CALAFCO
Understanding Financial Statements
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November 6, 2009

Areas to Cover
1. Governmental fund classifications and fund types
2. Explanation of the Comprehensive Annual Financial Report (CAFR) or Basic Financial Statements
3. Highlights of City of Victorville Basic Financial Statements
4. Highlights of Irvine Ranch Water District CAFR

Fund Classifications
Three Broad Classifications
- Governmental
  - Primarily tax supported activities
- Proprietary
  - Self-sustaining, fee-supported activities
  - GASB 34: "Business-type"
- Fiduciary
  - Trustee/caretaker for third parties
Individual Fund Types

- Governmental Funds
  - General
  - Special revenue
  - Capital projects
  - Debt service
  - Permanent

Individual Fund Types

- Proprietary "Business-type" Funds
  - Enterprise
  - Internal Service

Individual Fund Types

Fiduciary Funds

- Trust
  - Pension
  - Investment
  - Private-purpose

- Agency
  - Funds held on behalf of third parties
  - GASB 34: Primarily limited to Assessment Districts
Comprehensive Annual Financial Report (CAFR) or Basic Financial Statements (BFS)

- Entity-wide Reporting
  - Accrual basis of accounting - all funds
  - Statement of Net Assets
    - Focus on net economic worth
  - Statement of Activities
    - Focus on program expenses
    - Focus on how programs are financed
    - Program revenues
    - General revenues

CAFR / BFS

- Fund-level Reporting
  - Focus on "major funds" for governmental & business type funds
  - All other funds combined in a single column
  - Reconciliation between fund & government-wide statements
  - Detail in supplemental section

CAFR / BFS

- Management's Discussion & Analysis
  - Overall financial position and results of operations
  - Focus on reasons for change
  - Separately address governmental and business-type activities
  - Important economic factors that had an effect
CAFR

- Statistical Section
  - Ten-year trend information
  - Net assets by component
  - Changes in net assets
  - Principal taxpayers
  - Debt statistics
  - Various demographics

Sample Financial Reports

Walk-through of Sample Financial Statements
City of Victorville
Irvine Ranch Water District