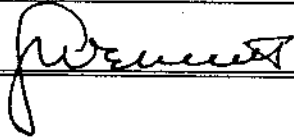




POLICY AND PROCEDURE

Subject: Accounting Policy - Financial Reporting	Index: Finance Number: 201-1-11
Effective Date: September 1, 2005	Prepared By: Finance & Administrative Services
Supersedes: July 1, 2003	Approved By: 

1.0 **PURPOSE:**

To provide policy on the financial reporting of the Finance Division of the City of San Clemente.

2.0 **ORGANIZATIONS AFFECTED:**

All departments/divisions.

3.0 **REFERENCES:**

Not applicable.

4.0 **POLICY:**

- 4.1 The Finance Division of the City prepares and publishes annual financial reports which present its financial position and results of operations.
- 4.2 The Finance Division of the City seeks to achieve and maintain a standard of excellence for financial reporting by preparing a comprehensive annual financial report qualifying for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate issued by the GFOA signifies the attainment of an approved level of communication of financial information by the City's CAFR.
- 4.3 The Finance Division's interim reporting function is to satisfy the management information needs of the City's elected and appointed officials, directors and commissioners.

4.4 The Finance Division's annual reporting function is to satisfy the needs of interested parties external to the City, including the Controller of the State of California.

5.0 **DEFINITIONS:**

Not applicable.

6.0 **PROCEDURE:**

6.1 The City prepares and publishes a Comprehensive Annual Financial Report (CAFR) to conform with GAAP. The CAFR covers all funds of the City. It includes all activities considered to be a part of, controlled by, or dependent on the City. The CAFR includes the appropriate management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and supplementary schedules. The CAFR comprises three major sections:

6.1.1 Introduction

6.1.2 Financial

6.1.3 Statistical

6.2 The annual financial report is published by the City in accordance with statements and principles promulgated by the Governmental Accounting Standards Board. The financial statements are audited annually by independent auditors.

6.3 The CAFR is prepared and published by the Finance Division and is based on the City's fiscal year-end of June 30.