**Generic Special Purpose Government**

**AOS Regulatory Basis Footnote Shell**

**Revised December 2023**

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| **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 Entity. 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 entity.****In this sample 20CY means current year and 20PY means prior year and would be replaced with the four digit current year (for example 2023) or four digit prior year (for example 2022).** |

***Aqua Highlights are 2023 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.***
* ***Updates have been made related to GASB 96, Subscription-Based Information Technology Arrangements, please see AOS Bulletin 2023-005 for additional information.***  [Bulletin\_2023-005.pdf (ohioauditor.gov)](https://ohioauditor.gov/publications/bulletins/2023/Bulletin_2023-005.pdf)
* ***Although uncommon for smaller governments, GASB 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA) disclosures can be added with leases and SBITAs and with debt, if applicable***
* ***Please note, Note 21 related to COVID-19 has been updated.***

**Note 1 – Reporting Entity**

*(Modify as needed.)*

The Entity of XYZ (the Entity), ABC County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected XX-member Governing Board directs the Entity. The Entity provides \_\_\_\_\_\_\_\_\_\_\_ services [*Modify description of services, as necessary. The services should match the disbursement classifications on the “income statement.” (Insert the following, if applicable.)*

If the Entity has been declared in any state of fiscal distress by the Auditor of State’s office, a brief summary of the date of declaration, and establishment of a financial planning and supervision commission (if fiscal emergency), and a summary of the financial recovery plan should be included here.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

*[Review GASB Codification 2100, Defining the Financial Report Entity, for guidance. Delete if the Entity does not participate in jointly governed organizations, joint ventures and/or public entity risk pools or is not associated with related organizations.]*

*(Delete if the Entity does not participate in jointly governed organizations, joint ventures and/or public entity risk pools or is not associated with related organizations.)* The Entity participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization.*<< modify as necessary.* Notes XX, XX, XX, and XX to the financial statements provide additional information for these entities. *(Include the appropriate footnote. Notes 14 - 17 provide additional guidance <<modify note #’s as necessary)* The Entity’s management believes these financial statements present all activities for which the Entity is financially accountable. *(Continue with the following, if applicable; otherwise, delete the rest of this paragraph.)*, except the financial statements do not include debt service funds external custodians maintain. Note XX to the financial statement describes these assets. *<<modify note #’s as necessary*

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

*(Delete all unnecessary / inapplicable fund types)*

The Entity’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

*[Review GASB Codification 1300, Fund Accounting, paragraphs .104-.116 for guidance.]*

The Entity uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Entity are presented below:

 *(Delete all unnecessary / inapplicable fund types. The following examples are for a village.)*

***General*** ***Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Entity for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Entity had the following significant Special Revenue Funds: *(Include a one or two sentence description of any special revenue fund constituting at least 20 percent of combined special revenue disbursements or deemed significant by the Entity. The following are examples that must be modified.)*

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Entity.

***Memorial Park Fund*** The memorial park fund accounts for and reports donations and general fund transfers that are committed to fund construction of the park.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Entity had the following significant Debt Service Funds: *(Include a one or two sentence description of any debt service funds constituting at least 20 percent of combined debt service fund disbursements or deemed significant by the Entity.)*

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Entity had the following significant capital project funds: *(Include a one or two sentence description of any capital project funds constituting at least 20 percent of combined capital project disbursements or deemed significant by the Entity. The following is an example that must be modified.)*

***Building Construction Fund*** The municipal building construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction of a new municipal building.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Entity had the following significant permanent fund: *(Include a one or two sentence description of any permanent funds constituting at least 20 percent of combined permanent fund disbursements or other funds deemed significant by the Entity. The following is an example that must be modified.)*

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Entity’s cemetery.

