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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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**How to prepare  
and submit an  
Annual  
Comprehensive  
Financial Report  
for ASBO's  
Certificate of  
Excellence  
(COE) Award**

# Outline of Presentation



The COE program

What is an ACFR and what does it contain?

Program submission process & requirements

Review process

# What is the COE program?

The **Certificate of Excellence in Financial Reporting** award program was established 50 years ago to honor school districts for excellence and best practices in financial reporting.



The Gold Standard in Financial Reporting

# COE Program

**Mission of the COE program** – To encourage and recognize excellence and transparency in the preparation and issuance of your school district's ACFR.

You hold the **public trust**, and in these economically challenging times, you need to demonstrate your school district is effectively and prudently managing funds.

# COE Participation Benefits

- Increases credibility
- Promotes transparency
- Improves reporting quality
- Facilitates bond rating and continuing disclosure process
- Recognizes business office achievement

**Lonny Morrow**  
**Former Mount Pleasant Community School District**  
**Board Member**

As a school board member, I frequently received questions (and criticism) about our district's budget and spending. I typically relied upon the ACFR for the information necessary to address these issues. Frankly, I would have been lost without it. **The ACFR provides a roadmap for future financial decisions as well as serves as a check on how well we did with last year's budget. The ACFR was an invaluable tool to the board members as we carried out our fiduciary responsibilities.**

# Join the elite group of COE recipients!

Only 4% of school districts nationwide, including one Wisconsin district receive the COE award.

563 districts in FY2021

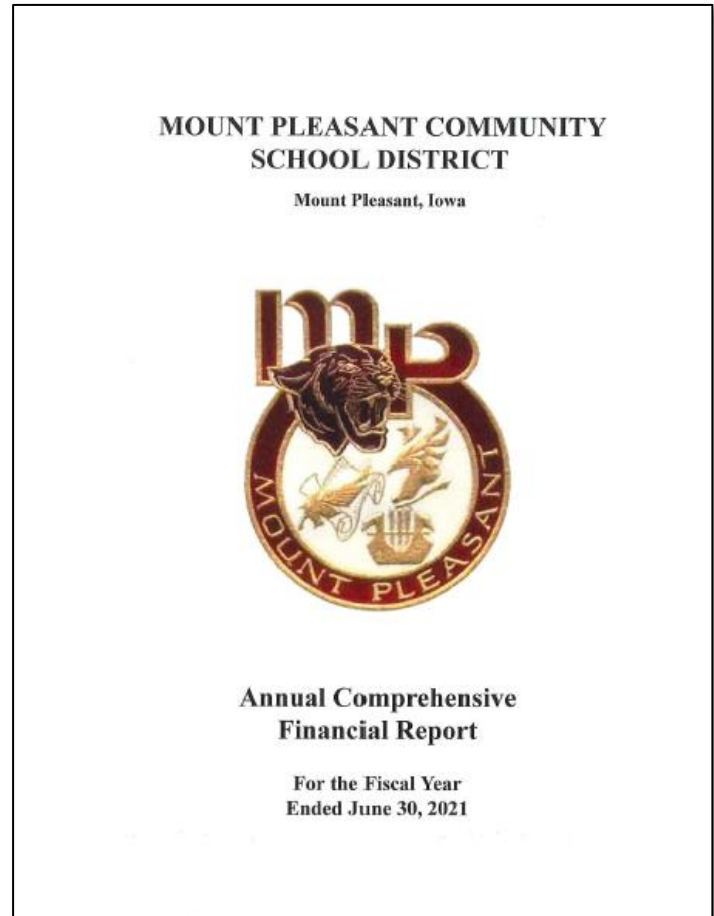
# Cover

Describes the document as an “Annual Comprehensive Financial Report”

