

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA)

**AWARD PROGRAM FOR SMALL GOVERNMENT CASH
BASIS REPORTS**

Statement of Principles

The Award Program for Small Government Cash Basis Reports (the program) is designed to help small governments that for practical considerations do not prepare financial statements in conformity with generally accepted accounting principles (GAAP) to improve the quality and consistency of their financial reports by

1. Providing guidelines to help standardize the format and content of annual financial reports prepared on a modified cash basis;
2. Encouraging governments to follow those guidelines by offering public recognition to those that successfully do so; and
3. Assisting governments to implement the guidelines by providing technical materials and training.

The program is designed to encourage *compliance* with basic norms of sound financial reporting in situations where GAAP financial reporting is not practical. The Certificate of Achievement for Excellence in Financial Reporting Program (Certificate of Achievement Program) recognizes *outstanding achievement* in financial reporting, which presupposes financial reporting in conformity with GAAP. For some governments, participation in the Award Program for Small Government Cash Basis Reports may be a first step toward GAAP financial reporting and participation in the Certificate of Achievement Program.

Any government, regardless of type, that reports \$25 million or less in revenues for the primary government in the government-wide financial statements (either for the current year or the average of the five most recent years) is eligible to participate in the Award Program for Small Government Cash Basis Reports unless it is required to prepare a GAAP financial report or has done so at any time in the most recent five years.

The program prescribes a modified cash basis financial reporting framework consistent with the provisions of the American Institute of Certified Public Accountants' (AICPA) auditing standards for *special purpose frameworks*.¹ For purposes of this program, a "modified cash basis" presentation must meet all of the following criteria:

- (a) The report must comply, in substance, with the basic requirements of GAAP for financial statement presentation, but applied in a manner consistent with a modified cash basis. For example, a small general purpose government would need to present a combination of government-wide and fund financial statements (i.e., *compliance, in substance, with the basic requirements of GAAP*), but would use the same modified cash basis for presenting data in both (i.e., *applied in a manner consistent with a modified cash basis*);
- (b) Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period should be recognized, except as follows:
 - (1) *Interfund receivables and payables* that arise from transactions and events involving cash or cash equivalents must be recognized;
 - (2) *Assets that normally convert to cash or cash equivalents* (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents must be recognized;
 - (3) *Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements* must be recognized;²

¹See AU-C Section 800, "Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks" (AICPA Professional Standards).

²Conversely, a statement of position would *not* report: (a) capital assets or long-term debt that arise from transactions or events involving the receipt or disbursement of cash or cash equivalents; (b) deferred outflows of resources or deferred inflows of resources; (c) prepaid items; (d) supplies inventories; (e) accrued assets and accrued

- (c) Note disclosures similar to those required by GAAP must be made if they are relevant to any of the items listed in (b); and
- (d) Other note disclosures related to matters not presented on the face of the financial statements should be provided, as considered necessary.

By definition, the concept of required supplementary information (RSI) applies exclusively to financial reports prepared in conformity with GAAP. Accordingly, the Award Program for Small Government Cash Basis Reports prescribes alternative treatments for including certain information that normally is presented as RSI in connection with GAAP financial reports:

- Budgetary comparisons for the general fund and major special revenue funds with legally adopted annual (or biennial) budgets must be presented as a basic financial statement; and
- Certain relevant information normally required to be presented as part of management’s discussion and analysis (MD&A) in connection with GAAP financial reports must be incorporated into the letter of transmittal.

The program requires that the basic financial statements and certain other information be presented as part of a cash basis financial report rather than as part of a comprehensive annual financial report (CAFR). A cash basis financial report, like a CAFR, must include both an introductory section and a financial section. Conversely, unlike a CAFR, a cash basis report does *not* have to include a statistical section.

The financial section of a cash basis financial report, like that of a CAFR, must present combining and individual fund financial statements and schedules, including budgetary comparisons presented at the legal level of budgetary control for all individual governmental funds with legally adopted annual or biennial budgets. In addition, the financial section needs to provide the following schedules of five-year trend data, as applicable:

- Net position – government-wide financial statements – modified cash basis,
- Changes in net position – government-wide financial statements – modified cash basis,
- Fund balances – governmental funds – modified cash basis,
- Revenues, expenditures, and changes in fund balances – governmental funds – modified cash basis, and
- Outstanding debt by type.

liabilities; or (f) other assets or liabilities that do not arise in connection with transactions or events involving the receipt or disbursement of cash or cash equivalents.

STAND-ALONE BUSINESS-TYPE ACTIVITIES CHECKLIST

This checklist is designed to assist in the preparation of a cash basis financial report for a stand-alone business-type activity that uses a modified cash basis financial reporting framework as described above. It is available in electronic form at the GFOA's website (www.gfoa.org) under the heading *Award Programs* in the *Award Program for Small Government Cash Basis Reports* section. While this checklist is designed to provide comprehensive guidance for financial statement preparers, its use does *not* guarantee that a given report will be granted the Award.

This particular checklist combines two different sets of elements:

- *Questions from the general-purpose government checklist relevant to stand-alone business-type activities.* One important reason that a separate stand-alone business-type activities checklist is needed is that many of the questions on the general-purpose checklist are not relevant to most stand-alone business-type activities. Accordingly, this checklist includes all and only those items from the general-purpose checklist that are relevant to stand-alone business-type activities. For administrative purposes, the same numbering is retained in both checklists for identical items. Accordingly, breaks in the numerical sequence of the items presented in this checklist reflect simply the omission of items deemed less relevant to stand-alone business-type activities.
- *Questions unique to stand-alone business-type activities.* A second reason that a separate stand-alone business-type activities checklist is needed is to provide additional questions to address unique aspects of stand-alone business-type activities reporting. These items are distinguished from those drawn from the general-purpose government checklist by the presence of the letter "E" immediately preceding the number of the item and by the use of shading.

Throughout the document indentation is used to indicate that a given question assumes a positive response to the preceding question. Consequently, financial statement preparers do *not* need to consider indented questions for which the response to the lead-in question is either "no" or "not applicable." Clarifications concerning certain items are offered in the form of an explanation provided in a box that immediately follows the item being clarified.

An asterisk (*) indicates that a negative response for that item, of itself, would likely disqualify a report from being presented with the Award for Small Government Cash Basis Reports. Negative responses for other items or combinations of items may also disqualify a report from receiving the award.

This checklist is designed for a stand-alone business-type activity that is accounted for as a single enterprise fund. It is assumed, for simplicity's sake, that a stand-alone business-type activity that uses this checklist does not have component units. If it does, it should refer to the relevant questions concerning component unit presentation and disclosure in the general-purpose government checklist.

The GFOA's recommendations on the format and contents of the introductory and financial sections of a comprehensive annual financial report (CAFR) are presumed to apply equally to a cash basis financial report to the extent that those recommendations are consistent with a modified cash financial reporting framework, as described above. All references in this checklist to the GFOA's 2012 edition of *Governmental Accounting, Auditing, and Financial Reporting* ("Blue Book") should be understood in that context.