*(Note: classifying private purpose funds requires judgment. If the intent generally benefits the Entity’s own programs, permanent or special revenue fund classification is appropriate. However, if the intent is to benefit a specific individual, private organization, or another government which is not available to support the Entity’s own programs,*private purpose trust fund classification may be more appropriate provided the fund meets the GASB 84 fund definition described below.  *See Bulletin 2005-05 for additional classification guidance.) GASB 84 clarified these requirements for classifying a fund as a private purpose trust fund, including that the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government. See Bulletin 2020-003 for additional classification guidance.)*

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges *(if the user charges are not intended to recover the significant costs, the activity should not be reported in the enterprise fund type).* *Note that not all funds where user charges are collected will be reported as enterprise funds, see Codification section 1300 Fund Accounting, Fund Types .703-1* *for additional information.* The Entity had the following significant Enterprise Funds: *(Include a one or two sentence description of any enterprise funds constituting at least 20% of combined enterprise fund disbursements or other funds deemed significant by the Entity. The following are examples that must be modified.)*

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Entity.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Entity.

***Utility Improvement Fund***  The utility improvement fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Entity had the following Internal Service Fund:

***Self-funded Insurance Medical Fund*** The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

***Fiduciary Funds*** Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Entity’s pension and other employee benefit trust funds report pension and other employee benefits administered through a trust agreement. (<<<*Modify as needed. Omit ¶ if there are none)*.

The Entity’s private purpose trust fund**(s)** is **(are)** for the benefit of certain individuals, a non-profit organization and the Entity of X. (<<<*Modify as needed. Omit ¶ if there are none)*.

The Entity’s investment trust funds report the external portion of investment pools and individual investments accounts that are held in trust. (<<<*Modify as needed. Omit ¶ if there are none)*.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Entity’s custodial fund**(s)** account**(s)** for (*describe nature of the most significant custodial funds here. Omit ¶ if there are none)*.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds.  The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types.  Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.  (See GASB 84 bulletin 2020-003 and GASB 84 analysis chart for when these presentations are permitted for regulatory purposes.)

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Entity recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

*Modify for your entity’s budgetary process. The following description is for a village.*

The Ohio Revised Code requires that each fund (except certain custodial funds) *delete the preceding parenthetical reference if there are no unbudgeted custodial funds* be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control *(modify to reflect the legal level of control as approved by the Entity Governing Board)*, and appropriations may not exceed estimated resources. The Entity Governing Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. *(Delete the word “unencumbered”, if there were no encumbrances outstanding at year end.)*

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. *(Delete "unencumbered" in the preceding sentence if the Entity had no encumbrances at year end.)* The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Entity to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. *(Replace the preceding sentence with the following only if encumbrances are canceled at year end.)* Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. *(Include, or modify the following sentences as necessary).* The Entity did not use the encumbrance method of accounting. ***[or]*** The Entity did not encumber all commitments required by Ohio law. *[If your auditors propose material adjustments to your budgetary disclosures during the audit, they may request you revise this note to include the following sentence.]* Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 20CY budgetary activity appears in Note 4. *[Modify footnote reference if after completion the footnote number changes.]*

***Deposits and Investments***

The Entity’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Entity values U.S. Treasury Notes and common stock at cost (or fair value when donated)*.<<DELETE IF NO DONATED INVESTMENTS*. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. (*Modify this note as needed. Only describe investments actually held during the fiscal year. Equity securities (stock) are normally illegal, unless donated. Consult with your Legal Counsel if in doubt about an investment’s legality. Also, if equity securities have an impaired value deemed “other than temporary,” write them down to fair value.)*

***Capital Assets***

The Entity records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. [*Delete this footnote if the Entity does not own any P,P,&E.*]

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. *(Delete this note if no employees are entitled to these benefits)*

***Leases and SBITAs***

The Entity is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid. (*Edit as needed. This note can be deleted if the Entity has no GASB 87 leases)*

The Entity has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid. (Edit as needed. This paragraph can be deleted along with the reference to SBITAs in the note heading, if the Society has no GASB 96 SBITAs.)

The following is instructional. If the Entity has any PPPs or APAs under GASB 94, add explanation. Following is a sample:

The Entity is the transferor/operator in a Public-Private/Public-Public Partnership (as defined by GASB 94) related to explain the purpose of arrangement under a noncancelable arrangement. Installment revenue/disbursements are recognized when they are received/paid. (*Edit as needed. This is a basic sample note. Disclosure can be expanded to address all relevant information. This note can be deleted if the Entity has no GASB 94 PPPs)*

***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of $xx,xxx are reflected as miscellaneous revenue in the OneOhio Special Revenue Fund (update as appropriate) in the accompanying financial statements. This paragraph can be deleted if the Entity is not a participant in this settlement.

