CAFR Preparation

How *to* Excel *and* Achieve *the* GFOA Award *for* Your Government

Learning Objectives

Recall the history of the Certificate Program

Recognize the reporting requirements for a CAFR

Recall the requirements of the GFOA Certificate of Achievement for Excellence in Financial Reporting Awards Program

Discuss common financial reporting deficiencies

History & Background

How to Excel and Achieve the GFOA Award for Your Government

History & Background

Evolution of the Certificate Program

Established in 1945 by the Municipal Finance Officers Association (MFOA) & known as the *Certificate of Conformance Program*

1984, GFOA changed the name to the *Certificate of Achievement for Excellence in Financial Reporting Program*

3,800 governments participate in the program, including more than 40 state governments

Program objectives

- Encourage every government to publish a high quality CAFR;
- Assist governments to meet this goal by providing educational materials, comments, and suggestions for improvement; and
- Recognize governments and individuals that have met the challenge

2016 Program Results - Florida

Fiscal Years Ended 2015

- ✓ 39 Counties
- ✓ 35 Enterprise funds
- ✓ 2 Investment pools
- ✓ 174 Municipalities
- ✓ 1 Public employee retirement system
- ✓ 20 School districts
- ✓ 11 Special districts

GFOA Program Requirements

- Submit published CAFR within six months of the end of the reporting period
- Must contain all of the government's funds and component units
- Financial statements must be presented in conformity with GAAP and audited in compliance with either GAAS or Government Auditing Standards
- If notes to financial statements reference a separately published document to demonstrate compliance at the legal level of control, a copy of that document must accompany the CAFR
- A pension system is required to include an investment section and an actuarial section
- Investments pools must include an investment section

Judging Process

Certificate of Achievement for Excellence in Financial Reporting (CAFR Program)

Judging Process

Each CAFR is reviewed using a checklist designed to determine compliance with both generally accepted accounting principles (GAAP) and program policy as established by the GFOAs Special Review Executive Committee and the GFOA Executive Board. Reviews are performed by GFOA staff and members of the GFOAs Special Review Committee, which comprises individuals from government, the public accounting profession, and academe who possess specialized expertise in governmental financial reporting, typically as a result of either preparing or auditing a CAFR that has received the Certificate of Achievement. Reviewers are never selected from the same state as the CAFR being reviewed or from the same firm that performed the independent audit.

A Certificate is awarded only if there is consensus among reviewers that a CAFR substantially complies with both GAAP and program policy. Failure to comply with any checklist item marked by an asterisk (*) is considered, of itself, sufficient evidence to justify a determination that a CAFR has failed to substantially comply with both GAAP and program policy.

In certain limited circumstances (e.g., adoption of a new authoritative standard), a CAFR may receive the award with a qualification (disclosed only to the participating government). Such a qualified award puts the government on notice that failure to remedy one or more specified deficiencies in the following years CAFR would likely result in a denial.

GFOA Checklist

Yes	No	N/A		
				FINANCIAL SECTION – REPORT OF THE INDEPENDENT AUDITOR
____	____	____	3.1*	Are the basic financial statements accompanied by the report of the independent auditor? [GAAFR, page 594]
____	____	____	3.2	Is the report of the independent auditor presented as the first item in the financial section of the report? [GAAFR, page 594]
____	____	____	3.3	Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards or generally accepted government auditing standards (i.e., *Government Auditing Standards*)? [GAAFR, page 601]
____	____	____	3.4	Did the independent auditor express an opinion on the fair presentation of each of the following: governmental activities; business-type activities; each major governmental fund; each major enterprise fund; other funds (in the aggregate); discretely presented component units (in the aggregate); and budgetary comparisons (if presented as a basic financial statement) in conformity with GAAP? [GAAFR, pages 594- 595]
____	____	____	3.5*	Did the independent auditor express an *unmodified* opinion on the fair presentation of the basic financial statements? [GAAFR, page 601]