Legal name of school district

Include the state in which the school district is located

Indicate fiscal year end

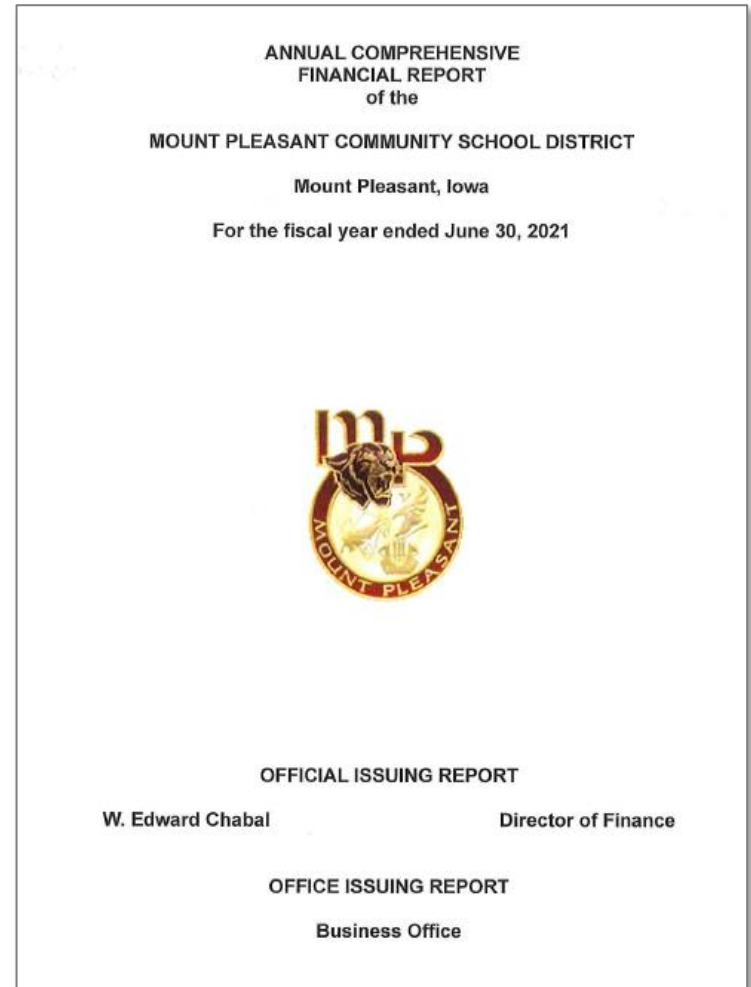




# Title Page

Includes same basic information as the cover

Should also include the name of the individual or department responsible for preparing the report



# **ACFRs contain 3 sections:**

**Introductory section**

**Financial section**

Combining statements and schedules

**Statistical section**

# Introductory Section - Letter of Transmittal

Executive Summary prepared by the school district

Presented on school district letterhead and signed by chief financial officer at a minimum and/or chief executive officer

Should direct readers to the Management Discussion & Analysis (MD&A)

Subjective aspects of various topics may be discussed



Mt. Pleasant Community School District

*"Learning for a Lifetime"*

Central Office  
400 East Madison Street  
Mt. Pleasant, IA 52641

Phone: 319-385-7750

Dr. John Henriksen, Superintendent  
Kathleen Gavin, Director of Instruction  
W. Edward Chabal, Director of Business  
and Finance  
Fax: 319-385-7788

December 29, 2021

Members of the Board of Education and Residents  
Mt. Pleasant Community School District  
Mt. Pleasant, Iowa

We are pleased to submit to you the Annual Comprehensive Financial Report of the Mt. Pleasant Community School District for the year ending June 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

To facilitate the understanding of the District's financial affairs, the Annual Comprehensive Financial Report (ACFR) is presented in four sections:

**Introductory Section** – This section includes this transmittal letter, the Certificate of Excellence in Financial Reporting for the year ended June 30, 2020, a list of principal officers and the District's organizational chart.

**Financial Section** – This section includes the management's discussion and analysis, the basic financial statements – government-wide statements and fund statements, required supplementary information, notes to the financial statements and the report of the independent accountants on the financial statements and schedules.

**Statistical Section** – This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

**Compliance Section** – This section includes audit reports relating to the Board's single audit over internal control, federal and state awards, as well as a Schedule of Expenditures of Federal and State Awards.

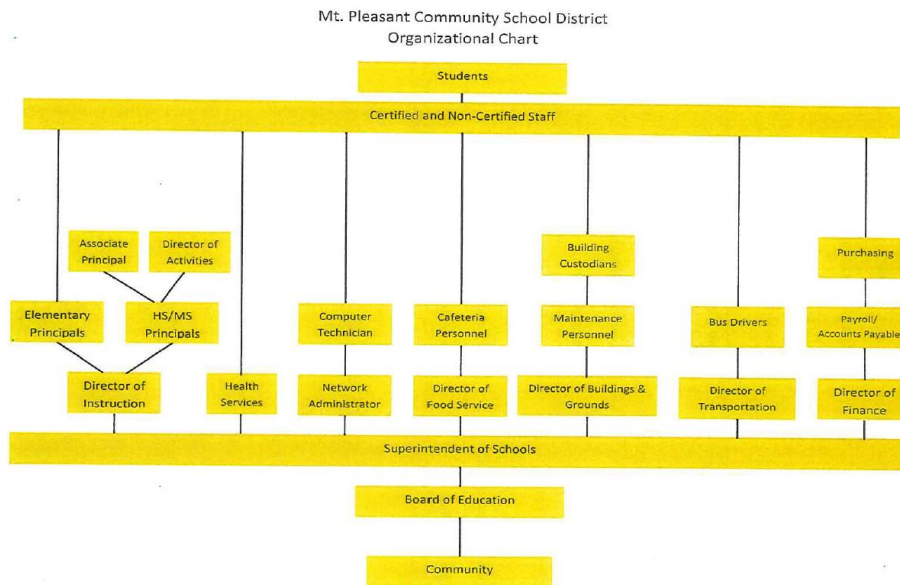
This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the ACFR and should be read in conjunction with it.

