Government Financial Reporting

DATA STANDARDS & THE FINANCIAL DATA TRANSPARENCY ACT (FDTA)

JANUARY 24, 2023

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Topics

Financial Data Transparency Act (FDTA) and impact on local governments University of Michigan Involvement	Stephanie Leiser, Fiscal Health Project Lead, Center for Local, State and Urban Policy (CLOSUP), University of Michigan's Ford School of Public Policy
City of Flint, Michigan Pilot	Stephanie Leiser & Robert Widigan, Chief Financial Officer, City of Flint
CPE Questions	
Open data standards, the Annual Comprehensive Financial Reporting Taxonomy (ACFR) and how it will work for government entities	Campbell Pryde, President and CEO, XBRL US
Demonstrations	Marc Joffe, Policy Analyst, Cato Institute
CPE Questions	

Financial Data Transparency Act (FDTA)

- Signed into law Dec 23, 2022, as part of H.R. 7776, the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023
- Calls for use of data standards by member agencies of the Financial Stability Oversight Council (FSOC): U.S. Treasury, the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Bureau of Consumer Financial Protection (CFPB), the Federal Reserve System, the National Credit Union Administration (NCUA), and the Federal Housing Finance Agency (FHFA).
- Section 5823 calls for Data transparency relating to municipal securities, to be implemented by the SEC

Financial Data Transparency Act (FDTA)

Data standards are defined as:

- Including common identifiers
- Open and nonproprietary
- Able to render data searchable and machine-readable
- Incorporate standards developed and maintained by voluntary consensus standards bodies
- Consistent with applicable accounting and reporting principles

Timing

- 18 months after enactment, heads of covered agencies shall jointly issue proposed rules for public comment to establish data standards
- 2 years after enactment, jointly promulgate final rules for data standards
- Data standards established shall take effect not later than 2 years after which final rules are promulgated

Impact on local governments

- Governments that have outstanding municipal securities will need to comply with the FDTA
- Other local governments *may* be affected because of the GREAT (Grants Reporting Efficiency and Transparency) Act
- There is no change in what governments are required to disclose. Governments will not be required to submit data in a standard template
- There *will* be a change in how data reported to the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Markets Authority (EMMA) is formatted

There will be a change in how data

Zooming out: why did we get involved in developing data standards?

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The problem from our perspective

The best sources of data on local government finances are typically provided as PDF documents

Using the data requires manual data extraction, which is:

- Labor-intensive (i.e. expensive)
- Duplicative
- Prone to human error

Severely limits the accessibility of data for *all* stakeholders

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Stakeholders

Those who generate and report data:

- Governments
- CPAs and other professionals hired by governments

Data users:

- Government managers
- Government employees/retirees
- Policymakers and regulators
- Investors
- Research community
- Media
- General public

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Our goal: A fully digital ACFR

Adopting open data standards for government financial reporting will:

- Enhance reliability and usability of data for all stakeholders
- Streamline reporting burdens for governments
- Improve understanding of government fiscal health

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Our progress to date

Grants from the Mott Foundation and UM Center for Academic Innovation

Creation of open data standard in XBRL

- Government-wide, governmental funds, proprietary funds statements
- Footnotes on debt, capital assets, pension, OPEB
- Michigan-specific reporting elements

Pilot locations

- City of Flint – Workiva
- Ogemaw County – Iris Business Services
- Pine River Township – Iris Business Services

Participation in Michigan Department of Treasury Working Group to explore the feasibility of replacing existing reporting systems with XBRL-based reporting

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XBRL Reporting in the City of Flint

Robert Widigan, CFO

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CPE Questions

What are Data Standards?

Means to improve efficiency of creating, reporting and using data through automation

Data standards *are not* accounting standards (e.g., GASB, FASB, IFRS)

Data standards can be created to adapt to all different types of governments, e.g., general purpose or special district, allowing them to report *as they do today*

Open data standards allow *many* options for report preparation because any accounting system or reporting software can be adapted to open (free) data standards

What are Data Standards?