The report will be graded for each of the following categories, when applicable to the enterprise fund:

- Cover, Table of Contents, and Formatting
- Introductory Section
- Financial Section – Report of the Independent Auditor
- Financial Section – Basic Financial Statements (Preliminary Considerations)
- Financial Section – Statement of Fund Net Position/Balance Sheet
- Financial Section – Statement of Revenues, Expenses, and Changes in Fund Net Position/Equity
- Financial Section – Statement of Cash Flows
- Financial Section – Fiduciary fund financial statements
- Financial Section – Summary of significant accounting policies (SSAP)
- Financial Section – Detailed note disclosures
- Financial Section– Other information accompanying the basic financial statements
- Other considerations

Abbreviations Used in this Checklist

AICPA	-	American Institute of Certified Public Accountants
AU-C	-	Clarified auditing standards of the AICPA
GAAFR	-	2012 <i>Governmental Accounting, Auditing, and Financial Reporting</i> (“Blue Book”)
GASB	-	Governmental Accounting Standards Board (GASB)
GASB - I	-	GASB Interpretation
GASB - S	-	GASB Statement
GASB - C	-	GASB Concepts Statement
GASB - TB	-	GASB Technical Bulletin
NCGA	-	National Council on Governmental Accounting
NCGA - I	-	NCGA Interpretation
NCGA - S	-	NCGA Statement
Q&A	-	GASB <i>Comprehensive Implementation Guide</i>
SLG	-	AICPA Accounting and Audit Guide <i>State and Local Governments</i>

Q&A references are followed by chapter and question number (e.g., chapter 7, paragraph 14 = Q&A 7.14)

SLG references are followed by chapter and paragraph (e.g., chapter 10, paragraph 3 = SLG 10.03)

GASB and NCGA references are followed by 1) pronouncement number and 2) either paragraph number, footnote number, or appendix reference.

GAAFR references are followed by page number (e.g., GAAFR 325).

1. COVER, TABLE OF CONTENTS, AND FORMATTING

- ____ ____ ____ 1.1 Does the report cover describe the document as an “annual financial report”? [GAAFR 591]
- ____ ____ ____ 1.2 Does the report cover include the name of the enterprise fund? [GAAFR 591]
- ____ ____ ____ 1.3 Does the report cover include the name of the state within which the enterprise fund is located? [GAAFR 591]
- ____ ____ ____ 1.4 Does the report cover indicate the fiscal period covered? [GAAFR 591]

Explanation: The description of the fiscal year should include the exact date on which the fiscal year ended (e.g., *for the fiscal year ended June 30, 2014*).

____ ____ ____ E1.1 If the enterprise fund is a fund or component unit of another entity, does the report cover indicate that fact (e.g., “an enterprise fund of the City of X”)?

____ ____ ____ 1.5 Is there a title page? [GAAFR 591] If so:

____ ____ ____ 1.5a Does it describe the document as an “annual financial report”? [GAAFR 591]

____ ____ ____ 1.5b Does it indicate the fiscal period covered? [GAAFR 591]

____ ____ ____ 1.5c Does it include the name of the department responsible for preparing the report? [GAAFR 591]

Explanation: The name of the department is sufficient. It is not necessary to actually state that the report was prepared by the department responsible.

____ ____ ____ 1.5d Does it include the name of the state within which the enterprise fund is located? [GAAFR 591]

____ ____ ____ E1.2 If the enterprise fund is a fund or component unit of another government, does the title page indicate that fact (e.g., “an enterprise fund of the City of X”)?

____ ____ ____ 1.6* Is a table of contents included that encompasses the entire report? [NCGA-S1: 139; GAAFR 591] If so:

____ ____ ____ 1.6a Does it clearly segregate the two basic sections of the report (i.e., introductory section and financial section)? [GAAFR 591]

____ ____ ____ 1.6b Does it clearly distinguish the basic financial statements (including the notes) from the other contents of the financial section? [GAAFR 591]

____ ____ ____ 1.6c Does it identify each statement and schedule by its full title? [GAAFR 591]

____ ____ ____ 1.6d Does it include a page number reference for each item? [GAAFR 591]

Explanation: All items on the table of contents should be accompanied by a page number. Exhibit numbers, while permitted, are not a substitute for page numbers.

Yes No N/A

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| _____ | _____ | _____ | 1.7 | If a statement or schedule occupies more than a single pair of facing pages, does the statement or schedule alert readers to this fact by including the word “continued” on the first pair of facing pages, as well as on each subsequent pair of facing pages? [Award Program requirement] |
| _____ | _____ | _____ | 1.8 | Does each page have a page number? [Award Program requirement] |
| _____ | _____ | _____ | 1.9 | Are text and numbers throughout the report easily readable? [Award Program requirement] |
| _____ | _____ | _____ | 1.10 | Has the enterprise fund refrained from reporting cents? [Award Program requirement] |
| _____ | _____ | _____ | 1.11 | If numbers are rounded to the nearest thousand, is this fact clearly indicated? [Award Program requirement] |

2. INTRODUCTORY SECTION

GENERAL CONSIDERATIONS

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|-------|-------|-------|-----|---|
| _____ | _____ | _____ | 2.1 | If the enterprise fund received the Award in the immediately preceding fiscal year, is a copy of that award included somewhere within the introductory section? [GAAFR 594] |
| _____ | _____ | _____ | 2.2 | Are the enterprise fund’s principal officials (elected, appointed, or both) listed somewhere within the introductory section? [GAAFR 594] |

Explanation: For this purpose an enterprise may present either its principal officials in place during the fiscal year, its principal officials in place at the time the report is issued, or some combination of both.

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|-------|-------|-------|-----|--|
| _____ | _____ | _____ | 2.3 | Is an organizational chart included somewhere within the introductory section? [GAAFR 594] |
|-------|-------|-------|-----|--|

LETTER OF TRANSMITTAL

- | | | | | |
|-------|-------|-------|------|---|
| _____ | _____ | _____ | 2.4* | Is a letter of transmittal included within the introductory section? [NCGA-S1: 139; GAAFR 591-594] If so: |
| _____ | _____ | _____ | 2.4a | Is it presented on the letterhead stationery of the enterprise fund? [GAAFR 592] |
| _____ | _____ | _____ | 2.4b | Is it dated on or after the date of the independent auditor’s report? [GAAFR 592] |
| _____ | _____ | _____ | 2.4c | Is it signed by at least the chief financial officer? [GAAFR 592] |

Explanation: If the chief financial officer at the time the letter of transmittal is issued is different than the chief financial officer at the end of the fiscal period, either individual may sign the letter.

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|-------|-------|-------|------|--|
| _____ | _____ | _____ | 2.4d | Does it state that management is responsible for the contents of the report? [GAAFR 592] |
| _____ | _____ | _____ | 2.4e | Does it include background information on the enterprise fund? [GAAFR 593] |

Yes No N/A

2.4f*

Does it provide condensed financial data extracted from the enterprise fund's financial statements for both the current fiscal period and the prior fiscal period? [GAAFR 568-569]⁵

Explanation: The condensed data should include:

- Total assets;
- Total liabilities;
- Total net position/equity (distinguishing *restricted net position and unrestricted net position*);
- Operating revenues (by major source);
- Nonoperating revenues (by major source);
- Operating expenses and nonoperating expenses (as presented in the statement of revenues, expenses and changes in net position/equity)
- Excess or deficiency (before other items);
- Contributions (to term or permanent endowments or permanent fund principal);
- Special and extraordinary items;
- Transfers;
- Change in net position;
- Ending net position

E2.1

If comparative financial statements are presented, does the letter of transmittal provide condensed financial data for three years (i.e., the current year, the previous year, and the year preceding the previous year)?

