

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

### Eligibility Requirements

***Type of Report.*** The report submitted to the program must be the published (either in electronic or hard copy format) comprehensive annual financial report (CAFR) of a state or local governmental entity, which includes special-purpose entities such as public employee retirement systems, public colleges and universities, government investment pools, stand-alone business-type activities, and school districts. Component units and departments are eligible to submit their CAFR, provided that they meet certain requirements described below.

***Scope.*** To qualify as “comprehensive,” the CAFR must include all funds and component units of the entity, in accordance with generally accepted accounting principles.

**Separate component unit reports.** A component unit that publishes a CAFR is eligible to submit its report to the program for review, provided that it includes all of the component unit’s own funds and (sub) component units. Furthermore, except for a blended component unit’s general fund (which properly is reclassified as a special revenue fund in the primary government’s report), the fund types used in the component unit’s report must be the same as those used to account for its activities in the primary government’s report (e.g., a component unit may not use proprietary fund accounting in its separate report if its activities are reported in governmental funds in the primary government’s report).

**Separate departmental reports.** A department of a government that publishes a CAFR is eligible to submit its report to the program for review, provided that the department is composed of one or more separate funds. Thus, a department reported as a separate special revenue fund is eligible to participate, but a department that is included as part of the general fund is ineligible. Once again, the fund type(s) used in the department’s report must be consistent with the fund type(s) used in the government’s report. Furthermore, the certificate program recommends that departmental reports always be accompanied by management’s discussion and analysis.

***Audit requirements.*** The financial section of the CAFR must include an independent auditor’s report on the fair presentation of the financial statements. The auditor must have performed the audit in accordance with either generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS) as set forth in the Government Accountability Office’s Government Auditing Standards. Also, the scope of the independent auditor’s opinion must encompass, at a minimum, the fair presentation of the basic financial statements (BFS). In addition, the independent auditor’s report must provide at least “in relation” audit coverage for all other contents of the financial section of the CAFR. In most cases, a qualified opinion or a disclaimer of opinion based upon the inadequacy or unavailability of the government’s accounting

records will render a report ineligible, as will the omission of a fund type, individual fund, or component unit from the scope of the auditor's opinion.

***Responses to prior year comments.*** If the government participated in the program in the preceding year, its submission package must include written responses to all of the prior year's comments and suggestions for improvement.

***Demonstration of legal compliance.*** If the CAFR references a separately issued budgetary report to demonstrate budgetary compliance at the legal level of control, it must submit one copy of that report as part of its submission package. Any such report should 1) be bound, 2) present all individual governmental funds for which an annual appropriated budget is adopted, 3) present separate columns: a) for the final budget and b) for actual expenditures on a budgetary basis at the legal level of control, 4) present information at the legal level of control within the individual fund, as appropriate, and, 5) identify names of all individual funds and accounts, as appropriate, included on the report (may also present fund/account numbers, however, fund and account numbers alone are not acceptable).

***Submission Deadline.*** All appropriate items must be postmarked or e-mailed to the Government Finance Officers Association (GFOA) no later than six months after the government's fiscal year end

***In-house Reviews of Ineligible Reports.*** Occasionally, a government that submits a CAFR that is deemed ineligible will desire to have staff perform an "in-house only review" of their report. The cost of such an in-house review is the same as for a regular review. The results of a staff in-house review are strictly confidential. If a government that requests an in-house review decides to submit its CAFR for a regular review in the subsequent year, that CAFR will be treated as a "new submission" (i.e., there is no requirement to formally respond to comments and suggestions for improvement arising from the in-house review).