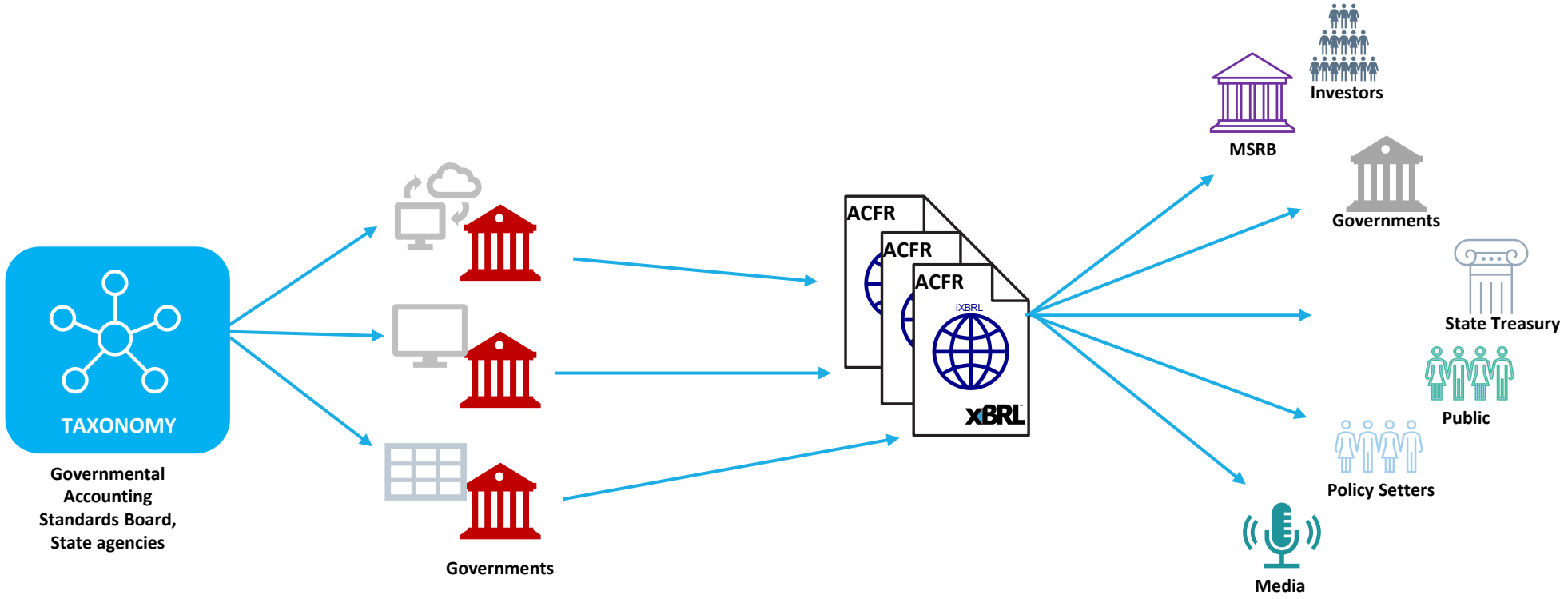
Standardized data is prepared and reported today by thousands of US entities (and over 210 programs worldwide):

