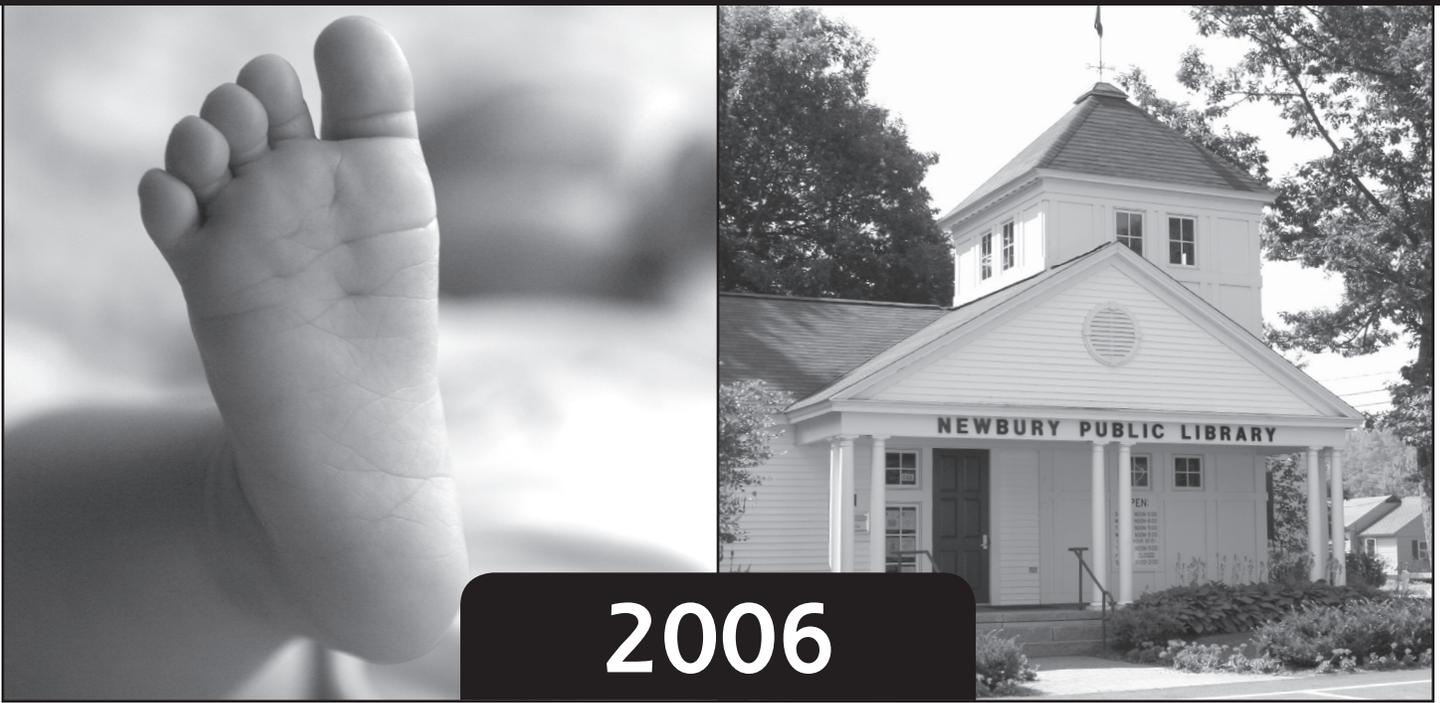




# HOW TO CREATE AN AWARD-WINNING *Annual Report*

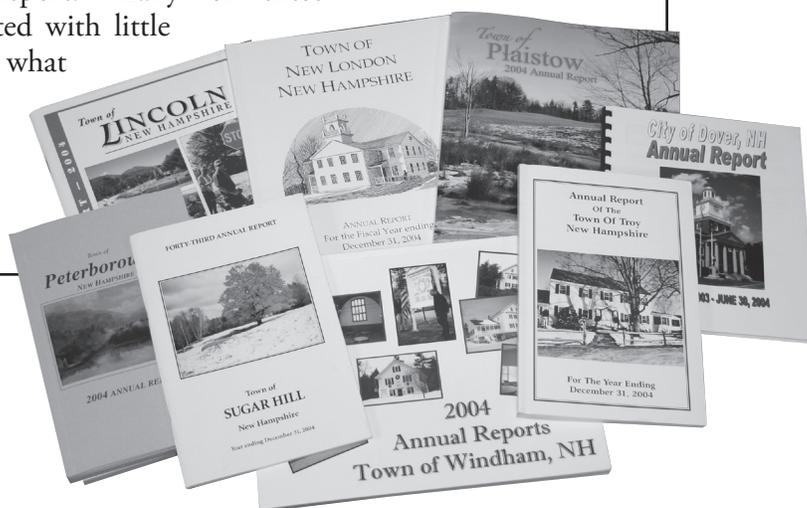


**T**he annual report is an opportunity for towns and cities to showcase their community, describing what makes it special and why people like to call it home. When reading the annual report, people want to know what has happened in their community during the past year and what is planned to occur in the future. Rather than merely stating facts and figures that are indistinguishable from those of another town, a good annual report will reflect this sense of community by including historic photographs, informative narrative reports and relevant financial information.

