

Government Finance Officers Association

Award Program for Small Government Cash Basis Reports

What is the Award Program for Small Government Cash Basis Reports?

For practical reasons, many small governments prepare their financial statements using either the modified cash basis or state-mandated regulatory basis of accounting, rather than generally accepted accounting principles (GAAP). The Government Finance Officers Association's (GFOA) Cash Basis Award Program is designed to help such governments improve the quality of their annual financial reports.

What are the benefits of the program?

The Cash Basis Award Program aims to improve the quality and transparency of small government annual financial reports by providing guidelines that enhance the disclosure of annual financial reports prepared using the modified or regulatory cash basis of accounting. The GFOA will publicly acknowledge governments whose annual financial reports conform to these guidelines.

What constitutes a "modified cash basis of accounting" for program purposes?

The Cash Basis Award Program has established a definition of the "modified cash basis of accounting" consistent with the provisions of the American Institute of Certified Public Accountants' auditing standards for special purpose frameworks.

What constitutes a "state-mandated regulatory basis of accounting" for program purposes?

The Cash Basis Award Program has established a definition of "state-mandated regulatory basis of accounting" to include each of the state's unique regulatory requirements for their small government's financial reporting.

How is the transparency of financial reporting enhanced?

The Cash Basis Award Program requires the inclusion of a letter of transmittal, information on individual funds, budgetary comparisons, and limited information on five-year financial trends.

How does the program work?

Governments that participate in the Cash Basis Award Program will have a grade assigned to each section of their report and receive a list of specific comments and suggestions for improvement. If a government's report substantially meets the program's criteria, the participating government also 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*.

Which governments qualify to participate in the program?

Any government, regardless of type, that reports \$25 million or less in revenues (primary government) for either the current year or the average of the five most recent years is eligible to participate, unless it is required to prepare a GAAP financial report or has done so at any time in the most recent five years.

If you have any questions, please e-mail cashbasis@gfoa.org.

Go to www.gfoa.org to download an application and FAQ sheet on the program. Checklists are also available for general purpose governments, school districts, and stand-alone business-type entities, along with a sample small government annual financial report.

Volunteer to Serve as a Reviewer

If you are an accountant, auditor, or academic with experience in governmental accounting and financial reporting, you are invited to become a volunteer reviewer for the Cash Basis Award Program.

What are the benefits of serving as a volunteer reviewer?

Volunteer reviewers can:

- Get exposure to a variety of reports from around the country (reviewers can specify the types of governments whose reports they wish to review),
- Gain practical ideas on how to improve their own annual financial reports, and
- Achieve professional recognition.

Also, senior professionals can use the program to help less experienced staff obtain valuable experience.

How much time does it take to serve as a reviewer?

Reviewers enjoy considerable flexibility regarding the number and type of reports they wish to review. GFOA staff is available during normal business hours to answer questions you may have during the review process.

What are the requirements for serving as a reviewer?

Any of the following qualify an individual to serve as a reviewer for the Cash Basis Award Program:

- Service as a reviewer for the Certificate of Achievement for Excellence in Financial Reporting Program,
- Experience in preparing a report that received the Award for Small Government Cash Basis Reports,
- Experience as the independent auditor of a report that received the Award for Small Government Cash Basis Reports, or
- Other relevant experience, along with a recommendation from a past or current reviewer.



If you have any questions, please e-mail cashbasisreview@gfoa.org.

Go to www.gfoa.org for information on GFOA membership, products, services, and GFOA's other awards programs:

- Awards for Excellence in Government Finance
- Canadian Award for Financial Reporting
- Certificate of Achievement for Excellence in Financial Reporting
- Distinguished Budget Presentation Award
- Popular Annual Financial Reporting Award



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