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the Entity received a settlement payment of $XXX during 2023. This amount is reflected as miscellaneous revenue in the XXX Fund (update as appropriate) in the accompanying financial statements. This paragraph can be deleted if the Entity is not a participant in this settlement.

***Fund Balance***

*[Although regulatory filers follow a simplified approach, review GASB 54, Fund Balance Disclosures, paragraphs 5-23 and GASB Codification 1800, Classification and Terminology, paragraph .183, for guidance.]*

Fund balance is divided into five classifications based primarily on the extent to which the Entity must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Entity classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Entity and the nonspendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Governing Board can *commit* amounts via formal action (resolution). The Entity must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Entity applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 19.  (update note number as needed)

**Note 3 – Compliance**

*Disclose any material budgetary violations here. The description should* ***list the individual funds affected*** *(i.e., not “the special revenue funds were in violation,” unless all the special revenue funds violated a requirement). The disclosures here should be brief. For example:*

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the ABC fund by $XXX for the year ended December 31, 20CY. Also contrary to Ohio law, at December 31, 20CY, the XYZ fund had a cash deficit balance of $XXX.

**Note 4 – Budgetary Activity**

***Note:*** *Replace “Fiduciary” in the table below with “Trust” if private purpose trust funds are the only budgeted fiduciary funds. (Custodial funds generally do not require budgeting).*

Budgetary activity for the year ending [End of Year Audited] follows:

/



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs.)*

*(Insert the following in the above tables:*

* *Budgetary Receipts from the Certificate of Estimated Revenues (Total Available Resources less Unencumbered Fund Balance).*
* *Actual Receipts from the Financial Statements*
* *Appropriation Authority from the approved Appropriation Resolution and any amendments made during the period plus Prior Year Carryover Encumbrances.*
* *Budgetary Expenditures from the Financial Statements plus Outstanding Encumbrances at Year End.)*

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Entity is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Entity also has segregated accounts, which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. *[Delete previous sentence if the Entity does not have any amounts in segregated clearing accounts or amounts with fiscal and escrow agents.]* A summary of the Entity’s deposit and investment accounts are as follows:



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Delete any rows that are not applicable to the Entity.)*

*[For items included as part of the cash management pool, insert amounts from Year End Reconciliation. (i.e. Demand deposits are checking balance less reconciling items such as outstanding checks and deposits in transit.) Total Deposits and Investments should agree to total Financial Statement Year End Balance.]*

*\*\* For specific information related to the amounts required to be disclosed related to amounts held in segregated accounts – outside of the pool – please see instructions in the worksheet tab (“unrecorded cash”) at the following link:* [*http://www.ohioauditor.gov/references/shells/regulatory.html*](http://www.ohioauditor.gov/references/shells/regulatory.html)*.*

*Explanation: Typically, an entity has various bank and investment accounts that are part of their cash management pool. Monies for all funds are maintained in this pool. (Note: Separate bank and/or investment accounts are typically included as part of this pool.) Some entities have segregated outside clearing accounts that are not part of this pool. Any balance in outside clearing accounts that are not part of the cash management pool (after considering all reconciling items, including outstanding checks) should be adjusted to the statements; however, unremitted employee payroll withholdings held in a payroll clearing account (after considering all reconciling items, including outstanding checks) can be disclosed in the notes or adjusted to the statements. (Note: Bank accounts related to Mayor’s Court should be included on the books of the Entity. Balances in the payroll clearing account should not include employer contributions.) Entities can also have segregated amounts with fiscal or escrow agents related to utilizing a third-party paying agent. These third-party paying agent accounts can either be reflected on the Entity’s books or disclosed in the notes. If these segregated accounts are currently included on the books or financial statement of your entity, they should not be removed.*

*If amounts are reported in the table preceding, use the following paragraph (delete if no separate payroll clearing account is used):*

The Entity has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross payroll. The balance in the Entity’s payroll clearing account represents unremitted employee payroll withholdings.