# Introductory Section - Letter of Transmittal components:

- Profile of the district
- Local economy and economic outlook
- Budget process and long-term financial planning
- Major initiatives
- Mission, core values, and strategic objectives
- Relevant financial policies
- Awards and acknowledgements

# Introductory Section – other items

- List of principal officials (school board and administrators)
- Map of school district
- Organization chart
- Copy of COE award from previous year



# Common Review Comments (deficiencies) related to the Introductory Section

- **Letter of transmittal** not dated on or after the date of the independent auditor's report and addressed to Board members only, rather than to citizens/taxpayers as well.
- Information in other sections of the ACFR is duplicated in the transmittal letter.
- **Letter of transmittal** does not include sufficient discussion of the local economy and long-term financial plans and/or is not updated.
- Relevant financial policies are not addressed.

# Financial Section

Contains:

- all basic financial statements
- required supplementary information (RSI)
- information on all individual funds and discretely presented component units not reported separately in the basic financial statements.

# Financial Section

## Independent Auditor's Report

\*Opinion expressed must be **unmodified** in order to be eligible for the COE award

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

### INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Mount Pleasant Community School District:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District, Mount Pleasant, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



# Financial Section

## Management's Discussion and Analysis (MD&A)

- narrative introduction and overview that users need to interpret the basic financial statements
- analysis of some key data presented in the basic financial statements
- discussion of the basic financial statements
- condensed comparative data

# Management's Discussion and Analysis (MD&A)

## Budget Variances in the General Fund

The MD&A should address significant differences between:

- ✓ the original budget for the general fund and the final amended budget
- ✓ the final amended budget for the general fund and actual amounts

# Common review comments (deficiencies) related to the MD&A

- amounts reported in the MD&A agree to amount reported in the financial statements
- include an analysis of significant changes in balances and transactions of individual major funds
- provide an analysis of significant budgetary variations (*both original budget versus final amended budget and final amended budget versus actual*) for the general fund

# Basic financial statements

## Government-wide financial statements

- ✓ Statement of Net Position
- ✓ Statement of Activities

Accrual basis of  
accounting

Economic  
resources  
measurement  
focus

# Basic financial statements

## Fund financial statements

### Governmental funds

- ✓ Balance Sheet
- ✓ Revenues, Expenditures, and Changes in Fund Balances
- ✓ Revenues, Expenditures and Changes in Fund Balances - Budget to Actual for the General Fund and major special revenue funds (or presented as RSI)

Modified  
accrual basis  
of accounting

Current financial  
resources  
measurement  
focus

# Basic financial statements

## Governmental funds

### Major fund presentation

#### Major Funds

- 10% of Governmental Fund Types – AND--
- 5% of Governmental and Enterprise Fund Types
- General Fund is **ALWAYS** major

#### Nonmajor Funds

- All other funds – single column presentation

# Basic financial statements

## Fund financial statements (cont'd)

### Proprietary funds

- Statement of net position
- Statement of revenues, expenses and changes in fund net position
- Statement of cash flows

Accrual basis of  
accounting

# Basic financial statements overview

## Fund financial statements (cont'd)

### Fiduciary funds

- Statement of fiduciary net position
- Statement of changes in fiduciary net position

Accrual basis of  
accounting



# Basic financial statements

- ✓ Reconciliation of the Balance Sheet to the Statement of Net Position
- ✓ Reconciliation of the Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

**Objective:** to reconcile the accrual government-wide financial statements to the modified accrual fund financial statements

# Modified accrual vs. full accrual – main differences

Statements include **noncurrent** assets and liabilities

Capital assets reported and depreciated

Debt payments recorded as reduction of liability (**not** as an expense)

Some unavailable revenues deferred in governmental statements may be recognized as revenue

# Notes to the basic financial statements

Contain information not included in or not readily apparent from the financial statements, but necessary to gain a complete view of your finances

## Common notes

- Summary of significant accounting policies
- Fund balance disclosure
- Cash and investments
- Capital assets
- Long-term liabilities
- Pension plans
- Subsequent events

# Required supplementary information

- PERA Schedule of District's and Non-employer Proportionate Share of Net Pension Liability  
Schedule of District's Contributions
- TRA Schedule of District's and Non-employer Proportionate Share of Net Pension Liability  
Schedule of District's Contributions
- OPEB Plan Schedule of Funding Progress
- Budgetary schedule

# Combining and individual fund information and other supplementary information

- First, each **set** of non-major governmental fund statements are presented by fund type (all funds of each fund type consolidated).
- Second, each **individual** nonmajor governmental fund is presented by fund type.