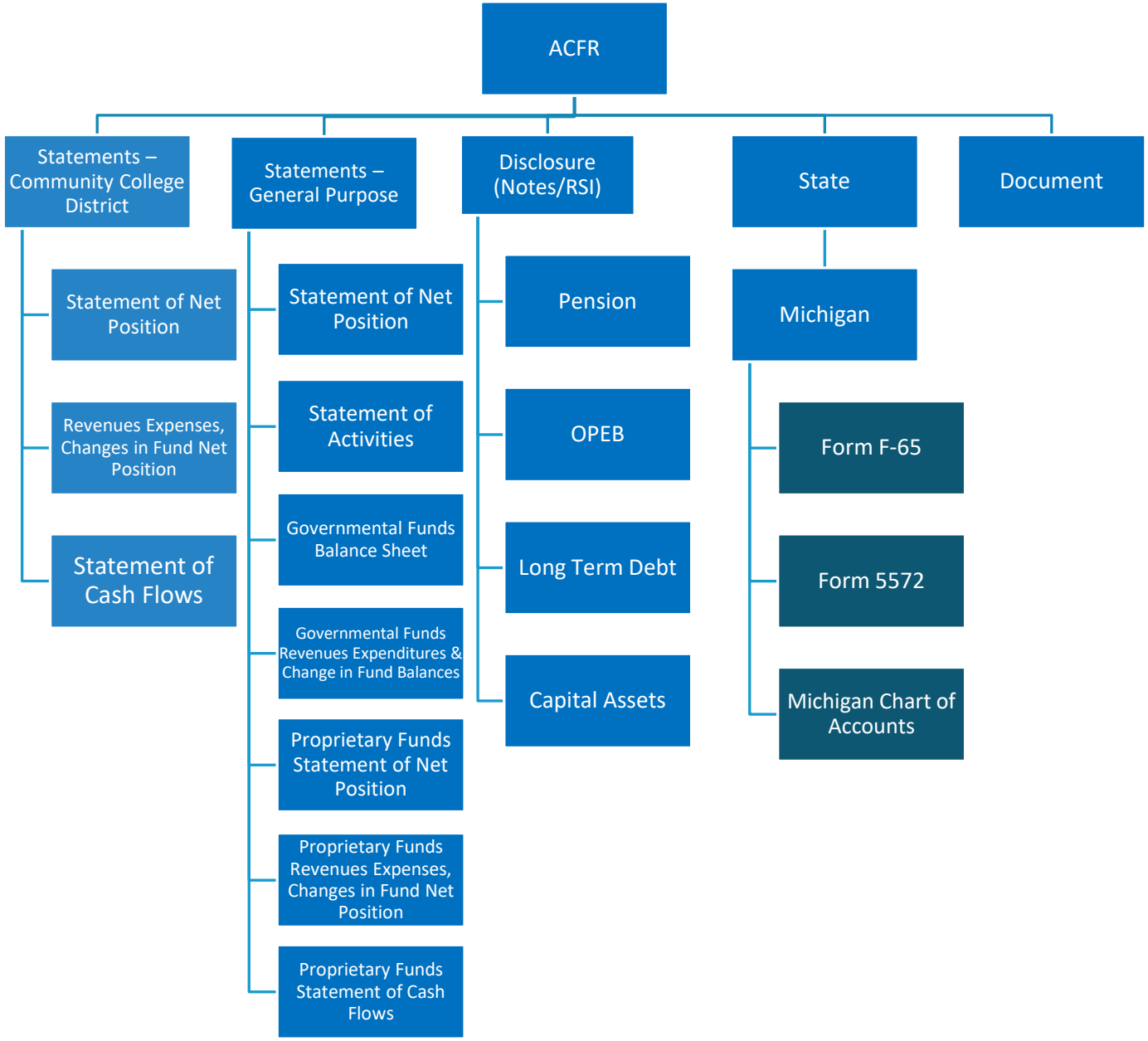
- Banks reporting to the FDIC
- Utilities reporting to the FERC
- Public companies and investment management companies