



AUDITOR OF STATE OF OHIO

ALTERNATE HINKLE SYSTEM FINANCIAL STATEMENT/DISCLOSURE REPORT

Frequently Asked Questions

Updated March, 2018

Q: What is the purpose of the “Alternate Hinkle System Financial Statement/Disclosure Report”?

A: The purpose of the “Alternate Hinkle System Financial Statement/Disclosure Report” is to provide an alternative financial statement/disclosure reporting format for select entity types, which are required to annually file financial statements/notes to the financial statements with the Auditor of State via the Hinkle System but have little to no financial activity, assets or liabilities. The Alternate Hinkle System Report is meant **only** for entities that have been created but did not function during the reporting period.

Q: How can I determine if my entity is a public office or other entity required to file annually with the Auditor of State’s office?

A: Please refer to [Auditor of State Bulletin 2015-007](#) and the “General Guidelines” section of the [Hinkle System Annual Financial Reporting webpage](#).

Q: Can any public office or entity file the “Alternate Hinkle System Financial Statement/Disclosure Report” rather than preparing annual financial statements and notes to the financial statements to be filed via the Hinkle System?

A: No. The use of the Alternate Hinkle System Report form is limited to certain entity types and/or circumstances. Any entity that files the Alternate Hinkle System Report without meeting the requirements will be non-compliant with their Hinkle System filing requirement.

To determine if your entity may complete and file the Alternate Hinkle System Report start with question 1 of the alternate report form and answer the questions. If the answer to any question **indicates “STOP!”**, your entity **must** prepare a PDF document which includes both your annual financial statements and notes to the financial statements to upload via the Hinkle System.

Q: My entity is not mandated to prepare financial statements on a generally accepted accounting principles (GAAP) basis. Why does the form include questions regarding assets and liabilities?

A: Although your entity is not mandated to prepare financial statements on a GAAP basis, you may still have assets such as cash in a bank account, certificates of deposit or other investments, capital assets such as land or buildings or debt. The purpose for the questions is to determine if your entity is eligible to complete the Alternate Hinkle System Report form rather than preparing financial statements and notes to the financial statements. The question is not related to the accounting basis of your entity's future financial statements.

Q: My entity is an energy special improvement district (ESID). Money was borrowed by the property owner to finance a project. Special assessments are collected from the property owner and paid directly to a lender to retire the debt. Is the debt a liability of the ESID?

A: No, the debt is the responsibility of the property owner. The ESID is not to record this type of debt activity on its financial statements.

Q: For receipts and disbursements, the form indicates to list any receipts or disbursements received/made "on-behalf-of" of my entity by another entity. What are "on-behalf-of" receipts/disbursements?

A: Local governments may enter into an "on-behalf-of" agreement with another local government, the State or the federal government. Under these agreements, the local government or its residents are the beneficiaries under the agreement, but do not receive the cash or make disbursements as part of the program since the program is administered by the other local government, the State or the federal government. The cash value of the benefit should be recorded by the entity that is receiving the benefit as memorandum receipts and disbursements in the year "on-behalf-of" disbursements are made. For additional guidance, please refer to [AOS Bulletin 2000-008](#).

Q: My entity is an ESID. Money was borrowed by the property owner to finance a project. Special assessments are collected from the property owner and paid directly to a lender to retire the debt. Do I record special assessment receipts and disbursements even if I do not handle the money?

A: No, receipt and disbursement activity of special assessments should not be recorded on the financial statements of the ESID unless the ESID actually received the money. These are not considered to be "on-behalf-of" receipts/disbursements.

Q: My entity had only a few receipts and/or disbursements during the reporting period. Can I complete and submit this alternate report rather than preparing financial statements and notes to the financial statements?

A: While the purpose of the Alternate Hinkle System Report includes entities that have little activity, as well as entities with no activity, the activity referenced is only those types included in the questions on the form. It is not intended for entities which are operating.

To determine if your entity may complete and file the Alternate Hinkle System Report start with question 1 of the alternate report form and answer the questions. If the answer to any question **indicates** “**STOP!**,” your entity **must** prepare a PDF document which includes both your annual financial statements and notes to the financial statements to upload via the Hinkle System.

Q: Question 3e. asks “Is the total of all disbursements, including on-behalf disbursements, \$100,000 or less?” Does that mean as long as my entity spent \$100,000 or less in the year, this form can be used rather than creating financial statements and notes to the financial statements?

A: Remember the Alternate Hinkle System Report form is designed to be completed starting from question 1 and then answer the questions as directed. In order to answer question 3e, you must be able to answer the previous questions and be directed to answer question 3e. If you have completed the previous questions, are directed to answer question 3e and the answer to question 3e is “Yes,” then you may upload the completed Alternate Hinkle System Report form in place of financial statements and notes to the financial statements. However, if the answer to any previous question **directs you** to “**STOP!**,” you **must** stop and prepare financial statements and notes to the financial statements to be uploaded into the Hinkle System.

Q: I have completed the Alternate Hinkle System Report form through question 3e and have been directed to section 3f. How do I complete section 3f of the Alternate Hinkle System Report?

A: Section 3f of the Alternate Hinkle System Report form is the disclosure of your entity’s limited assets, liabilities and/or annual transactions. Any one or up to all four (4) may apply to your entity. If any section does not apply, simply check the box that indicates none were held, received or expended during the year. However, if you were directed to complete this section at least one of the four would be applicable; therefore, for the applicable section(s) provide a general description of each asset, liability, receipt or disbursement type and the balance or total for the reporting period. If any of the receipts/disbursements on “on-behalf-of” transactions (please refer to related FAQ above), please also check the box labeled “On-behalf-of?”

Q: I have completed all the questions/sections in the Alternate Hinkle System Report and **none** of the answers to the questions directed me to “**STOP!**” How do I file the completed form via the Hinkle System?

A: If you have completed the Alternate Hinkle System Report form and **have not been directed** to “**STOP!**,” save the completed form to your computer. In order to locate the form to upload, please ensure you name the file to be saved by a name you will recognize as the document. Each entity required to file its financial statements via the Hinkle System is emailed an entity-specific filing link shortly after the end of the reporting period. If you did not receive or cannot locate the email, the link may also be assessed via your entity’s [Auditor of State eServices account](#). If you have additional questions about your eServices account, please refer to the link listed in the next FAQ.

Q: I have a question that is not included in these FAQs. What do I do?

A: Please complete the [Auditor of State Annual Financial Filing Inquiry form](#). Your question will be directed to the appropriate division of the Auditor of State’s office for response.