Reports need not be expensive to be of high quality. In terms of the format and content of annual reports, there are many varieties and options to choose from. However, when putting the report together, the most important consideration is the readers. Every annual report should be laid out, written and organized with the readers in mind.

Each year, the New Hampshire Local Government Center (LGC) conducts an Annual Report Contest. All New Hampshire municipalities are eligible to participate in the competition and are encouraged to submit their annual report for review. The LGC Annual Report Contest consists of two rounds of judging. Each report is first judged and scored based on basic financial information within the municipality's population category. The top ten from each of the seven population categories are selected and continue on to be judged for creativity and reader appeal. This two-tiered review process stems from the principle that if a report does not contain basic financial information, it is just not a good report no matter how creative and attractive it may be. In other words: You can't judge a book by its cover.

The following are some helpful tips to consider when compiling your community's next annual report. Many of these suggestions may be incorporated with little or no additional cost, and are what make previous Annual Report winners truly stand out in their respective categories.



## Financial Information

The basic financial information that should be included in the annual report are the balance sheet, the current and proposed budgets, the warrant, the auditor's report, and financial reports from the treasurer, tax collector, trustees of trust funds, town clerk and library trustees. Additionally, it is recommended that the following financial information also be included: a summary of receipts and expenditures; a comparison of the prior year's budget to actual expenditures; minutes from the prior year annual meeting; a schedule of town property; a summary of the inventory valuation and tax rate computation; and finally, a statement of outstanding debt.

### Audit Reports

Every annual report should include a report from the auditors, either from the independent CPA firm that conducted the audit or from the locally elected auditors. By law (RSA 21-J:21) the annual report must include a summary of the auditor's findings and recommendations, which addresses issues such as internal control weaknesses or reportable conditions. Often, the entire set of CPA audited financial statements, along with the accompanying notes, is included in the annual report, providing a complete and comprehensive presentation of the municipality's financial position.

Towns that have contracted with an independent CPA firm to perform a compilation rather than an audit *should not* include the compilation under the heading Auditor's Report since no audit was performed. To report a compilation as an audit is misleading to the readers.

### Signatures

Every report submitted by a town official or by a board, commission, or trustees should include the name(s) and/or signature(s) of the individual(s) responsible for that report. Each report submitted by a board, commission or trustees should include the names or signatures of a majority of the members, not just the chairman.

### Bank Accounts

Reports submitted by treasurers, library trustees and trustees of trust funds should identify the accounts and financial institution(s) where the funds are held, along with the dollar amounts on deposit as of year-end. This acknowledges the financial institutions that the town currently conducts business with and certifies to readers that the town's accounts were reconciled to the bank records.

### Graphs and Charts

A picture is worth a thousand words, or in this case, worth a thousand numbers. Graphs and charts easily convey to readers what the numbers attempt to tell them. For example, rather than just showing how the tax rate of \$23.49 was computed, consider adding a graph or chart to illustrate the change in the tax rate over the past five years. Such a graph or chart would show the recent trend of the tax rates, giving the reader a better perspective of the current \$23.49 rate. The same would be true for the town's total valuation—seeing in a graph the growth in valuation from year to year is more meaningful than seeing just a single number reported. Another example would be to include pie charts with the summary of revenues and expenditures. A visual representation such as this helps readers better understand where the money came from, and where it went. When using graphs and charts, be sure to include titles and proper explanations, and to place the graphs and charts in an appropriate section of the report.

### Schedule of Town Property

The schedule of town property should include both real and personal property. Land, buildings and equipment valued over a certain dollar threshold (vehicles and heavy equipment for example) should be included on this schedule.

## Creativity and Reader Appeal

### Arrangement and Layout

The order and layout arrangement of the annual report is one of the most important factors to consider in terms of reader appeal. For example, placing all the financial information in one section and the department reports in another section creates a logical flow. Avoid placing a narrative report at the bottom of a page just because that's where it fits. Draft a layout plan and stick with it. The graphic elements of the report should be handled with a high amount of consideration, as they create the first impression of your report.

### Table of Contents

The table of contents should be one of the first pages of the report. Its purpose is to help readers easily locate specific information. The table of contents should be listed in a logical order, such as alphabetically or grouped by categories; do not however, list the table of contents in page number order.

Be sure to include every report in the table of contents and to name the reports consistently. For example, if you choose the title *Selectmen's Report*, then use *Planning Board Report* as well.

# Creativity and Reader Appeal *(continued)*

If you prefer to list the table of contents by categories, be sure to use logical groupings, such as:

## **Introduction**

Selectmen's Report, Town Manager's Report, Town Officials, 2005 Warrant, etc.

## **Financial Reports**

Auditor's Report, Balance Sheet, Comparative Statement of Revenue and Expenditures, Treasurer's Report, Tax Collector's Report, Town Clerk's Report, Trustees of Trust Funds Report, etc.

## **Department Reports**

Police Department, Fire Department, General Assistance, Public Works Department, etc.

## **Boards, Commissions and Other Reports**

Conservation Commission, Planning Board, Historic Commission, etc.