The Entity also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements. *Include specifics of any other outside account reported in the preceding table that is not included as part of the deposit pool.*

*If the Entity does not use a separate payroll clearing account, use the following paragraph (delete if separate payroll account is used):*

The Entity does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 20CY, the Entity is holding $XXX,XXX in unremitted employee payroll withholdings.

At December 31, 20CY, the Entity held $XXX in equity securities. Equity securities are not eligible investments for the Entity under Ohio law. *(Insert other time period if other than 12/31/XX these investments were held during the fiscal year. Also include any other ineligible investments. Note that entities may be allowed to hold equity securities, if required under a trust agreement. Check with your Entity’s Legal Counsel.)*

***Deposits***

*Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. The following note will need to be customized to fit the Entity’s specific situation: 1) Participating in OPCS or 2) Financial institution utilizing specific securities to collateralize deposit.*

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Entity; *(delete if there is no specific pledging)* or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. *(Delete if no pool is used)*

At December 31, 20CY, *(Insert other time period if applicable during the fiscal year.)* $XXX of deposits were not insured or collateralized, contrary to Ohio law. *(Modify as needed. If deposits are not collateralized due to reduced collateral through OPCS, describe the collateral, and delete “contrary to Ohio law.”)*

***Investments***

*(Delete if your Entity does not have investments.) (The following MUST be modified, based on the Entity’s circumstances. It may be best to discuss the arrangement with a knowledgeable officer of the financial institution.)*  The Federal Reserve holds the Entity’s U.S. Treasury Notes in book-entry form, in the name of the Entity’s financial institution. The financial institution maintains records identifying the Entity as owner of these securities.

*[The following sentences describe some repurchase agreements / sweep accounts. However, circumstances may require modification to this disclosure. Also, not all sweep accounts are repurchase agreements.]*  The Entity’s financial institution transfers securities to the Entity’s agent to collateralize repurchase agreements. The securities are not in the Entity’s name.

*[The following may describe some equity securities, but you should check with the broker-dealer or financial institution.]*  A financial institution’s trust department holds the Entity’s equity securities in book-entry form in the Entity’s name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Taxes**

***Property Taxes***

*Modify as necessary.*

Real property taxes become a lien on January 1 preceding the October 1 date for which the Governing Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Entity. *(delete this sentence if none)*

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Entity.

***Income Taxes***

*[Modify entire note as needed. If your Entity does not levy an Income Tax delete the entire footnote.]*

The Entity levies a municipal income tax of [X] percent on substantially all earned income arising from employment, residency, or business activities within the Entity as well as certain income of residents earned outside of the Entity.

Employers within the Entity withhold income tax on employee compensation and remit the tax to the Entity either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Interfund Balances**

*Disclose any material outstanding advance not repaid by the end of the year.*

Outstanding advances at December 31, 20CY, consisted of $XXX,XXX advanced to XYZ funds to provide working capital for operations or projects. *(Modify as needed.)*

**Note 8 – Risk Management**

*(Note: Use only the paragraphs that apply. Some of the descriptions below are mutually exclusive, so you must make appropriate modification.) (If your Entity belongs to Ohio Plan Healthcare Consortium, Inc. (OPHC), Ohio Plan Risk Management, Inc. (OPRM), Ohio Municipal League Self Insurance or Public Entities Pool (PEP) see* [*http://www.ohioauditor.gov/references/shells/footnotes.html*](http://www.ohioauditor.gov/references/shells/footnotes.html) *for applicable risk management footnote. Replace the applicable parts of the footnote below with the specialized footnote.)*

*(If the footnote at the link above is not for the fiscal year you are reporting, please obtain the necessary information from these risk management agencies, as applicable. If the footnote information is not available for your fiscal year from these agencies, use the most recent information available and add a note in your footnote referencing the time period of the information reported and indicate it is the most recent information available at the time the footnotes were prepared.)*

***Workers’ Compensation (The following is a sample note to be edited as needed.)***

The entity participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant’s individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund.” This “equity pooling” arrangement ensures that each participant shares equally in the overall performance of the GRP. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ provides administrative, cost control and actuarial services to the GRP.

