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FINANCIAL REPORTING

June 3, 2025
1:15PM-3:15PM

Steve Julian, Partner
Nate Heaston, Senior Accountant
Will Sengos, Senior Accountant
Jason Cowman, Partner

AGENDA

- Filing Requirements & Types – Steve
- Filing on the Hinkle System – Nate
- Governmental Accounting & Fund Reporting – Nate
- Annual Comprehensive Financial Reports (ACFRs) – Will
- Workpaper File Sections - Jason

Filing Requirements & Types

Filing Requirements & Deadlines

- Must file annual financial report on the AOS Hinkle System
  - Various Ohio Revised Code (ORC) and Ohio Administrative Code (OAC) Sections
  - Two Year Audits – Still need to file a report each year
  - GAAP Mandated Filers – 150 days after fiscal year end
    - Community Improvement Corporations (CICs) and Land Reutilization Corporations (aka Land Banks) are required to file 120 days after fiscal year end
  - Cash Basis Filers – 60 days after fiscal year end
- Non-compliance could lead to entity being "unauditable"

Deadlines

- **December 31st fiscal year end**
  - Cash basis
    - March 1st (February 29th in leap years
  - CICs & Land Banks
    - April 30th (April 29th in leap years)
  - GAAP basis
    - May 30th (May 29th in leap years)
  - Next business day if falls on weekend or holiday

- **June 30th fiscal year end**
  - Cash basis
    - August 29th
  - GAAP basis
    - November 27th
  - Next business day if fall on a weekend or holiday

GAAP Mandated Filers

- Examples of Governments Required to File Generally Accepted Accounting Principles (GAAP) Filing Types
  - Counties
  - Cities
  - School Districts, Educational Service Centers (ESC), Career Centers
  - Community Schools
  - Government Insurance Pools
  - CICs (including economic development corporations) and Land Banks
  - Universities and Colleges

Non-GAAP Mandated Filing Type Examples

- Villages
- Townships
- Agricultural Societies
- Family Children First Councils (FCFC)
- Health Districts
- Soil & Water Districts
- Libraries
- Park Districts
- Regional Planning Commissions (RPCs)
- Recreation Districts
- Airport Authorities

Filing Requirements

- Fiscal Officers representing more than one public office or other entity are required to file separate reports for each entity
  - Counties Example
    - Report for County
    - Report for Health District
    - Report for Soil & Water District
    - Report for Airport Authority
    - Report for Region Planning Commission

GAAP Mandated Filers That Do Cash Basis

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

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Different Filing Types

- GAAP Basis
  - Basic Financial Statements (BFS)
  - Annual Comprehensive Financial Reports (ACFRs)
- Cash Basis
  - Other Comprehensive Basis of Accounting (OCBOA)
  - Governmental Accounting Standards Board (GASB) Look Alike Statements
    - Cash Basis
    - Modified Cash Basis
  - Regulatory or "AOS Basis" Filing

Components of a GAAP Basis Report

- BFS
  - Management's Discussion & Analysis (MD&A)
  - Financial Statements
  - Note Disclosures
  - Required Supplementary Information (RSI)
- ACFR
  - Introductory Section
  - Financial Section
    - MD&A
    - Financial Statements
    - Note Disclosures
    - RSI
    - Combining Section
  - Statistical Section

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Cash Basis Types – GASB Look Alike Statements

- MD&A (optional)
- Financial Statements indicating cash basis
- Note Disclosures
- Supplementary Information (SI)
  - Not Required
  - Example Budget vs. Actual (BVA) Schedules

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STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022

		Governmental Activities
Assets:		
Equity in pooled cash and investments	$	9,945,798
Total assets		9,945,798
Net cash position:		
Restricted for:		
Public works		1,806,772
American rescue plan act		206,462
Public safety		4,513,588
Health and human services		214,269
Ulry cemetery		3,161
Nonexpendable		2,031
Unrestricted		3,199,515
Total net cash position	$	9,945,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Cash Disbursements	Program Cash Receipts: Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Net (Cash Disbursements) Cash Receipts and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 827,510	$ 45,221	$ 101,628	$ (680,661)
Public safety	8,060,216	384,444	14,757	(7,661,015)
Health	198,669	49,432	-	(149,237)
Public works	294,683	-	172,542	(122,141)
Conservation and recreation	501,488	419,341	-	(82,147)
Capital outlay	167,417	-	-	(167,417)
Debt service:				
Principal retirement	109,000	-	-	(109,000)
Interest and fiscal charges	18,966	-	-	(18,966)
Total governmental activities	$ 10,177,949	$ 898,438	$ 288,927	(8,990,584)
General receipts:				
Property and other taxes levied for:				
General purposes				944,531
Public safety - Fire district				7,624,023
Road and bridge improvements				256,779
Grants and entitlements not restricted to specific programs				601,838
Investment receipts				77,058
Miscellaneous				230,978
Total general receipts				9,735,207
Change in net position				744,623
Net cash position at beginning of year				9,201,175
Net cash position at end of year				$ 9,945,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Fire District	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 2,194,619	$ 4,123,305	$ 1,327,105	$ 2,300,769	$ 9,945,798
Fund balances:					
Nonspendable	$ -	$ -	$ -	$ 2,031	$ 2,031
Restricted	-	4,123,305	1,327,105	1,293,842	6,744,252
Committed	-	-	-	1,004,896	1,004,896
Assigned	669,320	-	-	-	669,320
Unassigned	1,525,299	-	-	-	1,525,299
Total fund balances	$ 2,194,619	$ 4,123,305	$ 1,327,105	$ 2,300,769	$ 9,945,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Fire District	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
Cash receipts:					
Taxes	$ 944,531	$ 7,624,023	$ -	$ 256,779	$ 8,825,333
Charges for services	-	-	-	803,785	803,785
Licenses, permits and fees	45,221	-	-	49,432	94,653
Intergovernmental	168,193	411,357	137,433	162,457	879,440
Interest	73,690	-	10,736	3,957	88,383
Rental income	21,038	-	-	-	21,038
Miscellaneous	19,353	90,654	-	99,933	209,940
Total cash receipts	1,272,026	8,126,034	148,169	1,376,343	10,922,572
Cash disbursements:					
Current:					
General government	815,128	-	-	12,382	827,510
Public safety	25,195	7,676,125	-	358,896	8,060,216
Health	77,076	-	-	121,593	198,669
Public works	-	-	25,839	268,844	294,683
Conservation and recreation	74,885	-	-	426,603	501,488
Capital outlay	-	-	-	167,417	167,417
Debt service:					
Principal retirement	-	-	-	109,000	109,000
Interest and fiscal charges	-	-	-	18,966	18,966
Total cash disbursements	992,284	7,676,125	25,839	1,483,701	10,177,949
Excess (deficiency) of cash receipts over (under) cash disbursements	279,742	449,909	122,330	(107,358)	744,623
Other financing receipts (disbursements):					
Transfers in	-	-	-	528,556	528,556
Transfers out	(127,966)	(400,590)	-	-	(528,556)
Total other financing receipts (disbursements)	(127,966)	(400,590)	-	528,556	-
Net change in fund balances	151,776	49,319	122,330	421,198	744,623
Fund balances at beginning of year	2,042,843	4,073,986	1,204,775	1,879,571	9,201,175
Fund balances at end of year	$ 2,194,619	$ 4,123,305	$ 1,327,105	$ 2,300,769	$ 9,945,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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Cash Basis – Regulatory/AOS Basis

- Financial Statements
- Note Disclosures
- Supplementary Information (SI) - Rare

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Special Revenue	Capital Projects	Total
Cash receipts:				
Property and other local taxes	$ 251,075	$ 257,769	$ -	$ 508,844
Municipal income tax	968,160	-	-	968,160
Intergovernmental	119,208	342,910	1,008,505	1,470,623
Special assessments	243	3,134	-	3,377
Charges for services	292,125	-	-	292,125
Fines, licenses and permits	12,829	651	2,399	15,879
Earnings on investments	73,572	2,686	-	76,258
Contributions and donations	650	435	-	1,085
Other	39,366	56,640	-	96,006
Total cash receipts	1,757,228	664,225	1,010,904	3,432,357
Cash disbursements:				
Current:				
Security of persons and property	641,174	97,506	-	738,680
Public health services	8,666	-	-	8,666
Leisure time activities	36,774	-	-	36,774
Community environment	9,768	-	-	9,768
Transportation	183,145	112,342	56,456	351,943
General government	248,529	284,286	-	532,815
Capital outlay	45,981	44,053	1,006,063	1,096,097
Debt service:				
Principal retirement	-	19,084	-	19,084
Interest and fiscal charges	-	647	-	647
Total cash disbursements	1,174,037	557,918	1,062,519	2,794,474
Excess (deficiency) of receipts over (under) disbursements	583,191	106,307	(51,615)	637,883
Other financing receipts (disbursements)				
Sale of capital assets	-	-	129,712	129,712
Transfers in	588	2,000	90,000	92,588
Transfers (out)	(92,588)	-	-	(92,588)
Total other financing receipts (disbursements)	(92,000)	2,000	219,712	129,712
Net change in fund cash balances	491,191	108,307	168,097	767,595
Fund cash balances, January 1 (restated)	1,106,768	942,662	260,317	2,309,747
Fund cash balances, December 31	$ 1,597,959	$ 1,050,969	$ 428,414	$ 3,077,342