Basic Financial Statements vs. Comprehensive Annual Financial Report

How to Excel and Achieve the GFOA Award for Your Government

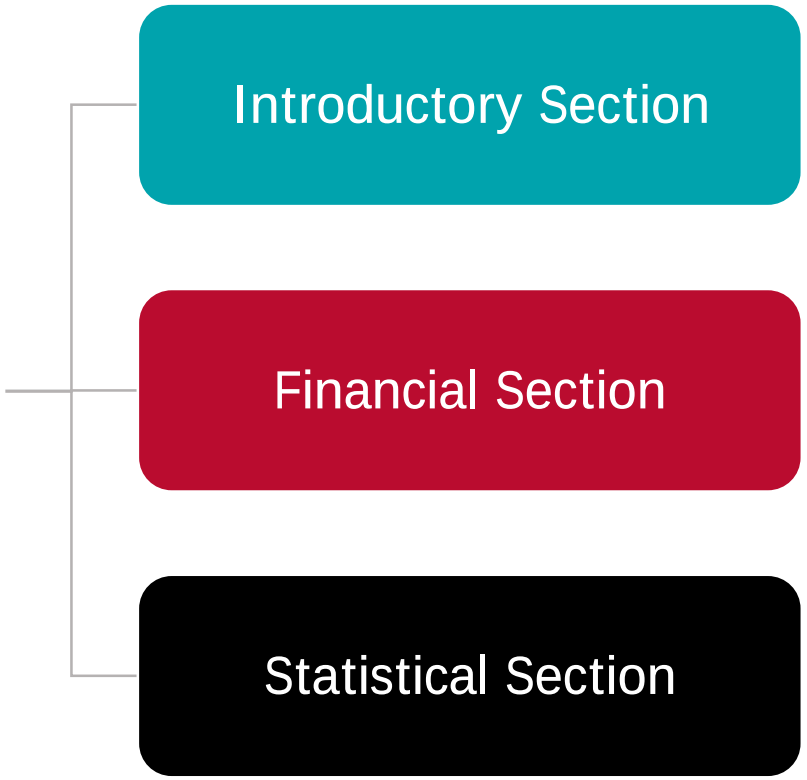
Annual Financial Report

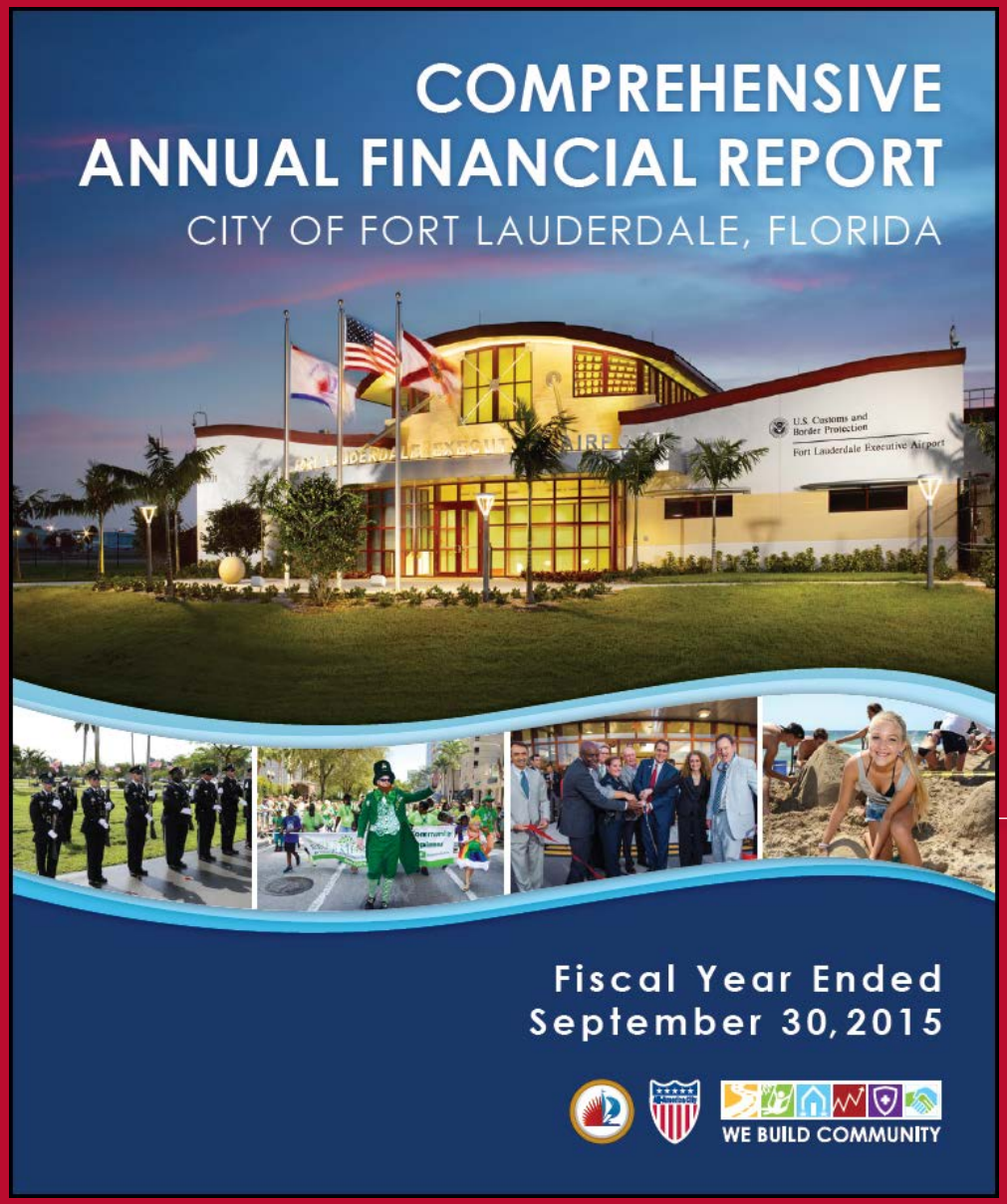
Basic Financial Statements

- Government-wide (GW) Financial Statements
- Fund Based Financial Statements
- Accompanying Note Disclosures

CAFR—Overview and Understanding

Comprehensive Annual Financial Report (CAFR)





Describe the document as a "Comprehensive Annual Financial Report"

Name of government and state within which the government is located

Fiscal period covered – "exact date" on which the fiscal year ended

Comprehensive Annual Financial Report

of the

City of Fort Lauderdale, Florida

Fiscal Year Ended
September 30, 2015

Prepared by
The Finance Department

Reproduce all of the information contained on the cover of the report

Indicate the department responsible for preparing the CAFR

Introductory Section

How to Excel and Achieve the GFOA Award for Your Government

What is Included?

- *Table of Contents
- *Letter of Transmittal
- *Other Material Deemed Appropriate by Management
- Organizational Chart
- List of Principal Officials
- Last Year's GFOA Certificate of Achievement (if applicable)

Introductory Section

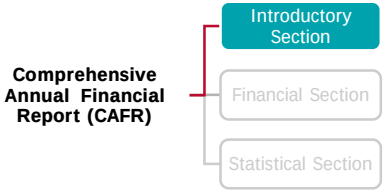


Table of Contents

- Separate the basic sections of the CAFR & various subsections of the financial section
- Distinguish basic financial statements from other contents of the financial section
- Refer to statements & schedules by their full title & accompany by a specific page reference

Letter of Transmittal

- Formal transmittal
- Profile of the government
- Information useful in assessing a government's economic condition
- Awards and acknowledgments

*Noteworthy Items

- *1.6 Is a table of contents included that encompasses the entire report?
- *2.4 Is a letter of transmittal included within the introductory section?
- Date of letter of transmittal should be no earlier than the date of the independent auditor's report
- Refer reader to the MD&A

Table of Contents

- Separate the basic sections of the CAFR & various subsections of the financial section
- Distinguish basic financial statements from other contents of the financial section
- Refer to statements & schedules by their full title & accompany by a specific page reference

CITY OF FORT LAUDERDALE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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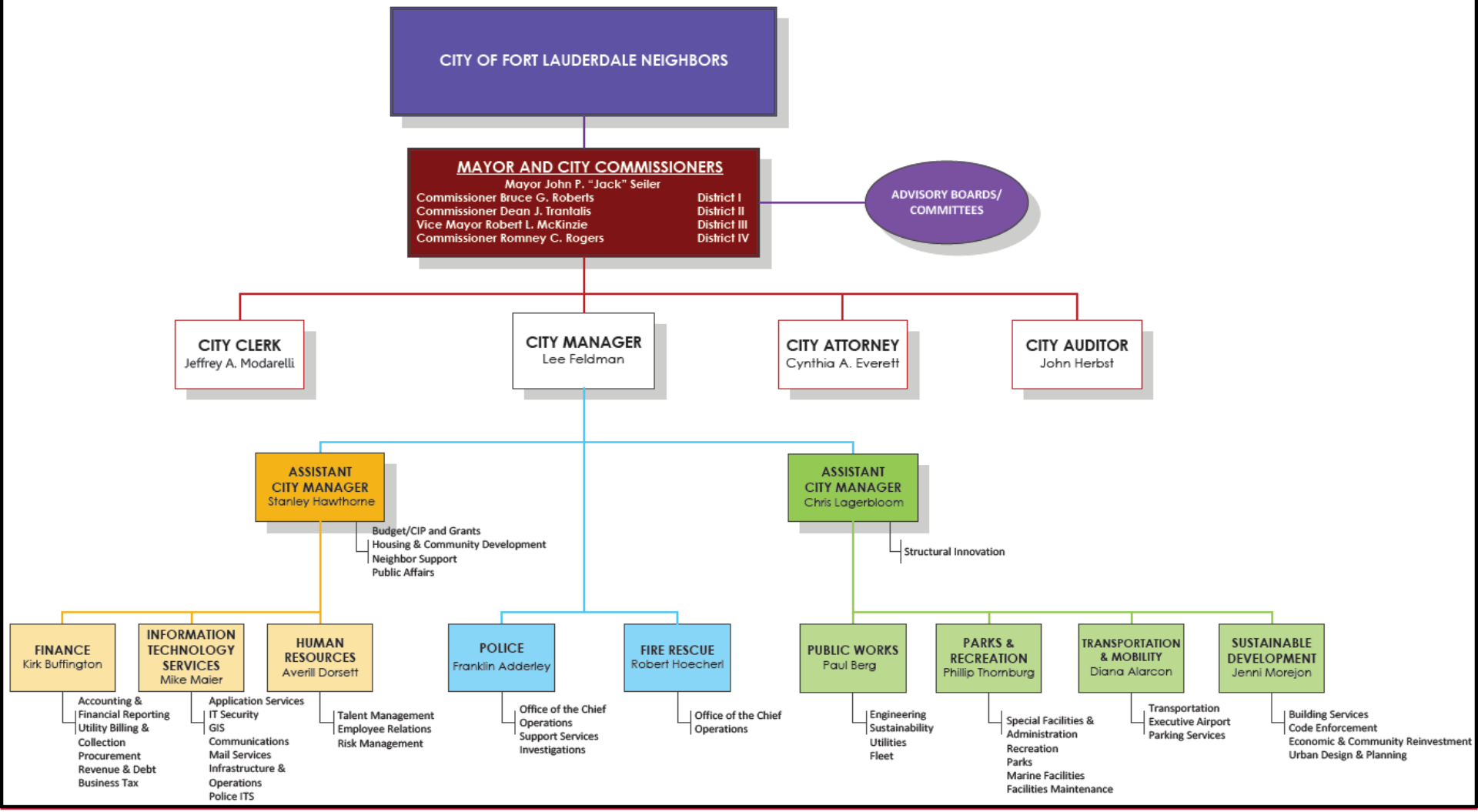
CITY OF FORT LAUDERDALE | ORGANIZATIONAL CHART

