and current year financial statements

Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION – Revenue Capacity
 - Assist users in understanding government’s ability to generate local revenues
 - Property tax information
 - Tax Rates, Assessed Values, Levies and Collections (past 10 years)
 - Largest Taxpayers (current year and nine years ago)



Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION – Debt Capacity
 - Assist users in understanding government’s debt burden and ability to issue new debt
 - Ratios of outstanding debt and general bonded debt (10 years)
 - Direct and overlapping debt (current year)
 - Debt limitations (legal debt margin) – 10 years of information
 - Pledged Revenue coverage (10 years)
 - Primarily revenue bonds and OWDA loans



Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION – Demographics and Economy
 - Assist users in understanding the environment in which government's financial activities occur
 - Population (10 years)
 - Personal Income and Per Capita Personal Income (10 years)
 - Unemployment Rate (10 years)
 - Principal Employers (current year and 10 years ago)

Comprehensive Annual Financial Reports (CAFR)

- STATISTICAL SECTION – Operating Information
 - Assist users in understanding government’s operations and resources
 - Number of employees by function/activity (10 years)
 - Operating indicators by function/activity (10 years)
 - Volume, usage or nature of capital assets by function/activity (10 years)



Popular Annual Financial Reports

- What is a PAFR?
- Eligibility
- Submitting a PAFR
- Application Form
- Judging
- Checklist



PAFR

- GFOA awards program
- Established in 1991
- Easily readable financial reports for the public
- No financial background needed to understand
- Easily accessible
- Recognize governments that create high quality reports



Eligibility

- Any form of government
 - General-purpose
 - Special-purpose
- State
- Local
 - Cities
 - Counties
 - Schools



Eligibility

- Must submit CAFR to GFOA's Certificate of Achievement for Excellence in Financial Reporting for fiscal year
- Receive GFOA's Certificate of Achievement for Excellence in Financial Reporting



Eligibility

- The PAFR must:
 - Tell the availability of the CAFR
 - State what funds and component units make up the report
 - Be derived from GAAP data in CAFR
 - Include a narrative or graphic analysis for significant information

Checklist

- Outlines scope of financial data
- Refers people to CAFR
- Sufficiently explains differences in PAFR data to GAAP basis
 - Funds/component units presented
- Use a scale from 1 to 5 to rate report characteristics:
 - Length
 - Logical and understandability
 - Easy to read
 - Appealing
 - Graphics enhance report

Checklist

- No technical language
- Charts and graphs are useful
- Helpful narrative
- Past trends
- Consistent data
- Appropriate number distributed for target
- Appropriate distribution format
- Creative report
- Usefulness



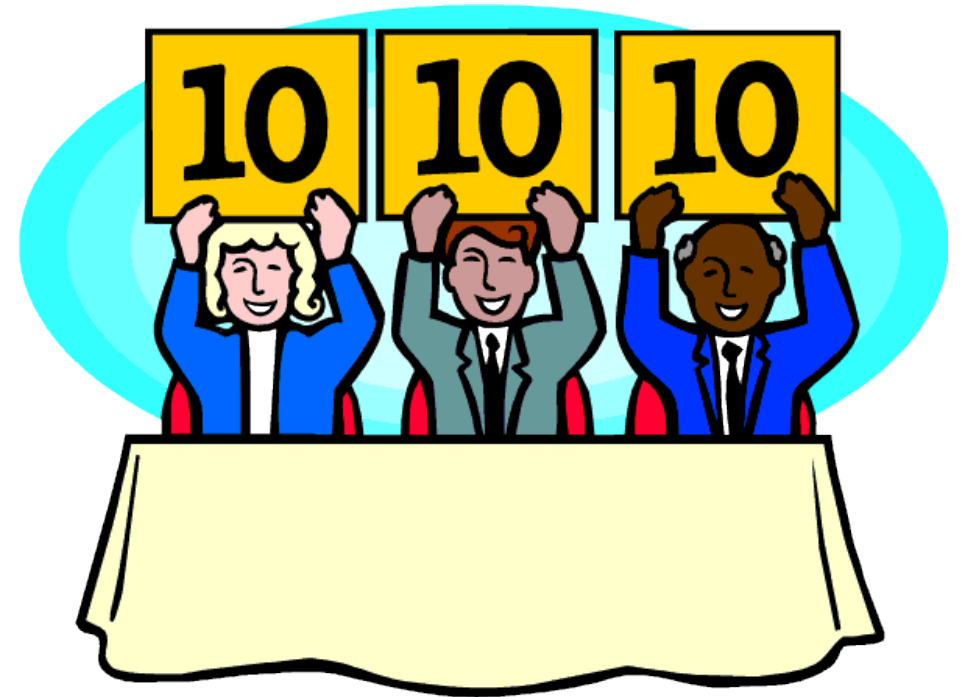
Judging

- 4 judges review
- 5 categories
 - Reader appeal – 10%
 - Understandability – 25%
 - Distribution methods – 7.5%
 - Other (creativity, notable achievement) – 7.5%
 - Overall quality of report – 50%



Judging

- Lowest score is eliminated
- Weighted average
- 75% or higher is given the award
- 70%-74.99% - staff reviews report and replaces lowest score
 - If new weighted average is >75%, report is given award



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