

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM REQUIREMENTS – NON-GAAP ITEMS

[Updated January 2019]

COVER PAGE AND TITLE PAGE

- Describe the document as a Comprehensive Annual Financial Report.
- Indicate the name of the government¹ and the state in which it is located.
- Clearly indicate that the report covers the entire fiscal period (e.g., “for the fiscal year ended”) rather than one point in time (e.g., “as of”), using the month, day, and year sequence.
- When comparative statements are presented, the fiscal periods indicated on the report cover and title page should be the same periods covered by the independent auditor’s report.
- The name of the auditor should not be included on the cover nor title page, as it implies responsibility for the contents of the report.
- For stand-alone comprehensive annual financial reports, indicate that the entity is a fund or a component unit of another government, if applicable (e.g., “Comprehensive Annual Financial Report of XYZ Authority – An Enterprise Fund of the City of XYZ”).
- Indicate on the title page the individual or department responsible for preparing the comprehensive annual financial report.

GENERAL FORMAT

- The report should be free of inconsistencies. Amounts reported within the comprehensive annual financial report should agree with related amounts reported elsewhere within the comprehensive annual financial report.
- Numbering should be sequential throughout the entire comprehensive annual financial report, and each page should include a page number.
- Consider presenting the pages of an electronic comprehensive annual financial report in a consistent manner throughout the report (e.g., either portrait or landscape orientation).
- If a statement or schedule occupies more than a single pair of facing pages, indicate that it is “continued” on the following page(s).
- All text and numbers should be legible, with consideration for the size, font, and resolution.
- Round amounts to at least the nearest dollar; if rounded in thousands or larger increments, clearly indicate that fact.
- A separate compliance section, if applicable (e.g., a federal single audit), should be presented after the statistical section.

INTRODUCTORY SECTION

General

- Include a reproduction of the Certificate of Achievement for Excellence in Financial Reporting award, if received in the prior year.
- Include a list of principal officials, indicating the date as of which the list reflects incumbency.
- Include an organizational chart.

Letter of Transmittal

- Present the first page of the letter on the government’s official letterhead stationery.
- The date of the letter should be the same as that of the independent auditor’s report, or later.
- Address the letter to the government’s citizens, as well as others (e.g., the governing board).
- At a minimum, the letter should be signed by the chief financial officer, and may be signed by other officials (e.g., the chief executive officer, or chief operating officer). Alternatively, each may present a separate transmittal letter.

¹ The term “government” refers to any state, local general purpose, or special purpose government.

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- Communicate information in a less technical fashion than in the financial or actuarial sections. Use charts and graphs, as necessary, to complement the discussion.
- Consider dividing the letter into four sections; the formal transmittal, a profile of the government, information useful in assessing the government's economic condition, and awards and acknowledgements.
- Consider limiting the contents of the letter to the following:
 - Formal transmittal
 - Mention any legal requirements the comprehensive annual financial report is intended to fulfill, and acknowledge that management is responsible for the contents.
 - Address the results of the independent audit.
 - Discuss the government's internal controls, including their objectives and inherent limitations.
 - Profile of the government
 - Include the population, and a description of the government's structure.
 - Describe the types of services provided (e.g., fire protection, parks and recreation), or programs offered (e.g., swimming, and baseball).
 - School districts should describe the scope of services provided (e.g., K-12, or high school only), provide information about the number of students in the district, and information useful in assessing the district's economic condition (e.g., projected enrollment, and age of the school buildings).
 - Disclose the inclusion of component units as well as the exclusion, as appropriate, of potential component units that the average reader might expect to see included within the financial reporting entity.
 - Briefly summarize the budget process, including which governmental funds are annually or biennially appropriated, and the legal level of budgetary control.
 - Describe the lowest level at which appropriations are adopted.
 - Information useful in assessing a government's economic condition
 - Provide information on the local economy, long-term planning, changes to generally accepted accounting principles, and financial policies that had a significant impact on the current statements (e.g., general fund reserves, reserves in other funds, and the use of one-time revenues).
 - Describe major budgetary initiatives that had a significant impact on the statements.
 - Awards and acknowledgements
 - Discuss objective indicators of the quality of the government's financial management (e.g., a GFOA Distinguished Budget Presentation award, or a GFOA Popular Annual Financial Reporting award).
 - Acknowledge the individuals involved in the preparation of the comprehensive annual financial report, or those who contributed to the quality of the government's financial reporting or internal controls.

FINANCIAL SECTION

Auditor's Report

- Present the independent auditor's report as the first item in the financial section.
- The audit should be conducted in conformity with generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS/GAS (*Government Auditing Standards*)).
- The auditor should plan and carry-out the audit in order to express an opinion on the fair presentation of:
1) governmental activities; 2) business-type activities; 3) each major governmental fund; 4) each major enterprise fund; 5) other funds (in the aggregate), and discretely presented component units (in the aggregate), or both combined (in the aggregate); and 6) budgetary comparisons (if presented as a basic financial statement) in conformity with GAAP.
- The scope of the independent auditor's opinion should provide at least "in relation to" coverage for all statements and schedules included within the financial section of the comprehensive annual financial report.