*OR, if not included in a risk pool or group rating for WC, use the paragraph below:*

Workers’ Compensation coverage is provided by the State of Ohio. The Entity pays the State Workers’ Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs. (*If material; can be deleted if immaterial*.)

***Commercial Insurance***

The Entity has obtained commercial insurance for the following risks:

* Comprehensive property and general liability;
* Vehicles; and
* Errors and omissions.

The Entity is uninsured for the following risks:

* Comprehensive property and general liability;
* Vehicles; and
* Errors and omissions.

*(Insert the following sentence if uninsured losses were material.)* During 20CY, the Entity paid $XXX for losses that exceeded insurance coverage.

*(Also disclose any significant changes in coverage from the prior year.*)

***Risk Pool Membership***

The Entity is a member of the XYZ Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the (name of subdivision’s) policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable.  *[Modify the preceding sentence as needed.]* The Pool covers the following risks:

* General liability and casualty;
* Public official’s liability; and
* Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:



***Self-Insurance***

The Entity is also self-insured for [describe type of coverage, such as employee health or liability insurance]. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee.  *[OR]* Interfund rates are charged based on claims approved by the claims administrator.  *[OR]* [Describe other method of cost recovery.] A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:



***Self-Insurance Footnote Comments:***

*As stated above, this example footnote will always require considerable modification. For example, the illustration describes an entity that simultaneously has obtained commercial liability insurance, has no liability insurance, and has pooled its liability risk. Usually only one of these three conditions will apply.*

*The example also describes an entity that has joined a pool to insure liability risks and is self-insured for health insurance. The opposite may apply, or some other combination may apply.*

*As illustrated in the second commercial insurance paragraph, we request you disclose if you have elected to forego liability insurance. You would be considered uninsured when you have none of the following:*

*1. Commercial insurance coverage*

*2. A self-insurance fund*

*3. Fund equity reserved for self-insurance under 5705.13 (A) (2)*

*4. Participates in a self insurance pool*

*5. Annual appropriations for claims costs reasonably sufficient to cover those costs.*

*There is no requirement to disclose a lack of health insurance coverage. Health insurance coverage is an employee benefit; failing to insure health coverage is a risk for employees, not a direct risk to a subdivision. Conversely, you should disclose if you have contractually agreed to cover employee health costs. Such costs are often significant and therefore of interest to financial statement readers.*

*The two-year comparison of cash and investments vs. actuarial-liabilities is a useful measurement of the adequacy of your funding methods / formulas. A significant excess of liabilities over assets or a trend showing a deteriorating excess of assets should warn management and financial statement users that current funding methods / formulas may require modification. In such instances, management must disclose plans to address the issue.*

*If the notes do not address management’s plans regarding a material deficiency of actuarial liabilities greater than related assets, your auditors will consider whether the disclosure is sufficient and whether a going concern contingency exists (See Auditing Standards Section AU-C 705). For going concern considerations see GASB Codification Section 2250 Starting at Paragraph .117.*

*While the Auditor of State believes all subdivisions with significant self-insurance commitments should have an actuary measure the liability annually, the Revised Code does not require this for all subdivisions or all types of insurance (see Appendix 2 in Bulletin 2001-05). If the Revised Code requires the measurement, but you elect not to comply, you would be unable to prepare the comparison of assets with actuarial liabilities, and auditors would need to consider (1) qualifying their financial statement opinions for an inadequate disclosure and (2) reporting a material noncompliance finding in the report on compliance and internal controls required by Government Auditing Standards.*

*However, if the Revised Code does not require you to actuarially measure your liabilities, the lack of an actuarial disclosure would not affect auditors’ reports. The disclosure could still describe the funding methods. You should also disclose if you were unable to pay claims in a timely manner.*

**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System*** *(Delete note if no employees are entitled to these benefits)*

Other/Some *[Modify reference to number of employees participating in OPERS.]* Entity employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

*(Note: You must modify the contribution rates as applicable. See chart below. The chart is only for reference and can be deleted.)* The Ohio Revised Code also prescribes contribution rates. OPERS members contributed XX percent of their gross salaries, and the Entity contributed an amount equaling XX percent of participants’ gross salaries. The Entity has paid all contributions required through December 31, 20CY.

