

Notes to the Financial Statements

Presented by: Local Government Services

What are Notes to the Financial Statements?

Notes to government cash-basis financial statements, sometimes referred to as Footnotes, provide supplemental information not readily apparent in the statements themselves, explaining the government's accounting policies, financial position, and results of operations.

The primary purpose of these Notes is to provide context and clarity for the readers of the financial statements. Because the cash basis of accounting does not recognize all resources and liabilities, the Notes help to fill in the gaps and present a more complete picture of the government's financial health and operations, supplementing the information found in the main financial statements themselves.

The Notes, in a PDF format, are required to be included as a component of the complete annual filing in the Hinkle System.

Getting Started

- Notes are in the form of a Word document (.docx)
- Get a copy of the Notes from the prior year:
 - It is a good idea to keep the prior year Notes intact and save them as a new file – do not replace or override the previous version. For example, save separate files such as 2024 Notes and 2025 Notes.
 - Contact the auditors who did your last audit; they may be able to send you their Notes file to be used as a starting point. This is a good idea especially if there were changes from the original filing submission and their version will be tailored to your entity.
 - Look at prior audit reports on the Auditor of State website for your entity.
- Download a copy of the Notes to your computer from the Auditor of State website at [Financial Statement Shells](#) :
 - In case you need to start with a new version of the Notes for some reason.
 - Even if you don't need to start over with a new version, the updated notes on the Auditor of State website should be reviewed each year to ensure new disclosures are considered. Sample notes are available for the various filing options. This presentation will concentrate on the Regulatory and Other Comprehensive Basis of Accounting (OCBOA) filing options.

Sample Shells

🏠 Reference Materials

Clients & IPA Firms

Frequently Asked Questions

- GASB FAQ
- Library FAQ and Program Codes
- Other Accounting FAQ

Financial Statement Shells & Notes

- GAAP
- OCBOA
- Regulatory
- Specialized Footnotes

- **Libraries** — Updated Dec 2025
[Financial Statement](#) | [Notes](#) | [Worksheets](#) | [Instructions](#)
- **Park District** — Updated Dec 2025
[Financial Statement](#) | [Notes](#) | [Worksheets](#) | [Instructions](#)
- **Regional Planning Commission** — Updated Dec 2025
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- **Soil and Water Conservation District** — Updated Dec 2025
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- **Solid Waste District** — Updated Dec 2025
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- **Townships** — Updated Dec 2025
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- **Villages** — Updated Dec 2025
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- **Water Sewer District** — Updated Dec 2025
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Tips to Remember

- Update the information in the header by double clicking in the header area. Once the edits are complete, simply click outside the header area to close and the remainder of pages will update also.
- Similar to the header edits, if you need to change the starting page number, click in the footer area to edit.
- As you are looking at the sample Notes from the website, CY refers to Current Year (2025) and PY refers to Prior Year (2024).
- When you get started on the Notes for year ended 12/31/20CY, remember to change the year references from 20PY to 20CY. 20CY will be available around year-end or shortly thereafter.
- Notes are labeled numerically. As you are adding and deleting notes, remember to update the remaining titles as necessary. Note 1 – XXXX, Note 2 – XXXX, Note 3 – XXXX.
- Remember to customize every note for your entity – if it doesn't apply to you, delete it out. There may also be instances where a note will become applicable in the current year. For example, if the local government purchased investments during 2025, the additional note disclosure will need to be added.
- Sample charts are actually embedded Excel worksheets. To open, double click on the chart and when the edits are done, click outside the chart to close.

Sample Notes

The first page of the Sample Notes Shell include a color-coded guide to aid in the understanding of the various disclosures.

Village
AOS Regulatory Basis Footnote Shell
Revised December 2025

Note: This shell is a guide for preparing your annual footnotes to the financial statements when filed on the AOS Regulatory Basis. These footnotes are not all inclusive and might include disclosures not applicable to your particular Village. Modify, delete, or add additional disclosures as necessary.

Items highlighted in yellow are provided for guidance purposes only and should be deleted prior to submission.

See GASB Codification 2300 – Notes to the Financial Statements. As explained in paragraph .102, the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements. Notes should focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate. Information about the government's discretely presented component units should be presented as discussed in paragraph .105.

Items highlighted in green are items that are generic and should be reviewed for entity specific information and modified to report specifics for your village.

In this sample 20CY means current year and 20PY means prior year and would be replaced with the four-digit current year (for example 2025) or four-digit prior year (for example 2024).

Aqua Highlights are 2025 updates.

