

GOVERNMENT FINANCE OFFICERS ASSOCIATION
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING

GENERAL PURPOSE PREPARER CHECKLIST

This checklist is designed to assist in the preparation of comprehensive annual financial reports (CAFRs). It is available in electronic form at GFOA's website (www.gfoa.org) under the heading *Award Programs* in the *Certificate of Achievement for Excellence in Financial Reporting* section.

ADDITIONAL MATERIAL RELATED TO RECENT GASB PRONOUNCEMENTS

The checklist covers all Governmental Accounting Standards Board (GASB) pronouncements that have been issued as final documents through GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

The checklist is designed to provide comprehensive guidance for financial statement preparers. The use of this checklist, however, does not guarantee that a given CAFR will be awarded the Certificate of Achievement for Excellence in Financial Reporting.

This particular checklist includes all sections of questions that are applicable to a general-purpose government. (A specialized checklist is available for school districts.) It excludes the sections that are applicable only to the specialized checklist for pension and other postemployment benefit systems and cash and investment pools. Accordingly, breaks in the numerical sequence of the sections presented in this checklist simply reflect the omission of those sections that are only applicable to those specialized checklists.

Indentation indicates that a given question is dependent upon a positive response to the preceding question. Accordingly, preparers need not consider the indented questions if the answer to the lead-in question is not positive.

Compliance with certain requirements of generally accepted accounting principles (GAAP) cannot be determined simply by examining a financial report. Questions about such items have been omitted from this checklist, except in those cases where answers to questions in Section IV of the Certificate Program Application Form provide the background needed to respond meaningfully. A plus sign (+) indicates those specific questions for which needed information should be available on the application form. Additionally, information has been provided in the form of *italicized* comments for GAAP requirements not addressed in the question. If this guidance is applicable, it must be implemented.

An asterisk (*) designates specific items that of themselves may disqualify a report from being awarded the Certificate of Achievement for Excellence in Financial Reporting. Other items also may disqualify a report from receiving the Certificate. Clarification of certain items can be found in an explanation that immediately follows the related checklist question or italicized comment.

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The CAFR will be graded on the following categories, when applicable to the government:

- Cover, table of contents, and formatting
- Introductory section
- Report of the independent auditor
- Management's discussion and analysis (MD&A)
- Basic financial statements (preliminary considerations)
- Government-wide financial statements
- Fund financial statements (general considerations)
- Governmental fund financial statements
- Proprietary fund financial statements
- Fiduciary fund financial statements
- Summary of significant accounting policies (SSAP)
- Note disclosure (other than the SSAP and pension-related disclosures)
- Pension and other postemployment benefit related note disclosures
- Required supplementary information (RSI)
- Combining and individual fund information and other supplementary information
- Statistical section
- Other considerations

Abbreviations Used in this Checklist

| | | |
|-----------|---|--|
| SLG | - | <i>Audits of State and Local Governments</i> , American Institute of Certified Public Accountants, March 1, 2013 |
| eGAAFR | | <i>Governmental Accounting, Auditing, and Financial Reporting (e-book format)</i> , GFOA 2012/2014 |
| eSUP | | <i>GAAFR Supplement</i> (available only in e-book format), GFOA 2014 |
| GAAFR | - | <i>Governmental Accounting, Auditing, and Financial Reporting</i> , GFOA 2012 |
| GAAP | - | Generally accepted accounting principles |
| GASB - I | - | GASB Interpretation |
| GASB - S | - | GASB Statement |
| GASB - TB | - | GASB Technical Bulletin |
| Q&A | - | 2013-2014 <i>Comprehensive Implementation Guide</i> , GASB |
| NCGA - I | - | National Council on Governmental Accounting Interpretation |
| NCGA - S | - | National Council on Governmental Accounting Statement |

All references listed above, except those for “GAAFR,” “eGAAFR,” “eSUP,” “Q & A,” and *SLG*, are followed by the number of the pronouncement, if applicable, and the specific paragraph(s), footnote(s), or appendix (appendices) within the publication that is being referenced. The references to “GAAFR” are to pages in that publication. For “eGAAFR” and “eSUP” the references are to the page number in Adobe Digital Editions for the electronic file. For “Q&A,” the references are to the applicable chapters and questions in that publication. For “SLG,” the references are to the chapter and specific paragraph.