Explanation: The requirement to present data for three years is applicable only if the enterprise fund presents complete financial statements for two years, not merely *comparative data on the face of the basic financial statements*.

2.4f

Does it provide an overall analysis of the enterprise fund's financial position and results of operations from the perspective of a modified cash basis? [GAAFR 569]

Explanation: Analysis, properly speaking, should focus on the reasons for changes rather than just their size.

If economic factors significantly affected the operating results of the current period, they should be discussed as part of this analysis. [GAAFR 569]

2.4g

Does it alert readers to the limitations inherent in using a modified cash basis? [Award Program requirement]

⁵ Authoritative guidance on required supplementary information (RSI) applies only to financial statements prepared in conformity with GAAP. Consequently, financial reports prepared using a modified cash basis financial reporting framework do *not* include management's discussion and analysis (MD&A) as RSI. To avoid the potential loss of valuable information, the Award Program requires that certain information normally presented as MD&A be incorporated into the letter of transmittal in a cash basis financial report. It is in that context that references to the GAAFR's discussion of MD&A are relevant to a cash basis financial report. Alternatively, an enterprise fund could provide a separate MD&A as "other information accompanying the basic financial statements" rather than as RSI.

Yes No N/A

2.4g2

Does it specifically address whether the entity’s overall financial position has improved or deteriorated from the perspective of a modified cash basis? [GAAFR 569]

Explanation: It is not necessary for the discussion to use the word “improved” or “deteriorated.” A statement that net position has increased or decreased is sufficient.

2.4h1

Does it address whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use? [GAAFR 569]

2.4h

Does it contain information designed to assist users in assessing the enterprise fund’s economic condition (e.g., information on the local economy)? [GAAFR 593]

Explanation: Examples of types of information that might be useful in assessing an enterprise fund’s economic condition include information associated with an enterprise fund’s long-term financial planning, financial policies that were relevant in the current period (e.g., application in the current period of the enterprise fund’s policy on the use of one-time revenue sources), and major initiatives that are expected to affect future financial position.

2.4i

Do the amounts reported in the letter of transmittal agree with related amounts in the basic financial statements? [Award Program requirement]

2.4j

Does it contain acknowledgements? [GAAFR 594]

If the enterprise fund received the Award for Small Government Cash Basis Reports or some other award, the enterprise fund may mention such awards in the letter of transmittal. [GAAFR 594]

Explanation: While it is appropriate to mention awards in a letter of transmittal, the awards thus mentioned ought to have some bearing on the enterprise fund’s financial management.

3. FINANCIAL SECTION – REPORT OF THE INDEPENDENT AUDITOR

3.1*

Are the basic financial statements accompanied by the report of the independent auditor? [GAAFR 594]

3.2

Is the report of the independent auditor presented as the first item in the financial section of the report? [Award Program requirement]

3.3

Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS, i.e., *Government Auditing Standards*)? [Award Program requirement]

3.4

For reports issued on financial statements for periods ending before 12/15/2012, does the auditor’s report include a paragraph that 1) states that the basis of presentation is a modified cash basis and refers to the note to the financial statements that describes that basis and 2) states that the basis of the presentation is

Yes No N/A

a comprehensive basis of accounting other than generally accepted accounting principles? [AU Section 623.05d]

_____ 3.5 *For reports issued on financial statements for periods ending on or after 12/15/2012, does the explanation of management’s responsibility within the independent auditor’s report make reference to management’s responsibility for determining that the modified cash basis framework applied is acceptable in the circumstances? [AU-C Section 800, par .18a]*

_____ 3.6 *For reports issued on financial statements for periods ending on or after 12/15/2012, does the independent auditor’s report include an emphasis-of-matter paragraph following the auditor’s opinion paragraph that (a) indicates that the financial statements are prepared in accordance with the modified cash basis of accounting, (b) refers to the note to the financial statements that describes the modified cash basis of accounting applied, and (c) states that the modified cash basis of accounting is a basis of accounting other than GAAP? [AU-C Section 800, par .19]*

_____ 3.7* Did the independent auditor express an unqualified opinion on the fair presentation of the basic financial statements in conformity with a modified cash basis financial reporting framework? [Award Program requirement]

Explanation: The independent auditor’s opinion is considered to be *unqualified* unless the auditor 1) offers an adverse opinion, 2) offers a qualified opinion (that is, fairly presented *except for...*), or 3) disclaims an opinion on all or a portion of the basic financial statements.

_____ 3.8 Does the independent auditor indicate, at a minimum, that combining and individual fund financial statements and schedules are fairly presented “in relation to” the basic financial statements? [Award Program requirement]

_____ 3.9 Did the independent auditor sign and date the report? [Award Program requirement]

4. FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS (PRELIMINARY CONSIDERATIONS)

_____ 4.1* Is a full set of basic financial statements presented (i.e., a statement of net position/balance sheet, a statement of revenues, expenses, and changes in fund net position/equity, and a statement of cash flows)? [GASB S34, 6b]

_____ 4.2 Are all of the basic financial statements referred to by their appropriate titles, including an indication that they are prepared on a modified cash basis? [Award Program requirement]

_____ 4.3 Are all of the basic financial statements grouped together at the front of the financial section of the report? [Award Program requirement]

_____ 4.4 Do all of the basic financial statements include a reference to the notes? [NCGAI-6, paragraph 8]

_____ 4.6* Has the enterprise fund refrained from making direct adjustments to equity except for 1) prior-period adjustments or 2) the cumulative effect of a change in accounting principle? [SLG, 10.03; GAAFR 115-116]

Explanation: Enterprise fund financial statements must be presented using an all-inclusive format. That is, all changes to net position normally should be reported as part of the results of operations for the current period rather than treated as a direct

Yes No N/A

adjustment to net position. Two exceptions to this general rule are prior-period adjustments and changes in accounting principle.

4.7* Do the enterprise fund financial statements articulate (i.e., tie)?

E.4.1 If the enterprise fund is a component unit, fund, or department of a primary government has the enterprise fund refrained from reporting transfers of financial assets from the primary government at an amount other than their carrying value at the time of the transfer? [GASB-S48: 15]

E 4.3 Are financial statement captions for the enterprise fund presented in a manner consistent with the use of a modified cash basis reporting framework?

Enterprise funds have the option of using either 1) the captions normally used in GAAP basis financial statements (e.g., *revenues* and *expenses*) or 2) captions that have been specifically modified to reflect the use of a modified cash basis reporting framework (e.g., *revenues received*, *expenses paid*). The first option presupposes that the titles of the financial statements clearly indicate that the financial statements were prepared on a modified cash basis (a Award Program requirement).