- Where these highlights are included within yellow highlighted areas, this information is for reference only and should be deleted prior to submission.
- Where these highlights are included within green highlighted areas, this information should be reviewed and modified to report specifics for your entity.
- Where these highlights are not within another color, you will need to review to determine if this applies to your specific entity and modify or delete.
- Please note, Note 22 related to COVID-19 is optional and should be removed when substantially all COVID-19 funding has been spent. This note can also help explain any unique COVID situations.
- Note 24, Certain Risk Disclosures has been added to address the requirements of GASB 102, Certain Risk Disclosures. See GASB 102 for additional information see also Question 1 from GASB 102 Frequently Asked Questions (FAQs).

Township
AOS Regulatory Basis Footnote Shell
Revised December 2025

Note: This shell is a guide for preparing your annual footnotes to the financial statements when filed on the AOS Regulatory Basis. These footnotes are not all-inclusive and might include disclosures not applicable to your particular Township. Modify, delete, or add additional disclosures as necessary.

Items highlighted in yellow are provided for guidance purposes only and should be deleted prior to submission.

See GASB Codification 2300 – Notes to the Financial Statements. As communicated in paragraph .102, the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements. Notes should focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate. Information about the government's discretely presented component units should be presented as discussed in paragraph .105.

Items highlighted in green are items that are generic and should be reviewed for entity specific information and modified to report specifics for your township.

In this sample 20CY means current year and 20PY means prior year and would be replaced with the four-digit current year (for example 2025) or four-digit prior year (for example 2024).

Aqua Highlights are 2025 updates.

- Where these highlights are included within yellow highlighted areas, this information is for reference only and should be deleted prior to submission.
- Where these highlights are included within green highlighted areas, this information should be reviewed and modified to report specifics for your entity.
- Where these highlights are not within another color, you will need to review to determine if this applies to your specific entity and modify or delete.
- Please note, Note 21 related to COVID-19 is optional and should be removed when substantially all COVID-19 funding has been spent. This note can also help explain any unique COVID situations.
- Note 23, Certain Risk Disclosures has been added to address the requirements of GASB 102, Certain Risk Disclosures. See GASB 102 for additional information see also Question 1 from GASB 102 Frequently Asked Questions (FAQs).

Note 1 – Reporting Entity

- Describe the services that your local government provides. The services should match the disbursement classification on the financial statements.
- If your local government contracts a major service with another entity, then describe that as well. For example:
 - Paying the County Sheriff for specific police protection.
 - Paying the City for fire and/or ambulance services.
- If your local government is in fiscal caution, watch, or emergency, you'll need an extra paragraph describing the specifics of the fiscal distress.
- Other organizations – We'll come back to this when we look at Notes 14 through 17.


Note 2 – Summary of Significant Accounting Policies

- Most of this note is standard language that you will just leave as it was from the previous year.; but, compare each year with the version on the AOS website to see if you need to add back in accounting policy disclosures that were not applicable in the prior year.
- Additional accounting policy language may be necessary if you are filing OCBOA financial statements.
- Fund types – delete those that don't apply; list significant funds under each type with a brief description.
- Budgetary process – update certain sentences if you had no encumbrances at year-end; highlights will guide you.
- Deposits and investments – modify to fit your investments, if you have any (we will go into more detail on this in Note 5).
- In recent years, additional accounting policy disclosures, related to the implementations of Governmental Accounting Standards Board (GASB) 87 (leases) and GASB 96 (subscription-based information technology) have been added to this note, if applicable.
- Fund Balance – regulatory filers follow a more simplified approach to the fund balance disclosures of GASB 54.

Note 3 – (Accountability and) Compliance

- List any material budgetary violations that the local government had during the year, by individual fund, not by fund type:
 - Expenditures plus encumbrances exceeded appropriations.
 - Appropriations exceeded estimated resources plus carryover balance.
- List any funds that had a deficit cash balance at year-end, if any.
- Later on during your audit, the auditors may add other items here if they find additional non-compliance.
- Accountability - OCBOA filers will also need to describe deficit fund balance/net position and management's actions to address any such deficits.

Note 4 – Budgetary Activity

- Regulatory notes have charts – budgeted vs. actual activity by fund type for both receipts and expenditures:
 - Make sure you use budget amounts from the final Amended Certificate of Estimated Resources and Appropriations for the year being reported. 
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 - Actual amounts should match the financial statements.
 - There is a worksheet that helps with these amounts on the AOS website in the same area as the sample financial statement and note shells.

