

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

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.



Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which comprises individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

How does the program work? Governments that participate in the Certificate Program will have a grade assigned to each section of their report and receive a list of specific comments and suggestions for improvement. Reviews are conducted by volunteers who are members of the Special Review Committee and GFOA Technical Services Center professional staff. All reviews are combined and a final vote is determined. If a government's report wins the award, it will receive public recognition of its achievement, along with a plaque and a press release. Public recognition includes having the name of the government appear on a list of award-winning reports maintained on the GFOA's website. Moreover, first-time award winners will be announced in the GFOA e-Newsletter.

The City's application fee will be approximately \$500.
Additional External Auditor fee, year of implementation \$8-10k
(FY13 base fee currently \$51,000 plus est of \$500 for out of pocket
Expense – total \$51,500 budgeted at \$55,200)
External Auditor fee, subsequent years \$4-5k

Research of the Advantages of preparing a CAFR discovery:

1. A CAFR provides transparency to the way cities and states spend tax money. Citizens can clearly see from the report if public officials are performing their financial management duties appropriately. According to the GASB, a CAFR provides useful information to “members of citizen groups, legislators and legislative staff, and oversight bodies.” With such a comprehensive report, city government is held accountable by the public. *(see information of Popular Annual Financial Report below for providing additional transparency to Citizen's and others with no public finance knowledge)*
2. Rating agencies have publicly recognized the issuance of an award-winning CAFR as a positive factor in a credit evaluation.
3. An award-winning CAFR possesses a high degree of reliability because it must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and it must be audited in conformity with Generally Accepted Auditing Standards.

4. A CAFR goes beyond the minimum requirements of GAAP to provide additional information of significant practical benefit to financial statement users, such as trend and demographic information and an overview of the government and its operations that discusses key financial developments of the current year.
5. The financial statements, supporting schedules, statistical tables and narrative explanations required for a Certificate ensures that all fiscal data are presented that are needed by those with an interest in the financial affairs of the City.
6. A CAFR demonstrates a governments' professionalism to citizens, colleagues, and industrial prospects.
7. A proven record of responsible stewardship of public money helps attract investors when governments need to issue bonds to finance growth. A CAFR meets the requirements of SEC Rule 15C2-12 (see What is Continuing Disclosure below) under the Securities Exchange Act of 1934 for municipal bond disclosure, which require an annual update of the financial information and operating data included in the final official bond offering statement.

What is Continuing Disclosure?

Continuing disclosure consists of important information about a municipal bond that arises after the initial issuance of the bonds. This information generally reflects the financial health or operating condition of the state or local government as it changes over time, or the occurrence of specific events that can have an impact on key features of the bonds.

Popular Annual Financial Reporting Award Program (PAFR Program)

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.



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.

Application fee is \$225

There are no additional External Auditor Fees.