[SECTIONS 5, 6, AND 7 HAVE BEEN OMITTED FROM THIS CHECKLIST]

**8. FINANCIAL SECTION – PROPRIETARY FUND
FINANCIAL STATEMENTS**

**STATEMENT OF FUND NET POSITION/BALANCE SHEET
– PROPRIETARY FUNDS – MODIFIED CASH BASIS**

8.8* Has the enterprise fund refrained from reporting assets other than 1) cash and cash equivalents, 2) interfund receivables and payables that arise from transactions and events involving cash or cash equivalents, and 3) assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from cash loans) that arise from transactions and events involving cash or cash equivalents? [Award Program requirement]

8.9* Has the enterprise fund refrained from reporting liabilities other than 1) interfund payables that arise from transactions and events involving cash or cash equivalents and 2) liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements? [Award Program requirement]

8. 10* Is the difference between assets and liabilities reported as *net position* or *equity*? [GASB-S34: 98, note 40; GAAFR 234-235]

8.10a Are only amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation included in the calculation of *restricted net position*? [GASB-S34: 34; Q&A 7.24.1; GAAFR 234]

If an enterprise fund has both permanently and temporarily restricted net position, the amount reported for “restricted net position” should be divided between “nonexpendable” (i.e., permanently restricted) and

Yes No N/A

“expendable” (i.e., temporarily restricted) amounts. [GASB-S34: 35; GAAFR 305]

_____ 8.10b* Has the enterprise fund refrained from reporting either *contributed capital* or *retained earnings*? [GASB-S34: 98; GAAFR 234]

_____ E8.1 Is there a subtotal for “total liabilities?” [NCGA-S1, appendix A, example 1]

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION/EQUITY – PROPRIETARY FUNDS
– MODIFIED CASH BASIS**

_____ 8.11* Does the statement distinguish between operating and nonoperating revenues and expenses? [GASB-S34: 100; GAAFR 235]

_____ 8.11a Has the enterprise fund refrained from including taxes and grants within the operating category? [GASB-S34: 102; GAAFR 235]

_____ 8.11b Is *operating income/loss* (or a similar caption consistent with a modified cash basis) reported as a separate line item? [GASB-S34: 100, GAAFR 235]

_____ 8.11c Are cash inflows and outflows related to the acquisition and disposition of capital assets and the issuance and retirement of long-term debt reported within the nonoperating category? [Award Program requirement]

_____ 8.12 Are revenue and expense classifications sufficiently detailed to be meaningful? [Award Program requirement]

_____ 8.13* Has the enterprise fund reported each of the following items arising from transactions and events involving cash or cash equivalents separately from operating and nonoperating revenues and expenses, immediately before the total change in net position: capital contributions, additions to endowments, special items, extraordinary items, and transfers? [GASB-S34: 100-101]

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
– MODIFIED CASH BASIS**

_____ 8.14* Does the statement categorize cash flows as follows: *cash flows from operating activities*; *cash flows from noncapital financing activities*; *cash flows from capital and related financing activities*; and *cash flows from investing activities*? [GASB-S9: 15; GAAFR 238]

_____ 8.14a* Are cash flows from operating activities reported by major classes of receipts and disbursements (i.e., the “direct” method)? [GASB-S9: 31; GAAFR 238]

Explanation: At a minimum, the amounts that should be reported separately are receipts from customers, receipts connected with interfund services, payments to suppliers of goods or services, payments to employees for services, and payments connected with interfund services.

Yes No N/A

8.14b

Has the enterprise fund refrained from including receipts and payments of interest as *cash flows from operating activities* (except in the case of program loans)? [GASB-S9: 58; GAAFR 238]

Explanation: Note the contrast with private-sector practice, where *cash flows from operating activities* always include cash flows related to interest revenue and interest expense.

8.14c

Has the enterprise fund refrained from combining *cash flows from noncapital financing activities* and *cash flows from capital and related financing activities* into a single category for *cash flows from financing activities*? [GASB-S9: 53-54; GAAFR 238]

Explanation: Note the contrast with private-sector practice, which provides for only a single category to be used for all types of *cash flows from financing activities*.

8.14d

Has the enterprise fund refrained from reporting disbursements for the acquisition of fund capital assets as *cash flows from investing activities*? [GASB-S9: 57a; GAAFR 239]

Explanation: Note the contrast with private-sector practice, where payments associated with capital acquisition and construction are reported as *cash flows from investing activities*.

8.15

Are cash receipts and cash payments generally reported gross rather than net? [GASB-S9: 12-14; GAAFR 237]

Explanation: In either of the following cases, cash flows may be reported at their *net* rather than their *gross* amounts:

- Items whose turnover is quick, whose amounts are large, and whose maturities are short (certain investments, loans receivable, and debt), provided the original maturity of the asset or liability is three months or less; or
- Governmental enterprises whose assets for the most part are highly liquid investments and that have little or no debt outstanding during the period.

8.16

Does the figure reported as *cash and cash equivalents* at the end of the period trace to a similar account or accounts on the statement of fund net position/balance sheet – modified cash basis? [GASB-S9: 8; GAAFR 241]

Explanation: One of four approaches may be taken to accomplish this objective when *cash and cash equivalents* are included as part of restricted assets:

- Reporting the portion of restricted assets that represents cash and cash equivalents as a separate line item on the statement of position;
- Reporting the amount of cash and cash equivalents included as part of restricted assets parenthetically on the statement of position;
- Reporting the amount of cash and cash equivalents included as part of restricted assets parenthetically on the statement of cash flows; or
- Providing a reconciliation on the face of the statement of cash flows.

8.17

Does the enterprise fund provide a reconciliation of *operating income/loss* (or a similar caption consistent with a modified cash basis) and *cash flows from operating activities*? [GASB-S9: 7; GAAFR 241]

[SECTION 9 HAS BEEN OMITTED FROM THIS CHECKLIST]

10. FINANCIAL SECTION – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP)

_____ 10.1* Does the enterprise fund present a SSAP either as the first of the notes to the financial statements or as a separate item immediately preceding the notes? [NCGA-S1: 158; GAAFR 323]

_____ 10.2* Does the SSAP adequately describe the modified cash basis framework applied and how it differs from GAAP [AU-C Section 800, par. 15]

Explanation: The differences between the modified cash basis framework and GAAP should include all material differences. Only a brief description of the differences is necessary and the differences need not be quantified. [AU-C Section 800, par. A18]

_____ 10.5 If the enterprise fund is the component unit of another government does the SSAP identify the primary government and explain its relationship to it? [GASB-A14: 65; GAAFR 235]

_____ E10.1 If the annual financial report is for an enterprise fund (rather than a component unit) of a primary government, do the notes disclose the primary government of which the enterprise fund is an integral part and the fund’s relationship to the primary government?

Explanation: In cases where an enterprise fund that is not a component unit produces its own annual financial report, it is the Award for Small Government Cash Basis Report Program’s policy that the notes to the financial statements include a statement such as “the (name of stand-alone enterprise fund) is an enterprise fund of the (name of primary government).”

_____ 10.18 If the financial statements report *cash equivalents* does the SSAP define that term? [GASB S-9; 11; GAAFR 331]

Explanation: This disclosure is required even if cash equivalents are defined using the definition provided in GASB Statement No. 9 without modification.

_____ 10.19 Does the SSAP explain that assets other than cash are reported at the amount of cash and cash equivalents associated with the transaction or event that resulted in their acquisition? [Award Program requirement, GAAFR 331]

The SSAP should describe any unusual or innovative accounting treatments [GASB S-62:93c; GAAFR 335]

Explanation: The objective is to provide what an already reasonably knowledgeable user of financial statements would consider essential to know.

