

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 Comprehensive Annual Financial Report (CAFR).

State Annual Financial Report

Section [218.32](#), F.S., requires each local government that is determined to be a reporting entity, as defined by GAAP, to submit to the (DFS) an AFR in a format prescribed by the DFS. The AFR and the local government's annual audit report must be sent to the 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. In the event that the local government is not required to have an annual audit in accordance with, s. [218.39](#), F.S., 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 web site must provide a link to DFS's web site to view the entity's annual financial report. If the local governmental entity does not have an official web site, the county government's web site must provide the required link for the local governmental entity.

Comprehensive Annual Financial Report

Section [218.39](#), F.S., requires that local governments that meet specific criteria outlined in the chapter shall have an annual financial audit of its accounts and records completed within nine (9) months after the end of its fiscal year. However, the Government Finance Officers Association of the United States and Canada (GFOA) recommends that a CAFR be issued as a best practice for financial reporting. The CAFR expands upon the basic financial statements that are required by generally accepted accounting principles by including additional financial information broken down 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 assists in the assessment of the government's financial condition. 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 4 to 6 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 comprehensive annual 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 and can be viewed as a positive factor 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.

Popular Annual Financial Report

The GFOA established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to encourage and assist state and local governments to extract information from their comprehensive annual financial report 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 Popular annual financial reports 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](#), F.S.; Annual Financial Report; Local Government Entities

Section [218.39](#), F.S.; Annual Financial Audit Reports

Florida Department of Financial Services – <http://myfloridacfo.com/aadir/localgov/>

Government Finance Officers Association – <http://www.gfoa.org/>

Governmental Accounting, Auditing, and Financial Reporting (Blue Book) by Stephen J. Gauthier (<http://www.gfoa.org/>)

Calendar of Financial Reporting Requirements (JLAC):
http://www.leg.state.fl.us/Data/Committees/Joint/JCLA/Financial_Reporting_Requirements.docx