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Enterprise
Operating cash receipts:	
Charges for services	$ 5,820,974
Other operating revenues	45,727
Total operating cash receipts	5,866,701
Operating cash disbursements:	
Personal services	872,543
Employee fringe benefits	426,243
Contract services	2,927,314
Supplies and materials	236,687
Travel	101
Total operating cash disbursements	4,462,888
Operating income	1,403,813
Non-operating receipts (disbursements):	
Debt service:	
Principal retirement	(788,397)
Interest and fiscal charges	(229,040)
Sale of capital assets	29,500
Capital outlay	(712,910)
Other financing uses	(11,675)
Loan proceeds	203,357
Excise tax payment - electric	(97,986)
Total non-operating receipts (disbursements)	(1,607,151)
Loss before capital contributions	(203,338)
Capital contributions	186,528
Net change in fund cash balances	(16,810)
Fund cash balances, January 1 (restated)	6,704,511
Fund cash balances, December 31	$ 6,687,701

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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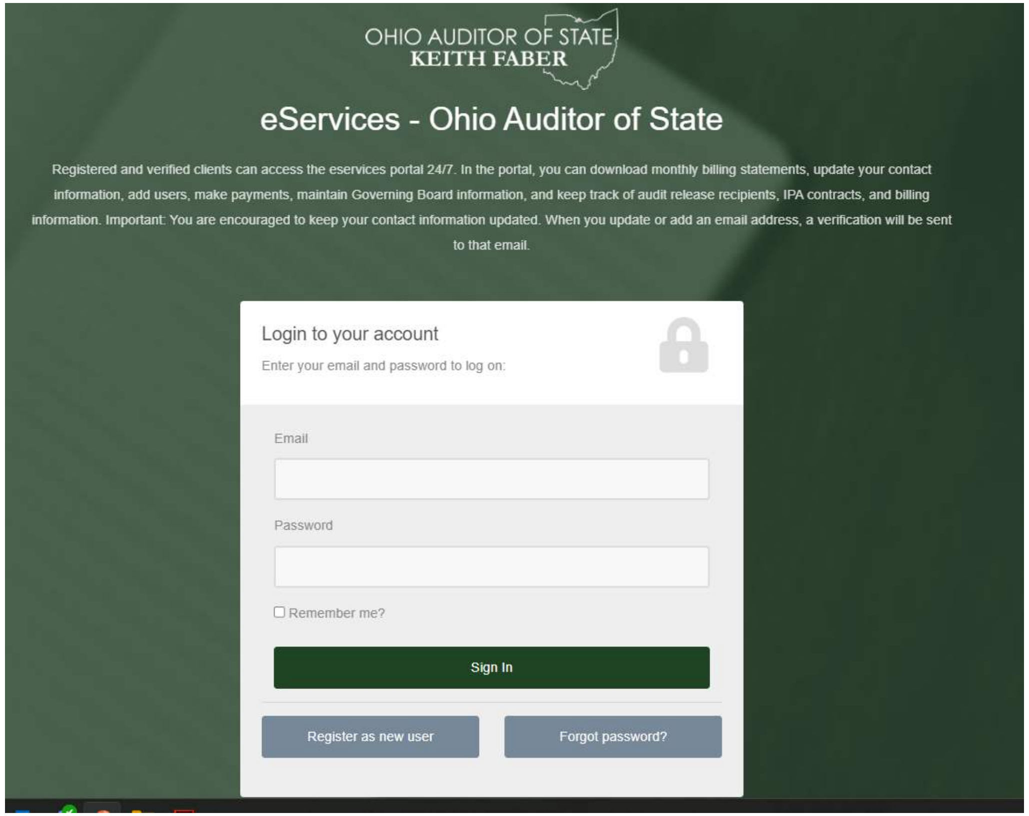
Resources & Reference Materials

- OCBOA Cash Basis
  - https://www.ohioauditor.gov/references/shells-ocboa.html
- Regulatory/AOS Basis
  - https://www.ohioauditor.gov/references/shells-regulatory.html

Filing on the Hinkle System

- Access through your AOS eServices Account
  - https://eservices.ohioauditor.gov/Account/Login



HINKLE Annual Financial Data Reporting

connected

City of New Franklin Summit County | GAAP

Due Date: 6/30/2025 Extension: June 30, 2025 Approved

Begin Filing
Select a Filing Type

Data Entry
Enter Financial Data

Upload Document
Upload Financial Statements with Notes

Acknowledge
Submit Filling to AOS

- Statement Of Net Position - Governmental Activities
- Statement Of Activities - Governmental Activities
- Balance Sheet - Governmental Funds - General
- Balance Sheet - Governmental Funds - Total Governmental Funds
- Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds - General
- Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds - Total Governmental Funds
- Statement Of Net Position - Proprietary Funds - Enterprise Funds Water
- Statement Of Net Position - Proprietary Funds - Enterprise Funds Sewer
- Statement Of Net Position - Proprietary Funds - Enterprise Funds Electric
- Statement Of Net Position - Proprietary Funds - Enterprise Funds Landfill
- Statement Of Revenues, Expenses And Changes In Net Position - Proprietary Funds - Enterprise Funds Water
- Statement Of Revenues, Expenses And Changes In Net Position - Proprietary Funds - Enterprise Funds Sewer
- Statement Of Revenues, Expenses And Changes In Net Position - Proprietary Funds - Enterprise Funds Electric
- Statement Of Revenues, Expenses And Changes In Net Position - Proprietary Funds - Enterprise Funds Landfill

Statement Of Net Position - Governmental Activities

Assets	
Cash and Cash Equivalents	$ 0
Investments	$ 0
Inventory Held for Resale	$ 0
Materials and Supplies Inventory	$ 0
Accrued Interest Receivable	$ 0
Accounts Receivable	$ 0
Internal Balances	$ 0
Intergovernmental Receivable	$ 0
Prepaid Items	$ 0
Income Tax Receivable	$ 0
Property Taxes Receivable	$ 0
Special Assessments Receivable	$ 0
Revenue in Lieu of Taxes Receivable	$ 0
Due from Other Governments	$ 0
Notes Receivable	$ 0
Loans Receivable	$ 0
Lease Receivable	$ 0
PPP/APA Arrangement Receivable	$ 0
Investment in Joint Venture	$ 0
Restricted Assets	$ 0

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Statements with Notes

Other Information - Demographics

Population	0
Total Annual Final Appropriations for All Funds for The Reporting Year ?	$ 0
Average Number of Utility Customers	0
Full Tax Rate Per $1,000 of Assessed Valuation:	
Inside Millage	$ 0.00
Outside Millage	$ 0.00
Total Tax Rate	$ **0**
Property Tax Valuation ?	$ 0
Unrestricted General Fund Carryover Cash Balance At Year End	$ 0

‹ Previous | Save Changes | Next ›

Begin Filing
Select a Filing Type

Data Entry
Enter Financial Data

Upload Document
Upload Financial Statements with Notes

4 Acknowledge
Submit Filling to AOS

Full Financial Statement Upload

Upload a PDF of the annual financial reporting package. The components of the full reporting package vary by basis of accounting as follows:

- **Regulatory Cash Basis Entities (commonly referred to as AOS basis):**
  - Basic Financial Statements
    - Statement(s) (or Combined Statement(s)) of Receipts, Disbursements and Changes in Fund Balances
    - Notes to the Basic Financial Statements
- **Governmental Entities (including Governmental Nonprofit Entities) filing GAAP, OCBOA Cash or OCBOA Modified Cash Basis:**
  - Management's Discussion & Analysis (GAAP – Required, Cash & Modified Cash-Optional; however, include if prepared)
  - Basic Financial Statements
    - Government-Wide Financial Statements
    - Fund Financial Statements
    - Notes to the Basic Financial Statements
  - Any Other Required Supplementary Information
- **Nongovernmental Nonprofit Entities filing GAAP, Cash or Modified Cash Basis:**
  - Basic Financial Statements
    - Statement of Financial Position
    - Statement of Activities (also known as Statement of Changes in Net Assets)
    - Statement of Functional Expenses – required for voluntary health and welfare organization, optional for all other nonprofit organizations
    - Statement of Cash Flows (GAAP only)
    - Notes to the Financial Statements
  - Any Other Required Supplementary Information

Choose File No file chosen

Upload **Note:** Your entity's PDF document will be publicly available on the Auditor of State's website following submission.