WE BUILD COMMUNITY



WE BUILD COMMUNITY

COMMISSION – MANAGER FORM OF GOVERNMENT

CITY COMMISSION

John P. "Jack" Seiler
Mayor

Robert L. McKinzie
Vice Mayor, District III

Bruce G. Roberts
Commissioner, District I

Dean J. Trantalis
Commissioner, District II

Romney Rogers
Commissioner, District IV

Lee R. Feldman, ICMA-CM
City Manager

Cynthia A. Everett
City Attorney

Jeff Modarelli
City Clerk

John Herbst, CPA, CGFO, CGMA
City Auditor

Kirk W. Buffington, CPFIM, CPPO, C.P.M., MBA
Director of Finance

Linda A. Logan-Short, CGFO, CPM
CFO/Deputy Director of Finance

Laura L. Garcia
Controller

WE BUILD COMMUNITY

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

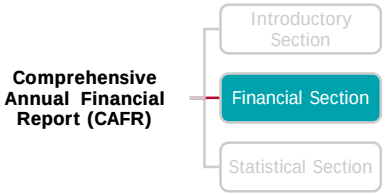
September 30, 2014

Executive Director/CEO

Financial Section

How to Excel and Achieve the GFOA Award for Your Government

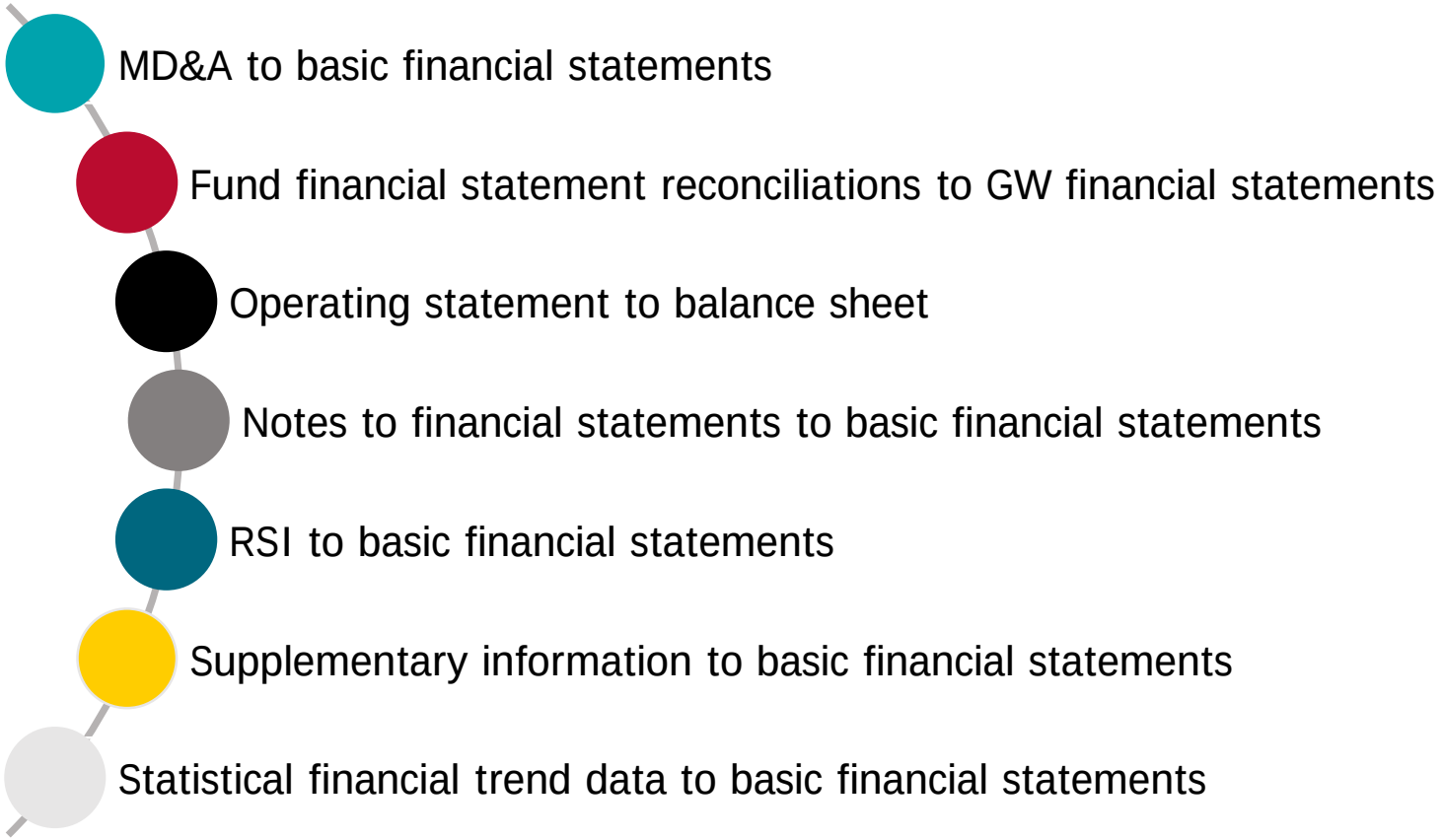
What is Included?



- Independent Auditor's Report
- Management's Discussion & Analysis (MD&A)
- Basic Financial Statements (including notes)
- Required Supplementary Information (RSI) and related notes
- Combining Statements (nonmajor funds and discretely presented component units)
- Individual fund financial statements and schedules

Is Your CAFR Cohesive?

Data consistency throughout report – Amounts should be easily traceable from one statement/schedule to the next



Independent Auditor's Report

Noteworthy Items

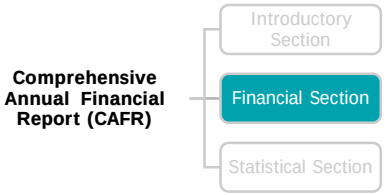
*3.1 Are the basic financial statements accompanied by the report of the independent auditor?