[Financial Statement](#) | [Notes](#) | [Worksheets](#) | [Instructions](#)

- **Townships** — Updated Dec 2025
[Financial Statement](#) | [Notes](#) | [Worksheets](#) | [Instructions](#)
- **Villages** — Updated Dec 2025
[Financial Statement](#) | [Notes](#) | [Worksheets](#) | [Instructions](#)
- **Water Sewer District** — Updated Dec 2025
[Financial Statement](#) | [Notes](#) | [Instructions](#)

- OCBOA notes have a chart that lists the adjustments necessary to convert the results of operations at the end of the year on the cash basis to the budget basis.

Ohio Pooled Collateral System (OPCS)

- Before we get to Note 5 – Deposits and Investments, it might be beneficial to describe the OPCS (ORC 135.182):
 - Allows for participating financial institutions to pool collateral for Ohio Public Unit's deposits.
 - Replaces the old pooling method in ORC 135.181.
 - The Ohio Treasurer of State is the sole regulator and monitor of the program.
- Why was the OPCS implemented?:
 - Allows the Ohio Treasurer's of State's office to safeguard public deposits by ensuring all collateral pledged to the Ohio Treasurer of State creates a perfected security interest in such collateral thereby strengthening protections for public units participating in pooled collateral.

Ohio Pooled Collateral System (OPCS) – (continued)

- Financial institutions will choose one of the following methods:
 - Pooling Method - participate in the pooling method (OPCS) collateralizing at 102% or a rate set by the Ohio Treasurer of State in rule, or
 - Specific Pledge Method - not participate in OPCS and collateralize all public units separately with specific pledge method at 105%.
- Pooling Method:
 - The Ohio Treasurer of State is responsible for monitoring the financial institutions collateral levels and compliance.
 - Financial institutions are required to electronically report to the OPCS.
- Specific Pledge Method:
 - Responsibility for monitoring the financial institution's compliance falls solely on the public unit who is required to maintain a record of all securities pledged at all times.

Note 5 – Deposits and Investments

- Regulatory notes have a chart that lists all the cash/investment accounts by type. All accounts of one type are added together, you don't have to list out each bank or account separately. There is a worksheet that helps with these amounts on the AOS website in the same area as the sample financial statement and note shells.
- OCBOA notes provide more detail concerning the classification of monies and allowable deposits/investments for interim monies.

Deposits:

- Regulatory notes will describe if the deposits are 1) insured by the Federal Deposit Insurance Corporation (FDIC); 2) collateralized by securities specifically pledged by the financial institution to the Local Government, if applicable; 3) collateralized through the OPCS, if applicable. Any amount of deposits that are uninsured/uncollateralized are also to be disclosed.
- OCBOA notes additionally describe if the Local Government's investment policy addresses custodial credit risk related to deposits.
- Investments:
 - Regulatory notes briefly describe the Local Government's investments and in whose name the investments are held.
 - OCBOA notes provide more detail, including the fair value of investments and any information from the Local Government's investment policy as it relates to various investment risks.

Note 6 - Taxes

This note is used for discussion on taxes the local government has imposed or levied. Common taxes described are Property Taxes and for villages, Municipal Income Tax:

- Property Taxes – Information needed are the full tax rate and assessed valuation. For regulatory filers, this information is needed for entry into the demographic section of the Hinkle filing. For OCBOA filers, this information is needed for both the Notes and the Hinkle filing. If you need help getting this information, contact your county auditor. OCBOA filers should also describe any tax abatement information from agreement(s) resulting in a reduction of tax revenue.
- Municipal Income Tax – Describe what types of income are taxed and include the tax percentage. The description should also describe if the tax is levied on employment, residency, or business activity within the village as well as outside the village. Review the most recent income tax ordinance and/or the ballot language. If some of the tax was approved by voters, and if a portion of the tax is required to be used for a specific purpose, describe this in the note.

Note 7 – Interfund Transfers and Advances

- Regulatory – Provide a general description of the principal purpose of each interfund transfer. This note should also describe any material outstanding advance(s) not repaid at year end, including the funds involved, amount, and purpose of the advance.
- OCBOA - describe any outstanding advance(s) not repaid at year end, including the funds involved, amount, and purpose of the advance. For OCBOA filers, a chart is included in the sample notes to help with the presentation of multiple outstanding advances between major and nonmajor funds.
- OCBOA – describe transfers made between funds during the year. The funds involved, amount, and purpose should be included in the disclosure. A chart is included in the sample notes to help with the presentation of multiple transfers between major and nonmajor funds.

Note 8 – Risk Management

This note details the Local Government’s exposures to risk and how it manages them. Types of risk management include, but are not limited to, commercial insurance, workers’ compensation, risk pool membership, and self insurance.

Risk management might not change significantly from year to year, however, the Specialized Footnote section of the Reference Materials menu on the AOS website should be reviewed each year for updated information of the more common risk management disclosures. If involved in a new risk pool or outside organization (reporting entity disclosure), evaluate these to see if this should be disclosed.

OCBOA filers will have a chart that discloses amounts of coverage/deductibles and more detailed information relating to self insurance plans.

The image shows a screenshot of the AOS website. On the left, the 'Reference Materials' menu is visible, with 'Specialized Footnotes' highlighted in a yellow box. On the right, the 'Other Specialized Footnote Disclosures' section lists various footnotes with dates and document types, with several entries highlighted in yellow.

Reference Materials

- Clients & IPA Firms
- Frequently Asked Questions
 - GASB FAQ
 - Library FAQ and Program Codes
 - Other Accounting FAQ
- Financial Statement Shells & Notes
 - GAAP
 - OCBOA
 - Regulatory
 - **Specialized Footnotes**

Other Specialized Footnote Disclosures

- Footnotes 24 Ohio Plan (OPRM) — Jul 2025 (docx)
- Footnotes 24 Public Entities Pool (PEP) — Jul 2025 (docx)
- Footnotes 24 OTA Risk Management Authority (OTARMA) — Jul 2025 (docx)
- Footnotes 23 Ohio Plan (OPRM) — Aug 2024 (docx)
- Footnotes 23 Public Entities Pool (PEP) — Jun 2024 (docx)
- Footnotes 23 OTA Risk Management Authority (OTARMA) — Jun 2024 (docx)
- Footnotes 23 Ohio Municipal Self-Insurance — Nov 2023 (docx)
- Footnotes 22 Ohio Plan (OPRM) — Aug 2023 (docx)
- Footnotes 22 OTA Risk Management Authority (OTARMA) — Jul 2023 (docx)
- Footnotes 22 Public Entities Pool (PEP) — Jun 2023 (docx)
- Footnotes 22 Ohio Municipal Self-Insurance — Nov 2022 (docx)

Note 9 – Defined Benefit Pension Plans

Note 10 – Postemployment Benefits

Check the sample notes on the AOS website each year for updated information. Include notes for Ohio Public Employees Retirement System and/or Ohio Police and Fire Pension Fund, and/or Social Security, depending on what your employees participate in.

OCBOA filers will include the amount of your local government's contractually required contribution to OPERS and OPF in each of these notes. The following slide has a sample worksheet for your reference.

Happy Village
 2024 OCBOA
 Note Disclosure - Defined Benefit Pension Plans

Total Payroll

PERS Payroll	840,725
Police Payroll	1,228,228
Fire Payroll	1,070,151

Total pensionable payroll for the year for OPERS employees and OPF Firefighters.

PERS Note:

	14.00%	Payroll	x Percent	= Total
Pension		840,725	14.00%	117,702
Health Care		840,725	0.00%	0
Total Employer portion			14.00%	117,702

PERS - Police Note:

	18.10%	Payroll	x Percent	= Total
Pension		1,228,228	18.10%	222,309
Health Care		1,228,228	0.00%	0
Total Employer portion			18.10%	222,309

Fire Note:

	24.00%	Payroll	x Percent	= Total
Pension		1,070,151	23.50%	251,485
Health Care		1,070,151	0.50%	5,351
Total Employer portion			24.00%	256,836

These percentages should be checked each year and updated if necessary

Note 11 - Debt

Describe the various debt and long-term obligations your local government has, including bonds, notes, loans, and financed purchases (if material).

- Regulatory filers will have a chart that shows the amount of each debt outstanding at 12/31/CY and the interest rate.
- OCBOA filers will include the amount of each debt outstanding at 12/31/PY, new debts issued, amounts retired during the current year, which will calculate to the amount outstanding at 12/31/CY. This chart will also have a column for the Amounts Due in One Year.
- For both Regulatory and OCBOA filers, there will also be a chart with principal and interest payments remaining to be made on each type of debt; first 5 years separately and then the remaining in 5 year increments. A narrative describing each debt should also be disclosed.

Note 12 – Construction and Contractual Commitments

- List any significant construction or other contractual commitments. Example – At December 31, 20CY, the Local Government had \$XXX,XXX in outstanding contractual commitments related to the construction of new fire station.
- OCBOA filers will list the encumbrances, since those dollars are set aside for a particular use in the future.
- Other OCBOA potential note disclosures, if applicable, would include Asset Retirement Obligations (ARO) and Landfill Closure and Postclosure Care Costs.

Note 13 Contingent Liabilities

These are items that could impact the local government's financial position in the future. Examples:

- Potential material lawsuits
- Grants subject to audit

We suggest the local government request of their legal counsel to write a letter indicating if there are any legal issues that could impact the entity's financial position. If the local government has drafted the note disclosure, it is recommended that legal counsel review the language.

Notes 14-17

All of these notes relate to organizations that the local government may be involved with.

Each organization will need to be analyzed to see if it fits the definition of one of the types in Notes 14 through 17. Each organization meeting the definition for disclosure will also be listed in Note 1 – Reporting Entity.

Look at prior audit reports to see if any organizations were listed.

Also look at audit reports of other entities in your area – larger city, county, or school district reports may include some of these organizations that the local government is also involved with.

Note 18 – Related Party Transactions

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm's length transaction. The notes should disclose the terms of material related party transactions.

Note 19 – Fund Balances

- Limited disclosure related to Fund Balances is presented by regulatory filers. A chart is included to show the amounts of unclaimed monies, unexpendable corpus of Permanent Funds, and outstanding encumbrances at 12/31/CY by fund type.
- For OCBOA filers, the chart should match to the total Nonspendable, Restricted, Committed, Assigned, and Unassigned on your financial statements and the Note provides more detail on the purposes within each classification. This chart is presented with each major fund in a separate column and a single column for other governmental funds.
- There is a worksheet in the financial statement file (OCBOA) where fund balance will be summarized.
- If you need more information on how to categorize fund balance, please see Auditor of State Bulletin 2011-004 (<https://ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>). The Bulletin includes a chart with many of the common township and village funds and how the fund balance should be classified.
- OCBOA Reclassifications – General Fund Only - Outstanding carryover encumbrances reclass from unassigned fund balance to assigned fund balance . If future year appropriations (temporary or permanent) exceeds future year estimated resources, reclass the difference from unassigned to assigned.

Note 20 – Subsequent Events

A Subsequent Event is an event or transaction that affects the financial statements and that happens after the date of the financial statements (i.e. Year End December 31, 20CY) but before financial statements are issued.

- Examples:
 - Issuance of debt
 - Uninsured losses
 - New levy or other major revenue
 - Major expenditures known after year-end

Note 21 – AMP Revenue Coverage

This note will only apply to villages who are a member of the Ohio Municipal Electric Generation Agency (OMEGA) joint ventures with a revenue coverage requirement.

The note will include a chart that summarizes financial information for the village's Electric Fund. If the Electric Fund is the only village enterprise fund, this note is not required.

Note 22 - Restatement of Fund Cash Balance (Regulatory)

Note 22 - Change in Financing Reporting Framework or Accounting Changes/Error Correction (OCBOA)

This note should be used **if there has been a change** in the current year's beginning fund cash balance in any fund type from the prior year's ending fund cash balance reported in the prior year's audited financial statements.

Pursuant to the requirements of GASB Statement 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No, 62*, there is a chart that will help reconcile the CY beginning balances to the PY ending balances if there are restatements.

OCBOA filers will have additional disclosures, including but not limited to, **Changes in Accounting Principles** and the **Change in Financial Reporting Framework** which includes a change in a major fund vs nonmajor fund status.

Note 23 through Note 25 (OCBOA)

Notes 23 through Note 25 in the OCBOA sample notes will not apply to many local governments. They consist of:

Note 23 – Capital Assets - Even if the Local Government chose not to report and depreciate capital assets resulting from cash transactions in the financial statements, the Auditor of State’s Office encourages reporting capital asset activity in the notes to the financial statements to demonstrate compliance with OAC 117-2-02.

Note 24 – Component Units - A component unit is a legally separate organization for which the elected officials of the local government are financially accountable. These entities are included in the local government’s financial reports to ensure a complete, non-misleading financial picture.

Note 25 – COVID-19 – this note can be removed when substantially all of the COVID funding has been spent.

Note 26 - Certain Risk Disclosures

GASB Statement No. 102 – Certain Risk Disclosures requires local governments to disclose information in notes to financial statements regarding risks from concentrations or constraints that could significantly impact their ability to provide services. It focuses on known, existing vulnerabilities related to specific revenues, expenditures, or resource outflows.