*(Modify to meet your Entity’s situation. In general 1) all Entity police officers are excluded from OP&F and, 2) fire fighters who are full time and are required to receive state fire fighter certification, are required to pay into OP&F — this could include paramedics. However the requirements are complex and Entitys should evaluate based on the specific situation. Ref ORC 145 and 742. Check with your Legal Counsel if you have questions. Employees exempt from OPERS and OP&F in accordance with Ohio Revised Code 145.01(B) or Ohio Administrate Code Section 145-1-26 and Ohio Revised Code Section 742.01, respectively may be subject to Social Security Tax.* ***Only include retirement systems applicable to your Entity.****)*

|  |  |  |  |
| --- | --- | --- | --- |
| *Retirement Rates* | *Year* | *Member Rate* | *Employer Rate* |
| *OPERS – Local* | *2012-2023* | *10.00%* | *14.00%* |
| *OPERS – Public Safety* | *2014-2023* | *12.00%* | *18.10%* |
| *OPERS – Law Enforcement* | *2014-2023* | *13.00%* | *18.10%* |

***Ohio Police and Fire Retirement System*** *(Delete this note if no employees are entitled to these benefits)*

Other/Some *[Modify reference to number of employees participating in OP&F.]* Entity certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

*(Note: You must modify the contribution rates as applicable. See chart below.* ***The chart is only for reference and can be deleted****.)* The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed XX percent of their wages. The Entity contributed to OP&F an amount equal to XX percent of full-time police members’ wages and XX percent of full-time fire fighters’ wages. The Entity has paid all contributions required through December 31, 20CY.

|  |  |  |  |
| --- | --- | --- | --- |
| *Retirement Rates* | *Year* | *Member Rate* | *Employer Rate* |
|  |  |  |  |
| *OP&F- full time police* | *July 1, 2014 - June 30, 2015* | *11.50%* | *19.50%* |
| *OP&F- full time police* | *July 1, 2015 - December 31, 2023* | *12.25%* | *19.50%* |
|  |  |  |  |
| *OP&F - full time firefighters* | *July 1, 2014 - June 30, 2015* | *11.50%* | *24.00%* |
| *OP&F - full time firefighters* | *July 1, 2015 - December 31, 2023* | *12.25%* | *24.00%* |

***Social Security*** *(Delete this note if no employees are entitled to these benefits)*

The/Several *[Modify reference to number of employees participating in Social Security.]* Entity employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Entity contributed an amount equal to 6.2 percent of participants’ gross salaries. The Entity has paid all contributions required through December 31, 20CY.

**Note 10 – Postemployment Benefits**

***Modify for your Entity***

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement

Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits. *(Edit to include only your reporting period.* *This paragraph replaces prior note.)*

**Note 11 – Debt  *(Delete footnote if your Entity does not have Debt. Examples are for a village)***

[*Review GASB Codification 1500, Reporting Liabilities, paragraph .129 Debt Obligations for guidance.*]

Debt outstanding at December 31, 20CY, was as follows:



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter percentages as decimals, e.g., .0525 = 5.25%)*

*(Insert Principal Outstanding December 31, 20CY from the Amortization Schedule or Bank Schedule.)*

*(List other indebtedness, such as financed purchases, if material.* *Note GASB 94 APAs can have financed purchases.)*

*[Include a brief description of the debt, including amount, term, maturity date, interest rate, purpose,* ***collateral****, and any other significant information, such as defaults, etc.]*

*(Example note disclosure)* The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to $1,411,000 in loans to the Entity for this project. The Entity will repay the loans in semiannual installments of $52,974, including interest, over 20 years. The scheduled payment amount below assumes that $1,411,000 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Entity actually borrows. Water and sewer receipts collateralize the loan. The Entity has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Entity issued general obligation bonds to finance the purchase of a new dump truck and plowing equipment for Entity road maintenance.

The Entity’s taxing authority collateralized the bonds.

