

City of Vancouver
Financial Statements Review – FY 2021

I reviewed the City of Vancouver's 2021 financial statements using the GFOA general purpose preparer's checklist. Below is a summary of my comments:

Checklist Question #	Comments
	<p>Reminder – for ACFRs submitted after 3/1/22 Certificate applicants are required to submit the calculation of the net investment in capital assets they report for governmental and business type activities as applicable on their government wide statements of net position.</p> <p>Communicated to Client</p>
	Introductory Section
2-001-04-1	<p>Confirm letter of transmittal date is dated on or after the date of the independent auditor's report.</p> <p>Communicated to Client</p>
	MD&A
	<p>Government Wide Financial Analysis – Analysis of Net Position –</p> <p>The Governmental Activities Total Net Position for 2021 – the dollar sign (\$) looks like it needs to be moved down. Communicated to Client</p> <p>In the second paragraph following the summary of net position, there is a reference to 2019 which I think should be 2020. Also though, the totals in here do not equate to the total change in total assets identified in the paragraph above it. Communicated to Client</p> <p>In general, the MD&A should not be only numbers to describe the change; it should discuss the causes for changes also. Communicated to Client</p>
	<p>Financial Highlights – the last bullet does not have the correct amounts listed between unassigned/assigned per the balance sheet.</p> <p>Verified the amounts listed in the MD&A (s/b second to last bullet) are correct with \$106M for the general fund and \$72.4M for all other gov funds, totaling \$178.4M – Not communicated to Client</p>
	<p>Analysis of Changes in Net Position - \$0 line items should be removed (see Special Items and Annexation).</p> <p>Communicated to Client (previously identified)</p>
	<p>Governmental Activity Analysis – I'm not sure why there is a bulleted remark under this...</p> <p>Communicated to Client</p>

	<p>Capital Assets and Debt Administration – Capital Assets section – the descriptions above the table doesn't look like they were updated to current year.</p> <p>Communicated to Client (previously identified)</p>
	Financial Statements
	<p>General – Remove lines with nothing to report. For example, if there is no PPA there is no reason to have that line on a statement.</p> <p>Communicated to Client (previously identified)</p>
6-002-05	<p>GW Statement of Net Position – Report "Net Pension Liability" to clearly distinguish from a total pension liability. Also, after reviewing the notes, it appears there is also a total pension liability to separately report.</p> <p>Communicated to Client (previously identified)</p>
6-002-01-2	<p>Under Liabilities there is a line called Liab_Internal Balances. Not sure what this is for, but I think the titling may need to be updated? Communicated to Client (previously identified)</p>
6-002-09* (NICA)	<p>Restricted for OPEB is not accurate. Communicated to Client (previously identified)</p> <p>The City has an amount under liabilities 'Custodial Accounts', these items should not be reported in government financial statements. Communicated to Client (note we have gained understandings about what are being reported in the balances without concerns, in the past. We have communicated to the City that our recommendation is to change the name).</p> <p>The City records restricted assets, but we can't tie to the corresponding liabilities to these restricted assets. Communicated to Client</p> <p>I was unable to recalculate the net investment in capital assets. Communicated to Client (previously identified)</p>
	<p>Statement of Activities –</p> <p>It seems odd that there is a negative expense reported for the 'Physical Environment' line item. Communicated to Client, we have taken negative amounts to the aggregation.</p> <p>I'm not sure the items listed under 'Special Item' and 'Extraordinary Item' are accurately reported. Communicated to Client</p>
	<p>The description under <u>Consolidated General Fund</u> (pg 26/189) states that expenditures are budgeted "bi-annually" (i.e. twice per year). Should that be "biennially" (i.e. every two years)?</p> <p>Communicated to Client</p>