_____ 10.20 Does the SSAP describe the flow assumption used for *net position - restricted* v. *net position - unrestricted*? [GASB S-34: 115h; GAAFR 335]

_____ 10.29 Does the SSAP provide the definition used to distinguish *operating revenues* and *operating expenses* from *nonoperating revenues and nonoperating expenses* (or similar captions appropriate for the modified cash basis) in the proprietary fund statement of revenues, expenses, and changes in net position - modified cash basis? [GASB S-34: 115g; GAAFR 337]

11. FINANCIAL SECTION – NOTE DISCLOSURE (OTHER THAN THE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES)

- | | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 11.3 | Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 63; GAAFR 350] |
| _____ | _____ | _____ | 11.4 | Do the notes disclose any material violations of these provisions? [GASB-S3: 66; GAAFR 350] |
| _____ | _____ | _____ | 11.5 | If the enterprise fund is exposed to custodial credit risk for its deposits at year end because they are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the depositor-enterprise fund’s name, do the notes disclose the amount of the bank balances exposed to custodial credit risk, indicate that they are uninsured, and explain how they are exposed to custodial credit risk? [GASB-S40: 8; GAAFR 350] |
| _____ | _____ | _____ | 11.6 | Do the notes disclose the enterprise fund’s policy in regard to custodial credit risk with deposits or indicate that it does not have such a policy? [GASB-S40: 6; GAAFR 350] |
| _____ | _____ | _____ | 11.7 | If the enterprise fund’s deposits are subject to foreign currency risk, do the notes disclose the enterprise fund’s policy in regard to foreign currency risk for deposits or indicate that it does not have such a policy? [GASB-S40: 6] |
| | | | | <i>Losses on deposits and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; GAAFR 350]</i> |
| _____ | _____ | _____ | 11.8 | If the enterprise fund participates in an external investment pool that is not registered with the Securities and Exchange Commission, do the notes disclose the nature of any regulatory oversight of the pool? [GASB-S31: 15c; GAAFR 352] |
| _____ | _____ | _____ | 11.9 | If participation in an external investment pool is involuntary, do the notes disclose that fact? |
| _____ | _____ | _____ | 11.10 | Do the notes disclose the legal and contractual provisions governing investments? [GASB-S3: 65-66; GAAFR 353] |
| _____ | _____ | _____ | 11.11 | Do the notes disclose any material violations of these provisions? [GASB-S3: 66; GAAFR 353] |
| _____ | _____ | _____ | 11.12 | If the enterprise fund is exposed to custodial credit risk for its investments evidenced by securities at year end because they are neither insured nor registered and they are held by either 1) the counterparty or 2) the counterparty’s trust department or agent but not in the enterprise fund’s name, do the notes disclose the amount of investments exposed to custodial credit risk, indicate that they are neither insured nor registered, and explain how they are exposed to custodial credit risk? [GASB-S40: 8-9; GAAFR 355] |
| _____ | _____ | _____ | 11.13 | If an enterprise fund’s investments are exposed to custodial credit risk, credit risk, concentration risk, interest rate risk, or foreign currency risk, do the notes disclose the enterprise fund’s policy for each such risk or indicate that it does not have a policy for a given risk? [GASB-S40: 6; GAAFR 353] |
| _____ | _____ | _____ | 11.14 | Do the notes disclose the credit ratings (or explain that credit ratings are not available) for investments in debt securities arising from transactions or events |

Yes No N/A

involving cash or cash equivalents (other than debt issued by or explicitly guaranteed by the U.S. government), as well as for positions in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities? [GASB-S40: 7; GAAFR 353]

11.15 Do the notes use one of five approved methods (i.e., segmented time distribution, specific identification, weighted average maturity, duration, or simulation model) to disclose interest rate risk for positions in fixed-rate debt securities? [GASB-S40: 14-15; GASB-S 59: 6; GAAFR 359-360]

Explanation: The method selected for disclosing interest rate risk should be the one most consistent with how the enterprise fund manages that risk. For enterprise funds in a pooling arrangement for investment purposes, the disclosure of interest rate risk applies only to positions in a *debt* investment pool, such as a *bond* mutual fund or external *bond* investment pool, that does *not* meet the requirements to be reported as a 2a7-like pool.

11.15a Do the notes disclose any assumptions used in the disclosure of interest rate risk (e.g., timing of cash flows, interest rate changes, or other factors that affect interest rate risk)? [GASB-S40: 15]

The notes should disclose the terms of any debt investment that cause its fair value to be highly sensitive to interest rate changes (e.g., coupon multipliers, benchmark indices, reset dates, embedded options). [GASB-S40: 16; GAAFR 360]

11.16 Do the notes disclose the value in U.S. dollars of any investments held at the end of the year denominated in a foreign currency? [GASB-S40: 17; GAAFR 360]

Explanation: Separate disclosure is required for each separate currency denomination as well as for each different type of investment within a currency denomination.

11.17 Do the notes disclose concentrations of 5 percent or more of net investments in securities of a single organization (other than those issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments)? [GASB-S40: 11; GAAFR 358]

11.18 Do the notes disclose the fair value at the end of the period of investments that arise from transactions and events involving cash or cash equivalents whose fair value is materially different from their carrying value on a modified cash basis? [Award Program requirement]

11.19 If the enterprise fund is party to a derivative as of the close of the fiscal period, do the notes disclose that fact and the general risks associated with such derivatives? [Award Program requirement]

11.20 Do the notes disclose any contingent liabilities? [GASB-S10: 58; GAAFR 388]

11.21 Do the notes disclose any guarantees of indebtedness, even if the likelihood of loss is considered to be remote? [GASB-S 62: 109; GAAFR 388]

11.22 Do the notes disclose any material subsequent events? [GASB-S56: 8-10; NCGA-I6: 4d; GAAFR 389]

11.23 Do the notes disclose any material violations of finance-related legal and contractual provisions?[NCGA-I6: 4g; GAAFR 347]