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Issues Accessing Hinkle System?

- https://forms.ohioauditor.gov/AuditInquiryForm

HINKLE Annual Financial Data Reporting

OHIO AUDITOR OF STATE
KEITH FABER

Auditor of State Annual Financial Statement Filing Inquiry Form

IMPORTANT: If you are trying to access your Hinkle System filing link but can't log into your entity's eServices account be sure to review the questions page first before completing this form.

To help us better direct your inquiry related to preparation of financial statements and notes, Hinkle System functionality, etc., provide the information below along with your detailed question(s) on the next page if prompted.

* First Name:

* Last Name:

* Email:

* Telephone Number:

* Name of Entity:

* Entity's County: **select**

Entity's AOS Customer Number (if known): (5 characters)

* Is the Entity a Uniform Accounting Network (UAN) Customer?: Yes No

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HINKLE Annual Financial Data Reporting

OHIO AUDITOR OF STATE
KEITH FABER

For Uniform Accounting Network (UAN) clients, questions 3, 5, 9, 10 and 11 below are **not applicable**, unless the client has opted out of UAN filing on their behalf.

* **Question relates to:**

- ○ 1. I need assistance or have questions related to preparing the entity's annual financial statements and/or notes to the financial statements.
- ○ 2. How do I submit my entity's notes to the financial statements with the financial statements to be filed in the Hinkle System?
- ○ 3. I need to access the Hinkle System filing link for my entity and the email with the instructions was never received or I have deleted the email with the instructions.
- ○ 4. I am a new fiscal officer for my entity OR the fiscal officer contact email for my entity on file with the AOS to receive Hinkle System emails has changed since last year. How do I update this contact information for my entity?
- ○ 5. An entity employee other than the Main contact or the entity's fiscal agent prepares the entity's financial statements; therefore, the other employee or fiscal agent needs to receive the Hinkle System emails and have access to the Hinkle System filing link. What do I need to do?
- ○ 6. I need to request a due date filing extension for my entity's Hinkle System filing.
- ○ 7. My entity's Hinkle System filing has been submitted. Can my entity re-submit the filing?
- ○ 8. I am a Uniform Accounting Network (UAN) client and am having issues with submitting my end-of-year AFR file to the Auditor of State.
- ○ 9. I am attempting to key-in requested data from my entity's financial statements into the Hinkle System but have encountered an error message that will not allow me to complete the filing.
- ○ 10. I am experiencing other technical issues with filing via the Hinkle System.
- ○ 11. I need guidance to create a PDF file of my entity's financial statements, including notes to the financial statements.
- ○ 12. I have submitted my entity's Hinkle System filing (or I am a UAN client and have submitted my entity's AFR and notes to the financial statements) but did not receive an email confirmation. How can I determine whether the Auditor of State's Hinkle System received my entity's submission and/or view/print my Hinkle System submission?
- ○ 13. A topic not listed above

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Submit

Uniform Accounting Network (UAN) Clients

- Make sure to change Fiscal Officer Contact
- Financials may be pulled from UAN
- Still required to prepare a separate note disclosure document

Filing a Notice

Publication **-** ORC §117.38 requires at the time the annual financial report is filed with the AOS, the chief financial officer shall publish notice in a newspaper of general circulation in the political subdivision or taxing district that states the financial report has been completed by the public office and is available for inspection at the office of the chief financial officer. Therefore, the ORC does not provide for filing "draft" financial statements with the AOS. Each entity has the ability to save and modify data in the Hinkle System up to the point of submission; however, submission to the AOS should not occur until the **final, unaudited** financial statements are prepared and ready for inspection. Once submitted via the Hinkle System, the data cannot be modified without contacting the AOS.

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Filing Extensions

- File **BEFORE** deadline
- Certain criteria
- Done through Hinkle System
- Prepare a letter on entity letterhead explaining reasoning
- Signed by Chief Fiscal Officer and Representive of Governing Board

Non-Compliance/Failure to File

- ORC Section 117.38 imposes a penalty of $25 per day ($750 maximum) for entities that file late or fail to file
  - Includes those that fail to file under a mandated basis
- Reports must be a complete report and include all of the necessary components
  - Not just the financial statements, include notes, etc.
- May be cited for a late filing in the management letter
- Failure to file could lead to “unauditable” declaration after 90 days after original deadline

For-Profit Accounting vs Governmental Accounting

For-Profit Accounting (FASB)

- Objective – Generate profit for shareholders
- Primary Focus – Financial performance leading to profit
- Revenue Sources – Sales, services, investments
- Uses Fund Accounting? No

Governmental Accounting (GASB)

- Objective – Serve the public interest and provide services
- Primary Focus – Accountability, transparency, and budgetary compliance
- Revenue Sources – Taxes, grants, fees
- Uses Fund Accounting? Yes

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Governmental Accounting Basics

- Three fund types
  - Governmental
  - Proprietary
  - Fiduciary
- Every fund is "self-balancing" – has its own general ledger and set of fund financial statements!
- Other key financial information
  - Government-wide statements
  - ACFR – reports, among other things
    - **All** financial statements
    - Management discussion & analysis
    - Financial statement notes
    - Statistical analyses

- Measurement focus and basis of fund accounting, by fund type
  - Governmental funds – modified accrual basis (revenues recognized when measurable and **available**, expenditures recognized when incurred) – VERY CONSERVATIVE
  - Proprietary and fiduciary funds – full accrual basis (revenues and expenses recognized when incurred)
- Measurable = reasonably estimated
- Available = collectible within 60 days of year-end

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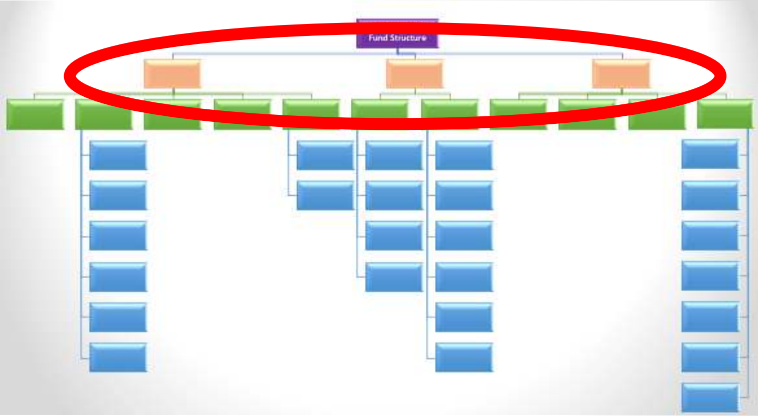
Fun – No, Wait! – Fund Accounting

Fund Types



CITY OF ANYWHERE, OHIO
FUND STRUCTURE

Governmental Funds

Proprietary Funds

Fiduciary Funds

Governmental Funds - Review

- **General fund** – a government's basic operating fund. Catch-all for everything not accounted for in another fund, including police, fire, etc.
- **Special revenue funds** – Intended to be used to report specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects
- **Debt service funds** – accounts for the repayment of debt. If a government is accumulating resources for the purpose of making debt service payments, it should report them in the debt service fund.
- **Capital projects funds** – accounts for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment, and roads.
- **Permanent funds** – account for resources that cannot be extended, but must be held in perpetuity. Generally, these resources are invested and a government may spend the earnings, often for a purpose specified by the provider of the resources.