Yes No N/A

COVER, TABLE OF CONTENTS, AND FORMATTING

- _____ 1.1 Does the report cover describe the document as a “comprehensive annual financial report”? [GAAFR, page 591]
- _____ 1.2 Does the report cover include the name of the government? [GAAFR, page 591]
- _____ 1.3 In the case of governments other than states, does the report cover include the name of the state within which the government is located? [GAAFR, page 591]
- _____ 1.4 Does the report cover indicate the fiscal period covered? [GAAFR, page 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, 2012).

- _____ 1.5 Is there a title page? [GAAFR, page 591] If so:
- _____ 1.5a Does it describe the document as a “comprehensive annual financial report”? [GAAFR, page 591]
- _____ 1.5b Does it indicate the fiscal period covered? [GAAFR, page 591]
- _____ 1.5c Does it include the name of either the individual or the department responsible for preparing the report? [GAAFR, page 591]

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

- _____ 1.5d For governments other than states, does it include the name of the state within which the government is located? [GAAFR, page 591]
- _____ 1.6* Is a table of contents included that encompasses the entire report? [NCGA-S1: 139; GAAFR, page 591] If so:
- _____ 1.6a Does it clearly segregate each of the three basic sections of the report (i.e., introductory section, financial section, and statistical section)? [GAAFR, page 591]

Explanation: If a report contains additional sections, these should be segregated as well in the table of contents.

- _____ 1.6b Does it present the introductory section and the financial section as the first and second sections, respectively, of the report? [Certificate Program requirement]
- _____ 1.6c Does it clearly distinguish the basic financial statements (including the notes) from RSI and the other contents of the financial section? [GAAFR, page 591]
- _____ 1.6d Does it identify each statement and schedule by its full title? [GAAFR, page 591]
- _____ 1.6e Does it include a page number reference for each item? [GAAFR, page 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.

- _____ 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? [Certificate Program requirement]

Yes No N/A

- | | | | | |
|-------|-------|-------|------|--|
| _____ | _____ | _____ | 1.8 | Does each page have a page number? [Certificate Program requirement] |
| _____ | _____ | _____ | 1.9 | Are text and numbers throughout the report easily readable? [Certificate Program requirement] |
| _____ | _____ | _____ | 1.10 | Has the government refrained from reporting cents? [Certificate Program requirement] |
| _____ | _____ | _____ | 1.11 | If numbers are rounded to the nearest thousand or million, is this fact clearly indicated? [Certificate Program requirement] |

INTRODUCTORY SECTION

GENERAL CONSIDERATIONS

- | | | | | |
|-------|-------|-------|-----|--|
| _____ | _____ | _____ | 2.1 | If the government received the Certificate of Achievement for Excellence in Financial Reporting in the immediately preceding fiscal year, is a copy of that award included somewhere within the introductory section? [GAAFR, pages 594] |
| _____ | _____ | _____ | 2.2 | Are the government's principal officials (elected, appointed, or both) listed somewhere within the introductory section? [GAAFR, page 594] |

Explanation: For this purpose a government 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 organization chart included somewhere within the introductory section? [GAAFR, page 594] |
|-------|-------|-------|-----|--|

LETTER OF TRANSMITTAL

- | | | | | |
|-------|-------|-------|------|---|
| _____ | _____ | _____ | 2.4* | Is a letter of transmittal included within the introductory section? [NCGA-S1: 139; GAAFR, page 591] If so: |
| _____ | _____ | _____ | 2.4a | Is it presented on the letterhead stationery of the government? [GAAFR, page 592] |
| _____ | _____ | _____ | 2.4b | Is it dated on or after the date of the independent auditor's report? [GAAFR, page 592] |
| _____ | _____ | _____ | 2.4c | Is it signed by at least the chief financial officer? [GAAFR, page 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, page 592] |
| _____ | _____ | _____ | 2.4e | Does it include background information on the government? [GAAFR, page 593] |
| _____ | _____ | _____ | 2.4f | Does it contain information designed to assist users in assessing the government's economic condition (e.g., information on the local economy)? [GAAFR, page 593] |

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

Yes No N/A

_____ 2.4g Does it contain acknowledgements? [GAAFR, page 594]

If the government received the Certificate of Achievement for Excellence in Financial Reporting or some other award, the government may mention such awards in the letter of transmittal. [GAAFR, page 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 government's financial management.*

_____ 2.4h Does the letter of transmittal direct readers to MD&A? [GAAFR, page 592]

_____ 2.4i Has the government refrained from duplicating information contained in MD&A or in the notes to the financial statements? [GASB-S34: 8, note 7; Q&A 7.5.2; GAAFR, pages 591-2]

Explanation: The *GAAFR* suggests three means of avoiding unnecessary duplication: 1) briefly identifying a topic and explaining its potential interest to financial statement users in the letter of transmittal, 2) referring readers of the letter of transmittal to the notes and MD&A for any information on the topic already provided there, and 3) limiting the discussion in the letter of transmittal to the more subjective aspects of a given topic.

