

## Understanding and Utilizing Monthly Reports & Annual Financial Statements

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## Objectives

- Types of Monthly Reports and what the reports indicate
- Annual Financial Statements
- Fiscal Distress



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## MTD/YTD Reports

Answers the questions...

- How are we doing now?
- Do we have enough money to get through the rest of the year?
- Was our budget adequate or do we need to amend the budget?
- Can we afford a new snow plow?

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## Bank Reconciliations

Indicates all transactions have been accounted for on the books

Some items to look for:

- Should be done timely
- Unknown variance = not reconciled
- Deposits in Transits that carryover from month to month
- Older dates on the Outstanding Check list
- Reconciling items should be cleaned up quickly



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## Reports



- Fund Reports
- Revenue Reports
- Expenditure Reports

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## Fund Reports

UAN

- Fund Status
- Fund Summary
- Cash Summary by Fund

Other Systems

- MTD Fund Reports
- YTD Fund Reports

Some items to look for:

- Unencumbered Balances
- Deficit Balances?

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## Revenue Reports

UAN

- Revenue Status
- Revenue Summary

Other Systems

- MTD/YTD Revenue Reports

Some items to look for:

- Are receipts coming in as estimated?
- Should we make adjustments to the amended certificate? Increases? Decreases?

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## Disbursement/Expenditure Reports

UAN

- Appropriation Status
- Appropriation Summary

Other Systems

- MTD/YTD Expenditure Reports

Some items to look for:

- Are disbursements within appropriations?
- Are disbursements in line with where we are in the year?

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## Reports

Through resolution/motion should define the type or frequency of financial information that is expected to be received to include (as examples):

- Monthly statement that reflects beginning and ending cash balances
- Month-to-date and year-to-date receipts and disbursements
- Accumulative receipts and disbursements in relation to budgetary amounts in both dollars and percent
- All reports demonstrate compliance with adopted budgets
- Bank Reconciliation



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## Questions?



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## Annual Financial Statements

### Townships and Villages

- Regulatory Cash Basis Financial Statements
- OCBOA Cash or Modified Cash Basis Financial Statements
- OCBOA Modified Cash Basis Financial Statements

### Cities

- GAAP Basis Financial Statements

### Filing Date

- Cash Basis - 60 days after year end
- GAAP Basis - 150 days after year end

### AOS Bulletin 2015-007

- Provides guidance related to annual financial report filings



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## Regulatory Cash Basis Financial Statements

Financial statements prepared to comply with the basis of accounting prescribed by the Auditor of State in accordance with the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(D).

### Components:

- Statements
  - Combined Statement of Receipts, Disbursements and Changes in Fund Balances – All Governmental Funds
  - Combined Statement of Receipts, Disbursements and Changes in Fund Balances – All Proprietary and Fiduciary Funds
- Notes to the Financial Statements
  - Provides additional information that is essential to the full understanding of the data provided on the financial statements.

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## OCBOA Financial Statements

### OCBOA Cash Basis Financial Statements

Financial statements prepared on the cash basis as “GAAP look-alike” financial statements; relevant Governmental Accounting Standards Board (GASB) Statements have been applied to the extent the GASB Statements are applicable to the OCBOA Cash Basis of accounting.

### OCBOA Modified Cash Basis Financial Statements

Financial statements prepared on a modified cash basis as “GAAP look-alike” financial statements; relevant GASB Statements have been applied to the extent the financial statements are applicable to an OCBOA Modified Cash Basis of accounting.

The most common modification is the recording long term investment activity. Other common modifications include recording of capital assets, net accumulated depreciation and long-term debt arising from cash transactions.

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## OCBOA Financial Statements - Components

### Management Discussion & Analysis

Provides the reader with a narrative and analysis of the government's financial activities as a whole.

This narrative should be read in conjunction with the basic financial statements and the notes to the basic financial statements.