Proprietary Funds - Review

- **Enterprise Funds**– Used to report any activity for which a fee is charged to external users for goods or services
- **Internal service funds** – Used to report any activity that provides goods or services to other funds, departments, or agencies of the City on a cost-reimbursement basis
  - Internal service funds are ELIMINATED in government-wide (i.e., consolidated) financial statements to avoid double-counting of items
    - Fleet Maintenance Fund buys police car repair parts (Fleet Maint: dr Parts Expense $500, cr Accts. Pay. Auto Zone $500)
    - Fleet Maintenance Fund "bills" General Fund for the repair parts (Fleet Maint: dr Accts. Rec. General Fund $500, cr Repair Revenue $500. General Fund: dr Parts Expense $500, cr Accts. Pay. Fleet Maint. Fund $500)

Fiduciary Funds - Review

- **Pension Trust Funds**– Used to report resources that are required to be held in trust for members and beneficiaries of defined pension plans
- **Investment Trust Funds**– Used to report the external portion of investment pools reported by the sponsoring government
- **Private-purpose Trust Funds –** Used to report all other trust arrangements under which principal and income benefit individuals, private organizations or other governments
- **Custodial Funds** – Used to report resources held by the reporting government in a purely custodial capacity

A Bit about "Fund Balance"…

- Fund Balance Classifications
  - Nonspendable
  - Restricted
  - Committed
  - Assigned
  - Unassigned

Nonspendable Fund Balance

(A) Not in spendable form

(B) Legally or contractually required to maintain intact

Examples: inventories, prepaids, long-term loans and notes of the general fund, the principal reported in the permanent fund

Restricted Fund Balance

- Externally imposed constraints, typically by way of grant agreements, State statue, and debt covenants

- Local match requirements are bound by constraints of grant agreement, so they are also restricted

- "Money paid into any fund shall be used only for the purposes of which the fund is established". All fund inflows 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

Committed Fund Balance

- Internally imposed constraints by the governing body (Commission)

- Once an amount is committed, it cannot be used for any purpose unless the City removes the commitment by taking the same type of action (resolution or ordinance)
- In the general fund, encumbrances over $10,000 or contracts awarded by resolution or through the bid process authorized by resolution of commission are considered committed balances

Assigned Fund Balance

- Amounts that the City Manager or Finance Director specifies to be used for specific purposes. A formal legislative process is not needed to add, remove or modify assigned amounts.

- In the general fund, when the appropriation measure exceeds estimated receipts (First Amended Certificate), the excess is to be assigned as it uses existing fund balance at year-end.

Unassigned Fund Balance

- Unassigned fund balance is the residual classification for the general fund.

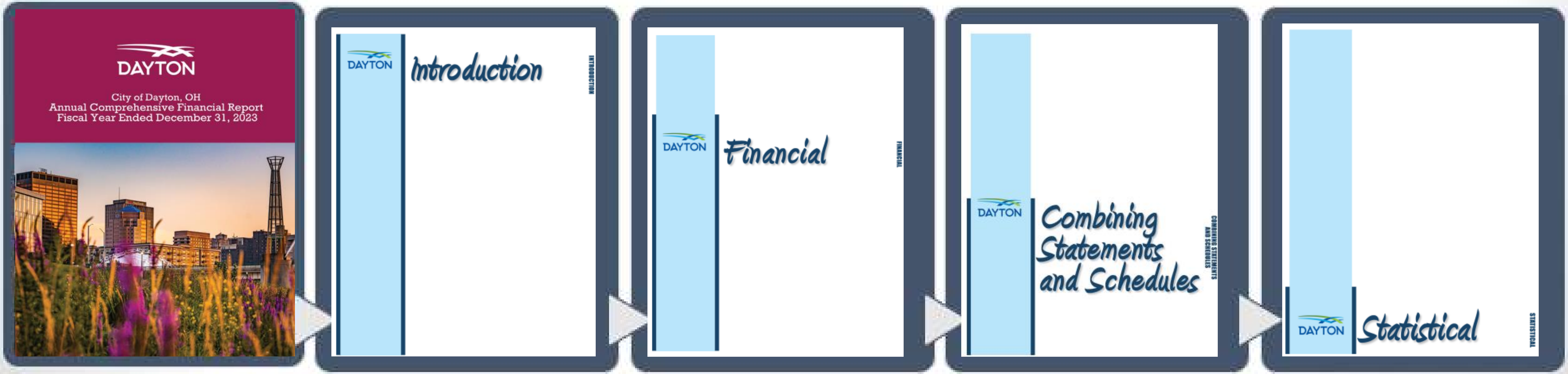
- In governmental funds other than the general fund, the unassigned classification should only be used to report a deficit fund balance resulting from expenditures exceeding amounts that have been restricted, committed, or assigned. If a fund balance deficit exists, there should be no amounts reported in any other fund balance classifications.

Annual Comprehensive Financial Report (ACFR)

- An annual comprehensive financial report (ACFR, "*ACC-fur*") is a set of U.S. government financial statements comprising the financial reports of a state, municipal or other governmental entity that complies with the accounting requirements set forth by the Governmental Accounting Standards Board (GASB).
- Each of you contributes to Dayton's ACFR!
- Your contribution is very important!

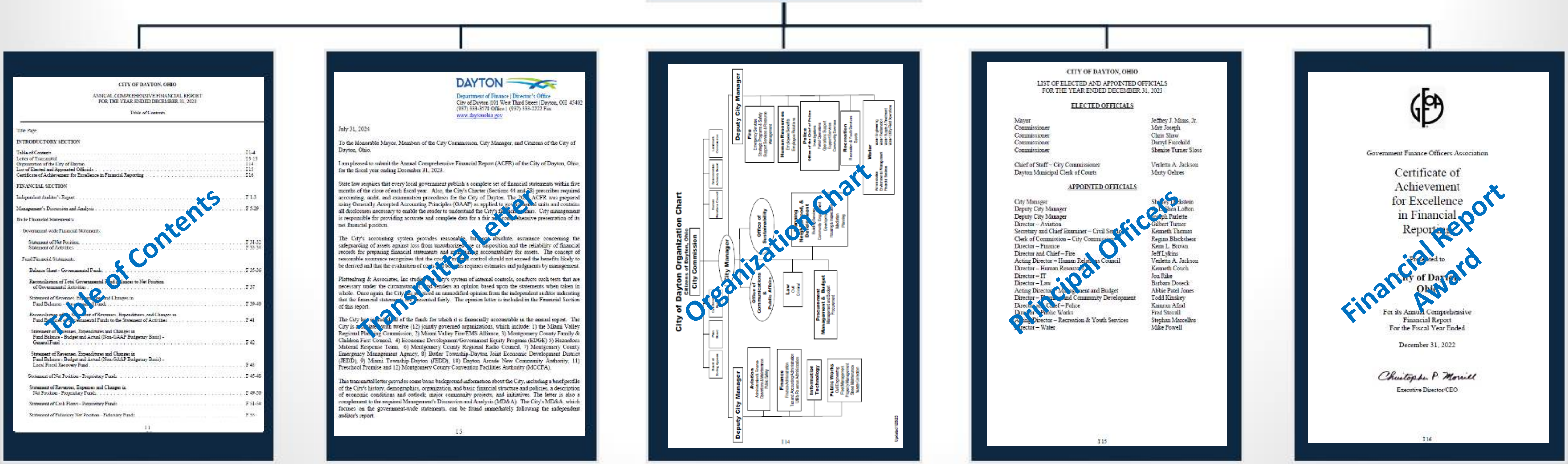
Julian & Grube

What's Inside an ACFR?



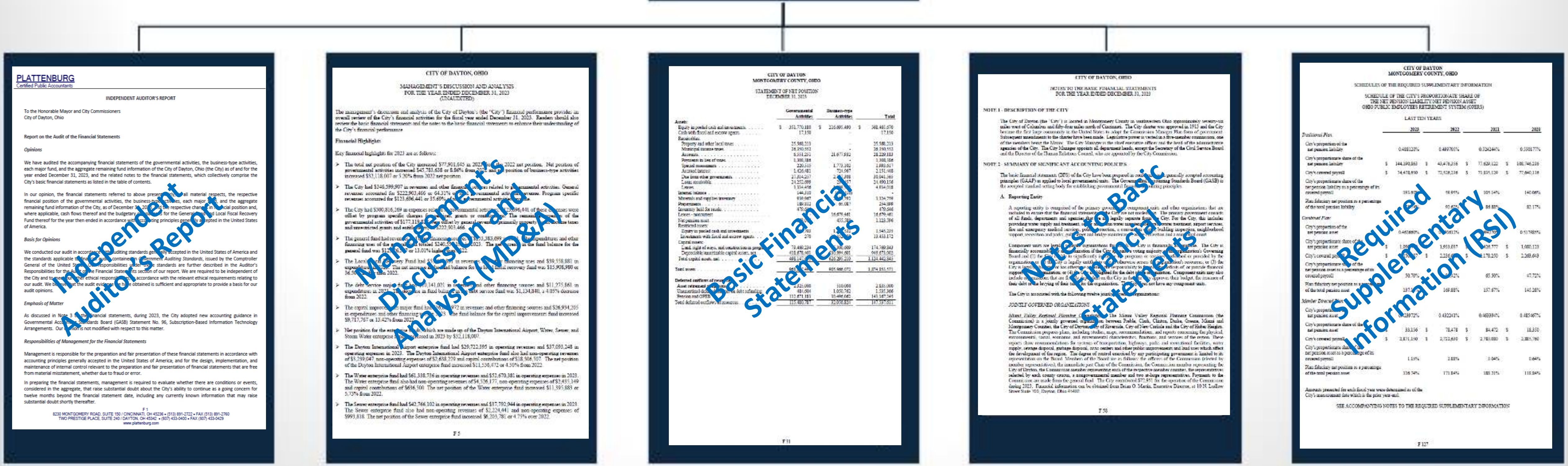
Choose:

- Principal Officers
- Transmittal Letter
- Table of Contents
- Financial Report Award
- Organization Chart



Choose:

- Required Supplementary Information (RSI)
- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Independent Auditor's Report
- Notes to Financial Statements



Components & Details of the Reporting Model

1. Management Discussion and Analysis (MD&A)
2. Government-Wide Financial Statements
3. Fund Financial Statements
4. Notes to the Financial Statements
5. Other Required Supplementary Information

Management's Discussion and Analysis (MD&A)

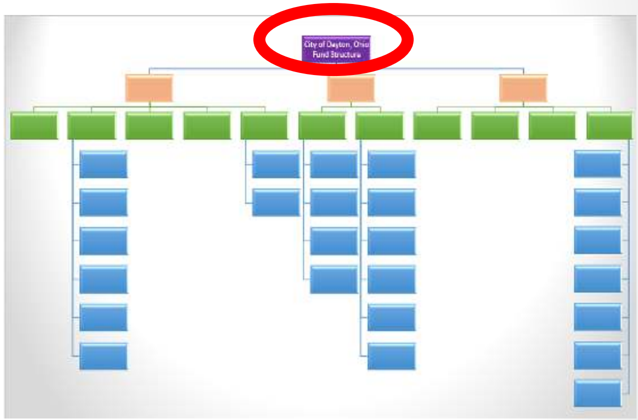
- The only required supplementary information (RSI) that precedes the financial statements.
- Intention is to be "readable" and "understandable."
- Main purposes:
  - Provides an introduction to the government's financial statements.
  - As the MD&A is meant to be easily read and understood, members of the general public should be able to ascertain an understanding of what the statements have to say.
  - Officials have the opportunity to highlight issues that they believe are important to users and readers.

Management's Discussion and Analysis (MD&A)

- Covers four basic topics:
  1. Descriptive information about a government's financial statements
  2. An analysis of the financial information in the statements
  3. Activities during the year regarding capital assets and long-term debt
  4. Currently known facts influencing the future finances of the City
- The MD&A will have at least two years of comparative data and typically contains charts and graphs that make financial analysis easier to understand

Government-Wide Financial Statements

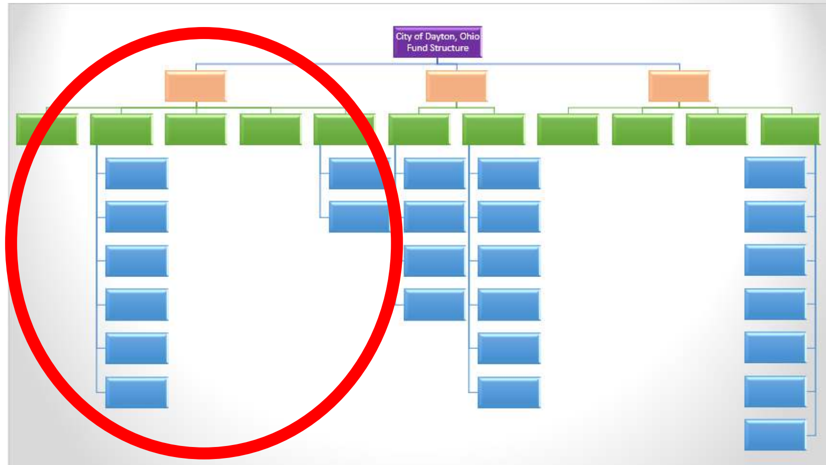
- Scope:
  - All activities of a government, including governmental activities (GA), business-type activities (BTA), and component units.
- Display:
  - Information is divided among GA, BTA, and component units.



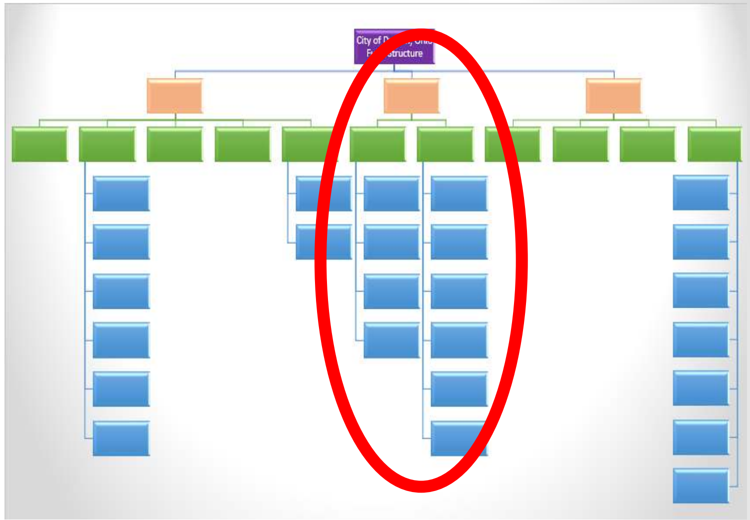
- Measurement focus:
  - Economic resources
- Basis of accounting:
  - Accrual
- Statements:
  - **STATEMENT OF NET POSITION**: ASSETS + DEFERRED OUTFLOWS - LIABILITIES - DEFERRED INFLOWS = NET POSITION – See Pages F31-F32
  - **STATEMENT OF ACTIVITIES**: (REVENUES – EXPENSES) for GA and BTA + GENERAL REVENUES = CHANGE IN NET POSITION + Net Position (beg. of year) = Net Position (end of year) – See Pages F33-F34

Governmental Fund Financial Statements

- Scope:
  - Only include the governmental funds
- Display:
  - Major Funds are listed individually and nonmajor funds are presented in aggregate
- Measurement focus:
  - Current financial resources (received in <=60 days)
- Basis of accounting:
  - Modified Accrual
- Statements:
  - **BALANCE SHEET**: ASSETS - LIABILITIES - DEFERRED INFLOWS = FUND BALANCE – See Pages F35-F36
  - **STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**: REVENUES - EXPENDITURES +- OTHER FINANCING SOURCES (USES) = NET CHANGE IN FUND BALANCE + Fund Balance (beg. of year) = Fund Balance (end of year) – See Pages F39-F40



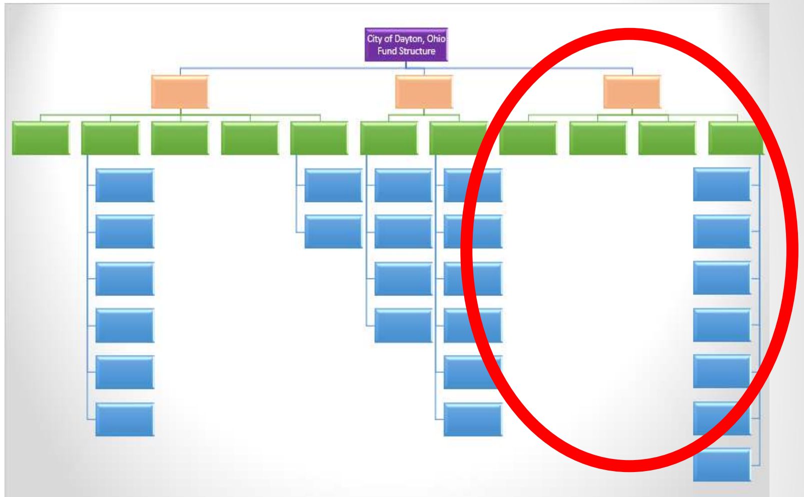
Proprietary Fund Financial Statements



- Scope:
  - Enterprise Funds and Internal Service Funds
- Display:
  - Major Enterprise Funds are listed individually and nonmajor enterprise funds are presented in aggregate
  - Internal service funds reported in a separate column
- Measurement focus:
  - Economic Resources (long-term)
- Basis of accounting:
  - Full Accrual
- Statements:
  - **STATEMENT OF NET POSITION**: ASSETS + DEFERRED OUTFLOWS – LIABILITIES – DEFERRED INFLOWS = NET POSITION (NET CAPITAL ASSET INVESTMENT + RESTRICTED + UNRESTRICTED)
  - **STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**: OPERATING REVENUES – OPERATING EXPENSES +- NONOPERATING REVENUES (EXPENSES) + CAPITAL CONTRIBUTIONS = CHANGE IN NET POSITION + Net position (beg. of year) = Net position (end of year)
  - **STATEMENT OF CASH FLOWS**: CASH FLOWS FROM OPERATING ACTIVITIES +- CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES +- CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES +- CASH FLOWS FROM INVESTING ACTIVITIES = CHANGE IN CASH AND INVESTMENTS + Cash and investments (beg. of year) = Cash and investments (end of year)