FINANCIAL SECTION – REPORT OF THE INDEPENDENT AUDITOR

_____ 3.1* Are the basic financial statements accompanied by the report of the independent auditor? [GAAFR, page 594]

_____ 3.2 Is the report of the independent auditor presented as the first item in the financial section of the report? [GAAFR, page 594]

_____ 3.3 Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards or generally accepted government auditing standards (i.e., *Government Auditing Standards*)? [GAAFR, page 601]

_____ 3.4 Did the independent auditor express an opinion on the fair presentation of each of the following: governmental activities; business-type activities; each major governmental fund; each major enterprise fund; other funds (in the aggregate); discretely presented component units (in the aggregate); and budgetary comparisons (if presented as a basic financial statement) in conformity with GAAP? [GAAFR, pages 594- 595]

_____ 3.5* Did the independent auditor express an *unmodified* opinion on the fair presentation of the basic financial statements? [GAAFR, page 601]

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

_____ 3.6 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? [Certificate Program requirement]

_____ 3.7 Did the independent auditor refrain from indicating that RSI is either absent or otherwise potentially inadequate? [GAAFR, page 595]

_____ 3.8 Did the independent auditor sign and date the report?

_____ 3.9 If the independent auditor's report states that combining and individual fund financial statements are fairly presented *in relation to* the basic financial statements, has the government refrained from including any reference to the notes to the financial

Yes No N/A

statements on the face of the combining and individual fund statements? [GAAFR, page 599]

Explanation: A statement in the independent auditor's report that combining and individual fund financial statements are fairly presented *in relation to* the basic financial statements is *not* tantamount to an opinion on the fair presentation of those statements in their own right. It is only when the independent auditor states that combining and individual fund financial statements are fairly presented *without reference to the basic financial statements* that a reference to the notes to the financial statements is appropriate on the face of those statements.

**FINANCIAL SECTION – MANAGEMENT'S
DISCUSSION AND ANALYSIS (MD&A)**

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 4.1* | Is MD&A presented? [GASB-S34: 68; GAAFR, pages 567] If so: |
| _____ | _____ | _____ | 4.1a* | Is MD&A presented preceding the basic financial statements? [GASB-S34: 8; Q&A 7.5.1; GAAFR, page 567] |
| _____ | _____ | _____ | 4.1b | Does MD&A describe the basic government-wide financial statements and the basic fund financial statements, as well as the difference in the kinds of information provided by each? [GASB-S34: 11a; Q&A 7.5.9; GAAFR, page 568] |

Explanation: This description should either focus on how fund financial statements reinforce information in the government-wide financial statements (e.g., proprietary fund financial statements) or provide additional information (e.g., governmental fund financial statements and fiduciary fund financial statements). In particular, it should describe the relationship between the governmental fund financial statements and the data reported for *governmental activities* in the government-wide financial statements.

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| _____ | _____ | _____ | 4.1c | Does MD&A provide condensed financial data extracted from the government-wide financial statements? [GASB-S34: 11b; GAAFR, pages 568-9] |
|-------|-------|-------|------|---|

Explanation: The condensed data should include:

- Total assets (distinguishing between capital assets and other assets);
- Total liabilities (distinguishing between long-term liabilities and other liabilities);
- Total net position (distinguishing *net investment in capital assets*; *restricted net position*; and *unrestricted net position*);
- Program revenues (by major source);
- General revenues (by major source);
- Total revenues;
- Program expenses (at least by function);
- Total expenses;
- Excess or deficiency (before any contributions to term and permanent endowments, contributions to permanent fund principal, special items, extraordinary items, and transfers);
- Contributions;
- Special and extraordinary items;
- Transfers;
- Change in net position;
- Ending net position from the statement of activities.

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|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 4.1d* | Does MD&A present condensed financial data for both the current fiscal period and the preceding fiscal period? [GASB-S34: 11b; GAAFR, page 568] |
|-------|-------|-------|-------|---|

Explanation: The MD&A should separately present condensed data from the governmental activities and the business-type activities for both years.

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| _____ | _____ | _____ | 4.1e | Does MD&A provide an overall analysis of the government's financial position and results of operations? [GASB-S34: 11c; GAAFR, page 569] |
|-------|-------|-------|------|--|

Yes No N/A

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

_____ 4.1e1 Does it specifically address whether the government’s overall financial position has improved or deteriorated? [GASB-S34: 11c; GAAFR, page 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.

