



AGENDA NO: B-1

MEETING DATE: January 19, 2021

CITIZENS OVERSIGHT COMMITTEE MEETING SUPPLEMENTAL REPORT

Please see Attachment 3 of Item B-1 as it was inadvertently missing from the agenda packet.

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

City of Morro Bay, California
Member ID: 136123001
Report #: CAFR-2019-01931

101 - Cover, table of contents, and formatting

Comment Number: 3174

Page 10.

The term "net position" (rather than "net assets") should be used throughout the comprehensive annual financial report, since the government has implemented GASB Statement No. 63.

Comment Number: 3439

Page 9 - The last paragraph.

Delete the reference to the net other postemployment benefit obligation (NOPEBO) or negative NOPEBO, since the government has implemented GASB Statement No. 75.

102 - Introductory section

Comment Number: 2653

Pages vi-vii.

Consider deleting the discussion of the sections of the CAFR in the letter of transmittal, since this is no longer required.

106 - Government-wide financial statements

Comment Number: 2432

Page 21.

If the government presents a classified statement of net position, the portion of long-term liabilities due within one year normally should be classified as current. [GASB-S62: 34; COD 2200.180; GAAFR, pages 297-298; eGAAFR, pages 232-233]

108 - Governmental fund financial statements

Comment Number: 3053 Checklist Question: 8.15b

Page 29 - It is unclear why the prepaid items were not reported as nonspendable fund balance in the nonmajor funds column.

Inventories, prepaid items, and the corpus or principal of a permanent fund should be included in nonspendable fund balance. [GASB-S54: 6; COD 1800.166-.167; COD 2200.163; Q&A Z.54.46; GAAFR, page 189; eGAAFR, page 163]

109 - Proprietary fund financial statements

Comment Number: 1470 Checklist Question: 9.14a

Pages 40-43.

Payments received for interfund services provided should be reported separately from similar payments received from outside parties within cash flows from operating activities. [GASB-S9: 18 and 31; COD 2450.128; Q&A 2.29.1; GAAFR, pages 210 and 238; eGAAFR, page 201]

112 - Note disclosure (other than the SSAP and pension-related disclosures)

Comment Number: 3297

Page 65 - This comment was provided last year and not implemented.

Reimbursements should not be displayed in the financial statements as transfers. The disclosure makes it appear as though reimbursements are reported as transfers. Reimbursements should be treated as a reduction to the originally booked expense/expenditure and therefore would not be reported as an item in the external financial statements. [GASB-S34: 112b(2); GAAFR, page 53; eGAAFR, pages 66-67]

118 - Statistical section

Comment Number: 2205

Page 145 - The notes receivable for the General Fund are reported in the restricted fund balance, while this amount is reported in the nonspendable fund balance on page 29.

The amounts reported in the statistical tables should agree with related amounts reported elsewhere in the CAFR.

120 - New Pronouncements

Comment Number: 3577

The GASB has issued the following statements and implementation guide:

1. Statement No. 83, "Certain Asset Retirement Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.
2. Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.
3. Implementation Guide No. 2018-1, "Implementation Guidance Update—2018." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

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

Comment Number: 3578

The GASB has issued the following statements and implementation guide:

1. Statement No. 84, "Fiduciary Activities." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.
2. Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.
3. Implementation Guide No. 2019-2, "Fiduciary Activities." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

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

Comment Number: 3579

The GASB has issued the following statements and implementation guides:

1. Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
2. Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021.
3. 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.
4. Implementation Guide No. 2019-1, "Implementation Guidance Update—2019." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
5. Implementation Guide No. 2019-3, "Leases." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

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 CAFR-2019-01931 *****