*3.5 Did the independent auditor express an *unmodified* opinion on the fair presentation of the basic financial statements?

In relation to - Refrain from including any reference to the notes to the financial statements on the face of the combining and individual fund statements

Management's Discussion & Analysis

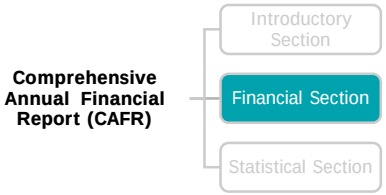
Must include ONLY the following sections:



- Discussion of the basic financial statements
- Condensed comparative data (in form of condensed financial statements)
- Discussion of government's overall financial position and results of operation
- Analysis of the balances and transactions of individual funds
- Analysis of budgetary variations
- Description of capital asset and long-term debt activity
- Discussion of currently known facts, decisions, or conditions

Management's Discussion & Analysis

Noteworthy Items



*4.1 Is MD&A presented?

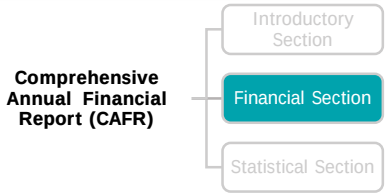
*4.1a Is MD&A presented preceding the basic financial statements?

*4.1d Does MD&A present condensed financial data for both the current fiscal period and the preceding fiscal period?

Amounts reported in the MD&A should agree with related amounts reported elsewhere within the CAFR [*Certificate Program requirement*]

Management's Discussion & Analysis

Noteworthy Items



Include analysis for all major funds to disclose the reasons for significant changes in fund balances

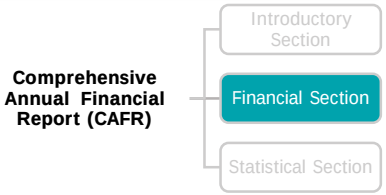
Include the amount of ending net position extracted from the government-wide statement of activities

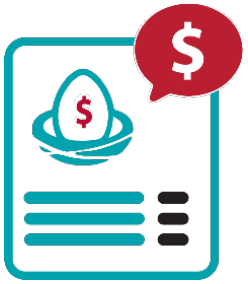
Explain the reasons for the changes in net position rather than focusing solely on the size of the changes

Condensed financial data should present deferred outflows of resources and deferred inflows of resources in separate sections following the required "total assets" and "total liabilities" line-items

Management's Discussion & Analysis

Inadequate Discussion

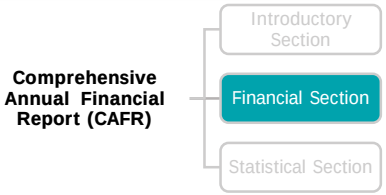




"Unrestricted net position of governmental activities decreased by $3.4 million from the prior year resulting in a $2.9 million deficit at the end of the fiscal year."

Management's Discussion & Analysis

Adequate Discussion



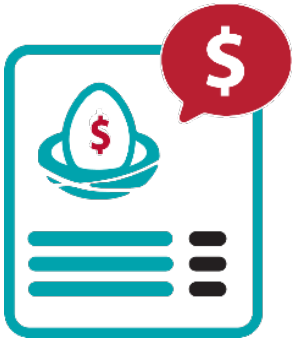
"Unrestricted net position of governmental activities decreased by $3.4 million from the prior year resulting in a $2.9 million deficit at the end of this fiscal year.

This deficit in unrestricted governmental net position arose primarily because of three factors. First, the City did not include in the budget sufficient amounts needed to fully finance liabilities arising from self-insured property and casualty claims. The City does not purchase commercial insurance to cover these claims. Second, the City also did not include in the current and past budgets amounts needed to pay for unused employee vacation and sick days as they are earned. The City will need to include these amounts in future years' budgets as they come due. Finally, during the past two years, sales tax revenues and State grants have fallen short of amounts originally anticipated, and the City Council decided to draw down accumulated cash balances to delay the need to approve tax, rate or fee increases."

WHY!

GW – Statement of Net Position

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

- Introductory Section
- Financial Section
- Statistical Section

Cannot net deferred outflows of resources and deferred inflows of resources

Report debt net of related items (premiums/discounts)

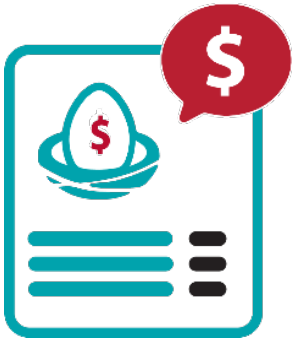
Restricted Net Position –

- Reasons for restrictions should be on face of statement
- Avoid generic terms – “special purposes,” “other purposes”
- Cannot be negative balance – instead, reduce unrestricted balance

“Investment in Capital Assets” if no related debt

GW – Statement of Net Position

Noteworthy Items



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Other GW – Issues

- Use of Deferred Inflows
  - Unavailable revenue
  - Refunded debt
- Unearned revenues – a liability
- Net Position vs. Net Assets
- Net Investment in Capital Assets vs. Invested in Capital Assets, Net of Related Debt

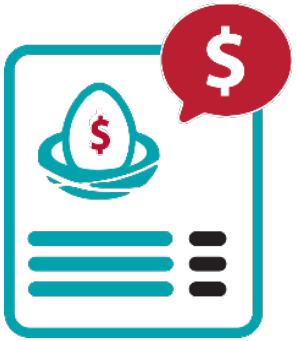
GW – Statement of Net Position

Calculation of Net Investment in Capital Assets:

Capital assets	$ 95,750,035
Intangible assets	2,589,215
Accumulated depreciation / amortization	(12,476,525)
Subtotal, capital assets	85,862,725
Capital related debt	
Capital related bonds payable	27,545,000
Capital related notes payable	1,980,000
Unamortized bond premium	290,930
Unamortized bond discount	(164,732)
Unspent proceeds from capital related debt	(2,560,368)
Subtotal, capital related debt	27,090,830
Net Investment in Capital Assets	**$ 58,771,895**

GW – Statement of Activities

Noteworthy Items



Gain on sale of assets reported as a general revenue

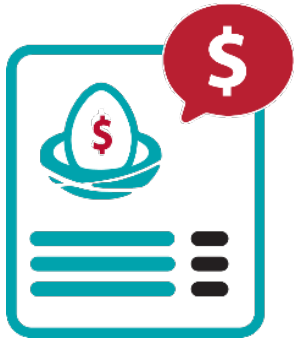
Loss on sale of assets reported as an expense

Special items –

- Do not report if amount is not significant
- Do not report if not subject to management control

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

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Reconciliation – Fund statements to GW statements presentation –

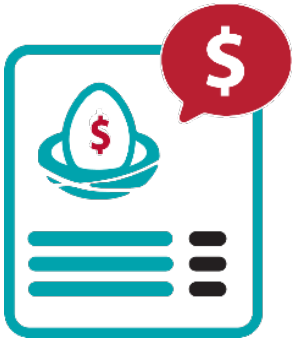
- Bottom of fund financial statements, or
- Separate schedule on the page immediately following statement it supports

Reconciling items

- If a reconciling item on face of financial statements is a combination of several similar balances, must disclose details of item in footnotes