Narrative descriptions of each individual nonmajor fund is also required to be provided.

# Combining and individual fund information and other supplementary information

Combining statements should be prepared for:

- ✓ Proprietary fund types
- ✓ Fiduciary Funds

# Common review comments (deficiencies) related to the financial section

- If the COE reviewer encounters a significant error related to the basic financial statements, the school system could be awarded **conditionally or denied** the COE award.
  - ✓ Failure to implement a new GASB standard correctly or at all
  - ✓ Refunding bond issuance activity not reported
  - ✓ Other accounting errors noted
- Required footnote missing or required elements of the footnote missing.

# Statistical section

Requirements  
outlined in  
GASB 44

Provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.





# Statistical section – 5 objectives

Provide information on  
**Financial Trends**

Provide information on  
**Revenue Capacity**

Provide information on  
**Debt Capacity**

Provide **Demographic and  
Economic** information

Provide **Operating indicators**

# Financial trend data (10 years)

- Net Position by Component
- Changes in Net Position
- Fund balance of governmental funds
- Changes in fund balance of governmental funds
- General fund expenditures by program
- General fund revenue by source

# Financial trend data

**Where do I obtain the financial trend data?**

All financial trend data can be obtained directly from school district financial records (the ACFR itself)

# Revenue capacity (10 years)

- Assessed value and estimated actual value of taxable property
- Governmental fund tax revenue by source and levy type
- Principal property taxpayers (current and 9 years prior)
- School tax levies and tax rates by fund
- Direct and overlapping property tax rates
- Property tax levy and collections
- Optional – General fund revenue per student

# Revenue capacity data

What are your sources for needed revenue capacity statistical information?

State Department of Revenue/Taxation records/Assessor's office

County Treasurer records/Taxation records/Assessor's office

Abstract of the assessment roll

Information put out by Tax Research Foundations

# Debt capacity (10 years)

- Ratio of outstanding debt by type
- Ratio of net bonded debt to tax capacity & legal debt margin
- Direct & overlapping debt
- Legal debt margin
- Optional – deferred tax levies for future bond debt service

# Debt capacity data

What are your sources for needed debt capacity statistical information?

State/County  
Treasurer's offices

State Department of  
Revenue

3<sup>rd</sup> party prepared debt  
retirement  
schedules/bond  
offering statements

United States  
Department of  
Agriculture/Economic  
Research Service

# Demographic and economic data (10 years)

- Demographic and economic statistics
- Principal employers (current & 9 years prior)
- Building permits



# Demographic and economic data

What are your sources for the required demographic and economic statistical information?

US Department of Labor Bureau of Labor statistics

US Department of Agriculture/Economic Research Service

United States Census Bureau

Local Cities records/ACFRs

# Operating indicator schedules (10 years)

- Employees by classification
- Capital asset statistics by function
- Optional – Average class size, student enrollment, school facilities, food service

# Operating indicator data

What are your sources for the required operating indicator data?

Information comes from internal records

Wisconsin Department of Education

# Planning for initial ACFR submission

- Collect and review data for transmittal letter and MD&A
- Research where data is already available
- Consistent message with budget documents and ACFR
- Consider common themes for current fiscal year
- [Obtain documents at http://www.asbointl.org/](http://www.asbointl.org/)