reporting to the SEC

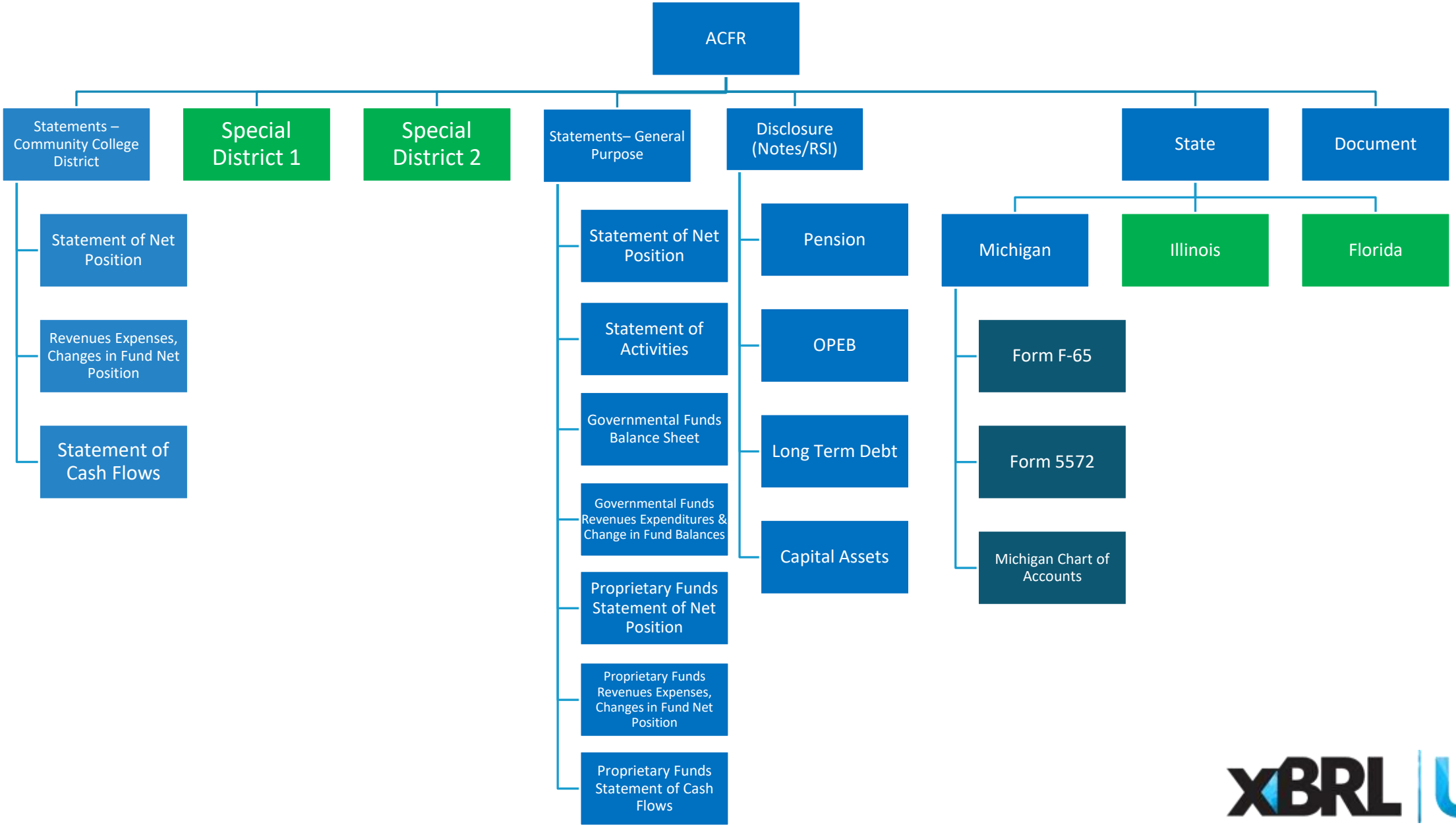
Examples of applications (organizations) that generate machine-readable XBRL financials:

Advanced Computer Solutions; Broadridge Financial Solutions; CaseWare/Lance, Soll & Lunghard, LLP; Certent; CompSci; CoreFiling Seahorse; DataTracks; Donnelley Financial Solutions (DFIN); EDGAR Agents; EZ-XBRL; HData; IRIS Business Services; M2 Compliance; Novaworks; RDG Filings; Semansys Technologies; Systrends; Toppan Merrill; Visma Connect; Workiva

How will governments prepare & use machine-readable financials?




ACFR
Statements – Community College District
Statement of Net Position
Revenues Expenses, Changes in Fund Net Position
Statement of Cash Flows
Statements – General Purpose
Statement of Net Position
Statement of Activities
Governmental Funds Balance Sheet
Governmental Funds Revenues Expenditures & Change in Fund Balances
Proprietary Funds Statement of Net Position
Proprietary Funds Revenues Expenses, Changes in Fund Net Position
Proprietary Funds Statement of Cash Flows
Disclosure (Notes/RSI)
Pension
OPEB
Long Term Debt
Capital Assets
State
Michigan
Form F-65
Form 5572
Michigan Chart of Accounts
Document


ACFR
Statements – Community College District
Special District 1
Special District 2
Statements– General Purpose
Disclosure (Notes/RSI)
State
Document
Statement of Net Position
Revenues Expenses, Changes in Fund Net Position
Statement of Cash Flows
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Governmental Funds Balance Sheet
Governmental Funds Revenues Expenditures & Change in Fund Balances
Proprietary Funds Statement of Net Position
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Michigan
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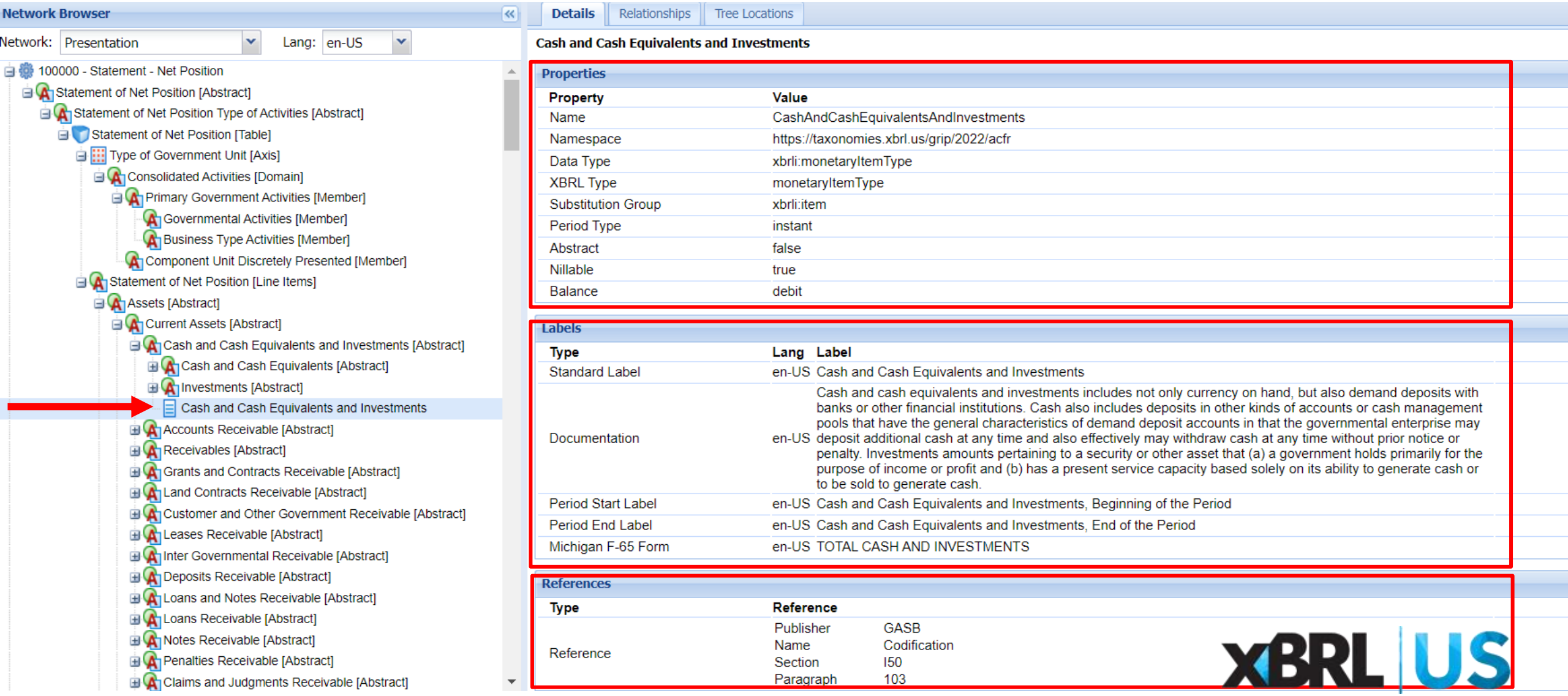
Florida
Form F-65
Form 5572
Michigan Chart of Accounts