	<p>The City should explain the difference between the actual and the budgeted. Biennial budgets will always have a reconciliation to GAAP because of timing differences.</p> <p>They budget on an accrual basis timing should not be a factor. As for the reconciliation this does not apply for the General Fund per reasons listed in the Blue Book. We passed on further review</p>
8-002-10-3	<p>Governmental Funds Balance Sheet – In the liabilities section, what is “custodial accounts”? Shouldn’t all custodial accounts be in the fiduciary funds? This is also reported on the SNP and Proprietary Funds SNP. Communicated to Client, also see comment above in over note over custodial</p> <p>American Rescue Plan Act and Non-Major Governmental Funds – these funds have a negative unassigned balance but a positive assigned, this is not allowable. Communicated to Client  Aggregation of Misstatements (GAAP)</p>
	<p>Statement of Net Position – Proprietary Funds – Parking Services fund – I’m not sure why there is a negative unearned revenue reported here.</p> <p>Communicated to Client – Noted the Client has corrected this in their TRS software as of 8/22</p>
10-002-01	<p>Statement of Fiduciary Net Position – It seems odd that Construction in Progress is report on this statement. Communicated to Client (previously identified)</p> <p>The City doesn’t have court activities and monies collected for the state? I would recommend confirming implementation of GASB 84 to ensure they aren’t leaving something out from the Fiduciary statements. Reviewed implementation of GASBs with no concerns.</p>
Notes to Financial Statements	
	<p>Note that for Emergency Reserves or Revenue Stabilization to be reported as committed, the circumstances that would allow for the use of the resources must be both specific and nonroutine. REPEAT COMMENT Communicated to Client (Note 1.18)</p> <p>See comment from GW Statement of Net Position. How can fund balance be restricted for OPEB? REPEAT COMMENT Communicated to Client (previously identified)</p>
11-001-22	<p>Note 1 – I don’t see a discussion regarding what the City’s fiduciary fund is for. Communicated to Client</p>
11-001-01*	<p>I don’t see the following disclosed in this area: -Policy for eliminating internal activity This is disclosed in Note 1.B passed on further review</p>
11-001-15	<p>-Policy for defining operating vs Nonoperating This is disclosed in Note 1.C passed on further review</p>

	<p>Note 1.E.6 – Restricted Assets and Liabilities – I was unable to tie this amount to the financials and the corresponding note.</p> <p>Communicated to Client (previously identified)</p>
	<p>Note 2 - Accounting and Reporting Changes – The notes should explain the effect of the implementation of new accounting standards on the financial statements. There is no requirement to disclose future impacting GASB pronouncements.</p> <p>Communicated to Client (previously identified)</p>
12-210-01	<p>Note 7.D – Special Assessments – The note doesn't disclose an outstanding balance, but Note 8 and the debt service schedule report \$5k.</p> <p>Capital lease disclosures are missing.</p> <p>Communicated to Client</p>
	<p>Note 11 – Jointly Governed Organizations Refers to 2020; looks like this wasn't updated for current year.</p> <p>Communicated to Client (previously identified)</p>
	<p>Note 13.C – Self-Insured Workers Comp. fund – I was unable to trace the amount of the reported liability to the financial statements. REPEAT COMMENT.</p> <p>Communicated to Client</p>
	<p>Note 16 – Pension Plans – Police Officers and Firefighters' Pension Funds – Investments – <i>Investment Policy</i> – information included for the Police Pension/Fire Pension Trust Funds may not be current.</p> <p>Communicated to Client (previously identified)</p>
	<p>Note 16 – Police and Firefighter pension plans – On page 69, the note states the plans are administered through the general fund (i.e. per GASB 73). But then the note presents the disclosures for a plan administered through a qualifying trust (i.e. GASB 68). But there are no pension trust fund financial statements. So I assume the City should report under GASB 73. Per GASB 73, the City should report the total cash available and the <u>total</u> (not net) pension liability (with a current portion due). I'm not sure the financial statements reflect this accurately, further RSI reflects that this would be</p> <p>Communicated to Client</p>
	<p>Note 18 – Prior Period Adjustments – I don't see this reported as a Business-type Activity however this amount is reflected as a Governmental Activity. This note needs to be updated.</p> <p>Communicated to Client (previously identified)</p>
	RSI
14-700-04*	<p>The City should refrain from presenting budgetary comparisons for debt service funds, capital project funds (Consolidated Capital Improvement Fund, etc.),</p>

	<p>permanent funds (Parkhill Cemetery Fund), major special revenue funds without annual budgets, and nonmajor special revenue funds.</p> <p>The City approves biennial budgets for all of their non major funds being reported in their combining statements. Therefore we have no issues with the budget and actual schedules being presented.</p>
	<p>The police and fire pension plans RSI presented is for plans administered through a qualifying trust (GASB 68). The City should present RSI for non-trusted plans (GASB 73). REPEAT COMMENT.</p> <p>Communicated to Client</p>
	Statistical Section
	<p>Tables 11 and 12 and 13 – Capital leases are debt and I don't see the capital lease listed in these tables.</p> <p>Communicated to Client</p>
	<p>I assumed the City was:</p> <ul style="list-style-type: none"> • not a lessor in capital leases; • has not been the recipient of an endowment; • did not engage in short-term debt activity during the year; • does not benefit from on-behalf payments of salaries and fringe benefits for its employees; • had no hedging derivatives; and • was not the transferor or operator in a service concession arrangement. <p>If these assumptions are not correct, additional disclosures will apply where applicable.</p> <p>Reviewed Noted. Communicated to Client</p>