National Association of State Auditors, Comptrollers and Treasurers

Responses to the XBRL’s CAFR Demonstration Taxonomy

(12 responses: 7 state auditors and 5 state comptrollers)

|  | **Comment** |
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| **General Comments** | |
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|  | We have not used XBRL taxonomies in the past and, therefore, we are unable to evaluate the appropriateness and usefulness of many of the elements and labels included. However, we believe XBRL US should consider our comments on specific elements regarding information in the documentation column. |
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|  | We have reviewed the draft XBRL US CAFR taxonomy. As requested, the following comments are provided for consideration:   1. Although Governmental Accounting, Auditing, and Financial Reporting (GAAFR) is referenced in column E and elsewhere in the taxonomy, the elements included do not seem to be all-inclusive. Appendix E of the GAAFR includes a comprehensive listing of financial statement accounts and descriptions and would be a good reference to help build a more comprehensive taxonomy. Examples of items not in column B of the taxonomy include:    1. Lottery, Housing, and Research and Development (although it does include Parks and Recreation, Culture and Recreation, and Public Works).    2. Sales tax and income tax (although it does include property tax).    3. OPEB liability, current and long-term (although it includes net OPEB liability and GASB requires total OPEB liability to be disclosed when a trust is not involved).   Also, although debt refunding and debt service elements are included, are they sufficient for all bond‑related accounts?   1. The taxonomy does not include whether the particular element relates to the financial statements or to a note disclosure or whether the element is text or numeric. Other taxonomies include these categories. 2. As this is a taxonomy for State and local governments should the GREAT Act and Federal reporting requirements be incorporated? |
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|  | Our basic feedback is this makes sense, but the devil is in the details and how the governments are constructed and or how they report information.  A government can comply with GAAP and look very different from another government that also complies with GAAP. |
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|  | From our very limited exposure to XBRL, I can only say that it stands to reason that users (and auditors) of financial data in the future could benefit from such technology.  We recently launched a data analytics team within our office because we see the future of auditing huge programs such as Medicaid will require big data analytics, and that will require normalization of the data.  The same logic applies to financial statement data.  In order for the data to be comparable across agencies, states, or other entities, everyone will have had to agree to a standardized reporting language and model.  So, from a philosophical (audit) standpoint, I think we support this direction.  However, I do not speak for the state controller or treasurer.  And, we would need to be familiar with the new accounting system that our state is implementing to be able to intelligently comment on any chart of accounts or similar data. |
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|  | Overall, we believe the definitions could be simplified and put in layman’s terms. However, if there is a desire to maintain language from authoritative guidance, on concepts 6, 19, 20, 22, 27, 38, 49, 68, 72, 79, 80, 92, 134, 136, 149, 154, 155, 170, 171, 172 and 173, we would suggest limiting the definitions to the first sentence. Further, if such a commitment is made to list sources, a decision should be made as to whether to adhere to authoritative sources or not. The GAAFR is not an authoritative source, but is referenced in several items (Concepts 1, 2, 50, 196)  Alternatively, there are several items that include a definition without any source (Concepts 25, 40, 57, 58, 73, 83, 89, 91, 94, 107, 108, 119, 128, 129, 132, 140, 141, 142, 160, 160, 168, 190, 191, 192). Some consideration should be given to whether it will be easier to maintain if concepts are not directly tied to standards that frequently change; regardless, consistency should be pursued for all included concepts.  The ‘calculation parent’ field appears to be inconsistently utilized, where it is included for several financial statement line items but not for others. |
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|  | We do not have comments on this at this time. |
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|  | The fact that this spreadsheet is in Alphabetic Order made it very difficult to analyze. I suggest that more than one Schedule be prepared for balance sheet accounts and statement of operation accounts (government-wide and funds). The information should be placed in the order the accounts/transactions would be presented on the statements. Also, the terminology is foreign to most of us. We have no idea what an Axis, Domain, or Member, etc. is. Therefore, it is difficult to know whether or not these terms are used appropriately. It seems to me that we will need a taxonomy for FASAB, FASB, and GASB reports. The terminology and documentation/descriptions will not be the same. |
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|  | It seems as though this is a very preliminary beginning to this project, and the data elements will likely grow exponentially as it progresses; is that true? I expected it to be a much larger spreadsheet since US GAAP uses over 15,000 elements.  The number of data elements seems to be so minimal as to make it difficult to critique the actual interrelation between statements, notes, RSI, statistics, etc., that serve to make CAFR documents in a way, at least, more complex than publicly-traded companies’ or financial institutions’ financial statements. I would have expected many thousands of elements, like public companies’ reports. Therefore, my assumptions in responding are that this is just an initial template to determine structure for preparers, submitters, reviews, coders, etc., and not an all-inclusive approach that defines the final structure and total number of elements to be included in the projects’ final structure.  I do think there is a lot of value to the descriptions of from where the authority is derived, section and page numbers of the referenced Standards or publications, to all involved, including auditors. There is value in the efficiency of research and the “how” the report comes together for those preparing, submitting or auditing the CAFR, and for those reading, it removes the mystery behind the “why” something is done so differently than in the financial reports of public companies. |
