

OHIO AUDITOR OF STATE
KEITH FABER

2023 Local Government Officials
Conference

OCBOA REPORTING

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Chief, Local Government Services


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OCBOA Reporting

Types of Financial Reporting Frameworks:

- GAAP
- Special Purpose Frameworks:
 - Cash (OCBOA)
 - Modified Cash (OCBOA)
 - Regulatory (AOS)




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Ohio Revised Code §117.38

- Ohio law requires that local public offices file their annual financial reports with the Auditor of State
See Bulletin 2015-007 for complete list
- Beginning with 2015 financial report filings, all entities are required to file with the AOS must file electronically via the Hinkle Annual Financial Data Reporting System



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Ohio Administrative Code §117-2-03(B)

Requires all counties, cities, school districts (including educational service centers and community schools), government insurance pools, community improvement corporations (including economic development corporations, county land reutilization corporations), and state universities and colleges to prepare financial reports on a GAAP basis



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Non-Compliance

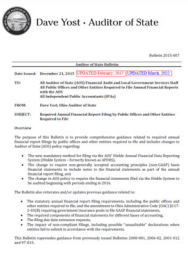


- An entity failing to comply with mandated basis of accounting may be subject to non-compliance citations and penalties identified in the ORC
- A public office not mandated to file GAAP financial report may choose a special purpose framework.

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Special Purpose Framework

Dave Yost - Auditor of State



- Many local governments maintain their internal accounting records and prepare their annual financial statements using a *Special Purpose Framework* Other Comprehensive Basis of Accounting (OCBOA) as defined in U.S. Auditing Standards AU-C800
- AOS Bulletin 2015-007 sets forth guidance for the type of financial reporting and filing requirements
- AICPA Practice Aid—applying *Special Purpose Framework* in state and local governmental financial statements

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Special Purpose Framework (cont'd)

In Ohio, there are primarily 3 types of special purpose framework financial reports:

- OCBOA Cash Basis (look-alike)
- OCBOA Modified Cash Basis (look-alike)
- Regulatory Cash (NOT a look-alike)

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OCBOA (Cash and Modified Cash)

OCBOA Cash Basis or OCBOA Modified Cash Basis financial statements are presented using the same structure as GAAP (Generally Accepted Accounting Principles) financial statements; and therefore, are also referred to as "GAAP Look-Alike" statements

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OCBOA Cash Basis Statements

- Managements Discussion and Analysis (MD&A) (optional, but strongly encouraged)
- Entity-wide Statements:
 - Statement of Net Position – Cash (governmental and business type)
 - Statement of Activities – Cash (government and business type)
- Fund Statements
 - Governmental Funds:
 - Statement of Cash Basis Assets and Fund Balances
 - Statement of Cash Receipts, Cash Disbursements, and Change in Cash Basis of Fund Balances
 - Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balances – Budget and Actual (general and any major special revenue fund)
 - Statement of Cash Basis Assets and Fund Balances
 - Statement of Cash Receipts, Cash Disbursements, and Change in Cash Basis of Fund Balances
 - Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balances – Budget and Actual (general and any major special revenue fund)
 - Proprietary Funds:
 - Statement of Net Position – Cash (proprietary funds)
 - Statement of Cash Receipts, Cash Receipts, Cash Disbursements and Change in Net Cash position – Proprietary Funds
- Other
- Notes to the Financial Statements

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OCBOA Modified Cash Basis Statements

Statement of Modified Cash Basis Assets, Liabilities and Fund Balances
Governmental Funds
December 31, 2022

	General	Motor Vehicle Gasoline Tax	Job and Family Services
Assets			
Assets as Reported Cash and Cash Equivalents	\$3,399,428	\$999,203	\$491,947
Invested Cash and Cash Equivalents	199,132	0	0
Cash and Cash Equivalents in Segregated Accounts	99,855	3,762	0
Invested Receivable	45,459	0	0
Total Assets	\$3,743,904	\$1,004,215	\$491,947
Liabilities			
Interfund Payable	\$0	\$45,499	\$0
Fund Balances			
Nonspendable	199,132	0	0
Restricted	0	\$38,528	\$41,947
Committed	\$43,047	0	0
Assigned	\$2,701,718	0	0
Unassigned	\$2,865,325	0	0
Total Fund Balances	\$3,719,904	\$38,528	\$41,947
Total Liabilities and Fund Balances	\$3,743,904	\$1,004,215	\$491,947

OCBOA Modified Cash Basis

Similar to Cash Basis, but INCLUDES investments, capital assets, etc.

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AOS/Regulatory Basis Statements

- Statement of Receipts, Disbursements and Changes in Fund Balances
- Statements are divided into general fund, special revenue, capital projects, etc., NOT by major funds
- Notes to the financial statements
- Other

	Amount	Special Revenue	Debt	Capital Projects	Total
Cash Receipts					
Receipts from State Taxes	\$225,227	\$44,782	\$0	\$0	\$270,009
Receipts from Federal Grants	62,217	999,213	0	33,847	1,095,277
Receipts from Local Taxes	295,237	1,097	0	0	296,334
Contributions, Gifts, and Donations	22,239	13,247	0	0	35,486
Investment Income	499	881	0	0	1,380
Investment Transfers	0	0	0	0	0
Interfund Receipts	0	497,049	0	497,049	994,098
Receipts from Other Sources	5,269,888	19,011	78,236	78,237	5,435,372
Total Cash Receipts	\$5,988,898	1,563,343	78,236	78,237	\$7,606,714
Other Receipts (Receipts - Disbursements)					
Interfund Receipts	0	0	0	0	0
Transfers In	12	88	0	0	100
Receipts from Other Sources	35	0	0	0	35
Total Other Receipts	47	88	0	0	135
Net Change in Fund Cash Balances	248,786	283,319	(74,996)	78,237	\$543,346
Fund Cash Balances, January 1	2,908,314	3,319,302	4,238,407	193,926	\$10,659,959
Fund Cash Balances, December 31	\$3,157,100	\$3,602,621	\$4,163,411	\$272,163	\$11,205,305

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Primary Differences Between Cash and Modified Cash Statements

Investments automatically create modified cash statements

	Governmental	Business-Type	Total
Assets			
Assets as Reported Cash and Cash Equivalents	\$4,086,233	\$1,096,640	\$5,182,873
Cash and Cash Equivalents in Segregated Accounts	28,611	0	28,611
Cash and Cash Equivalents with Prepaid Assets	13,217	0	13,217
Investment in Segregated Accounts	18,990	0	18,990
Investments with Prepaid Assets	1,479,172	0	1,479,172
Total Assets	\$5,634,223	\$1,096,640	\$6,730,863
Net Position			
Restricted For	\$45,445	\$0	\$45,445
Capital Assets	\$1,954,294	0	\$1,954,294
Investment	\$1,654,633	\$1,096,640	\$2,751,273
Total Net Position	\$3,754,372	\$1,096,640	\$4,851,012


DO NOT report investments for strict cash basis OCBOA

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Primary Differences Between Cash and Modified Cash Statements *(cont'd)*

Items considered for modification:


- Receivables resulting from an outflow of cash (inter-fund loans)
- Investments in marketable securities resulting from outflow of cash
- Inventories acquired resulting in an outflow of cash
- Capital Assets arising from cash transactions and depreciation
- Deferred outflows/inflows resulting from cash transactions
- Liabilities resulting from short-term or long-term borrowing or other cash transactions
- Any other material assets, liabilities, revenues or expenses resulting from cash transactions or events



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NOT Reported on Modified Cash Basis


- Accounts receivables, sold when no cash in/
- Grant/other receivab.
- Inter-fund receivables, no cash inflows/outf
- Investments for which:
- Donated assets or Lei and no cash outflows



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NOT Reported on Modified Cash Basis *(cont'd)*

- Accounts rec services prov
- Accrued Cor: Other Accru
- Long-Term e when no casl
- Adjusting ma recording ad
- Derivative Ir when cash in



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Footnotes to the Financial Statements

- Footnotes are required for all financial reports prepared and filed by the local government
- Included in all reports filed on the Hinkle System
- Footnotes should communicate information necessary for the fair presentation of the financial statements that are not presented on the financial statements
- Governmental Accounting Standards Board requires specific disclosures for various types of activities or balances that are significant to the government
- AOS shells reflect example required disclosures for AOS regulatory basis reporting. Administration determines GASB elements to include in AOS basis as each GASB is adopted

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Types of Opinions

- Nature of Matter Giving Rise to the Modification
 - Auditor's professional judgment about the pervasiveness of the effects or possible effects on the financial statements
 - Material, but not pervasive
 - Material and pervasive
- Financial Statements are Materially Misstated
 - Qualified Opinion
 - Adverse Opinion
- Inability to Obtain Sufficient Appropriate Audit Evidence
 - Qualified Opinion
 - Disclaimer of Opinion

Opinion

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Determination of Modified Opinions

Material Effects in the Financial Statements:

- When information such as a misstatement can effect the decisions of the users of financial statement
- Materiality is set during the audit


Pervasive Effects on Financial Statements:

- Not confined to specific elements, accounts or items of the financial statements
- If confined, it represents or could represent a substantial proportion of the financial statements
- Disclosures are fundamental to the users' understanding of the financial statements

Quantitative and qualitative factors

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Regulatory Opinion

Opinion 

- GAAP Mandated Entities
 - Adverse opinion issued if reporting on Regulatory Basis
- Non-GAAP Mandated Entities
 - Dual Opinion
 - Adverse for not reporting on GAAP Basis
 - Opinion on Regulatory Basis

NOTE:
OCBOA Cash / Modified Cash is GAAP look-alike and entities that file OCBOA do not receive a dual opinion

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