

Certificate of Achievement for Excellence in Financial Reporting Detailed Listing of Comments and Suggestions for Improvement

City of Douglas, Arizona
Member ID: 42422002
Report #: COA-2022-02769

101 - Cover, table of contents, and formatting

Comment Number: 3605

Pages 143-145 and 180 and the footer on pages 146-179.

Use the term "Annual Comprehensive Financial Report" and the associated acronym ACFR to replace the term "Comprehensive Annual Financial Report" and the common four-letter acronym most often associated with Comprehensive Annual Financial Report. [GASB-S98: 4]

Comment Number: 3638

Refer to the use of the term on pages 11, 67, 75, 77, 98, 154-155, 166. Please clarify if the capital leases are "financed purchase agreements," as the descriptions on page 98 appear to describe financed purchases. Also, clarify the descriptions of financed purchase agreements on pages 75 and 77, as the capital lease criteria is no longer relevant.

The term "leases" (rather than "capital leases") should be used throughout the annual comprehensive financial report, since the government has implemented GASB Statement No. 87.

106 - Government-wide financial statements

Comment Number: 1221 Checklist Question: 6-002-10

Pages 24-25 - Refer to the net pension asset and the net OPEB asset reported in the asset category. Normally, net pension asset and net OPEB assets would result in a restriction of net position.

It is unclear why the government reports restricted assets but not restricted net position. Please clarify. [GASB Cod. Sec. 2200.119-.123; GASB-S34: 34-35, 37; GASB-S63: 8-9, 11; Q&A 7.24.1; eGAAFR Chapter 19 - Presentation of net position]

109 - Proprietary fund financial statements

Comment Number: 1464 Checklist Question: 9-003-05

Page 43 - Clarify for the "impact fees." The impact fees are reported as capital grants and contributions on pages 26-27. Refer to related comment 109-2977.

If a grant is restricted for capital purposes, it should be reported as a capital contribution following nonoperating revenues and expenses. [GASB Cod. Sec. 2200.191; GASB-S34: 101; Q&A 7.72.8; eGAAFR Chapter 15 - Revenue]

Comment Number: 2977

Page 43 - If the "impact fees" are restricted to capital purposes, the amounts should be consistently reported on the statement of activities and the statement of revenues, expenses, and changes in fund net position as "capital grants and contributions" on pages 26-27 and "capital contributions" on page 43, respectively. Refer to related comment 109-1464. This comment is provided as a reminder.

It is unclear why the proprietary funds report a nonoperating revenue rather than a capital contribution related to the capital grants and contributions reported in the business-type activities on the government-wide statement of activities. [Q&A 7.72.8]

118 - Statistical section

Comment Number: 2928 Checklist Question: 18-801-06

Page 154 - Using the capital outlay amount reported on page 37, \$1,709,806, the percentage would be 17.20%. Please clarify.

The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures should be the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance. [GASB Cod. Sec. 2800.111b, footnote 5; GASB-S44: 12b; Q&A 9.11.5; eGAAFR Chapter 35 - Ten-year trend information on changes in fund balances]

120 - New Pronouncements

Comment Number: 3654

The GASB has issued the following statement:

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

Earlier application of this statement is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

Comment Number: 3655

The GASB has issued the following statements:

1. Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
2. Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.
3. Statement No. 99, "Omnibus 2022." The requirements related to leases, PPPs, and SBITAs will take effect for financial

statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

4. Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

5. Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

***** END OF COMMENTS FOR COA-2022-02769 *****