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|  | We believe the overall goal in developing standards that can improve efficiencies by automating the process of creating, collecting, and analyzing government data should be to develop standards that ultimately enhance consistency and comparability of the data. For state and local governments to embrace such a substantial change to an open data publication format for financial reporting, such as XBRL, governments and stakeholders must recognize the value added from this change. We believe this value is standardization of the data that will promote comparability of state and local government financial data. Accordingly, we recommend that the Group prioritize these important concepts of consistency and comparability when further developing the structure of the data elements in a full production-quality CAFR taxonomy. Additionally, with the onset of state and local governments moving toward the benefits of blockchain solutions, we believe the Group should align the creation of its data standards with the emerging developments in blockchain technology.  When reviewing the demonstration release, we noted some instances in the current structure of the data elements that do not emphasize the idea of comparability and consistency in analyzing government data. For example, in accordance with reporting standards from the Governmental Accounting Standards Board (GASB), governments may differ in the way they report certain activity, such as federal funds or debt service activity. A government may choose to report this type of activity in either a special revenue fund or the general fund. If a government reports the activity in a special revenue fund, the current taxonomy demonstration would classify the activity under the element of *SpecialRevenueFundMember*. However, if another government reports the same type of federal or debt service activity in its general fund, the current taxonomy demonstration classifies the activity in a different manner using the element of *GeneralFundMember*. Consequently, reporting the same type of CAFR activity under different elements of the taxonomy does not create consistency and does not allow one to easily compare and analyze the data across multiple governments.  We believe an effective solution is to create data standards where the elements are created based on a uniform and standardized structure that considers the nature and type of activity not strictly the mechanics of financial reporting. One example of this is Virginia’s [*Comparative Report of Local Government Revenues and Expenditures*](http://www.apa.virginia.gov/Comp_Report_Cover.aspx); a report that our office publishes annually based on financial data submitted by local governments. The data published in our Comparative Report is based on a distinct reporting structure and a uniform system of accounts developed by our office. Accordingly, the GASB reporting structure applied to a local government’s annual financial report is inherently different from how the financial data is presented in our report. By using a standardized data structure, the Comparative Report presents uniform and comparable financial data about Virginia's localities.  Due to limited resources and time constraints, our office did not perform a detailed review of all the definitions and references for the demonstration elements. However, based on our limited review, we did note several discrepancies and suggest the Group perform a more thorough review to ensure each element includes appropriate definitions and accurate references to the professional standards. Examples are included in our comments that follow. |
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|  | It looks like the group is just getting started with this project, so we have limited comments at this time.  We’re looking forward to following along with the working group’s progress throughout the year and beyond.  We believe electronic reporting and technologies like XBRL have the potential to contribute significantly to transparency and accountability in government financial reporting. As the citizen’s auditor in Washington State, we are in support of efforts such as this one that will improve access and usefulness of audited information to help increase public understanding, trust and engagement with their governments.  We believe the most significant barrier to a taxonomy is the current GASB reporting model, which is the longest and most complex in the world. Accordingly, the working group should consider advocating with GASB for simplifications to the reporting model. In particular, the current model contains multiple statements and levels, all of which are unaligned with each other. Our understanding is that the current [FASB taxonomy](https://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176169699514) is over 19,000 lines. So, while it is great to see work on a taxonomy, we are expecting that a taxonomy able to fully accommodate a CAFR will exceed this. We are concerned that the level of complexity in the report model will greatly increase the costs and reduce the potential benefits of XBRL for state and local governments. Moreover, we are concerned that the complexity of the model – if unaddressed - would continue to undermine the promise of technologies such as XBRL since the financial statement data itself would remain easy to misunderstand.  In addition to the unique complexity of the reporting model, we see a particular barrier in that a number of key elements of the reporting model will be unique to each entity. For example, proprietary and component unit functions on the government-wide statement of activities, component unit names, and fund names in the fund level statements. While we do not doubt that XBRL can be structured to accommodate these elements, we are unsure how it will be able to achieve more than an incremental benefit in comparability of data.  One of the statutory duties of our Office is to prescribe accounting for local governments in Washington. If it would be of assistance to the Working Group, we are available to answer questions on our chart of accounts, which is available on our website here: [www.sao.wa.gov/bars\_gaap/charts-of-accounts/bars-account-export-2/bars-account-export/](http://www.sao.wa.gov/bars_gaap/charts-of-accounts/bars-account-export-2/bars-account-export/). However, while the GASB requires reporting for the same governmental fund activity using multiple basis of accounting, accounts can only be feasibly maintained on one basis. Therefore, our chart of accounts is on the fund level and does not include accounts for government-wide statements. |