## **Vital Statistics**

Births, Deaths, Marriages

## **List of Town Offices**

The list of town offices should be highly visible and should include the service, physical address, mailing address, e-mail address if applicable, phone number and hours of operation. This information should be placed either on the inside front cover, immediately after the table of contents, or on the back cover (either inside or out). And don't forget to include the list of town offices in the table of contents!

## **Page Numbers**

Page numbers should be visible, placed in the same location on each page and consistent throughout the report. The outside corners, top or bottom, are the preferred placement for page numbers.

## **Typography**

Typestyle should be legible, should be an appropriate point size, and should be consistent throughout the document. For instance, the Selectmen's report and Fire Chief's report should not look as if they came from two different printers. Recommended fonts for body text include Times New Roman or Garamond with a point size no smaller than 10. Don't underline items or use all capital letters—rather, distinguish between headlines, subheadings, and body text by using italics, bolding and different point sizes.

## **Interior Graphics**

Interior graphics create visual interest and help draw the reader's attention. Graphics can include photographs of a historic nature, of community events or of important landmarks. Be sure to include captions and credits for all photos. Photos should be high resolution, clear images. Check with your

printing contractor if you're not sure whether the quality of the photo is conducive to printing in the report. In regard to clipart, use it sparingly and be sure the image is relevant. Never use clipart that has been copied from a Web site since it is not of sufficient resolution and will often appear blurry when printed in the report.

## **Narrative Department Reports**

The narrative department reports should be written for the average citizen who may not be familiar with financial information or statistics. The most important narrative is the report from the Board of Selectmen or Council. This report should not only explain what has happened during the past year, but should also discuss the community's immediate needs and issues, as well as plans for the future. Key points to address in the Selectmen's report include: What were the challenges and successes this past year? What are some of the long-range issues facing the community and how will these be addressed? What are the Board's goals for the upcoming year? Remember, as previously noted, this report should be submitted and signed by the entire Board of Selectmen, not just the chairman.

Other department reports should address similar issues as the Selectmen's report. For example, do not just list the number of incidents for the year. Instead, explain to citizens how their money was spent. Did department staff receive training that improved proficiency in their jobs? If so, mention that. Was a significant piece of equipment purchased? If so, discuss how that equipment has made a difference in operations. Are there special events, hiking trails or other opportunities of which citizens should be informed? Inclusion in the annual report is a great way of communicating these items to all citizens. Finally, including pictures with captions alongside the department reports, such as a photo of a local team alongside the Recreation Department report, a group photo of the Fire Department with the new fire truck, or a photo of the highway crew working on a local road, helps personalize these reports.

## **Proofread from Cover to Cover**

It is imperative that the report be proofread from cover to cover before submitting for printing. Every narrative report, every caption surrounding every picture, and every chart title should be carefully reviewed, preferably by a second or third set of eyes. And be sure to recheck the accuracy of *all* numbers presented in the report.

Remember, this annual report becomes an historic document that will be a reflection of the community for decades to come!

## Required Information for Annual Town Reports

The following information is required by statute to be included in the Annual Town Report. This is not necessarily an exhaustive list, since there is no one repository of statutory requirements for the Annual Town Report:

- Copy of Municipal Budget (Form MS-6 or MS-7); RSA 32:5, VII
- Final budget and ballot questions in official ballot communities; RSA 40:13, II
- Balance Sheet as of December 31 of the previous year (June 30 in fiscal year municipalities); RSA 41:9, IV
- Selectmen's Report; RSA 41:13 and RSA 41:14
- Tax Collector's Report (including summaries of tax warrants and tax lien accounts); RSA 41:35
- Treasurer's Report; RSA 41:29, III
- Report of the highway agent; RSA 231:68
- Summary of report of Trustees of Trust Funds; RSA 31:33
- Report of municipal auditors; RSA 41:31
- Report of independent auditor's findings and recommendations; RSA 21-J: 21
- Report of Library Trustees; RSA 202-A: 12
- Report of Conservation Commission; RSA 36-A: 2
- Report of village districts/precincts to their voters; RSA 32:5, VII
- Report of school districts to their voters; RSA 32:5, VII
- Report of Public Works Commissioners; RSA 38-C: 5
- Report of Utility Systems; RSA 38:21

## Optional Information for Annual Town Reports

The following information is not required by statute to be part of the Annual Town Report. However, most communities choose to include these items in order to present a more comprehensive picture of municipal operations for the previous year:

- List of municipal officers
- Copy of town warrant (required in official ballot communities)
- Comparative statement of estimated and actual revenues for the previous year
- Comparative statement of appropriations and expenditures for the previous year (budget versus actual expenditures)
- Detailed statement of receipts (by revenue source) and expenses
- Summary of inventory valuation, taxes assessed, and tax rate computation
- Statement of outstanding debt (MS-5 or notes to the audited financial statements)
- Schedule of town property
- Report of independent auditor (auditor's opinion letter, MD&A, financial statements and notes)
- Summary minutes of previous year's annual town meeting, and any special meeting
- Report of the Town Clerk
- Reports of town departments
- Vital statistics