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## OCBOA Financial Statements - Components

### Statements

- Statement of Net Position
- Statement of Activities
- Balance Sheet
- Statement of Receipts, Disbursements and Changes in Fund Balances
- Statement of Receipts, Disbursements and Changes in Fund Balances (Budget and Actual)
- Proprietary Statements
- Fiduciary Statements

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## OCBOA Financial Statements - Components

### Notes to the Financial Statements

Provides additional information that is essential to the full understanding of the data provided on the financial statements.

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## OCBOA – Entity-wide Statements

These statements look at the entity as a whole – No individual fund distinction.

**Statement of Net Position** Presents information on all the government's assets (cash, investments, etc.) and liabilities, with the difference between the two reported as net position.

Shows the amount of cash and investments the government has and the limitations put on the use of those assets.

**Statement of Activities** Presents a comparison between direct expenses and program receipts for each program/function of the governmental and business-type activities of the government.

This comparison identifies to what extent the government is self-financing or is drawing from its general receipts.

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## OCBOA – Governmental Statements

These statements provide detailed information about the most significant funds of the government, not the government as a whole

**Balance Sheet** Similar to the Statement of Net Position except:

- Presents information by major funds with nonmajor funds presented in the aggregate
- Presents fund balances instead of net position

**Statement of Receipts, Disbursements and Changes in Fund Balances** Similar to the Statement of Activities except:

- Presents information by major funds with nonmajor funds presented in the aggregate
- Does not identify program specific receipts

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## OCBOA – Governmental Statements

**Statement of Receipts, Disbursements and Changes in Fund Balances (Budget & Actual)** Similar to the Statement of Receipts, Disbursements and Changes in Fund Balances except:

- Only presented for the village's/township's general and major special revenue funds
- Shows original and final annual budgeted amounts compared to actual results

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## OCBOA – Other Statements

### Proprietary Statements

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

### Fiduciary Statements

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

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## Ohio Revised Code 118

Guidelines for when counties, cities, villages and townships are in fiscal distress

### Addresses:

- Fiscal Caution
- Fiscal Watch and
- Fiscal Emergency



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88 counties

673 villages

home

253 cities

1,308 townships

Efficient • Effective • Transparent

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### ORC 118 – Fiscal Caution

- Initiated – AOS
- Conditions:
  - ✗ Unauditable financial records
  - ✗ Significant deficiencies, weaknesses or non-compliance
  - ✗ General fund deficit >2% of general fund revenue
  - ✗ General fund carryover balance = or < one month expenditures
  - ✗ Not reconciled for three months and not corrected within one month written notification

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### ORC 118 – Fiscal Watch

Initiated by: Mayor, Presiding Officer of Council, Board of County Commissioners, Board of Township Trustees, or AOS

- Conditions (1/12):
  - Delinquent Accounts Payables
  - Deficit Fund Balances
  - Treasury Deficiency
  - Forecast

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## ORC 118 – Fiscal Emergency

Initiated by: Governor, County Budget Commission, Mayor, Presiding Officer of Council, Board of County Commissioners, Board of Township Trustees, or AOS

• **Conditions:**

- Default on Debt for more than 30 days
- Failure to make Payroll for more than 30 days
- Increase in Minimum Levy
- Delinquent Accounts Payables (exceeds 1/6)
- Deficit Fund Balances (exceeds 1/6)
- Treasury Deficiency (exceeds 1/6)



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## Auditor of State Resources

**Guidance, Best Practices and Manuals**

- Ohio Compliance Supplement Manuals
- Ohio Township Handbook
- Village Officer's Handbook
- Desk Calendar

**Technical Bulletins**

- Offers guidance on various topics (i.e. APRA dollars, Opioid settlement proceeds, etc.)
- Organized by year, searchable by key words

**Regional Liaisons** 1-800-282-0370

**Local Government Services** 1-800-345-2519

**Audit**



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## Questions?



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