DATE ISSUED: December 18, 2020

TO: All Public Offices
Independent Public Accountants

FROM: Keith Faber
Ohio Auditor of State


Bulletin Purpose

The purpose of this Bulletin is to communicate revisions to simplify the reporting of fund balance classifications in the AOS regulatory cash basis financial statements and footnotes.

Implementation Date

The revisions in this Bulletin supersede the AOS Bulletin 2011-004, Governmental Accounting Standards Board (GASB) Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, requirements to report the fund balances on the face of the statements and amend the related footnote disclosures for non-GAAP mandated AOS regulatory cash basis financial statement presentations beginning with periods ended on December 31, 2020. However, the governmental fund type definition and the specific issues / additional information related to the AOS regulatory cash basis reporting framework in AOS Bulletin 2011-004 remain in effect.

For two year audits including periods ended on December 31, 2019 and 2020, the financial statements for the period ended December 31, 2019 will continue to report fund balances in accordance with AOS Bulletin 2011-004.

Bulletin Detail

Effective for periods ended on December 31, 2020 AOS regulatory cash basis financial reporting framework financial statements, AOS has eliminated the requirement for local governments to
report GASB Statement No. 54 fund balance classifications on the face of the AOS regulatory cash
basis financial statements as previously required by AOS Bulletin 2011-004. The fund balance
definitions will remain in Note 2 – Significant Accounting Policies to provide explanation of
references in the required simplified Fund Balances footnote disclosure below.

If your local government reports the fund balance classifications on the face of the financial
statements for the period ended December 31, 2020 or your local government does not include
the required footnote disclosures outlined in this Bulletin when filing in the Hinkle System,
auditors will propose audit adjustments during the audit to report these items in accordance
with the requirements outlined in this Bulletin.

AOS regulatory cash basis financial statement and footnote shells for periods ended December
31, 2020 are available on our website at:
http://www.ohioauditor.gov/references/shells/regulatory.html. For your reference, the following
required disclosure has been included in the December 31, 2020 footnote shells, where
applicable:

**Note XX – Fund Balances**

Included in fund balance are amounts the [Entity] cannot spend, including the balance of
unclaimed monies which cannot be spent for five years and the unexpendable corpus of
the permanent funds. Encumbrances are commitments related to unperformed contracts
for goods or services. Encumbrance accounting is utilized to the extent necessary to
assure effective budgetary control and accountability and to facilitate effective cash
planning and control. At year end the balances of these amounts were as follows:

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>General</th>
<th>Special Revenue</th>
<th>Debt Service</th>
<th>Capital Projects</th>
<th>Permanent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Unclaimed Monies</td>
<td>xxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Corpus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Principal</td>
<td>0</td>
</tr>
<tr>
<td>Outstanding Encumbrances</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
<td>Principal</td>
<td>xxx</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total** $0 $0 $0 $0 $0 $0 $0

The fund balance of special revenue funds is either restricted or committed. The
dfund balance of debt service funds and capital projects fund are restricted committed or
assigned. The fund balance of permanent funds that is not part of the nonspendable
corpus is either restricted or committed. These restricted, committed and assigned
amounts in the special revenue, debt service, capital projects and permanent funds would
include the outstanding encumbrances. In the general fund, outstanding encumbrances are
considered assigned.
Questions

If you have any questions regarding the information presented in the Bulletin, please contact the Center for Audit Excellence at the Auditor of State’s Office at (800) 282-0370.

Keith Faber
Ohio Auditor of State