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| **Specific Comments** | |
| Concept # |  |
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| 3 | Suggest adding the following in column D, Documentation:  Party to transaction that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transaction. The term often is used in contrast to an arm's length transaction.  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 10 | Audits generally have multiple opinion units, where one opinion might cover the scope of one or more opinion units. The remaining opinion units may have a different opinion. For instance, it is not uncommon to issue an adverse opinion over business type activities and in the same report issue an unmodified opinion over everything else. Consideration should be given to expanding this concept or adding other concepts to account for this. |
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| 14 | Suggest adding the following in column D, Documentation:  Timing of recognition for financial reporting purposes (when the effects of transactions or events should be recognized in financial statements).  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 16 | Suggest adding the following in column D, Documentation:  One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities usually are reported in enterprise funds.  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 19 | Contained in the description are number subscripts from the codification |
|  | Consider expanding this definition to include Construction in progress, or add another concept to define it. GASB 42 clarifies the GASB 34 definitions from “are used” to “have been or will be used”. |
|  | The description is capital assets net, yet the documentation column does not mention depreciation. |
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| 19 (and 154) | The definitions should be updated to remove unnecessary footnote references copied from the GASB Codification. |
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| 20 | The description states that the revenues reduce program revenue. This is only true on the Statement of Activities in the Government-wide F/S. |
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| 22 | Not all General Obligation bond proceeds are expended through a Capital Project Fund in practice. |
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| 23 | The reference to GASB Cod. 2450 is overly broad, the written definition appears to be from 2450.105 fn 2. Also, consider expanding this definition to include situations where cash is maintained with a fiscal agent or in instances where there are related non-current assets. |
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| 26 | Change in Net Position – codification reference does not seem to fit the description. |
|  | The definitions could be improved with something in line with, “Difference in net position between the beginning and of the reporting period. The source currently listed is GASB Cod. 2200.142, while the definition appears to come from 2200.141. |
|  | Change in net position is described for the Statement of Activities. It also applies to Enterprise Fund Statement of Revenues, Expenses, and Changes in Net Position and Proprietary Funds. |
|  | The GASB Codification paragraph reference is incorrect; it should reference paragraph 141. |
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| 27 | It is unclear if this definition is intended to reference a program revenue. |
|  | Include a statement that the list is not all-inclusive if you are going to make a list. |
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| 30 | It is unclear what is being referenced in this definition. |
|  | I’m not sure what Axis means. However, I don't understand why this description mainly relates to governmental funds. The section mentions Proprietary and Fiduciary Funds but doesn't describe them. |
|  | We believe the definition should be less descriptive. For example, the definition should likely only include the first two sentences and not include the remaining sentences specific to governmental funds, since those funds are specifically defined at a separate element. |
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| 38 | For local governments, commitments normally do not require the approval of the executive branch. |
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| 40 | It is unclear what is being referenced in this definition. |
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| 44 | It is unclear if the “current” being reference relates to an asset, liability or an expense? The definition should be updated to correspond to the element being reference. |
|  | Current member is not a Term or Definition used in GASB GAAP accounting. |
|  | We believe the current definition is unclear since it only includes limited language from the applicable GASB Codification paragraph to describe current obligations. Further, if this element is intended to describe both current assets and liabilities, the definition and Codification reference should be expanded to reflect as such. |
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| 47 | Suggest adding the following in column D, Documentation:  Issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at some later date (an advance refunding).  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 48 | It is unclear if this member is intended to be a line item or fund type. If it is intended to be a line item, the definition needs updated. It is also not clear what the difference is from Concept 49. |
|  | Member? This description appears to be describing a Debt Service Sinking Fund. There are also debt service funds that are not established for legal purposes, but rather as a simple matter of paying debt principal and interest. |
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| 48, 49 | These elements appear to be duplicative, with the only difference in the terminology “fund.” Further, the definition for number 49 is not complete; it is missing the last part of the applicable GASB Codification definition, which states “rather than a debt service fund to reflect the fact that the government’s duties are limited to acting as an agent for the assessed property owners and the bondholders.” |