Regulatory filers utilize a simplified approach to this note disclosure. Beginning with fiscal year 2025, the Auditor of State is requiring regulatory financial statements to include certain risk disclosures to be made similar to the disclosure required by GASB Statement No. 102. For regulatory purposes, the Auditor of State is limiting these disclosures to events related to a loss of resources resulting from the closure of a major employer or a loss of resources due to reduced amounts available from a major financial resource provider.

OCBOA filer will include GASB 102 note disclosure requirements as identified within the actual pronouncement.

Hinkle System

The Hinkle System is an application developed by the Auditor of State's office to facilitate filing of certain financial statement, debt, and demographic data to the AOS, satisfying the filing requirements of the ORC and OAC. The Hinkle System increases uniformity in financial reporting, generates the statutory reports for the governor and general assembly required by ORC §117.38, and provides users of this information improved access and functionality.

Everyone is required to use the Hinkle System to file their financial statements annually. To access the Hinkle System link, log into your entity's eServices account. This will be available to the entity's fiscal officer/designated contact after the end of the reporting period.

Only Regulatory annual financial statements can be submitted to AOS using the UAN application. Other filing types will submit their financial statements online using the Hinkle System filing link.

Hinkle System (continued)

Frequently Asked Questions (FAQs) on the Hinkle System can be found on the AOS website at: <http://www.ohioauditor.gov/financialreporting> .

This same web page has “Quick Guides”; these documents give step by step instructions on how to use the Hinkle System, including screen shots for each step .

This same web page also has information to access your eServices account or send in questions on the Hinkle System.

Creating the PDF File

The most common software to create PDF files is Adobe Acrobat.

There are other software programs that you can access for free on the following websites:

- Small PDF - <https://smallpdf.com/merge-pdf>
- PDF Forge - <http://www.pdfforge.org/>
- PDF Merge - <http://www.pdfmerge.com/>

Each software may work slightly differently, but typically you will “print” to create a file. Once you have all pieces saved as PDFs, then you will need to combine them into one file for uploading.

You could also print each page of your report, scan it, and save as a PDF (if you have a copier or scanner with that option).

FAQs

Q: When are local governments required to prepare notes to the financial statements?

A: Local governments must file a full annual financial report, including notes. The deadline for filing is 60 days from year-end for non-GAAP filers and 150 days from year-end for GAAP filers. See AOS Technical Bulletin 2015-007 for specific requirements for each type of entity.

Q: The auditors have always prepared notes in the past, are they still able to do so?

A: Auditors could still prepare the notes as a nonaudit service; however, it is unlikely they will be able to do so by the deadline for most local governments. Therefore, the fiscal officer should prepare and file the annual financial report, including notes to the financial statements.

Q: What is the penalty for not filing notes to the financial statements by the deadline?

A: If notes are not included with the annual financial statements submitted via the Hinkle System, the annual financial report will be considered incomplete and could be subject to non-compliance citations and an unauditable declaration. The notes and financial statements can be refiled at the time of audit, however, they will be subject to the same as listed above.

FAQs (continued)

Q: If a local government receives a basic audit or an agreed upon procedures (AUP) is there still a requirement to file notes to the financial statements?

A: Yes, although the basic audit report or AUP do not contain notes, local governments are still required to file a full annual financial report, including notes to the financial statements, as set forth in AOS Technical Bulletin 2015-007.

Q: If the local government has a two-year audit, is there still a requirement to file a report annually?

A: Yes, local governments are still required to file a full annual financial report, including notes to the financial statements, each year, as set forth in AOS Technical Bulletin 2015-007. The auditors will combine the two years into one audit report.

Q: If a local government uses the Uniform Accounting Network (UAN), is there still a requirement to file notes to the financial statements?

A: Yes, UAN entities will be able to meet the regulatory filing requirement through the year-end closing process. The fiscal officer should prepare notes to the financial statements prior to completing the year-end closing procedures. Further information will be given at UAN year-end training and in the year-end closing checklist.

FAQs (continued)

Q: Does the Auditor of State have any resources that will help local governments prepare and file the annual financial report?

A: Yes, there are sample shells for both the financial statements and the notes on the AOS website, www.ohioauditor.gov . From the home page, click Local Governments, then choose Reference Materials. On the left side, choose Financial Statement Shells & Notes. For information on filing with the Hinkle System, from the home page, click Local Governments, then choose Hinkle System Financial Reporting.

Questions?

Lisa L. Woodford
Project Manager
Local Government Services
(800) 345-2519
llwoodford@ohioauditor.gov