Network Browser
Network: Presentation
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100000 - Statement - Net Position
Statement of Net Position [Abstract]
Statement of Net Position Type of Activities [Abstract]
Statement of Net Position [Table]
Type of Government Unit [Axis]
Consolidated Activities [Domain]
Primary Government Activities [Member]
Governmental Activities [Member]
Business Type Activities [Member]
Component Unit Discretely Presented [Member]
Statement of Net Position [Line Items]
Assets [Abstract]
Current Assets [Abstract]
Cash and Cash Equivalents and Investments [Abstract]
Cash and Cash Equivalents [Abstract]
Investments [Abstract]
Cash and Cash Equivalents and Investments
Accounts Receivable [Abstract]
Receivables [Abstract]
Grants and Contracts Receivable [Abstract]
Land Contracts Receivable [Abstract]
Customer and Other Government Receivable [Abstract]
Leases Receivable [Abstract]
Inter Governmental Receivable [Abstract]
Deposits Receivable [Abstract]
Loans and Notes Receivable [Abstract]
Loans Receivable [Abstract]
Notes Receivable [Abstract]
Penalties Receivable [Abstract]
Claims and Judgments Receivable [Abstract]
Details
Relationships
Tree Locations
Cash and Cash Equivalents and Investments
Properties
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Value
Name
CashAndCashEquivalentsAndInvestments
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XBRL Type
monetaryItemType
Substitution Group
xbrli:item
Period Type
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Abstract
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Nillable
true
Balance
debit
Labels
Type
Lang
Label
Standard Label
en-US
Cash and Cash Equivalents and Investments
Documentation
en-US
Cash and cash equivalents and investments includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Investments amounts pertaining to a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.
Period Start Label
en-US
Cash and Cash Equivalents and Investments, Beginning of the Period
Period End Label
en-US
Cash and Cash Equivalents and Investments, End of the Period
Michigan F-65 Form
en-US
TOTAL CASH AND INVESTMENTS
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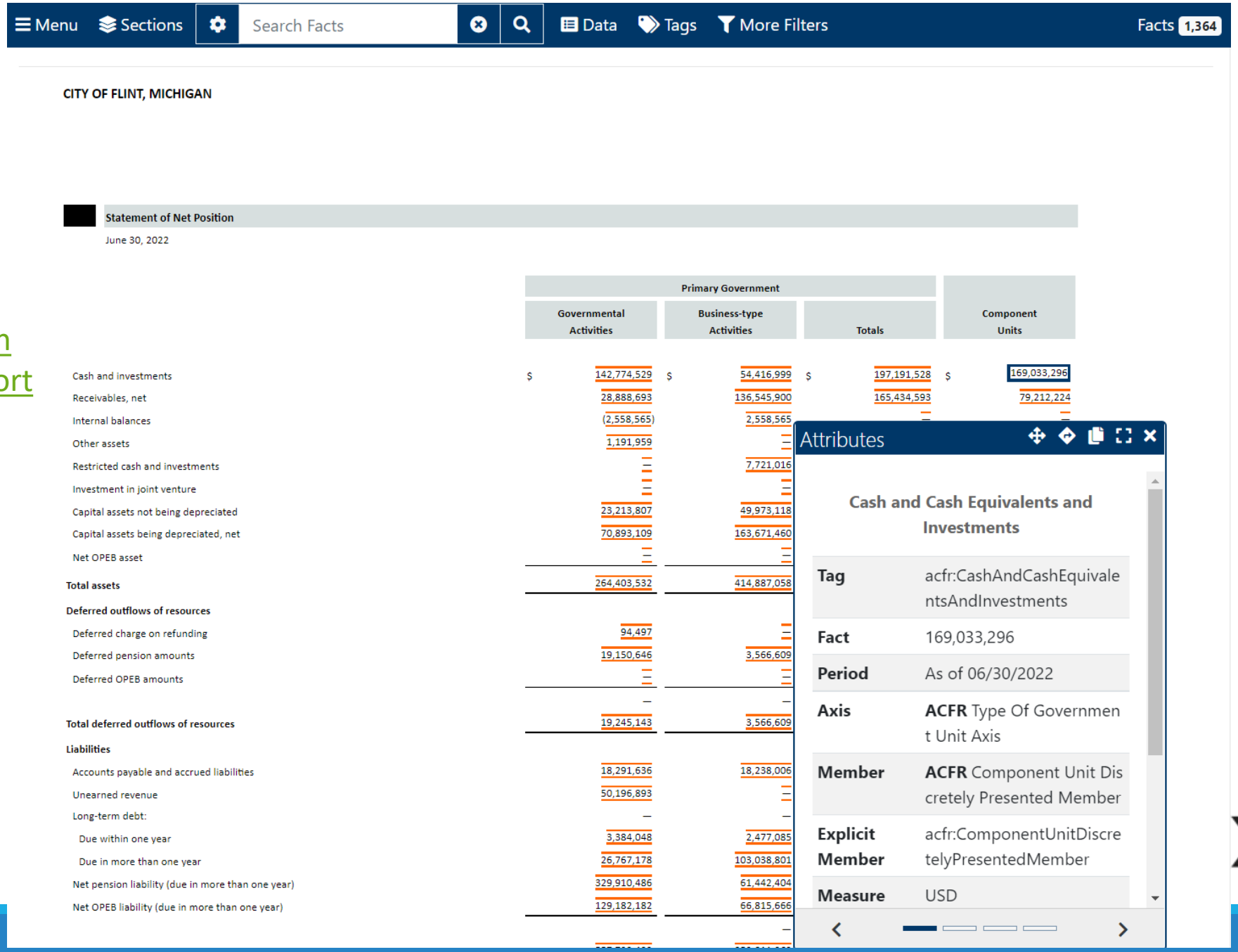
Type
Reference
Reference
Publisher
GASB
Name
Codification
Section
I50
Paragraph
103

Flint, Michigan XBRL Report



CITY OF FLINT, MICHIGAN

Statement of Net Position

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Cash and investments	$ 142,774,529	$ 54,416,999	$ 197,191,528	$ 169,033,296
Receivables, net	28,888,693	136,545,900	165,434,593	79,212,224
Internal balances	(2,558,565)	2,558,565	—	—
Other assets	1,191,959	—		
Restricted cash and investments	—	7,721,016		
Investment in joint venture	—	—		
Capital assets not being depreciated	23,213,807	49,973,118		
Capital assets being depreciated, net	70,893,109	163,671,460		
Net OPEB asset	—	—		
Total assets	264,403,532	414,887,058		
Deferred outflows of resources				
Deferred charge on refunding	94,497	—		
Deferred pension amounts	19,150,646	3,566,609		
Deferred OPEB amounts	—	—		
	—	—		
Total deferred outflows of resources	19,245,143	3,566,609		
Liabilities				
Accounts payable and accrued liabilities	18,291,636	18,238,006		
Unearned revenue	50,196,893	—		
Long-term debt:	—	—		
Due within one year	3,384,048	2,477,085		
Due in more than one year	26,767,178	103,038,801		
Net pension liability (due in more than one year)	329,910,486	61,442,404		
Net OPEB liability (due in more than one year)	129,182,182	66,815,666		
		—		

Attributes

Cash and Cash Equivalents and Investments

Tag	acfr:CashAndCashEquivalentsAndInvestments
Fact	169,033,296
Period	As of 06/30/2022
Axis	**ACFR** Type Of Government Unit Axis
Member	**ACFR** Component Unit Discretely Presented Member
Explicit Member	acfr:ComponentUnitDiscretelyPresentedMember
Measure	USD

ACFR Taxonomy

Flexibility to support different state requirements: state-specific references (Chart of Accounts) and concepts can be layered on top of GASB-specific line items. NOTE: states that do not follow GASB can have their own state-defined taxonomy concepts.

Flexibility to support different types of governments: general purpose, special district, etc.

Flexibility to support governments with unique line items: government entities can add custom line items that are not already in the taxonomy that roll up to parent concepts, e.g., Current Assets, Expenditures.

Structure of data can improve efficiency and consistency: Accounting calculations built in used to generate validation (business) rules so governments can catch (and correct) common errors.

Based on open, nonproprietary, widely used (XBRL) standard can be freely adopted.

Implication of data standards for government reporting entities

Open data standards mean any software application can freely adapt to the standard which leads to competition in reporting tools

What applications will governments be able to use?

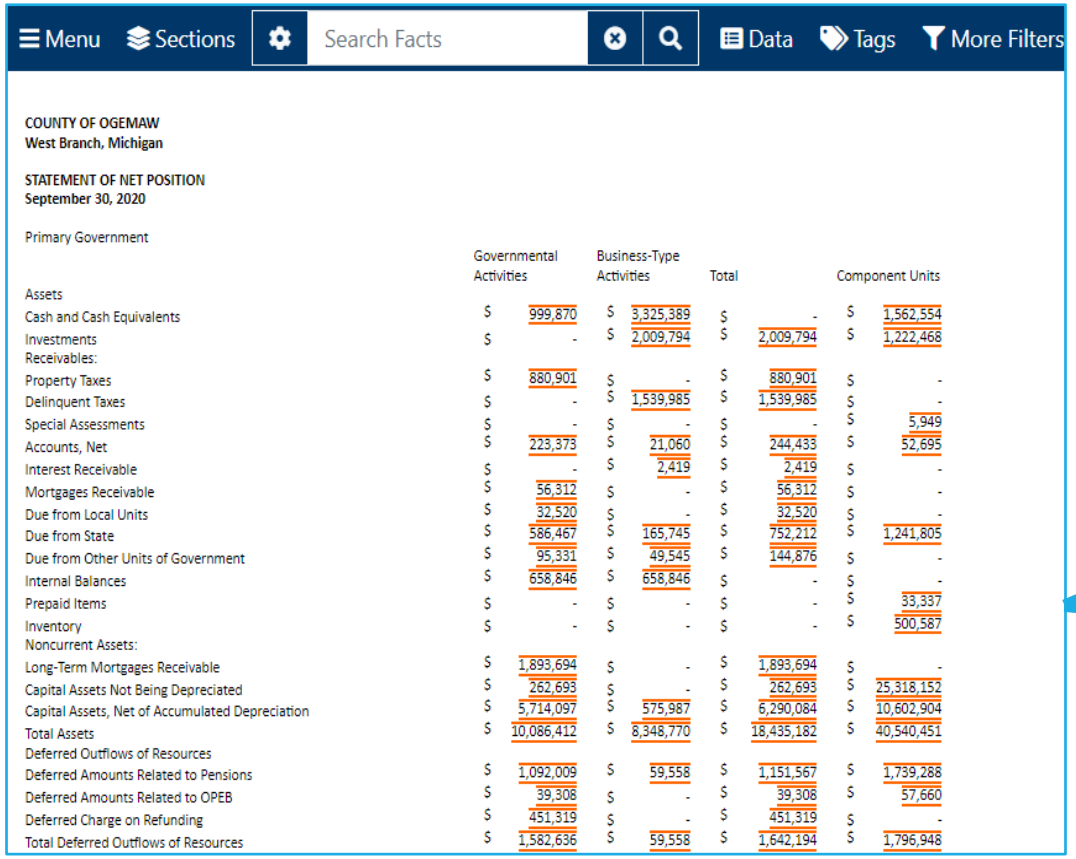
- Full-service preparation and reporting applications
- Machine-readable data generation integrated into existing accounting system
- Spreadsheet-based applications that generate machine-readable data