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| 49 | Member? This description appears to be describing a Debt Service Sinking Fund. There are also debt service funds that are not established for legal purposes, but rather as a simple matter of paying debt principal and interest. |
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| 55 | Suggest adding the following in column D, Documentation:  An arrangement to receive or make payments based on prices related to a specified transaction without actually entering into that transaction.  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 57 | Should this this also include Component Units? |
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| 58 | Should this this also include Component Units? |
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| 62 | We suggest using the term Expendable. |
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| 63 | We suggest using the term Expendable. |
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| 65 | We suggest, “Decrease in current financial resources.” |
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| 67 | Why no description? |
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| 69 | We suggest updating this definition for GASB 84. |
|  | Agency Funds become Custodial Funds under GASB 84. |
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| 72 | Is this definition broad enough to cover entities under GASB Statement 39 (i.e. such as foundations)? |
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| 73 | We suggest using a definition of, “Revenues derived from fines, penalties and forfeitures.” |
|  | I would change this to: Revenues obtained through fines, penalties, asset forfeiture, and similar law enforcement or court activity. |
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| 76 | Total Fund Balance – the description addresses required note disclosures for policies and procedures related to classifying the components of fund balance. It appears the description would be more helpful if it described total fund balance instead. |
|  | We would suggest updating the definitions to reflect financial statement elements rather than identifying the disclosure requirements. |
|  | The element should read: FundBalanceDisclosures. A description should be included somewhere (here?) for nonexpendable fund balance. |
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| 79 | Description should state that general revenues should be reported after total net expense in the Government-wide Statement of Activities |
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| 80 | What is abstract? Why is the description the same as line 79? |
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| 83 | I assume this relates to the Government-wide Statement of Activities - this should be stated. |
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| 84 | We suggest limiting the definition to the second sentence. Consider also including GASB Cod. 1300.104 -.108 as a source. |
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| 86 | Is this element addressing a program? Including all financial statement programs/functions for the statement activities would be a challenge as these elements can vary by entity. |
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| 87 | No description? |
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| 88 | No description? |
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| 89 | We suggest replacing the definition with, “Interest payments on debt and fees paid for services rendered in relation to paying interest and redeeming debt.” |
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| 90 | No description? |
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| 91 | Internal Balances Asset/(Liability) – the description incorrectly refers to the “Statement of Net Assets” rather than the “Statement of Net Position.” |
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| 94 | Investment Income – the description does not appear accurate or consistent with GASB pronouncements which generally describe investment income as interest, dividends, and changes in fair value. However, no professional reference is provided for this item to determine its source. We suggest XBRL US review the description to ensure it is consistent with GASB pronouncements and provide appropriate professional references. |
|  | We suggest replacing the definition with, “Compensation for the use of financial resources over a period of time.” |
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| 96 | No description? |
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| 97 | No description? |
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| 98 | No description? There are several others. I am not going to copy the remaining examples. |
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| 99 | GASB Cod. 2200.116 is not a necessary reference as it only refers to liquidity. |
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| 100 | GASB Cod. 2200.116 is not a necessary reference as it only refers to liquidity. |
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| 101 | Includes references that do not help define the element. |
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| 109 | Suggest adding the following in column D, Documentation:  Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways: 1) revenues are not recognized until they are measurable and available and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 119 | This element is missing the reference to the GASB Codification 1800, paragraph 156. |
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| 120 | Net OPEB Asset/Liability. These are two separate elements that cannot be netted. There are different types of OPEB plans and this definition does not encompass all types of plans. |
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| 121 | Net Pension Asset/Liability. These are two separate elements that cannot be netted. There are different types of pension plans and this definition does not encompass all types of plans. Also, the reference to GASB Cod. P20 is overly broad, it appears the definition cited comes from P20.119 fn7. |
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| 123 | Same as line 122? |
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| 126 | The GASB Codification paragraph reference is incorrect; it should reference paragraph 162. |