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

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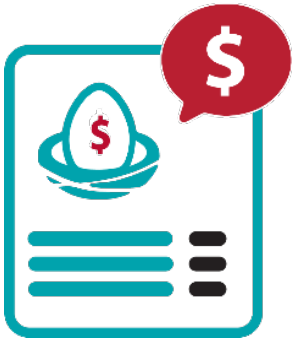
Major fund reporting – must present fund as major if it meets both the 10% & 5% tests

- Include *deferred outflows* with assets and *deferred inflows* with liabilities
- Do not include transfers with revenues and expenses/expenditures
- Threshold applies to final numbers reported in fund financial statements
- Reapply test every year
- Can present calculated non-major funds as major

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

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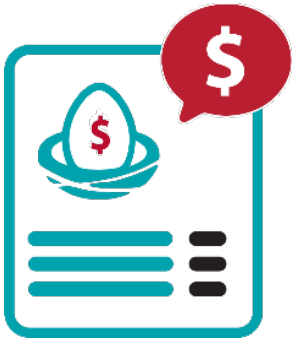
Special Revenue Funds

- Used to account for and report proceeds of specific revenue sources restricted or committed to expenditure for specified purposes other than capital outlay and debt service
  - Foundation must be a specific revenue source that is and will remain a substantial portion of inflows

Fund Financial Statements

Noteworthy Items



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Pooled Cash and Investments

- If the balance of an individual fund is negative, report as an interfund borrowing, not as a negative asset

Interfund Receivables/Payables

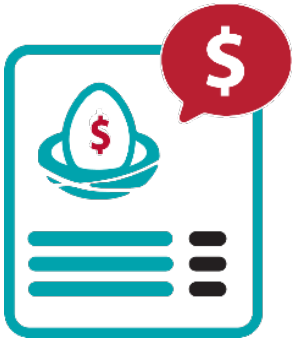
- Short-term balances – "Due to" and "Due from"
- Long-term balances – "Advances"

Compensated Absences

- Liability in governmental funds – just portion due to employees separated from service as of end of fiscal period
- Liability in proprietary funds – report current and long-term amounts

Fund Financial Statements

Noteworthy Items



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Deferred Inflows/Outflows of Resources

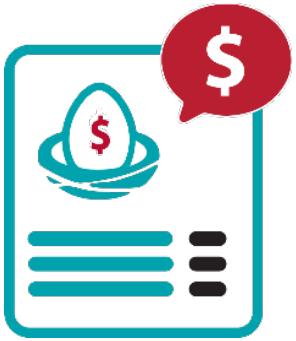
- Term deferred limited to items reported as deferred outflows or inflows
- No more use of term deferred revenues
- Deferred charges resulting from debt refunding –
  - Report as deferred inflows/outflows rather than netting with debt

Activity Related to Retiree Portion of Health Insurance

- This activity should *not* be included within the government's internal service funds, but should be accounted for in the fund that is funding costs of the retiree claims

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

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Fund Balance

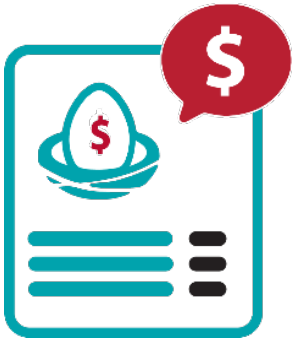
- Details for each classification either on face of statements or in footnotes

Nonspendable

- Assets that will never convert to cash (prepaid items; supplies inventory)
- Assets that will not convert to cash soon enough to affect current period
  - Long-term portion of loans receivable
  - Non-financial assets held for resale
- Resources required to be maintained intact
  - Principal of endowment
  - Capital of a revolving loan fund

Fund Financial Statements

Noteworthy Items



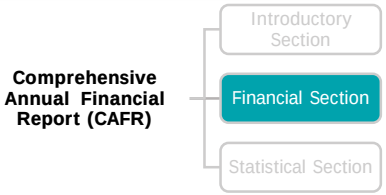
Fund Balance

Restricted

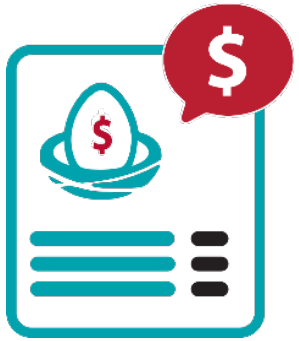
- Restriction must be by 3rd party or enabling legislation

Committed

- Limitation imposed by highest level of decision making authority
- Remains binding unless removed in the same manner
- Must be set in place prior to end of the period

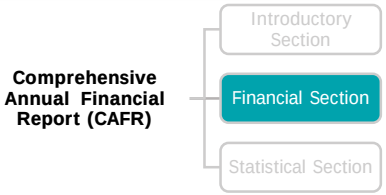


Fund Financial Statements



Noteworthy Items

Fund Balance



Assigned

- Limitation imposed by highest level of decision making authority or their designee
- Express intent of use of funds
- Purpose must be narrower than fund itself
- Removal of limitation less formal than with committed fund balance

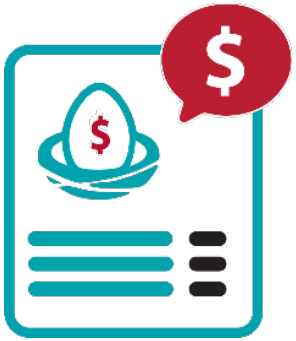
Unassigned

- Residual
- Only General Fund can report positive balance
- Any governmental fund can report a negative balance

	General	Nonmajor Governmental: Special Revenue	Nonmajor Governmental: Debt Service	Nonmajor Governmental: Capital Projects	Nonmajor Governmental: Permanent	Total
Nonspendable						
Inventories	$ 28,773	$ -	$ -	$ 6,750	$ -	$ 35,523
Advances to Other Funds	25,000	-	-	-	-	25,000
Endowments	-	-	-	-	13,622,465	13,622,465
Restricted For						
Debt Service	-	-	15,470,568	-		15,470,568
Inventories	-	2,772,261	-	-	-	2,772,261
Community Redevelopment	-	9,835,599	-	55,112,479	-	64,948,078
Building Code Enforcement	-	29,116,254	-	-	-	29,116,254
Law Enforcement	-	566,314	-	-	-	566,314
Capital Projects	-	-	-	26,692,909	-	26,692,909
Endowments	-	-	-	-	11,221,727	11,221,727
Other Purposes	208,264	366,851	-	-	-	575,115
Committed To						
Grants and Special Programs	1,052,813	-	-	-	-	1,052,813
Beach Improvements	-	1,365,292	-	-	-	1,365,292
Assigned To						
Law Enforcement	-	1,660,625	-	-	-	1,660,625
Beach Improvements	-	43,302	-	-	-	43,302
Capital Projects	-	-	-	16,313,222	-	16,313,222
Transportation	-	-	-	278,676	-	278,676
Subsequent Year's Expenditures	1,879,010	-	-	-	-	1,879,010
Unassigned	66,231,739	(2,794,776)	-	-	-	63,436,963
Total Fund Balances	$ 69,425,599	$ 42,931,722	$ 15,470,568	$ 98,404,036	$ 24,844,192	$ 251,076,117