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- If the auditor expresses only an “in relation to” opinion on the combining and individual fund financial statements, those statements should not contain any reference to the notes.
- If a budgetary comparison is presented as a basic financial statement, the scope of the auditor’s opinion should encompass the fair presentation of the budgetary comparison.
- The auditor’s opinion should indicate if the required supplementary information has been omitted, or is inadequate.

Management’s Discussion and Analysis (MD&A)

- Ensure all financial analyses are accurately presented. For example, the purchase of a capital asset would decrease fund balance in the governmental funds, but have no effect on the net position reported in the government-wide statement of net position (e.g. the capital asset would be offset by a decrease in another asset and/or an increase in a liability).

Basic Financial Statements

- General
 - Include a reference to the notes on each of the basic financial statements.
 - Locate the government-wide statements before the fund financial statements.
 - The title of the following statements should refer to a point in time (e.g., “June 30, 20XX”) rather than to a fiscal period (e.g., “for the fiscal year ended...”):
 - Statement of Net Position
 - Balance Sheet
 - Statement of Fund Net Position
 - Statement of Fiduciary Net Position
 - The title of the following statements should refer to a fiscal period (e.g., for the fiscal year ended...) rather than to a point in time (e.g., “June 30, 20XX”):
 - Statement of Activities
 - Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
 - Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
 - Statement of Cash Flows
 - Statement of Changes in Fiduciary Net Position
 - Budgetary Comparison Statement
- Government-wide Statement of Net Position
 - Include subtotals for current assets, noncurrent assets, deferred outflows, current liabilities, noncurrent liabilities, and deferred inflows when the classified approach is used.
- Fund Statements
 - Governmental Funds
 - Statement of Revenues, Expenditures, and Changes in Fund Balance
 - Sufficiently detail the classification of revenues by source to be meaningful.
 - Budgetary Comparison Statements
 - Use neutral terms (e.g., increase/decrease) to describe the variance columns, if reported.
 - When changes have not been made to the budget during the year, present only one budget column labeled “original and final budget”.
 - Proprietary Funds
 - Statement of Fund Net Position/Balance Sheet
 - Include subtotals for current assets, noncurrent assets, total assets, deferred outflows, current liabilities, noncurrent liabilities, total liabilities, and deferred inflows.
 - Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Sufficiently detail the classification of revenues and expenses to be meaningful.
 - Fiduciary Funds
 - Refrain from presenting a total column for all fund-types in the fiduciary fund statements.

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Note Disclosures

- Refrain from referring to unaudited data in the note disclosures.
- Consider using a uniform availability period for governmental revenues. However, in situations when the government wishes to extend the availability period in connection with expenditure-driven grants, consider retaining the shorter availability period for all other revenues.
- Disclose when a component unit does not issue separate financial statements.
- Disclose if the government is composed solely of one or more funds of some other government (other than a component unit), and the nature of that relationship (e.g., an enterprise fund or a departmental report).
- Disclose the amounts of individual restricted asset accounts, if not provided on the face of the financial statements.
- Format the disclosure for interfund transfers by individual fund to allow the individual fund data to be traced to the corresponding column in the basic financial statements (e.g., by the use of headings and subtotals).
- Long-term debt issues
 - Disclose the following detail for individual long-term debt issues, if practical. If the number of individual issues outstanding makes disclosure for each issue impractical, provide the following information only for long-term debt issued in the current year.
 - Purpose for which debt was issued
 - Original amount of the debt
 - Type of debt (e.g., general obligation bonds, revenue bonds)
 - If applicable, summary of related bond covenants
 - Amount of installments
 - Interest rate
 - Range of maturities
 - Applicability of federal arbitrage regulations

Required Supplementary Information (RSI)

- Clearly label the required supplementary information. RSI should not include a reference to the *accompanying notes to the financial statements*.
- When the presented budgetary comparison does not demonstrate compliance with the legal level of budgetary control, the government should present the budgetary comparison schedule at the minimum (functional) level of detail in RSI, and include a second budgetary comparison schedule with the detail at the legal level of budgetary control as other supplementary information in the comprehensive annual financial report (in the combining and individual fund statements and schedules section). Alternatively, if a separately issued budget report demonstrates compliance at the legal level of budgetary control, a copy of the separate report should be submitted to GFOA with the comprehensive annual financial report. Amounts stated in the separate report should be easily traced to the comprehensive annual financial report. Include additional reconciliations or schedules, as necessary, to indicate how the amounts in the comprehensive annual financial report and the separate report articulate.

STATISTICAL SECTION

- Disclose the reason when ten years of data is not presented in a table that normally requires ten years, if applicable. In the same way, disclose the reason when the required data is not presented in a table for the period nine years prior to the current period, if applicable.