

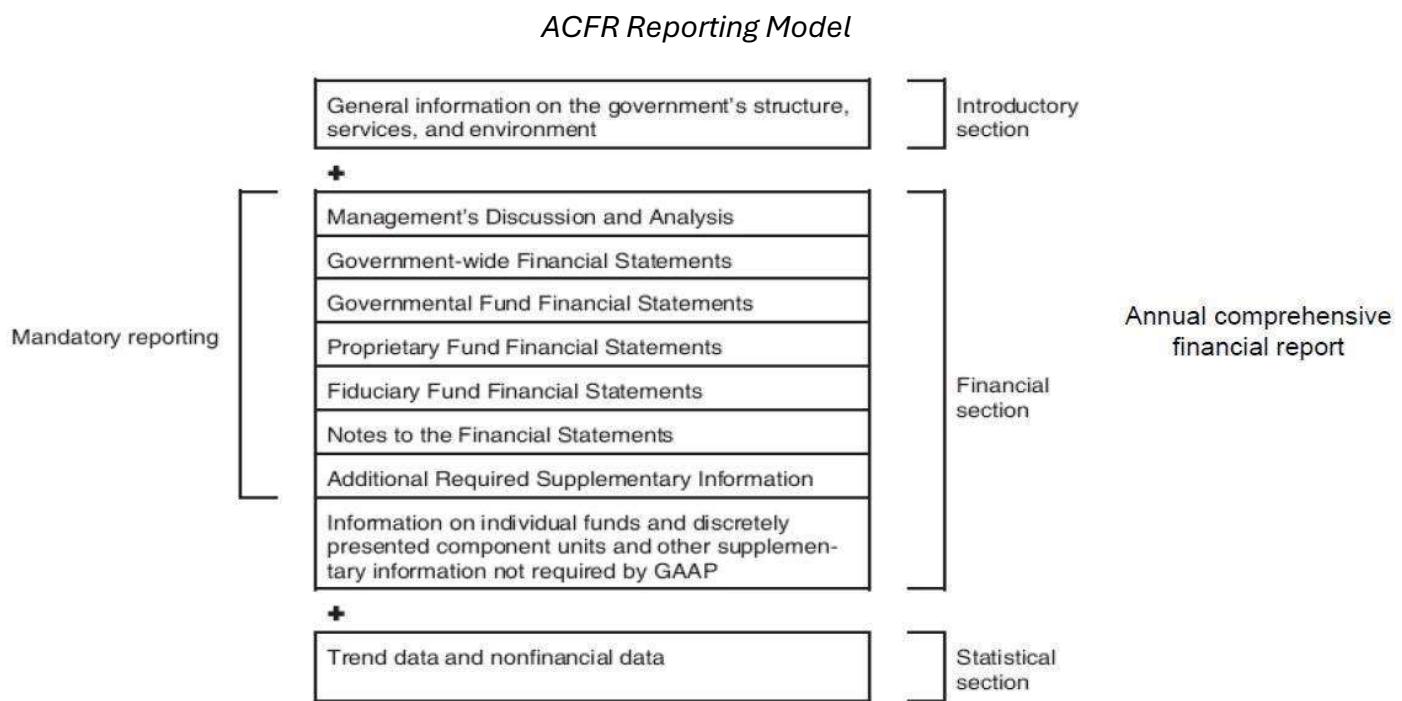
Attachment D

ACFR Description Appendix

How the Annual Comprehensive Financial Report (ACFR) compares to regular financial statements.

An ACFR presents a set of financial statements for a governmental entity, and a wide variety of information needed for readers to understand a complete financial picture of a government's finances and how they compare to the financial data. The ACFR must comply with accounting requirements and standards developed by the Governmental Accounting Standards Board (GASB) and be audited by an independent auditor using generally accepted government auditing standards.

The following chart describes the compilation of the ACFR as prescribed by the GASB.



An ACFR consists of three main sections: Introductory, Financial, and Statistical. The Introductory section provides a letter of transmittal, guiding the reader through the report and helping them to understand the context and structure of the ACFR. The Financial section presents the basic financial statements and notes to the statements, as well as the independent auditors' report. The Statistical section contains additional financial and statistical data including ten-year trends which when used in conjunction with the financial statements, notes to the statements, and required supplementary information, will help to better inform the reader about the economic condition of the government.

An ACFR differs from regular financial statements in scope, purpose and content by presenting a wider variety of significant information intended to assist the reader in properly understanding the basic statements. Here's how they compare:

1. Scope and Detail:

- **ACFR:** Provides a comprehensive overview of a government entity's financial activities, including historical and statistical data. It's structured to give a full, in-depth picture of the entity's financial position and performance.
- **Regular Financial Statement:** Focuses on presenting the financial position, performance, and cash flows of an entity, typically limited to a single accounting period. These statements are more concise.

2. Content:

- **ACFR:** Includes three sections - Introductory, Financial, and Statistical. It contains audited financial statements but also adds context with management's analysis, demographic trends, and other operational data.
- **Regular Financial Statement:** Typically includes a balance sheet, income statement, cash flow statement, and notes to the accounts, but it lacks additional narrative or statistical details.

3. Audience:

- **ACFR:** Designed for a wide audience, including taxpayers, government officials, and external stakeholders, offering insights into both financial data and operational performance.
- **Regular Financial Statement:** Targeted primarily at investors, creditors, or internal stakeholders to assess financial health and profitability.

4. Standards and Compliance:

- **ACFR:** Must adhere to governmental accounting standards set by the Governmental Accounting Standards Board (GASB).
- **Regular Financial Statement:** Generally follows the Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

In summary, regular financial statements are typically geared towards businesses or nonprofits, focused on financial performance with the purpose of profit analysis and investment decision-making, while an ACFR provides more detailed and wide-ranging information to focus on transparency, compliance, and accountability of public sector governments.