Fund Financial Statements

Noteworthy Items



Issuance of Debt – Governmental Funds

- Other financing source equal to face value of debt – NOT amount of proceeds
- Discount on issuance
  - Report as expenditure for an underwriter's discount
  - Report as other financing use for an original issue discount
- Issuance costs reported as an expenditure
- Premium on issuance reported as other financing source
- Payments to escrow agents for refunded debt – other financing use
- Capital leases – report an other financing source and a related capital outlay expenditure
- Issuance of short-term debt (TAN) reported as a liability

EXPENDITURES			
Current:			
General Government	45,218,425	1,229,087	46,447,512
Public Safety	159,903,715	12,953,231	172,856,946
Physical Environment	6,309,074	848,651	7,157,725
Transportation	11,803,187	2,837,159	14,640,346
Economic Environment	1,124,061	23,797,137	24,921,198
Culture/Recreation	29,706,857	163,470	29,870,327
Debt Service:			
Principal Retirement	-	21,315,800	21,315,800
Interest and Fiscal Charges	-	13,327,596	13,327,596
Bond Issuance Costs	-	264,725	264,725
Capital Outlay	1,977,183	15,141,992	17,119,175
Total Expenditures	256,042,502	91,878,848	347,921,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,424,223	(28,661,730)	29,762,493
OTHER FINANCING SOURCES (USES)			
Transfers In	-	59,308,509	59,308,509
Transfers (Out)	(42,610,628)	(14,058,320)	(56,668,948)
Payment to Refunding Escrow	-	(15,717,849)	(15,717,849)
Debt Proceeds	-	22,823,000	22,823,000
Premium on Refunding Bonds	-	715,866	715,866
Total Other Financing Sources (Uses)	(42,610,628)	53,071,206	10,460,578
Net Change in Fund Balances	15,813,595	24,409,476	40,223,071
Fund Balances - Beginning	53,615,360	157,241,042	210,856,402
Fund Balances - Ending	$ 69,428,955	$ 181,650,518	$ 251,079,473

The notes to the financial statements are an integral part of the financial statements.

CITY OF FORT LAUDERDALE, FLORIDA

BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

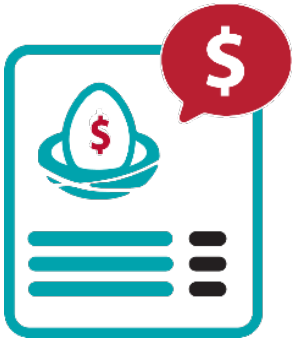
Following is a summary of the changes in the City's long-term liabilities for the fiscal year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 41,930,000	$ 15,220,000	$ (18,920,000)	$ 38,230,000	$ 3,450,000
Tax Increment Revenue Notes		7,603,000	-	7,603,000	346,000
Special Obligation Bonds	306,205,000	-	(15,230,000)	290,975,000	15,470,000
Special Obligation Loans	23,023,900	-	(2,810,800)	20,213,100	2,884,300
Unamortized Bond Premiums and Discounts	(425,999)	715,866	789,540	1,079,407	-
Lease Purchase Agreements	-	2,308,690	-	2,308,690	440,188
Estimated Claims Payable	32,120,594	28,177,098	(26,723,557)	33,574,135	7,898,857
Net Pension Liabilities*	19,716,276	75,923,806	-	95,640,082	-
Net OPEB Liabilities	6,907,191	3,628,010	(2,447,450)	8,087,751	-
Compensated Absences and Longevity	27,977,708	15,197,861	(15,812,581)	27,362,988	3,960,840
Total Governmental Activities	$ 457,454,670	$ 148,774,331	$ (81,154,848)	$ 525,074,153	$ 34,450,185

* Beginning balance restated due to a change in accounting principle.

Fund Financial Statements

Noteworthy Items



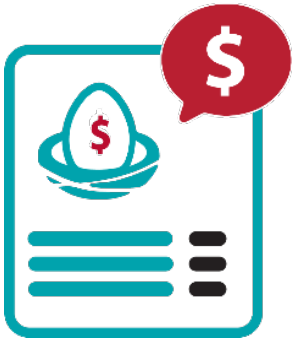
Transfer of capital assets

- From governmental activities to proprietary fund – asymmetrical
  - No effect on governmental fund statements
  - Report as a capital contribution in proprietary fund
- From proprietary fund to governmental activities – asymmetrical
  - No effect on governmental fund statements
  - Report as a non-operating expense (disposal of capital asset)

In the Statement of Activities, the reassignment of capital assets between governmental and business-type activities would be reported as a transfer, requiring a reconciling item in the governmental funds' reconciliation since difference created between change in fund balance and change in net position.

Fund Financial Statements

Noteworthy Items



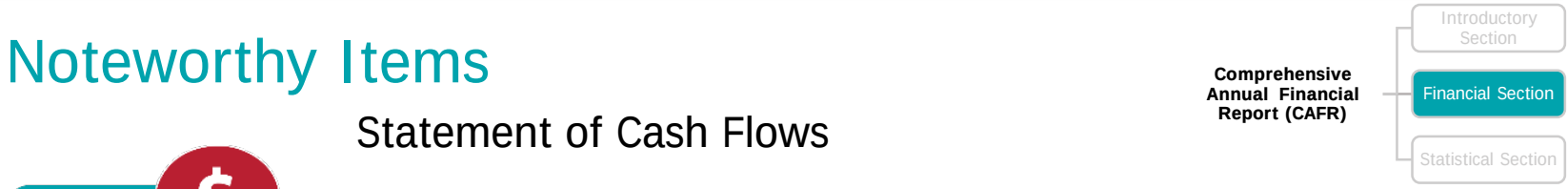
Comprehensive Annual Financial Report (CAFR)

- Introductory Section
- Financial Section
- Statistical Section

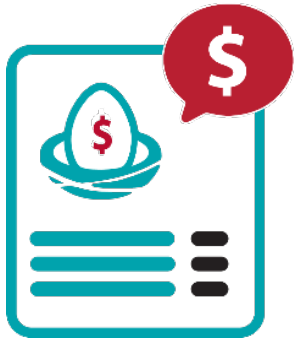
Budgetary Comparisons

- Present either as basic financial statement or as RSI schedule
  - If a basic financial statement, describe as a statement
  - If RSI, describe as a schedule
- Required for General Fund and each major special revenue fund only
  - Cannot present for debt service funds, capital projects funds, or non-major funds (except as supplementary information)
- Original budget, amended budget and actual amounts
- If presented on a budget basis, must include reconciliation to GAAP basis on face of statement/schedule or in footnotes/notes to RSI

Fund Financial Statements



Noteworthy Items



Statement of Cash Flows

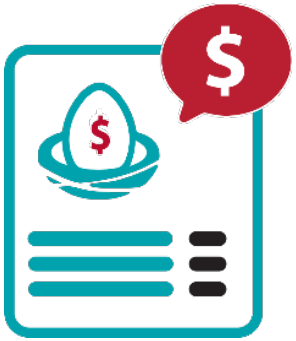
- Ending cash per the cash flow statement should easily reconcile to the statement of net position

Capital contributions

- If cash actually received to be used for capital expenses (grant)
  - Report as part of cash flows from capital and related financing activities
- If asset other than cash received (contribution of a water line)
  - Report as a non-cash contribution at the end of the cash flow statement

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

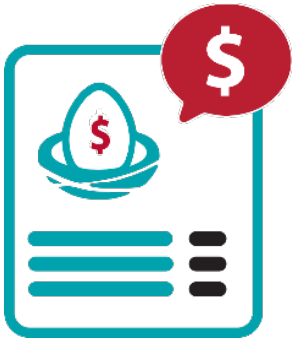
- Introductory Section
- Financial Section
- Statistical Section

Statement of Cash Flows – Noncash Activities

- Must provide information about noncash activities
- Narrative or tabular format – Examples:
  - The city incurred a capital lease obligation of $189,500 for the purchase of three new trucks for the Sanitation Fund.
  - The water & sewer fund received capital contributions of $1,295,300 from developers.
  - The investments of the sanitation fund experienced an increase in fair value of $25,673.