Yes No N/A

- | | | | | |
|---|-------|-------|---------|---|
| _____ | _____ | _____ | 11.23a | If a violation is significant, do the notes identify actions that the enterprise fund has taken to address the violation? [GASB-S38: 9; GAAFR 347] |
| _____ | _____ | _____ | 11.24 | Do the notes disclose a general description of outstanding long-term debt obligations that normally would be reported as liabilities in GAAP financial statements, including obligations related to outstanding bonds and notes? [Award Program Requirement] |
| _____ | _____ | _____ | 11.25 | Do the notes disclose debt service to maturity for all outstanding long-term debt obligations? [NCGA-I6: 4h; GASB-S38: 10; GAAFR 376] |
| _____ | _____ | _____ | 11.25a | Does the disclosure present debt service payments separately for each of the next five years? [GASB-S38: 10a; GAAFR 376] |
| _____ | _____ | _____ | 11.25b | Are the principal and interest components of debt service presented separately? [GASB-S 38: 10a; GAAFR 376] |
| <p>Explanation: In the case of variable-rate debt, the interest rate in effect at the financial statement date should be used to calculate the interest component of debt service payments.</p> | | | | |
| _____ | _____ | _____ | 11.25c | At a minimum, are debt service payments for subsequent years reported in five-year increments? [GASB-S38: 10a; GAAFR 376] |
| _____ | _____ | _____ | 11.25d | If the enterprise fund has variable rate debt outstanding, do the notes disclose the terms by which interest rates change? [GASB-S38: 10b; GAAFR 376] |
| _____ | _____ | _____ | 11.26 | If the enterprise fund is the lessee in a capital lease arrangement that normally would be reported as a liability in GAAP financial statements, do the notes disclose that fact? [NCGA-S5: 27; GAAFR 373-374] If so: |
| _____ | _____ | _____ | 11.26a | Do the notes describe the lease arrangements? [NCGA-S5: 27; GAAFR 374] |
| _____ | _____ | _____ | 11.26b | Do the notes disclose the minimum future lease payments in total and for each of the next five years? [GASB-S38: 11; GAAFR 374] |
| _____ | _____ | _____ | 11.26b1 | At a minimum, are minimum future lease payments for subsequent years reported in five-year increments? [GASB-S38: 11] |
| _____ | _____ | _____ | 11.27 | If the enterprise fund is the lessee in an operating lease, do the notes describe the general leasing arrangements and current-year rental costs, as well as any contingent rentals? [GASB-S 62: 223 c-d; GAAFR 374] |
| _____ | _____ | _____ | 11.28 | If the enterprise fund is the lessee in a noncancellable operating lease of more than one year, do the notes disclose the future minimum rental payments in total and for each of the next five years and minimum future lease payments for subsequent years in five-year increments? GASB-S38: 11; GASB-S 62: 223b; GAAFR 374] |
| _____ | _____ | _____ | 11.29 | Do the notes disclose other significant commitments (e.g., construction contracts and encumbrances)? [NCGA-I6: 4j; GASB-S54: 24; GAAFR 226] |

Yes No N/A

_____ 11.30 Do the notes mention the enterprise fund's obligations, if any, in regard to items that normally would be accrued as liabilities in GAAP financial statements (e.g., claims and judgments, compensated absences, pension benefits and OPEB, landfill closure and postclosure care costs, pollution remediation obligations)? [Award Program requirement]

The amount of the obligations does *not* need to be quantified, but may be presented if it already is available for other purposes.

_____ 11.31 Do the notes disclose changes in outstanding long-term debt obligation balances during the period? [GASB-S34: 119; GAAFR 375]

_____ 11.31a Do the notes report these changes gross rather than net? [GASB-S34: 119b; GAAFR 375]

_____ 11.32 If the enterprise fund incurred an obligation for termination benefits (for either voluntary or involuntary terminations) during the current period, do the notes disclose that fact? [GASB-S47: 372]

_____ 11.33 If an obligating event occurred related to pollution remediation, do the notes disclose that fact [GASB S-49: 25; GAAFR 379-380]?

Explanation: *obligating events* for pollution remediation are as follows:

- The enterprise fund is compelled to take remediation action because pollution creates an imminent endangerment to public health or welfare or the environment, leaving the enterprise fund little or no discretion to avoid remediation action;
- The enterprise fund is in violation of a pollution prevention-related permit or license;
- The enterprise fund is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a enterprise fund responsible for sharing costs;
- The enterprise fund is named, or evidence indicates that it will be named, in a lawsuit to compel the enterprise fund to participate in remediation (lawsuits that are substantially the same as those previously deemed as having no merit within the relevant jurisdiction are excluded);
- The enterprise fund commences, or legally obligates itself to commence, cleanup activities, or monitoring or operation and maintenance of the remediation effort.

_____ 11.34 If the enterprise fund participates in a defined benefit plan, do the notes provide information on the arrangement? [GASB-S27: 20-1; GASB-S45: 24-5; GASB-S50: 7-8; GAAFR 368-372] If so:

_____ 11.34a Do the notes describe the benefit plan? [GASB-S27: 20a1; GASB-S45: 24a1; GAAFR 369]

Explanation: The different types of defined benefit plans are as follows: single-employer plans, agent multiple-employer plans, and cost-sharing multiple-employer plans.

_____ 11.34b Do the notes briefly describe the types of benefits offered and the authority for establishing and amending benefits? [GASB-S27: 20a2; GASB-S45: 24a2; GAAFR 369]

Yes No N/A

_____ _____ _____ 11.34c Do the notes disclose whether the plan issues a separate report or is included in the report of a public employees' retirement system or another entity? [GASB-S27: 20a3; GASB-S45: 24a3; GAAFR 369]

_____ _____ _____ 11.34c1 If a separate report is issued for a plan, do the notes disclose how to obtain a copy of the report? [GASB-S27: 20a3; GASB-S45: 24a3; GAAFR 369]

_____ _____ _____ 11.34d Do the notes describe the authority for establishing and amending the funding policy? [GASB-S27: 20b1; GASB-S45: 24b1; GAAFR 369]
If the plan is contributory, the notes should disclose the required contribution rate(s) of active members. [GASB-S27: 20b2; GAAFR 369]

_____ _____ _____ 11.34e Do the notes indicate the employer's contribution rate(s)? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR 369]
If an employer has an actuarially determined or legally/contractually imposed contribution rate, the government should disclose that rate.

Explanation: A enterprise fund that provides prescription drug coverage to retirees (i.e., OPEB benefits) and is able to obtain payments, either directly or indirectly, from the federal government under Medicare Part D should report this activity on a gross basis. Accordingly, the contribution rates or the dollar amount of required contributions of the employer enterprise fund are not reduced.

_____ _____ _____ 11.34e1 Are employer contribution rates expressed either in dollars or as a percentage of current-year payroll? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR 369]

Explanation: See explanation following question 11.1e.

The notes should disclose any legal or contractual maximum contribution rates. [GASB-S45: 24b; 30c; GASB-S50: 7a; GAAFR 369]

_____ _____ _____ 11.34f If the enterprise fund participates in a cost-sharing, multiple-employer defined benefit plan, do the notes provide information on both required and actual contributions? [GASB-S27: 20b3; GASB-S45: 24b3; GASB-TB 04-2: 2-6; GAAFR 369]

Explanation: This disclosure for required and actual contributions should provide information for the contractually required contributions due during the period. Also, the enterprise fund should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

_____ _____ _____ 11.34f1 Is the current year's required contribution stated in dollars? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR 221, note 369]

Explanation: The enterprise fund should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

_____ _____ _____ 11.34f2 Are actual cash contributions presented as a percentage of required contributions? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR 369]

