

# Certificate of Achievement For Excellence in Financial Reporting

## Summary of Grading

Name of Unit: San Antonio Water System

Fiscal Year of Report FY2013

Report # 3,155.00

The Certificate of Achievement Program Special Review Committee (SRC) has completed its review of your comprehensive annual financial report (CAFR). Listed below are the grading categories used and a summary of the SRC's evaluation of your CAFR. The detailed comments and suggestions for reporting improvements on the attached listing are grouped under similar grading categories. Any category which received a grade of "Needs Significant Improvement" indicates an area of particular concern to the SRC and the related comments and suggestions for improvement in this category should be given special attention. An indication is provided on the list by the specific comments(s) or category(ies) that were the cause of receiving this grade. For each item, the notation also states whether it is 1) the basis or part of the basis for the CAFR not receiving the Certificate of Achievement, 2) a serious deficiency which will almost certainly preclude the awarding of the Certificate of Achievement if it is not corrected in your next CAFR, or 3) a deficiency, that if not corrected in future CAFRs, could result in the Certificate of Achievement not being awarded.

### Grading Category

### Grade

Cover, table of contents, and formatting	Proficient
Introductory section	Proficient
Report of the independent auditor	Proficient
Management's discussion and analysis (MD&A)	Proficient
Basic financial statements (preliminary considerations)	Proficient
Statement of net assets/balance sheet	Proficient
Statement of revenues, expenses, and changes in net assets/equity	Proficient
Statement of cash flows	Proficient
Fiduciary fund financial statements	Proficient
Summary of significant accounting policies (SSAP)	Proficient
Note disclosure (other than the SSAP and pension-related disclosures)	Proficient
Pension-related note disclosures	Proficient
Required supplementary information (RSI)	Proficient
Combining and individual fund information and other supplementary information	Proficient
Statistical section	Proficient
Other considerations	Proficient

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Detailed Listing of Comments and Suggestions for Improvement

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**105 - Basic financial statements (preliminary considerations)**

**Checklist Question: 5.2a**

Pages 16-17 - It is unclear why the deferred outflow for the cumulative change in the fair value of the hedging derivative does not equal the liability that is reported for the derivative instrument. It appears that the difference relates to a deferred outflow that existed when a termination event occurred. When a termination event occurs, the reported amount of the deferred outflow of resources should be recognized in investment income of that period rather than being amortized. Please revise the reporting for this amount or explain why the deferred outflow does not equal the derivative liability.

When the cumulative amount of the change in fair value of an effective hedge is a decrease (i.e., the cumulative amount of the changes in fair value of the effective hedge is a debit), it should be reported as a deferred outflow of resources. [GASB-S53: 20]

**111 - Summary of significant accounting policies (SSAP)**

**Checklist Question: 11.13**

Page 25 - Since page 31 indicates that the reported amount for investments is slightly different than their fair value, consider adding a clarification to the disclosure about investment valuation. Perhaps the note on page 25 could indicate that fair value is used only if it provides a significantly different amount from cost or amortized cost.

The summary of significant accounting policies should indicate how investments are valued. [GASB-S62: 93; GAAFR, page 331]

**112 - Note disclosure (other than the SSAP and pension-related disclosures)**

**Checklist Question: 12.21e2**

Pages 38-39 - Since the System issues comparative financial statements, the notes should disclose the changes in claims liabilities for the last three years.

The tabular reconciliation of changes in the liability for claims and judgments should include both changes of the current year and changes of the prior year. [GASB-S10: 77d(4); GAAFR, page 373]

**113 - Pension-related note disclosures**

**Additional Comment:**

On pages 54-55, the disclosures for the TMRS pension plan should focus on what is required from the System. Accordingly, the annual required contribution, contributions made, and the calculation of the percentage of APC contributed should exclude the contributions from plan members. [GASB-S27]