Fiduciary Fund Financial Statements

- Scope:
  - Fiduciary Funds
- Display:
  - Single column presented for each of the four fiduciary fund types: Pension, investment trust funds, private-purpose trust funds; and custodial funds
- Measurement focus:
  - Economic Resources (long-term)
- Basis of accounting:
  - Full Accrual
- Statements:
  - **STATEMENT OF FIDUCIARY NET POSITION**: ASSETS – LIABILITIES = NET POSITION (all restricted)
  - **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**: ADDITIONS – DEDUCTIONS = NET CHANGE IN FIDUCIARY NET POSITION + Net position (beg. of year) = Net position (end of year)



Notes to the Financial Statements

The notes to the financial statements present both quantitative and narrative information that is essential to a financial statement user's understanding of financial position or inflows and outflows of resources.

Notes to the Financial Statements

Generally three types of note disclosures:

1. Those that describe the accounting methods, policies, and choices underlying the amounts in the financial statements
2. Those that provide additional detail or explanations of the amounts in the financial statements
3. Those that present amounts that otherwise would meet the definition of financial statement information, but does not meet all of the criteria to be recognized (for instance, because the amounts cannot be measured with sufficient reliability)

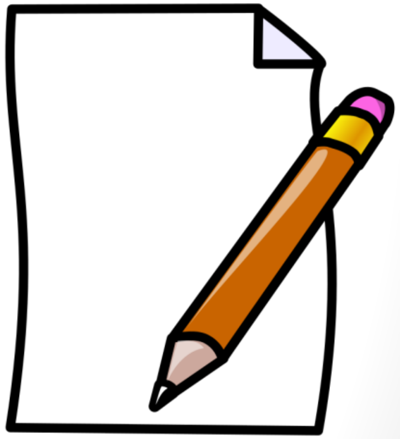
Notes to the Financial Statements

- GASB identifies the summary of significant accounting policies and 17 other areas of disclosure as being “essential to fair presentation” including:
  - Cash deposits with financial institutions
  - Investments
  - Significant contingent liabilities
  - Significant effects of events occurring after the end of the fiscal year
  - Annual cost and net obligations associated with pensions and other postemployment benefits
  - Significant violations of finance-related legal or contraction provisions, as well as the actions taken to address them
  - Debt service requirements to maturity
  - Capital assets and long-term liabilities
  - Interfund balances and transfers

Notes to the Financial Statements

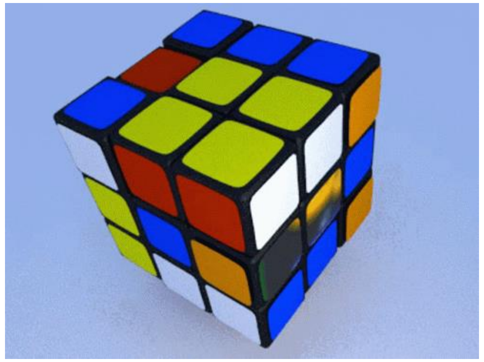
Other areas of disclosure are required by GAAP, if applicable

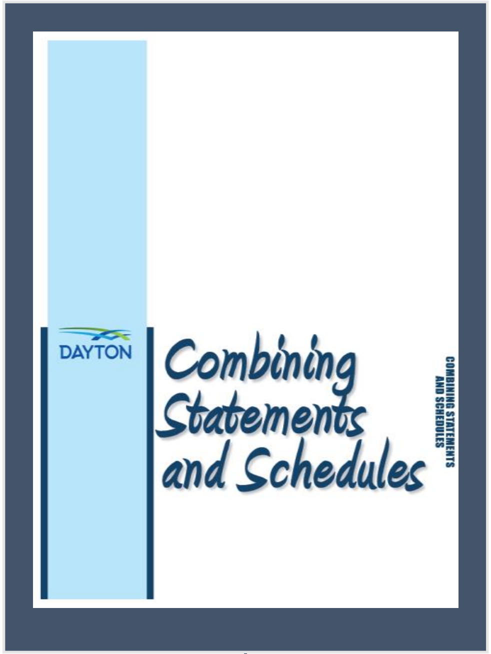
- Property taxes
- Capital leases
- Debt refundings
- Accounting changes and error corrections

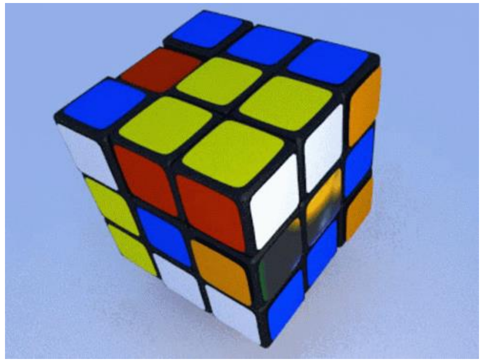


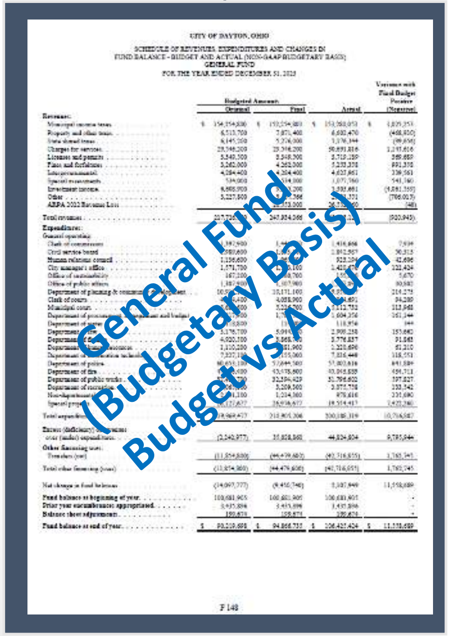
Other Required Supplementary Information (RSI)

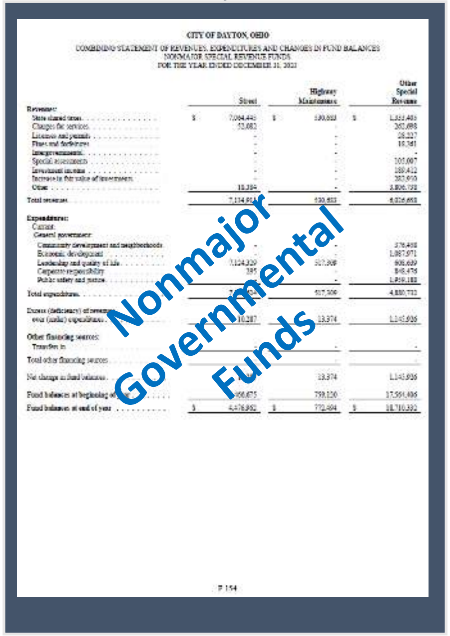
- MD&A (precedes financial statements)
- Information about pensions and other post-employment benefits (appears following the notes to the financial statements)