There will be a range of costs to prepare financials in machine-readable format:

- Corporates with revenues <$250 million average annual spend for 4 filings to the SEC was $5,500
- Cost to governments could range from as low as $500 to much more depending on service and features
- Will not require a change in existing accounting systems
- Can be prepared in CSV format with add-in

Demonstration

Analyzing Inline XBRL Disclosures



COUNTY OF OGEMAW
West Branch, Michigan

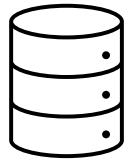
STATEMENT OF NET POSITION
September 30, 2020

Primary Government	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 999,870	$ 3,325,389	$ -	$ 1,562,554
Investments	$ -	$ 2,009,794	$ 2,009,794	$ 1,222,468
Receivables:				
Property Taxes	$ 880,901	$ -	$ 880,901	$ -
Delinquent Taxes	$ -	$ 1,539,985	$ 1,539,985	$ -
Special Assessments	$ -	$ -	$ -	$ 5,949
Accounts, Net	$ 223,373	$ 21,060	$ 244,433	$ 52,695
Interest Receivable	$ -	$ 2,419	$ 2,419	$ -
Mortgages Receivable	$ 56,312	$ -	$ 56,312	$ -
Due from Local Units	$ 32,520	$ -	$ 32,520	$ -
Due from State	$ 586,467	$ 165,745	$ 752,212	$ 1,241,805
Due from Other Units of Government	$ 95,331	$ 49,545	$ 144,876	$ -
Internal Balances	$ 658,846	$ 658,846	$ -	$ -
Prepaid Items	$ -	$ -	$ -	$ 33,337
Inventory	$ -	$ -	$ -	$ 500,587
Noncurrent Assets:				
Long-Term Mortgages Receivable	$ 1,893,694	$ -	$ 1,893,694	$ -
Capital Assets Not Being Depreciated	$ 262,693	$ -	$ 262,693	$ 25,318,152
Capital Assets, Net of Accumulated Depreciation	$ 5,714,097	$ 575,987	$ 6,290,084	$ 10,602,904
Total Assets	$ 10,086,412	$ 8,348,770	$ 18,435,182	$ 40,540,451
Deferred Outflows of Resources				
Deferred Amounts Related to Pensions	$ 1,092,009	$ 59,558	$ 1,151,567	$ 1,739,288
Deferred Amounts Related to OPEB	$ 39,308	$ -	$ 39,308	$ 57,660
Deferred Charge on Refunding	$ 451,319	$ -	$ 451,319	$ -
Total Deferred Outflows of Resources	$ 1,582,636	$ 59,558	$ 1,642,194	$ 1,796,948

Inline XBRL ACFR

	A	B	C	D	E
1	**Statement**	**itemname**	**value**	**memberstring1**	**instant**
2	Statement of Net Position	CashAndCashEquivalents	999,870	GovernmentalActivities	9/30/2020
3	Statement of Net Position	CashAndCashEquivalents	3,325,389	BusinessTypeActivities	9/30/2020
4	Statement of Net Position	CashAndCashEquivalents	1,562,554	ComponentUnitDiscretelyPresented	9/30/2020
5	Statement of Net Position	InvestmentsCurrent	2,009,794	BusinessTypeActivities	9/30/2020
6	Statement of Net Position	InvestmentsCurrent	1,222,468	ComponentUnitDiscretelyPresented	9/30/2020
7	Statement of Net Position	InvestmentsCurrent	2,009,794	PrimaryGovernmentActivities	9/30/2020

Python Parsing Script or
XBRL US API



Relational Databases

CPE Questions

Questions

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