SECTION 3 – ANNUAL FINANCIAL REPORTING

Overview

Local governments are accountable for the manner in which they spend public funds. Annual financial reporting is one method of demonstrating accountability. Two types of local government annual financial reporting are the State Annual Financial Report (AFR) and the Annual Comprehensive Financial Report (ACFR).

State Annual Financial Report

Section 218.32, Florida Statutes, requires each local government that is determined to be a reporting entity, as defined by generally accepted accounting principles (GAAP), to submit to the Department of Financial Services (DFS) an AFR in a format prescribed by DFS. The AFR and the local government's annual financial audit report must be sent to DFS within forty-five (45) days after the completion of the audit report, but no later than nine (9) months after the end of the fiscal year. If the local government is not required to have an annual audit in accordance with Section 218.39, Florida Statutes, the AFR must be submitted to DFS no later than nine (9) months after the end of the fiscal year. In addition, each local governmental entity's website must provide a link to the DFS website to view the entity's AFR. If the local governmental entity does not have an official website, the county government's web site must provide the required link for the local governmental entity.

In addition, Section 218.32(1)(c), Florida Statutes, requires each regional planning council created under Section 186.504, Florida Statutes, each local government finance commission, board, or council, and each municipal power corporation created as a separate legal or administrative entity by interlocal agreement under Section 163.01(7), Florida Statutes, to submit to DFS a copy of its audit report and an AFR for the previous fiscal year in a format prescribed by DFS.

For fiscal years ending on or after September 1, 2022, local governments are to report financial data required by Section 218.32, Florida Statutes, using XBRL (eXtensible Business Reporting Language). DFS's Division of Accounting & Auditing has partnered with the Office of Information Technology to build the new Florida Open Financial Statement System. Local governments have the option to provide their financial data in the same manner they currently utilize, where it will be tagged and converted into XBRL format for their validation and submission, or they may choose to submit an XBRL instance. Updates may be found on the Florida Department of Financial Services website (see LOGERx).

Annual Comprehensive Financial Report (ACFR)

Section 218.39, Florida Statutes, requires that local governments that meet specific criteria outlined in the section shall have an annual financial audit of their accounts and records completed within nine months after the end of their fiscal year. However, the Government Finance Officers Association (GFOA) recommends issuing an ACFR as a best practice for financial reporting. The ACFR expands on the basic financial statements required by GAAP by including additional financial information organized into three sections: Introductory, Financial, and Statistical. The Introductory Section provides general information on the government's structure, services, and environment. The Financial Section includes the basic financial statements, notes, and Management's Discussion and Analysis, as well as additional information on all individual funds not reported in the basic financial statements. The Statistical Section provides trend data and non-financial information that assist in assessing the government's financial condition. ACFR requirements are codified in the GASB Codification as Section 2200. Governments that participate in the Certificate of Achievement for Excellence in Financial Reporting Program are asked to

submit their reports within six months of the end of the fiscal year. The GFOA's review process typically requires an additional four to six months.

The GFOA maintains a Certificate of Achievement for Excellence in Financial Reporting Program designed to encourage and assist local governments to go beyond the minimum requirements of GAAP to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure. Reports submitted to the GFOA for this certificate are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which is comprised of individuals with expertise in public sector financial reporting. The certificate of achievement is generally regarded as the highest form of recognition in local government financial reporting is viewed positively by credit rating agencies and others interested in the professionalism of governmental finance.

Other Financial Reporting Requirements

Additional financial reporting requirements for Florida local government entities have been statutorily established and have been summarized by the Joint Legislative Auditing Committee (JLAC) in its Calendar of Financial Reporting Requirements.

Current GASB Reporting Standards

GASB Statement No. 103, Financial Reporting Model Improvements, is effective for fiscal years beginning after June 15, 2025. It revises requirements affecting management's discussion and analysis, unusual or infrequent items, proprietary fund presentation, major component units, and budgetary comparison information.

GASB Statement No. 104, Disclosure of Certain Capital Assets, is effective for fiscal years beginning after June 15, 2025, and requires separate disclosure of specified lease, subscription, right-to-use, and other intangible assets, as well as additional information for capital assets held for sale.

GASB Statement No. 105, Subsequent Events, is effective for fiscal years beginning after June 15, 2026, and clarifies the evaluation period, recognition, and disclosure of subsequent events.

Popular Annual Financial Report (PAFR)

The GFOA established the PAFR Program in 1991 to encourage and assist state and local governments to extract information from their ACFR to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal. Although the preparation of a PAFR is optional, those PAFRs submitted to the PAFR Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in governmental accounting and financial reporting and may be eligible for an award by the GFOA.

References

- Section 218.32, Florida Statutes - Annual financial reports. Official link
- Section 218.39, Florida Statutes - Annual financial audit reports. Official link
- Florida Department of Financial Services - Local Government Financial Reporting and LOGERx. Official link
- Joint Legislative Auditing Committee - Local Government Financial Reporting and current reporting calendar. Official link
- GASB Statement No. 103 - Financial Reporting Model Improvements. Official link
- GASB Statement No. 104 - Disclosure of Certain Capital Assets. Official link

- GASB Statement No. 105 - Subsequent Events. Official link
- Government Finance Officers Association - Financial reporting resources. Official link