***[****Briefly describe other material debt issues, too. Describe* ***collateral pledged (e.g., pledged receipts, a mortgage on the property financed, taxing authority (that is, general obligations), uncollateralized)*** *and other significant matters, including defaults, covenant violations, etc. Describe any defeased debt and the amounts outstanding, but explain the defeased amounts are NOT included in the amortization table below.* .  *If the entity has a bond and coupon account related to any outstanding bonds, identify the balance in this account. Also, assure that any trusteed debt service reserve funds are disclosed. You can disclose them in this note if the Entity records them “on the books”; report them in “Debt Service Trust Funds” note in the next footnote if not “on the books.” Example, if recorded “on the Entity books”:****]***

The mortgage revenue bond covenant requires the Entity to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 20CY, is $XXX.

***Financed Purchases***

*(Disclose material financed purchases. Note: items previously considered capital leases are now considered financial purchases if ownership of the asset transfers at the end of the lease term.)*

The Village has entered into financed purchases agreements for buildings, vehicles and other equipment (edit list as appropriate) where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed $\_\_\_\_\_\_\_\_\_\_\_ to pay these costs for the fiscal year ended June 30, 20CY.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs.)*

*(Insert amounts by debt type from amortization schedules. The dates in the table above should be modified to start with the year following the financial statement date, for payments due in subsequent years. Present amounts due after five years in 5-year increments.)*

In addition to the debt described above, the Entity has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 20CY,was $XXX. This disclosure does not include the related defeased debt or assets, since trusteed assets should provide sufficient resources to retire the debt.

***Debt Service Trust Accounts******(Delete footnote if your Entity does not have Debt Trust Accounts.)***

*(Example note disclosure)* The XXX debt trust agreement required the Entity to establish a debt service account, held by a bank’s trust department. At December 31, 20CY, the bank’s trust department custodian held $XXX in Entity assets. The bank is responsible for scheduled debt service payments. Therefore, the Entity recognizes debt service payments when disbursed to the trustee bank, and the accompanying financial statements do not include these assets or the trust department’s receipts and disbursements.

As disclosed in Note XX, the Entity has also defeased the Sewer Plant Expansion 20XX bonds. At December 31, 20CY, the custodian held $XXX in Entity assets to retire the 20XX bonds.

**Note 12 – Construction and Contractual Commitments**

*Identify any potentially significant outstanding construction or other contractual commitments.*

**Note 13 – Contingent Liabilities**

*(Modify as needed. Review GASB Codification 1500, Reporting Liabilities, paragraph .125 for guidance. Briefly describe potentially material suits. Include the range of potential loss. However, avoid naming plaintiffs. Allow your legal counsel to review your draft language before finalizing the footnotes.)*

*Example* The Entity is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Entity’s financial condition.

*(Include the following paragraph only if grants were received.)* Amounts grantor agencies pay to the Entity are subject to audit and adjustment by the grantor, *(if significant federal grants were received continue this sentence with the following)* principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 14 – Joint Ventures**

*A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owner, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which that participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. See GASB Codification J50 paragraph .102.*

*Include a general description of each joint venture that includes the following:*

*Describe any ongoing financial interest.*

*Describe any ongoing financial responsibility.*

*Provide information to allow users of the financial statements to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden for the Entity in the future.*

*Provide information on related party transactions.*

**Note 15 – Jointly Governed Organizations**

*A jointly governed organization is a regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. See GASB Codification J50 paragraph .111.*

*Include a general description of each jointly governed organization and provide information on related party transactions.*

**Note 16 – Public Entity Risk Pool**

*If the Entity participates in a public entity risk pool, it should describe that arrangement. That description should specifically address the rights and responsibilities of the Entity and the pool and the composition of the governing board.*

The Entity participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two Governing Board members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 17 – Related Organizations**

*A related organization is an organization, for which the Entity is accountable because the Entity appoints a voting majority of the board, but is not financially accountable, is a related organization. This note should disclose the nature of the Entity’s accountability for any related organization and any related party transactions. GASB Codification 2600 paragraph .129-.130.*

**Note 18 – Related Party Transactions**

*GASB Codification Section 2250 Starting at Paragraph .102*

*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. See GASB 56 for further guidance.*

*Example:* An Entity Governing Board member is part owner of a company from which the Entity acquired *(described acquisition briefly)* during the year. The Entity paid $XXX for this acquisition. The Entity also uses office space a Entity Governing Board member donated.