Fund Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

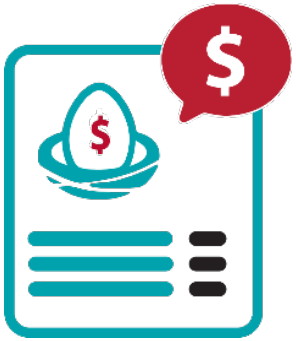
- Introductory Section
- Financial Section
- Statistical Section

Statement of Net Position – Fiduciary Funds

- Plan assets subdivided –
  - Major categories of assets (cash, receivables, investments, etc.)
  - Principal components in receivable and investment category
- Pension and Other Employee Benefit Trust Fund
  - The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources should be labeled “net position restricted for pensions” in the Statement of Fiduciary Net Position.

Component Unit Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

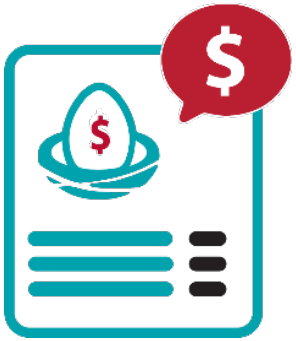
- Introductory Section
- Financial Section
- Statistical Section

If multiple discretely presented component units presented as a single column in GW financial statements:

- Combining presentation must be presented
  - Part of basic financial statements OR in footnotes
  - Nonmajor component units are aggregated in a single column
    - Combining statements for nonmajor component units presented as supplementary information
- If formatting of separately issued component unit financial statements differ from that of primary government –
  - Combining presentation should recast numbers so they can tie to GW financial statements

Notes to Financial Statements

Noteworthy Items

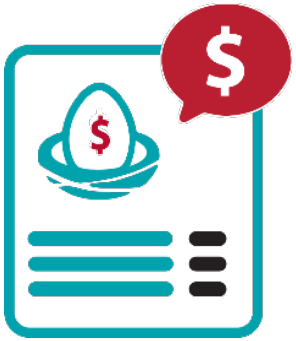


Component Units

- For each component unit include:
  - Brief description
  - Its relationship with the primary government
  - Reasons for inclusion as a component unit
  - How presented (discretely, blended or included in fiduciary fund statements)
- Information included should be specific not generic

Notes to Financial Statements

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

- Introductory Section
- Financial Section
- Statistical Section

Short-Term Debt

- Schedule of changes required
- Cannot combine with schedule of long-term debt

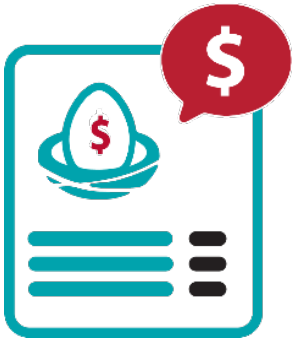
	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Line of Credit	$ -	$ 1,500,000	$ 1,500,000	$ -

Long-Term Debt

- Schedule of changes required
- Must disclose short-term portion of each component of debt
- Must disclose which fund(s) are used to liquidate long-term debt

Notes to Financial Statements

Noteworthy Items



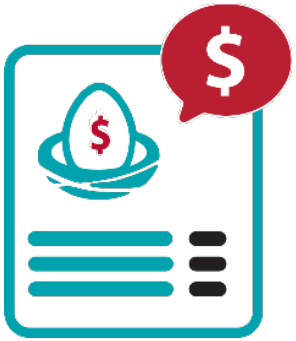
Other note disclosures

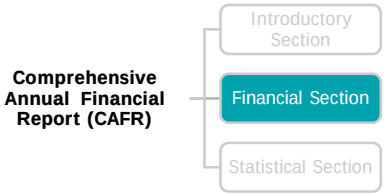
- Amounts in the notes should be consistent with amounts reported on the face of the financial statements
- Should indicate that donated capital assets are reported at acquisition value not fair value
- Should disclose information for each type of asset measured at fair value in the statement of net position
- Include pledged revenue disclosures from para. 21 in GASB 48
- Disclose significant encumbrances by major funds and nonmajor funds in conjunction with required disclosures about other commitments

Notes to Financial Statements

Noteworthy Items

Other note disclosures

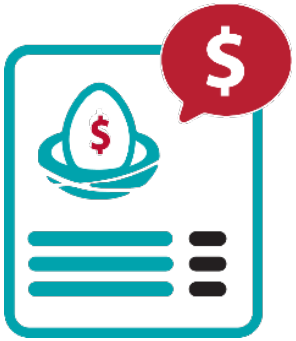




- When a refunding transaction results in either defeasance or redemption of the refunded debt, disclose the aggregate difference in debt service between the refunding debt and the refunded debt and the economic gain or loss on the transaction
- Notes should separately report increases and decreases in compensated absences, rather than the net change
- If all of the capital assets of a given class are fully depreciated, even though the government is still using these capital assets, the government should reevaluate the estimated useful lives of these assets prospectively

Statement of Net Position

Noteworthy Items

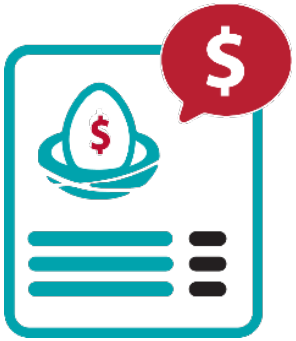


Defined Benefit Pension Plans

- Net pension liability should be reported within governmental activities and any enterprise funds that are contributing toward the reduction of the NPL
- Should NOT net deferred inflows or outflows from liability assumption different from actual or assumption changes
- SHOULD net deferred inflows and outflows from investment return different from expected

Statement of Net Position

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

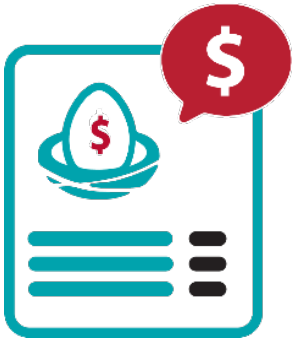
- Introductory Section
- Financial Section
- Statistical Section

Defined Benefit Pension Plans

- No “netting” – netting the net pension liability and the net pension asset on the statement of net position when a government participates in multiple pensions
  - Each pension plan should be kept separate so as to not understate the liability or assets
- Do NOT split the NPL between current and non-current liabilities
  - Full amount reported as “due in more than one year”