Yes No N/A

_____	_____	_____	11.34f3	Is all information presented both for the current year and each of the preceding two years? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR 369]
_____	_____	_____	11.34g	In the case of a cost-sharing multiple-employer plan, does the disclosure state how the required contribution rate is determined (e.g., by statute, contract, or on an actuarial basis) or state that the plan is financed on a pay-as-you-go basis? [GASB-S45: 24b; GASB-S50: 7b; GAAFR 369]
_____	_____	_____	11.35	If the enterprise fund participates in a defined contribution benefit plan, do the notes provide information on the arrangement? [GASB-S27: 27; GASB-S45: 29; GAAFR 371] If so:
_____	_____	_____	11.35a	Do the notes disclose the name of the benefit plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR 371]
_____	_____	_____	11.35b	Do the notes disclose the entity that administers the benefit plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR 371]
_____	_____	_____	11.35c	Do the notes identify the arrangement as a defined contribution benefit plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR 371]
_____	_____	_____	11.35d	Do the notes briefly describe the plan's provisions? [GASB-S27: 27b; GASB-S45: 31b; GAAFR 371]
_____	_____	_____	11.35e	Do the notes disclose the authority for establishing or amending the plan's provisions? [GASB-S27: 27b; GASB-S45: 31b; GAAFR 371]
_____	_____	_____	11.35f	Do the notes disclose contribution amounts (either in dollars or as a percentage of salary) for the employer, participating employees, and other contributors? [GASB-S27: 27c; GASB-S45: 31c; GAAFR 371]
_____	_____	_____	11.35g	Do the notes disclose the authority for establishing or amending contribution requirements? [GASB-S27: 27c; GASB-S45: 31c; GAAFR 371]
_____	_____	_____	11.35h	Do the notes disclose contributions actually made by the employer and plan members? [GASB-S27: 27d; GASB-S45: 31d; GAAFR 371]
_____	_____	_____	11.36	If the enterprise fund participates in an insured benefit plan, do the notes 1) describe the plan, 2) state that the responsibility for making payments to employees has effectively been transferred to the insurer, 3) indicate whether the employer has guaranteed benefits in the event of default by the insurer, 4) disclose the amount of current-year benefit cost, and 5) disclose contributions or premiums actually paid? [GASB-S27: 23; GASB-S45: 28; GAAFR 371-372]
_____	_____	_____	11.37	If the enterprise fund is legally responsible for paying benefits on behalf of the employees of another entity, do the notes provide the same information required for a benefit plan provided to the enterprise fund's own employees? [GASB-S27: 28; GASB-S45: 32; GAAFR 407]
_____	_____	_____	11.41	If the enterprise fund has been the recipient of an endowment as the result of a transaction or event involving cash or cash equivalents, do the notes describe the endowment? [GASB-S34: 121; GAAFR 383] If so:

<u>Yes</u>	<u>No</u>	<u>N/A</u>	
_____	_____	_____	11.41a Do the notes disclose the policy for authorizing and spending investment income? [GASB-S34: 121c; GAAFR 383]
_____	_____	_____	11.42 Do the notes discuss the enterprise fund's risk financing activities? [GASB-S10: 77; GAAFR 372] If so:
_____	_____	_____	11.42a Do the notes describe the types of risk faced by the enterprise fund? [GASB-S10: 77a; GAAFR 372]
_____	_____	_____	11.42a1 Do the notes describe how each type of risk is being handled? [GASB-S10: 77a; GAAFR 372]
_____	_____	_____	11.42b If there has been any significant reduction in insurance coverage from the previous year, do the notes disclose this reduction by risk category? [GASB-S10: 77b; GAAFR 372]
_____	_____	_____	11.42c Do the notes indicate <i>whether</i> the amount of settlements exceeded insurance coverage in each of the past three years? [GASB-S10: 77b; GAAFR 372]
_____	_____	_____	11.42d If the enterprise fund participates in a risk pool, do the notes describe the arrangement? [GASB-S10: 77c; GAAFR 373]
_____	_____	_____	11.42d1 Do the notes specifically address the rights and responsibilities of both the enterprise fund and the pool? [GASB-S10: 77c; GAAFR 373]
_____	_____	_____	11.42e If the enterprise fund retains some risk of loss, do the notes mention this fact? [GASB-S10: 77d; GAAFR 373]
_____	_____	_____	11.43 If the enterprise fund encompass one or more segments, do the notes disclose the types of goods or services provided by the segment? [GASB-S34: 122a; GAAFR 384]
_____	_____	_____	11.43a Does the enterprise fund report condensed financial data for any segments? [GASB-S34: 122b-d; GAAFR 384-385] If so:
_____	_____	_____	11.43a1 Do the notes present a condensed statement of net position for each segment on a modified cash basis? [GASB-S34: 122b; GAAFR 385]
_____	_____	_____	11.43a2 Do the notes present a condensed statement of revenues, expenses, and changes in net position for each segment on a modified cash basis? [GASB-S34: 122c; GAAFR 385]
_____	_____	_____	11.43a3 Do the notes present a condensed statement of cash flows for each segment on a modified cash basis? [GASB-S34: 122d; GAAFR 385]
_____	_____	_____	11.44 If the enterprise fund has engaged in short-term debt activity during the year (e.g., anticipation notes, use of lines of credit), even though no outstanding short-term debt is reported on the face of the modified cash basis financial statements at the end of the fiscal period, has the enterprise fund discussed this fact? [GASB-S38: 12; GAAFR 374] If so:

Yes No N/A

_____	_____	_____	11.44a	Has the enterprise fund provided a schedule of changes in short-term debt (i.e., beginning of period balance, increases, decreases, end of period balance)? [GASB-S38: 12a; GAAFR 374]
_____	_____	_____	11.44b	Has the enterprise fund provided an explanation of the purpose for which the short-term debt was issued? [GASB-S38: 12b; GAAFR 374]
_____	_____	_____	11.45	If the enterprise fund engaged in material related party transactions involving cash or cash equivalents, do the notes mention that fact? If so:
_____	_____	_____	11.45a	Do the notes disclose the nature of the relationship(s) involved? [GASB-S62:55a; GAAFR 388]
_____	_____	_____	11.45b	Do the notes describe the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which financial statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements? [GASB-S62:55b; GAAFR 388]
_____	_____	_____	11.45c	Do the notes disclose the dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period? [GASB-S62:55c; GAAFR 388]
_____	_____	_____	11.45d	Do the notes disclose amounts due from or to related parties as of the date of each statement of net position presented and, if not otherwise apparent, the terms and manner of settlement? [GASB-S62:55d; GAAFR 388]

Examples of related party transactions include:

- Borrowing or lending on an interest-free basis or at a rate of interest significantly different than rates in effect at the transaction date;
- Selling real estate at a price that differs significantly from its appraised value;
- Making loans with no scheduled repayment terms.

_____	_____	_____	11.46	If the enterprise fund participates in a joint venture, do the notes disclose this fact? [GASB-S14: 75; GAAFR 387] If so:
_____	_____	_____	11.46a	Do the notes describe the nature of any ongoing financial interest or responsibility resulting from participation in the joint venture? [GASB-S14: 75a(1); GAAFR 387]
_____	_____	_____	11.46b	Do the notes provide information on how to obtain the financial statements of the joint venture? [GASB-S14: 75a(2); GAAFR 387]
_____	_____	_____	11.46c	Do the notes provide information designed to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit to or burden on the participating enterprise fund in the future? [GASB-S14: 75a(1); GAAFR 387]
_____	_____	_____	11.47	If the enterprise fund participates in a jointly governed organization, do the notes provide any relevant information on related party transactions? [GASB-S14: 77; GAAFR 387]