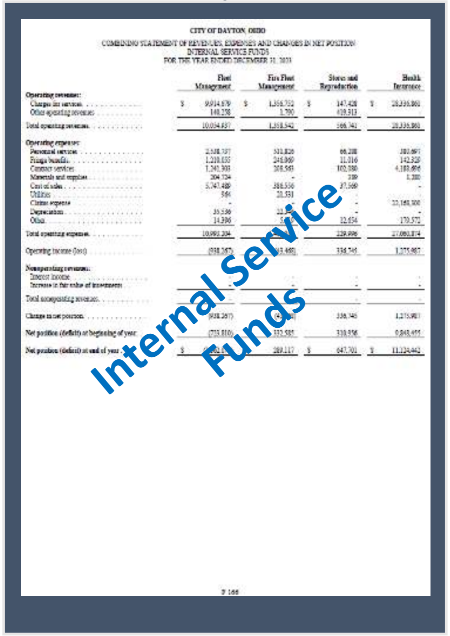


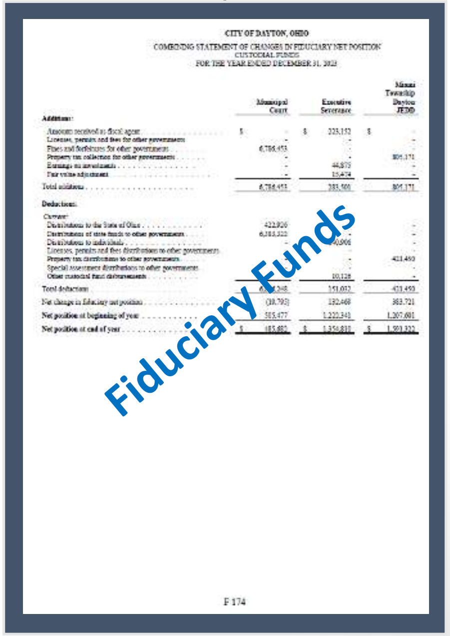

DAYTON
Combining Statements and Schedules
COMBINING STATEMENTS AND SCHEDULES




CITY OF DAYTON, OHIO
General Fund (Budgetary Basis) Budget vs Actual
F 148


CITY OF DAYTON, OHIO
Nonmajor Governmental Funds
F 154


CITY OF DAYTON, OHIO
Internal Service Funds

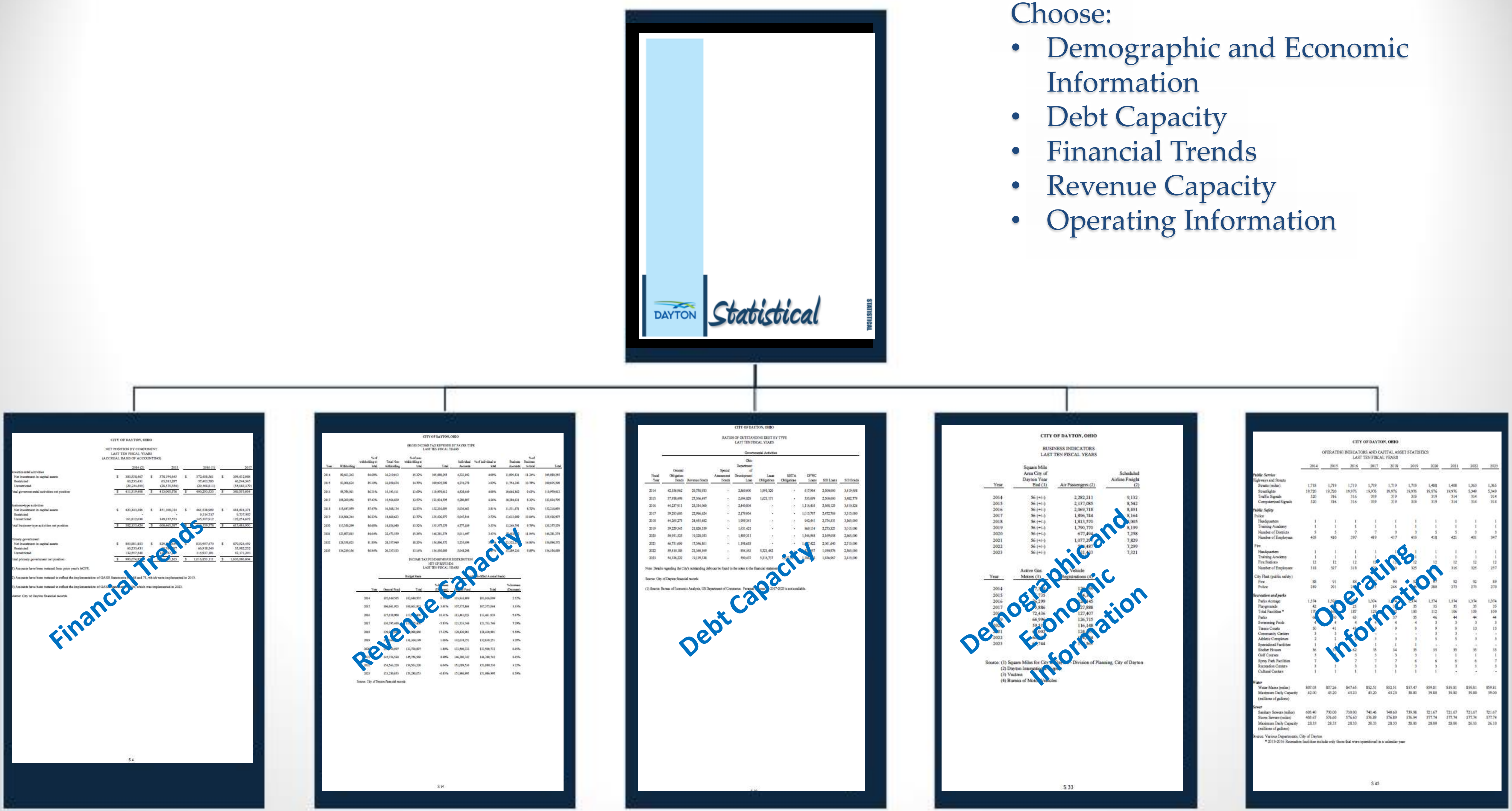

CITY OF DAYTON, OHIO
Fiduciary Funds
F 174

Combining Statements and Schedules

- Includes a multitude of combining statements – statements that present funds individually, offering the detail behind the aggregated amounts in the basic financial statements.
- This can include combining statements of non-major governmental and enterprise funds, individual internal service funds, and fiduciary funds by type, and budgetary comparisons for individual funds.

Choose:

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



Statistical Section - ACFR

- Information for the past ten fiscal years, providing historical context.
- Revenue capacity schedules offer information about a government's most significant own-source revenue (for most local governments, this is property tax.)
- Debt capacity schedules contain information about a government's outstanding long-term debt.

Statistical Section - ACFR

- The demographics & economic information schedules present a variety of contextual indicators, including population, personal income, per capita personal income, and unemployment rate.
- Operating information includes the number of a government's employees by function or program, indicators of the level of or demand for services, and indicators of the capacity or amount of capital assets.

Filing With GFOA

- If your government prepares an ACFR on the GAAP Basis of Accounting, you can submit your ACFR for reviewing and grading in order to get an award from GFOA

- Popular Annual Financial Reports (PAFRs)

- Budget Award/Budget Book

Workpaper Sections of Financial Reporting

- JE # 1 – Accrued Wages
- JE #2 – Consumable Inventory
- JE #3 – Long-Term Obligations
- JE #4 - Receivables
- JE#5 – Accounts Payable
- JE #6 – Interfund Activity
- JE #7 - Prepayments

Workpaper Sections of Financial Reporting

- JE #8 – Miscellaneous
- JE #9 – Capital Assets
- JE #10 – Cash and Investments
- JE #11 – Pension
- JE#12 – Other Post Employment Benefits
- JE #13 – Leases
- JE #14 – Subscription Based Information Technology Agreements (SBITA)
- Reversing Entries
- Report File
- GASB 34 File

Accrued Wages and Benefits

- Wages earned in 2024 but paid in 2025
- Fringe Benefits earned in 2024 but paid in 2025
- December OPERS and OP&F payments made in January 2025

Consumable Inventory

- Departments that currently report consumable inventory:
  - Aviation (Fuel) & Parts
  - Water
  - Fleet
  - Fire Fleet
  - Road Salt
  - Street Lighting

Long-Term Obligations

- Compensated Absences
- Pollution Remediation Obligation
- Bonds
- Loans
- Notes
- Leases
- Special Assessment Debt
- Claims and Judgments
- Net Pension Liability & Net OPEB (other post employment benefits) Liability

Receivables

- Property Taxes Receivable
- Hotel/Motel Taxes
- 4^{th} Quarter Cable Franchise Fees
- Permissive Tax
- Estate Tax
- Income Tax
- GASB 33
- EMS
- Utilities
- Special Assessments
- C&DD Disposal Fee
- Accrued Interest
- Loans
- Accounts Receivable
- Airport PFC and CFC
- TIF Receivable
- Grants
- Casino Taxes

Payables

- Accounts Payable
- Contracts Payable
- Unclaimed Monies
- Incurred but not reported (IBNR) Health Insurance
- Unemployment Compensation
- Worker's Compensation (10 year liability)
- Claims and Judgments
- Retainage Payable