*Significant\* related party transactions must be disclosed. They may be indicative of ethics or other violations, but that is not the purpose of disclosing related party transactions. Related party transactions require disclosure because the reported amount of a transaction not conducted at arms-length may not be indicative of its true value, and may mislead readers about the Entity’s ongoing ability to obtain or provide these goods or services if it must repay (or receive) fair value for them in future years.*

*\*A transaction may be “significant” when the dollar amount is immaterial, if it does not represent the fair value of the transaction. For example, a government may rent a facility to a related party for $1 per year.*

**Note 19 – 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:

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds 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 including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 20 – Subsequent Events**

*A Subsequent Event is an event or transaction that affects the financial statement that is subsequent to the date of the financial statements (i.e. Year End December 31, 20CY) but before financial statements are issued. GASB Codification 2250 starting at paragraph .109.*

*(Describe material debt issuances, uninsured losses, new tax levies, material federal or state grant awards or other material revenues or expenditures incurred subsequent to the financial statement date.)*

**Note 21 – COVID-19**

*These disclosures are optional and should be removed when substantially all COVID-19 funding has been spent. As described below, this note can also help explain any unique COVID situations.*

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023.  During 2023, the Entity received COVID-19 funding.  (Edit or delete as needed.)  The Entity will continue to spend available COVID-19 funding consistent with the applicable program guidelines (Specific material impacts from the pandemic may be addressed such as decreases in revenues, personnel impacts, and the Entity’s specific responses to mitigating the negative impacts of the pandemic as well as awards of federal and state COVID relief programs may be addressed at the discretion of the fiscal officer. This note can be removed when substantially all COVID-19 funding has been spent.)

This paragraph is instructional. The following disclosures may help explain some of the unique COVID situations and can be used as appropriate. Also, the paragraph about investment volatility can be removed.

*(If the entity has used intergovernmental expenditure/expense as appropriate, the following paragraph is optional at the discretion of the fiscal officer)* The 2023 activity includes, $XXX,XXX which was sub-granted to other governments and organization  *(update as needed)*, $XXX,XXX which was returned to the granting agency, and $XXX,XXX which was spent on-behalf of other governments.  These amounts are reflected as intergovernmental *(update as needed)* expenditures in the applicable Special Revenue Fund (update/modify as needed) on the accompanying financial statements. *(If the Entity recorded amounts returned to the granting agency as a reduction of intergovernmental revenue, include the following sentence):*  The amounts returned to the granting agency are reflected as a reduction of intergovernmental revenue *(update as needed)* in the applicable Special Revenue Fund *(update as needed). (Delete paragraph if no sub-grants were made, no monies were returned to the granting agency, and no on-behalf payments were made.)  Note:  Due to deadlines being extended, certain grant dollars may not be returned in 2021.*

(If the entity used the billing method to charge prior year expenditures to an applicable COVID fund, the following disclosure should be made.) During 2023, the Entity charged prior year expenditures to the XXX Fund (identify specific COVID Fund).  The XXX Fund (identify the fund that made the original expenditure) billed the XXX Fund (identify specific COVID fund) for these costs.  The XXX Fund (identify the fund that made the original expenditure) is reflecting this receipt of $XXX,XXX as a XXXXX Revenue (identify revenue classification) in the accompanying financial statements.

*If the entity has recorded assets purchased by another government, including donated PPE on their day-to-day books consistent with AOS bulletin 2000-008, the following paragraph is optional at the discretion of the fiscal officer:* During 2021, the Entity received $XXX,XXX as an on-behalf of grant from another government.  These amounts are recorded in the applicable Special Revenue Fund *(update as needed and delete if none).* (*See AOS bulletins 2000-008 & 2021-004, as well as the information and, specifically the FAQs, available on AOS COVID website at* [*COVID-19 Assistance (ohioauditor.gov)*](https://ohioauditor.gov/resources/covid19_assistance.html).)  *Note:  This disclosure relates to assets purchased by another government and may include items such as donated PPE.*

*Customizing the above disclosures of COVID-19 federal funding by program (American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund, and other similar COVID-19 related programs) is at the discretion of management.*