Pension Note Disclosures

Noteworthy Items

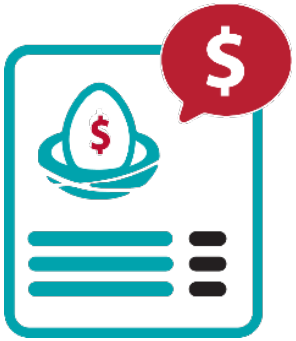


Pension disclosures

- You should disclose whether the pension plan is a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit plan
- If the pension plan issues a stand-alone financial report – disclose how to obtain the report if it's available (URL link)
- Disclose the total amounts for pension liabilities, pension assets, deferred outflows of resources, deferred inflows of resources, pension expense/expenditure for the period associated with net pension liabilities if the total amounts are not otherwise identifiable from information presented in the financial statements

Pension Note Disclosures

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

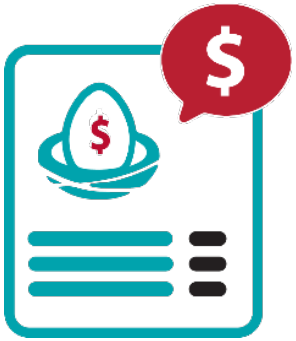
- Introductory Section
- Financial Section
- Statistical Section

Pension disclosures

- Disclose the amount of the employer's balance of deferred outflows of resources (employer's contribution after the measurement date) that will be recognized as a reduction of the NPL
- Notes should include a schedule that presents the net amount of deferred outflows and inflows of resources separately for each plan that will be recognized in the employer's pension expense for each of the subsequent five years, and, at a minimum in the aggregate for subsequent years

Required Supplementary Information

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

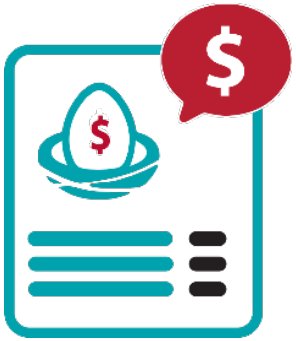
- Introductory Section
- Financial Section
- Statistical Section

Defined Benefit Pension Plans

- GASBS 68 requires schedules to be included in RSI
  - Schedule of Changes in the Government's Net Pension Liability and Related Ratios
  - Schedule of Government's Pension Contributions
  - Schedule of Pension Investment Returns (as applicable)
- The current year column for the *Schedule of Changes in the Government's Net Pension Liability and Related Ratios* should be for the *measurement period*
- The current year column for the *Schedule of Government's Pension Contributions* should be for the government's *fiscal year*

RSI Notes

Noteworthy Items



Comprehensive Annual Financial Report (CAFR)

- Introductory Section
- Financial Section
- Statistical Section

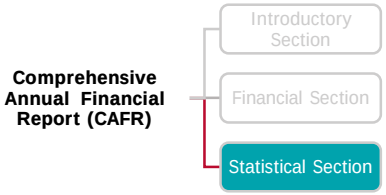
Placement of RSI disclosures

- Supporting disclosures for RSI – present as Notes to RSI, not as part of notes to the financial statements
- Disclosure is always required; however, in the notes to the financial statements of any budget related significant violations, even if budgetary comparisons are in RSI

Statistical Section

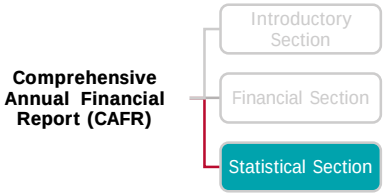
How to Excel and Achieve the GFOA Award for Your Government

What is Included?



- Information on financial trends
- Information on revenue capacity
- Information on debt capacity
- Demographic and economic information
- Operating information

Statistical Section



Financial Trend Data

- Information about net position – 10Years
- Information about changes in net position – 10 Years
- Information about fund balances – 10 Years
- Information about changes in fund balances – 10 Years

Revenue Capacity

- Information about the revenue base – 10 Years
- Information about the revenue rates – 10 Years
- Information about principal revenue payers (CY and Nine Years Prior)
- Information about property tax levies and collections – 10 Years

Debt Capacity

- Ratios of outstanding debt – 10 Years
- Ratios of general bonded debt – 10 Years
- Information about direct & overlapping debt – CY only
- Information on debt limitations (10 years/CY)
- Information about pledged revenue coverage – 10 Years

Demographic & Economic Information

- Demographic & economic indicators – 10 Years
- Principal employers (CY and Nine Years Prior)

Operating Indicators

- Number of government employees – 10 Years
- Operating indicators – 10 Years
- Information on capital assets – 10 Years

Statistical Section

Noteworthy Items

*18.1 Does the report include a statistical section?

Explain anomalies - GASBS 44, requires explanations of atypical trends and anomalous data that the users of the financial report would not otherwise understand

Include source of statistical information – County Finance Department, Chamber of Commerce, County Tax Commissioner, etc.

Statistical Section

Anomalies

Tax Revenue by Source – Governmental Funds

Fiscal Year	Sales Tax
2003	$871,849
2004	875,174
2005	971,005
2006	1,100,767
2007	1,274,653
2008	1,466,836
2009	2,439,129
2010	2,637,280
2011	2,544,528
2012	2,791,530

What Happened?

Statistical Section

Anomalies

Tax Revenue by Source – Governmental Funds

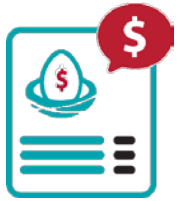
Fiscal Year	Sales Tax
2006	$871,849
2007	875,174
2008	971,005
2009	1,100,767
2010	1,274,653
2011	1,466,836
2012	**2,439,129 (1)**
2013	2,637,280
2014	2,544,528
2015	2,791,530

(1) In FY 2012, the voters approved an additional penny sales tax restricted to public safety, accounting for the significant increase in sales tax revenue in 2012 and thereafter.

Statistical Section

Noteworthy Items

Amounts presented in the debt capacity schedules should be the same amounts reported in the basic financial statements



Include all the governmental activities debt for the direct debt in the direct and overlapping debt statistical table

Ensure ratio of debt service as a percentage of noncapital expenditures is calculated correctly

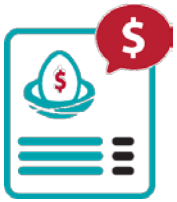
- ✓ Use the capital outlay amount from the reconciliation of statement of revenues, expenditures, and changes in fund balances to the statement of activities

Statistical Section

Noteworthy Items

Ratio of general bonded debt per capita should focus on net bonded debt rather than total bonded debt

- ✓ Use the amount of net position restricted for payment of principal to calculate the net bonded debt



Debt not to be repaid with general government resources should *not* be included in the net general obligation debt schedule

Ensure amounts trace to the basic financial statements

Achieving Excellence

A plan for achieving excellence . . .

Resources

- GASB's Codification – A comprehensive one stop source of information
  - https://www.gasb.org/jsp/GASB/Page/GASB/Store/SubjectPage&subjectId=05GBCD
- GFOA Disclosure Checklists
  - http://www.gfoa.org/cafr

QUESTIONS?

CAFR Preparation
How to Excel and Achieve
Award for Your Governme
Carl Vinson
Institute of Government
UNIVERSITY OF GEORGIA

Thank You!

JOHN G. HULSEY MPA, CGFM, CPFO

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