Interfund Activity

- Transfers
- Advances – Interfund loans payable/receivable
- Due to / Due from Other Funds

Prepaids

- Goods or Services that are paid in advance and benefit multiple years
  - Insurance
  - Maintenance Agreements
  - Subscriptions

vertexone™
Utility Bill Print and Payment Services

Miscellaneous

Reclassifications of receipts/expenditures that were not in accordance with GAAP

Amounts assigned for subsequent year appropriation (GASB 54)

GASB 54 fund balance classifications

Capital Assets

- Construction in Progress
- Land
- Right of Ways
- Building Improvements
- Improvements other than Buildings
- Equipment
- Software
- Vehicles
- Infrastructure
- Works of Art / Historical Treasures
- Right to use (Leases) (SBITA)

Cash and Investments

- GASB 40 Cash Footnote
- Intrafund Borrowings (Manuscript Debt)
- Fair Market Value Adjustment
- Utility Deposits
- Municipal Court Accounts
- Cash with Fiscal Agent

GASB 68 & 75 – Pension and OPEB Liability

OPERS & OP&F

- Net Pension/Net Opeb Asset/Liability – component of long-term obligations or non-current assets
- Deferred outflows – Prior year and current year contributions, difference between projected and actual investment earnings, change in assumptions, change in proportionate share
- Deferred inflows - difference between projected and actual investment earnings, change in assumptions, change in proportionate share

GASB 34 File

- Summarizes all full accrual entries
  - Prior year reversing entries
  - Deferred inflows
  - Capital Assets
  - Compensated Absences
  - Long-term Obligations
  - Interfund Eliminations
  - Internal Service Fund Eliminations

Program Revenues

CITY OF DAYTON
GASB 34 - Major Fund Determination
December 31, 2015

G	IN CELL B5 ENTER "C" IF CASH BASIS REPORT
	IN CELL B5 ENTER "G" IF GAAP BASIS REPORT

						* Qualifies as Major?				Included
					Expenditures/					Major Fu
Fund		**Assets**	**Liabilities**	**Revenues**	**Expenses**	**Assets**	**Liabilites**	**Revenues**	**Expenses**	**In BFS**
10000 General		$ 91,763,666	$ 29,324,186	$ 161,053,757	$ 150,819,916	Always	Always	Always	Always	**Yes**
Total		91,763,666	29,324,186	161,053,757	150,819,916					
Special Revenue:										
Street		2,993,683	1,676,359	5,226,830	6,221,219	No	No	No	No	No
Highway		839,912	159,652	420,228	307,059	No	No	No	No	No
Other		19,893,511	14,108,332	4,205,956	3,841,782	No	Yes	No	No	Yes
HUD		9,008,239	2,869,973	13,509,650	12,566,340	No	No	No	No	No
Miscellaneous Grants		3,930,874	4,140,870	3,082,076	8,126,913	No	No	No	No	No
Total		36,666,219	22,955,186	26,444,740	31,063,313					
Debt Service										
Debt Service		42,093,330	14,055,894	9,322,963	9,648,762	No	Yes	No	No	Yes
Total		42,093,330	14,055,894	9,322,963	9,648,762					
Permanent Fund										
Permanent Fund		182,850	59	213	-	No	No	No	No	No
Total		182,850	59	213	-					
Capital Projects:										
Capital Improvement		33,298,962	6,812,500	10,651,554	22,536,014	No	No	No	Yes	Yes
Total		33,298,962	6,812,500	10,651,554	22,536,014					
Total Governmental Funds		204,005,027	73,147,825	207,473,227	214,068,005					
	10%	20,400,503	7,314,783	20,747,323	21,406,801					
Enterprise										
DIA		350,050,786	81,239,329	45,013,284	43,837,940	Yes	Yes	Yes	Yes	Yes
Water		227,952,443	48,089,790	52,220,204	46,432,135	Yes	Yes	Yes	Yes	Yes
Sewer		163,546,646	49,684,386	34,541,812	31,046,904	Yes	Yes	Yes	Yes	Yes
STW		29,147,704	3,433,291	7,452,565	5,693,953	No	No	No	No	No
Golf		4,609,645	1,783,512	2,923,295	3,014,200	No	No	No	No	No
Total Enterprise		775,307,224	184,230,308	142,151,160	130,025,132					
	10%	77,530,722	18,423,031	14,215,116	13,002,513					
Total Governmental and Enterprise		$ 979,312,251	$ 257,378,133	$ 349,624,387	$ 344,093,137					
	5%	48,965,613	12,868,907	17,481,219	17,204,657					

Major Fund Determination

* **Major Fund Criteria:**

The general fund is always a major fund

Ten Percent Criteria - an individual governmental or enterprise fund that reports at least 10% of any of the following:

- Total governmental or enterprise fund (assets), respectively
- Total governmental or enterprise fund (liabilities), respectively
- Total governmental or enterprise fund (revenues), respectively
- Total governmental or enterprise fund (expenditures), respectively

Five Percent Criteria - if an individual fund exceeds the 10% rule above, that fund must also exceed 5% of the total for both governmental and enterprise funds within the same category (ie.assets, liabilities, revenues, expenditures) to qualify as a major fund.

A government may designate as major any other governmental or enterprise fund it believes is important to the users of its financial statements.

GASB 100 & GASB 101

	Change in accounting principle	Error corrections	Changes in accounting estimates	Changes to or within the financial reporting entity
Example	GASB 87 or GASB 96.	Not capitalizing a material capital asset.	Changing an allowance for accounts receivable based on collection history.	New major fund in current year.
Description of accounting change or error	A change in generally accepted accounting principle or implementation of a new GASB.	Error corrections resulted from mathematical mistakes, misuse of information, or misapplication of accounting principle.	A change in the input into an estimate (data, assumptions, or measurement methodologies).	Includes changes to: a. Component units b. Blended and discrete presentation c. Change in nonmajor and major funds
How to account	Restate beginning net position and/or fund balance of the current period for the cumulative change.	Restate beginning net position and/or fund balance of the current period for the cumulative change.	Report prospectively by recognizing the change in the current period.	Adjust the current period's beginning balances.
Disclosures	Identify the nature and reason for the change, affected line items, and the effects on beginning balances. For new pronouncement, identify the new pronouncement.	Identify the nature of the error and the correction made, affected line items, and the effects on beginning balances.	Identify the nature of the change in accounting estimate, including identifying affected line items.	Identify the nature and the reason of the change.
RSI and SI	Only restate years included in the financial statements, do not restate prior years.	Correct all years affected, if practicable, and identify information affected. If not practicable, disclose why.	No changes needed.	Only restate years included in the financial statements, do not restate prior years.

GASB 101

GASB 101, *Compensated Absences*,

updates the recognition and measurement guidance for compensated absences.

GASB 101

- So, **what is a compensated absence**?
- It's leave for which employees may receive one or more of the following:

1. **Cash payments** for time off
2. **Other cash payments** for unused leave upon termination or
3. **Noncash settlements**, such as conversion to a defined benefit post-employment amount

- These payments can occur during employment or upon termination of employment. The most **common forms of compensated absences are vacation and sick leave**, but it also includes paid time off (PTO), holidays, sabbatical leave, and parental leave.

GASB 101

Leave that Has Not Been Used

The statement requires recognizing liabilities for compensated absences when:

- a. the leave is attributable to **services already rendered**,
- b. the leave **accumulates**, and
- c. it is **more likely than not to be used or paid**.

GASB 101

Services Already Rendered

So, what are *services already rendered*?

It is the work an employee **has already performed** to earn the leave.

For example, suppose an employee works for a certain period and earns vacation or sick leave according to the City’s policies. In that case, the leave is considered attributable to services already rendered.

GASB 101

Accumulate

What does *accumulate* mean? Leave that is carried forward from one reporting period to another is that which *accumulates*. For example, if an employee earns ten days of vacation leave each year and does not use all ten days in the current year, the unused days can *accumulate* and be carried over to the following year.

GASB 101

More Likely Than Not to be Used or Paid

- And what is *more likely than not to be used or paid*? This phrase means there is a **greater than 50% chance** that the leave will either be **taken as time off** by the employee or **paid out in cash**
- For example, if employees **historically _use_ their earned vacation leave within a year or two**, the City would consider this leave *more likely than not to be used*.
- Also, if the City **typically _pays_ employees for unused vacation days upon termination of employment**, the leave is *more likely than not to be paid*.

Consider the City's compensated absence policies and historical patterns to evaluate whether the leave is more likely than not to be used or paid.