Yes No N/A

- | | | | | |
|---|-------|-------|--------|--|
| _____ | _____ | _____ | 11.48 | If the enterprise fund undertook a refunding during the period that either defeased or redeemed the refunded debt obligation, do the notes disclose this fact? [GASB-S7: 11-14;GAAFR 377] |
| _____ | _____ | _____ | 11.48a | Do the notes provide a brief description of the refunding transaction(s)? [GASB-S7: 11; GAAFR 377] |
| _____ | _____ | _____ | 11.48b | Do the notes disclose the aggregate difference in debt service between the refunding debt and the refunded debt? [GASB-S7: 11; GAAFR 377] |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Explanation : The notes also may disclose the economic gain or loss on the transaction. [GASB-S7: 11; GAAFR 377]</div> | | | | |
| _____ | _____ | _____ | 11.52 | If the enterprise fund participated in a reverse repurchase agreement during the period, do the notes disclose that fact? [GASB-S3: 63, 76-80, GASB-I3: 6; GAAFR 364-365] |
| _____ | _____ | _____ | 11.53 | If the enterprise fund participated in a securities lending arrangement during the period, do the notes disclose that fact?[GASB-S28: 11-15; GAAFR 365-366] |
| _____ | _____ | _____ | 11.54 | If the enterprise fund has issued special assessment debt during the period, do the notes disclose that fact, and whether the enterprise fund is obligated in some manner for its repayment? [GASB-S6: 20-21; GAAFR 377] |
| _____ | _____ | _____ | 11.55 | If the enterprise fund has demand bonds outstanding at the end of the fiscal period, do the notes disclose that fact? [GASB-I1: 11; GAAFR 378] |
| _____ | _____ | _____ | 11.56 | If the enterprise fund is legally responsible for closure and postclosure care costs associated with a municipal solid-waste landfill, do the notes disclose that fact? [GASB-S18: 17; GAAFR 379] |
| _____ | _____ | _____ | 11.56a | If there are financial assurance requirements, do the notes disclose how they are being met? [GASB-S18: 17e; GAAFR 379] |
| _____ | _____ | _____ | 11.56b | Do the notes disclose any assets restricted for the payment of closure and postclosure care costs that are not discernible on the statement of position? [GASB-S18: 17e; GAAFR 379] |
| _____ | _____ | _____ | 11.58 | If the enterprise fund reports restricted assets, do the notes disclose the detail of restricted asset accounts (i.e., both purpose and amount) if this detail is not provided on the face of the statement of position? [NCGA-S1: 1] |
| _____ | _____ | _____ | 11.59 | If the enterprise fund reports a prior-period adjustment or a change in accounting principle, do the notes explain the nature of the adjustment or change and the cumulative effect of the adjustment or change? [GASB-S62: 62; GAAFR 348] |

Explanation: When financial statements for only a single period are presented, the disclosure should indicate the effects of such restatement on the balance of net position at the beginning of the period and on the change in net position of the immediately preceding period. When financial statements for more than one period are presented, the disclosure should include the effects for each of the periods included in the statements.

Yes No N/A

- | <u>Yes</u> | <u>No</u> | <u>N/A</u> | |
|------------|-----------|------------|---|
| _____ | _____ | _____ | 11.60 If the significant components of receivables and payables arising from transactions and events involving cash or cash equivalents have been obscured by aggregation on the face of the financial statements, do the notes provide the missing detail? [GASB-S38: 13; GAAFR 366 and 368] |
| _____ | _____ | _____ | 11.61 If significant balances of receivables arising from transactions and events involving cash or cash equivalents are not expected to be collected within one year of the end of the fiscal period, do the notes disclose that fact? [GASB-S38:13; GAAFR 366] |
| _____ | _____ | _____ | 11.62 If the enterprise fund has pledged future revenues, do the notes include the required disclosures? [GASB-S48: 21; GAAFR 376-377] |
| _____ | _____ | _____ | 11.62a Do the notes disclose the specific revenue pledged and the approximate amount of the pledge, if determinable? [GASB-S48: 21; GAAFR 376] |
| _____ | _____ | _____ | 11.62b Do the notes disclose the general purpose of the debt secured by the pledged revenue? [GASB-S48: 21; GAAFR 376] |
| _____ | _____ | _____ | 11.62c Do the notes disclose the term of the commitment (i.e., the period during which the revenue will not be available)? [GASB-S48: 21; GAAFR 376] |
| _____ | _____ | _____ | 11.62d Do the notes disclose the relationship of the pledged amount to the total for that specific revenue (e.g., the proportion of the specific revenue stream that has been pledged), if determinable? [GASB-S48: 21; GAAFR 376] |
| _____ | _____ | _____ | 11.62e Do the notes include a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt directly or indirectly collateralized by those revenues? [GASB-S48: 21; GAAFR 377] |
| _____ | _____ | _____ | 11.63 If during the current fiscal year the enterprise fund had a transaction that qualifies as a sale of future revenues, do the notes disclose that fact? [GASB-S48: 22; GAAFR 382] |
| _____ | _____ | _____ | 11.64 If the enterprise fund is party to a service concession arrangement, do the notes disclose that fact? [GASB S-60; 16-17; GAAFR 383] |
| _____ | _____ | _____ | 11.65 If there is substantial doubt about the enterprise fund's ability to continue as a going concern, do the notes include appropriate disclosure? [GASB-S56: 19; GAAFR 390] |

Explanation: Financial statement preparers should evaluate whether there is substantial doubt about the enterprise fund's ability to continue as a going concern for 12 months beyond the financial statement date. Also, if there is information that is currently known to the enterprise fund that may raise substantial doubt shortly thereafter (for example, within an additional three months), it should be considered. Disclosure should include all of the following, as appropriate:

- Pertinent conditions and events giving rise to the assessment of substantial doubt about the enterprise fund's ability to continue as a going concern for a reasonable period of time;
- The possible effects of such conditions and events;
- Government officials' evaluation of the significance of those conditions and events and any mitigating factors;
- Possible discontinuance of operations;
- Government officials' plans (including relevant prospective financial information);

Yes No N/A

- Information about the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities.

11.66 Has the enterprise fund refrained from negative disclosure? [GAAFR 346]

Explanation: There generally is no need to disclose that a particular situation is *not* applicable to the enterprise fund as reported on the modified cash basis. There are two exceptions to this basic rule:

- Situations where GAAP, to the extent applicable under a modified cash basis, specifically require the disclosure of *whether* a given set of circumstances apply to the enterprise fund;
- Situations where the absence of a given set of circumstances is so unusual that the omission of a particular disclosure is likely to be viewed by financial statement users as an oversight.

[SECTION 12 HAS BEEN OMITTED FROM THIS CHECKLIST]

13. OTHER INFORMATION ACCOMPANYING THE BASIC FINANCIAL STATEMENTS

13.1* Does the enterprise fund provide a five-year schedule of trend information on net position extracted from the statement of net position/balance sheet – modified cash basis? [Award Program requirement] If so:

13.1a Does that schedule distinguish the *restricted* and *unrestricted* portions of net position?

13.2* Does the enterprise fund provide a five-year schedule of trend information on changes in net position extracted from the statement of changes in net position/equity – modified cash basis? [Award Program requirement] If so:

E13.1 Are operating revenues and expenses presented separately from nonoperating revenues and expenses?

E13.2 Are revenues presented by major source?

E13.3 Are operating and nonoperating expenses presented (at the level of detail reported in the statement of revenues, expenses, and changes in net position/equity)?

E13.4 Are other changes in net position presented (e.g., capital contributions, special items)?

E13.5 Does the schedule present the total change in net position?

13.5* Does the enterprise fund present five years of trend data on outstanding long-term debt obligations? [Award Program requirement]

Each different type of debt obligation should be listed separately

14. OTHER CONSIDERATIONS

14.1 Is the report free of inconsistencies? (If not, please specify.)

Yes No N/A