# Required COE application materials

**COE  
application**

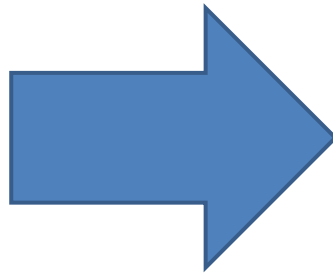
**ACFR**

**Prior year  
review  
comments  
and  
district's  
response**

**COE  
Checklist  
mandatory  
vs  
optional**

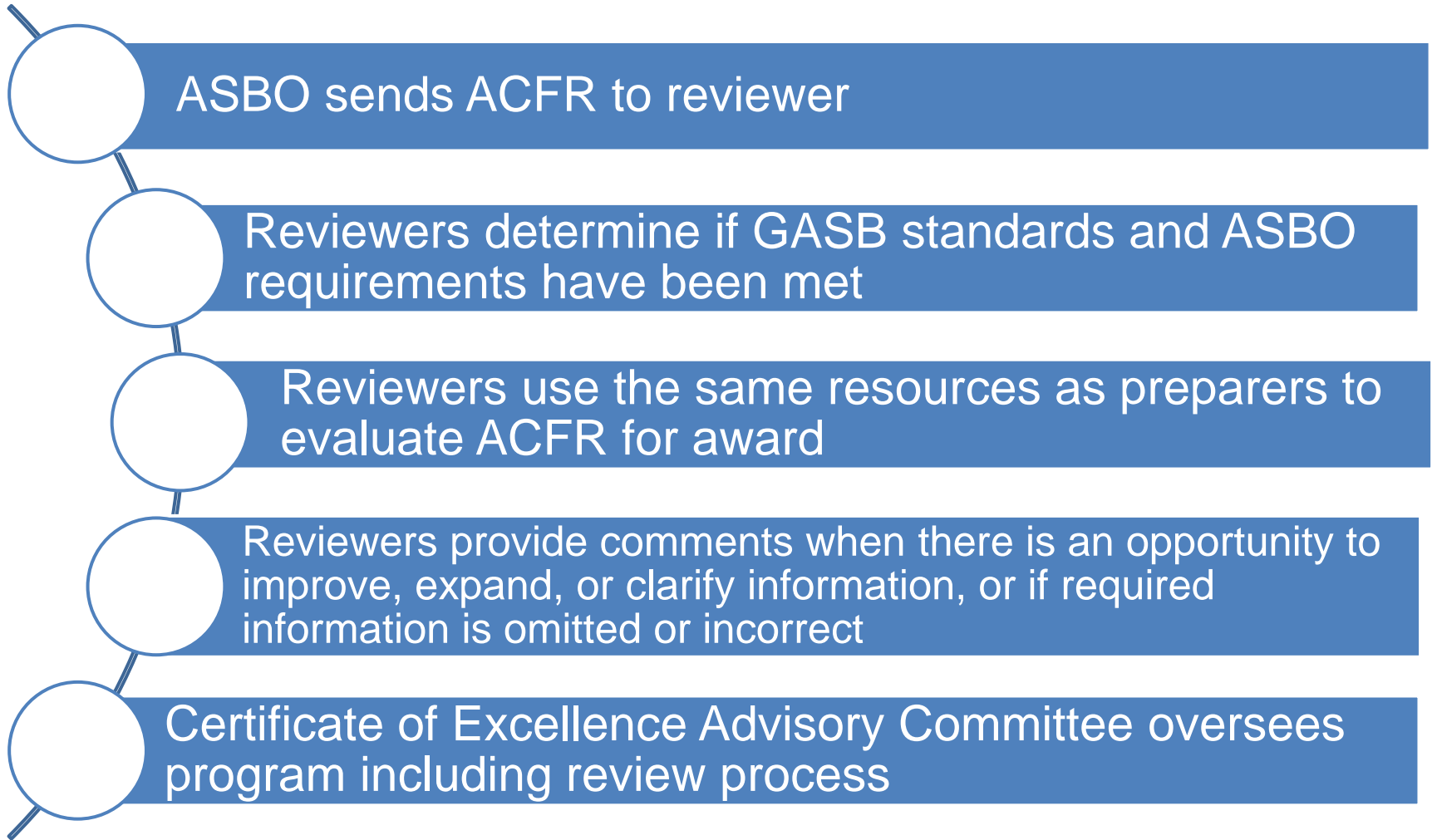
# ACFR submission deadline

**Fiscal Year  
End June 30**



**Application deadline  
December 31**

# Review process



# Review process

District receives award certificate, plaque, and recognition

District officials receive review comments

District officials have an opportunity to ask questions

District officials must respond to comments



# ACFR preparation resources

2020 GAAFR  
(Governmental  
Accounting, Auditing,  
and Financial Reporting)  
“GFOA Blue Book”

GASB Codification –  
Section 2200 specific  
to the ACFR and its  
requirements

GASB Statements

GASB Statement 44  
statistical section

Auditors

ASBO COE  
Checklist/sample  
ACFRS on the ASBO  
website

# CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING (COE)

**\$200 off the COE Application Fee**

Coupon Code: 22COEWI

*First time applicants only.*

Expires: December 31, 2023

[asbointl.org/COE](https://asbointl.org/COE)



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