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| 128 | Noncurrent Liabilities Due Less than one year – due within one year is description, shouldn’t this be current liabilities? |
|  | We suggest updating the element to, “Noncurrent Liabilities Due in One Year.” This element refers to average maturities. |
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| 129 | We suggest updating the element to, “Noncurrent Liabilities Due in More than one Year.” This element refers to average maturities. |
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| 131 | Fund Balance can also have a nonexpendable component. See line 134. |
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| 132 | The term minor funds should be changed to nonmajor funds. |
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| 135 | We are unsure as to what this element is referring. |
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| 136 | I assume this relates to the Government-wide Statement of Activities - this should be stated. |
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| 139 | Long-term or short-term or both? |
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| 140 | We are unsure as to what this element is referring. |
|  | I do not understand why these definitions include or exclude transfers? |
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| 141 | We are unsure as to what this element is referring. |
|  | I do not understand why these definitions include or exclude transfers? |
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| 142 | Definition does not include transfers? |
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| 144 | Should reference GASB Cod. 1300.104. |
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| 145 | Other Liabilities – codification reference is for current liabilities. |
|  | This definition is the same as current liabilities, it should be modified to encompass more. |
|  | Is this short-term or long-term or both? |
|  | We believe the current definition is unclear since it includes incomplete language from the applicable GASB Codification paragraph to describe other liabilities. |
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| 147 | See comment on concept 86. |
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| 150 | We would suggest using a definition of, “Payments for benefits not yet received.” |
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| 151 | We would suggest eliminating the first two sentences and the last paragraph. |
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| 154 | What are the numbers 16 and 17? |
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| 155 | Why is this description the same as line 154? What are the numbers 16 and 17? |
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| 156 | Property Held for Resale – the description seems inconsistent with GASB Statement 72, paragraph 68, and the professional reference is to the FASB codification rather than the GASB codification. We suggest XBRL US review the description to ensure it is consistent with GASB pronouncements and provide appropriate professional references. |
|  | FASB definitions should be modified for the government environment. |
|  | Property held for sale can sometimes be classified as an Investment. |
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| 157 | It is unclear if this is referring to a receivable or a revenue. Also, a better definition of taxes might be, “Ad valorem taxes levied on assessed valuation of real and/or personal property.” |
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| 158 | The reference to GASB Cod. 1300.109 should be expanded to also include paragraph .110. |
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| 160 | I think this definition was meant for Full-Accrual Accounting. However, the definition can apply to modified accrual and the availability period for modified accrual is often 60 to 90 days. |
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| 161 | Suggest adding the following in column D, Documentation:  Party to transaction that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transaction. The term often is used in contrast to an arm's length transaction.  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 166 | What is meant by restriction of a liability in the Element Column? |
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| 167 | What is meant by restriction of a liability in the Element Column? |
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| 168 | Revenues – the description seems more applicable to a private sector entity than a government. However, no professional reference is provided for this item to determine its source. We suggest XBRL US review the description to ensure it is consistent with GASB pronouncements and provide appropriate professional references. |
|  | This definition is unclear. |
|  | Don’t understand. Revenues are much broader than what is described here. Is this supposed to describe revenues in an Enterprise Fund? |
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| 173 | Why the same as line 172? |
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| 175 | Suggest adding the following in column D, Documentation:  Revenues that derive directly from the program itself (fees and charges) or from sources outside the reporting government's tax base directly related to the program; they reduce the net cost (program expenses) of the function to be financed from the government's general revenues.  Suggest adding reference:  Stephen J. Gauthier, Governmental Accounting, Auditing, and Financial Reporting, GFOA, 2014.  Appendix G |
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| 190 | Add GASB 33 language. |
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| 191 | Not all amounts moved from one fund to another are transfers; e.g., reimbursements, internal service activity. |
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| 192 | This definition could be improved. |
|  | Not all amounts moved from one fund to another are transfers; e.g., reimbursements, internal service activity. |
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| 196 | Consider updating the definition to read, “Amounts for which asset recognition criteria have been met, but revenue recognition criteria have not yet been met because such amounts have not yet been earned.” |
|  | Advance payments would only be treated as a liability if the money had to be returned. Also, interfund loans are categorized as advances. |