

OHIO AUDITOR OF STATE KEITH FABER



May 13, 2020

Kinney Poynter
Executive Director
NASACT
449 Lewis Hargett Circle, Suite 290
Lexington, KY 40503

Dear Mr. Poynter:

We are pleased to provide feedback on the materials related to the proposed Governmental XBRL Taxonomy version 0.3.

The Auditor of State of Ohio is responsible for auditing over 5,900 entities receiving public money in Ohio. By code, the State, cities, counties and school districts must follow generally accepted accounting principles. We have limited experience with taxonomy development, however we reviewed the provided taxonomy and suggest the following:

Broad notes:

- XBRL US and related parties have provided several examples showing annual filings using previous taxonomy versions. However, the measures necessary to create that finished product are not widely understood. We suggest a demonstration be provided for how to practically apply this (and any future) taxonomy to an annual report. There is some confusion as to whether there are responsibilities that exist solely with the auditee, or if the auditor would be adding/modifying/testing the xbrl information. Additionally, would there be requirements each year, or only when first implemented. It will be easier to garner broad support if/when the practical requirements are better understood.
- Will Fiduciary statements be added at a later time?
- Will Budgetary Statements/Schedules be added at a later time?

Statement of Net Position notes:

- May want to consider adding a deferred inflow for leases to accommodate GASB 87.

Statement of Activities notes:

- May want to consider adding a line item for special and extraordinary items.
- Is there flexibility for subcategories of the programs. We use subcategories when other governments participate in an internal service fund and when the primary government provides grants to other governments.

Governmental Balance Sheet notes:

- On rows 7 and 8, column D does not include a reference to permanent funds.
- Rows 102 through 106 do not include a row for Fund Balance – Assigned.

Governmental Operating Statement notes:

- Additional lines items under other financing sources and other financing uses would be helpful to identify specific items including issuance of debt.

Proprietary Statement of Net Position notes:

- Additional asset and liability accounts for customer deposits would be helpful.
- May want to consider adding a deferred inflow for leases to accommodate GASB 87.

Proprietary Operating Statement notes:

- May want to consider adding additional accounts for charges for services operating revenue for other utilities (electric or storm sewer) or for sale of fuel (airports)
- May want to consider adding a line item for special and extraordinary items.
- May want to consider adding amortization expense for intangibles and GASB 87.

Proprietary Cash Flow notes:

- May want to consider adding the following accounts:
 - Interfund activity
 - Tap Fees
 - Capital Contributions
- Should there be additional data for the reconciliation?
- Should there be additional data for noncash transactions?

Pension and OPEB notes:

- We are unclear as what is being captured on the pension and OPEB tabs. Is this selected information from the note disclosure or is this intended to be the required supplementary information (RSI)? If the intent is to be RSI, there seems to be missing information.

Single Audit Specific notes:

- The SF-SAC is the current standard form for collecting single audit data. Many of the elements in this draft taxonomy appear to be the same things currently provided in that form. If that is the intent moving forward, the documentation column should, as closely as possible, incorporate information from the instructions for the SF-SAC (found here - <https://harvester.census.gov/facweb/files/2019-2021%20Form%20SF-SAC%20Instructions.pdf>) (commonly referred to as data collection form or (DCF)). There are various, mostly minor, differences in comparison between the two.
 - Additionally, auditees generally present the Schedule of Expenditures of Federal Awards (SEFA) in a format similar to their annual financial statements for including in the single audit report along with the Schedule of Findings and questioned costs (SOF). Meaning, there are 3 separate required items all created by this tab, (1)-SEFA, (2)-SOF, and (3)-DCF. Other tabs in the taxonomy create only one statement/document each, it is not

clear if that is what is intended with the single audit info or if it is producing 3 distinct documents.

- Federal Schedule (elements 2-26)
 - CFDA Number - Misspelled agency in documentation column
- Notes to the SEFA (elements 27-30)
 - Award passed through to Subrecipients – currently only have true false, also should include element for amount passed through if less than 100% of award
 - Suggest adding an additional element for note for accounting basis (cash, accrual), or include in documentation column for significant accounting policies (line 28) if that is where it is expected
- SEFA/Audit Opinion comments (elements 32-100)
 - Suggest clearly labeling the elements to distinguish between the single audit report opinion and the opinion on the financial statements. For example, line 43 could be labeled as “Type of Single Audit Opinion” instead of “Type of Audit Report”
 - The reason why the single audit opinion is one element (line 43) while the financial statement opinion has one element for each option appears to be so multiple opinions can be selected. Could this be reduced so there are not so many elements?
 - Suggest including one element called “Financial Statement Framework” with options for US GAAP, Special Purpose Framework-Cash basis, Special Purpose Framework-Tax basis, Special Purpose Framework-Regulatory basis, Special Purpose Framework-Contractual basis, or Special Purpose Framework-Other basis. This eliminate elements 51-53, 55-58.
 - Should also change labels 47-50 to ‘Financial Statements’ rather than ‘Financials’
 - Major Programs (elements 41-44)
 - Each major program (there could be several) could have a different opinion. It appears as though the taxonomy may support this, but it is not clear.
 - Elements 43-44 would only be applicable when major program is marked as True.
 - Going Concern (element 59)
 - AU-C 706 includes guidance on emphasis of matters indicating the paragraph may be included, at the auditor's discretion, when an appropriately disclosed matter is of such importance that it is fundamental to users' understanding of the financial statements. The standards requiring going concern disclosure very rarely apply to governments, and are therefore being examined by GASB (see https://www.gasb.org/jsp/GASB/GASBContent_C/ProjectPage&cid=1176166013405). Therefore, a broader label would be better. Suggest labeling as “Going concern/financial stress Paragraph in Opinion”
 - Findings and Corrective Action Plan (Elements 96-100)
 - There is an element for indicating whether a comment is a repeat from a prior year; however, there does not appear to be any elements for a summary schedule of prior audit findings as is required by 2 CFR 200.511. Suggest adding these necessary elements.
 - Element 99 requires the audit finding text. While the text would be included on the schedule of findings, the documentation column asks for this element to

repeat several other elements. Additionally, as it relates to the corrective action plan 2 CFR § 200.511(c) does not require including the detailed text of the finding, header, or program name as required per the description, rather the corresponding finding number is referenced from the schedule of findings. Suggest modifying this field accordingly.

- 2 CFR § 200.511(c) does require name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. Suggest including elements for the contact person and anticipated completion date.
- DCF (Elements 101-141)
 - Auditee demographic information is relevant and necessary regardless of whether it is a single audit or not (such as: fiscal period, contact info, address, etc.). Therefore, many of these elements should be included in the taxonomy so they may be utilized when it is not for a single audit. Additionally, some business rules should be in place to prevent differences between the elements.
 - Element 109: Description for annual audit needs to be edited to read 12 months rather than 2 months
 - Element 110: Suggest include in the description only used if the audit periods covered is neither annual nor biennial (from description for element 109).

We appreciate the opportunity to comment. If you have any questions, please contact me at (614) 728-7108.

Sincerely,

KEITH FABER
Auditor of State



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor