

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 Annual Comprehensive Financial Report (ACFR).

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, Section [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 website must provide a link to the DFS's web site to view the entity's AFR. If the local governmental entity does not have an official website, the county government's web site must provide the required link for the local governmental entity.

In addition, Section, [218.32\(1\)\(c\)](#), F.S., requires each regional planning council created under Section [186.504](#), F.S., each local government finance commission, board, or council, and each municipal power corporation created as a separate legal or administrative entity by interlocal agreement under Section [163.01\(7\)](#), F.S., to submit to the department a copy of its audit report and an AFR for the previous fiscal year in a format prescribed by the department. Further, Section [163.387\(8\)\(c\)](#), F.S., requires that audit reports for CRA audits conducted pursuant to that section be filed with the DFS.

Chapter 2018-102, Laws of Florida, amended Section [218.32](#), F.S., to require the DFS to hire a contractor to build one or more eXtensible Business Reporting Language (XBRL) taxonomies suitable for state, county, municipal, and special district financial filings and to create a software tool that enables financial statement filers to easily create XBRL documents consistent with such taxonomies.

For fiscal years ending on or after September 1, 2022, local governments are to report financial data required by Section [218.32](#), F.S., using XBRL. The DFS Division of Accounting & Auditing has partnered with the Office of Information Technology to build the new Florida Open Financial Statement System. Local governments have the option to provide their financial data in the same manner they currently utilize, where it will be

tagged and converted into XBRL format for their validation and submission, or they may choose to submit an XBRL instance. Updates may be found at the Florida Department of Financial Services [website](#) (see LOGERx). **Annual Comprehensive 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 months after the end of its fiscal year. However, the GFOA recommends that an ACFR be issued as a best practice for financial reporting. The ACFR expands upon the basic financial statements that are required by GAAP 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. ACFR requirements are codified in the GASB Codification as Section 2200. 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 four to six 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 annual comprehensive 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 ACFR 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 PAFR's 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 [163.387](#), F.S.; Redevelopment Trust Fund

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:

<https://www.myfloridacfo.com/division/aa/local-governments>

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.pdf