_____ 4.1e2 Does it address *governmental activities* separately from *business-type activities*? [GASB-S34: 11c; GAAFR, page 569]

If economic factors significantly affected the operating results of the current period, they should be discussed as part of this analysis. [GASB-S34: 11c; GAAFR, page 569]

_____ 4.1f Does MD&A provide an analysis of significant balances and transactions of individual major funds? [GASB-S34: 11d; GAAFR, page 569]

Explanation: *Analysis*, properly speaking, should focus on the *reasons for changes* rather than just their sizes. Normally, the analysis of individual funds is provided separately from the overall analysis described in question 4.1e. However, sometimes governments combine the overall analysis and the fund analysis. Either approach is acceptable as long as the analysis includes reasons for both the changes for each type of activity and for the individual major funds, as necessary (i.e., those with significant balances and/or transactions).

_____ 4.1f1 Does MD&A address whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use? [GASB-S34: 11d; GAAFR, page 569]

_____ 4.1g Does MD&A provide an analysis of significant budgetary variations (both original budget versus final amended budget and final amended budget versus actual) for the general fund? [GASB-S34: 11e; GAAFR, page 570]

If any currently known reasons for budgetary variations in the general fund are expected to have a significant effect on future liquidity or services, the MD&A should explain that fact. [GASB-S34: 11e; GAAFR, page 570]

_____ 4.1h Does MD&A describe significant capital asset and long-term debt activity during the year? [GASB-S34: 11f; GAAFR, page 570]

Explanation: This discussion should summarize, rather than repeat, the detailed information presented in the notes. It also should address commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.

_____ 4.1h1 Does the discussion of capital asset and long-term debt activity refer readers interested in more detailed information to the notes to the financial statements? [GASB-S34: 11f, note 8; GAAFR, page 570]

_____ 4.1i If the government uses the modified approach to account for one or more networks or subsystems of infrastructure assets, does MD&A state that fact? [GASB-S34: 11g; GAAFR, page 570] If so:

_____ 4.1i1 Does the discussion of the use of the modified approach include a comparison of current condition levels with target condition levels established by the government? [GASB-S34: 11g2; GAAFR, page 570]

Yes No N/A

If the modified approach is used, mention also should be made of 1) any significant changes in the condition levels of infrastructure assets and 2) any significant differences between the estimated amount necessary to maintain and preserve infrastructure assets at target condition levels and the actual amount of expense incurred for that purpose during the period. [GASB-S34: 11g1, (3); GAAFR, page 570]

The government should disclose any other “currently known facts, conditions, or decisions” that are expected to have a significant effect on financial position (net position) or results of operations (revenues, expenses, and other changes in net position). [GASB-S34: 11h; GAAFR, page 571]

Explanation: “Currently known facts, conditions, or decisions” are those known by management as of the date of the independent auditor’s report. Examples of items that meet the criteria and should be discussed in MD&A include:

- The award and acceptance of a major grant;
- The adjudication of a significant lawsuit;
- The reassessment of taxable property;
- The completion of an agreement to locate a major manufacturing plant in the government’s boundaries;
- A renegotiated labor contract with employees;
- A flood that caused significant damage to a government’s infrastructure.

The emphasis is on things that have actually happened rather than those that might happen (e.g., the possible award of a grant, the potential for the location of a major business within the government’s boundaries).

_____ 4.1j Do the amounts reported in MD&A agree with related amounts in the basic financial statements? [Certificate Program requirement]

_____ 4.1k Has the government refrained from addressing in MD&A topics not specifically prescribed by SGAS 34? [GASB-S37: 4-5; Q&A 7.5.7; GAAFR, page 568]

Explanation: Governments may address in MD&A only those topics specifically identified in SGAS 34, paragraph 11. These topics are summarized in questions 4.1b-4.1i1 of this checklist. Governments are free, however, to provide whatever level of detail they believe appropriate in addressing these particular topics.

**FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS
(PRELIMINARY CONSIDERATIONS)**

_____ 5.1* Is a full set of basic financial statements (i.e., both government-wide financial statements and fund financial statements) presented?

Explanation: The statement of changes in assets and liabilities for the agency funds should *not* be included within the basic financial statements, but should be included in the combining and individual fund statements and schedules section.

If so, does it include each of the following statements (if applicable):

_____ 5.1a* Government-wide statement of net position? [GASB-S34: 12; GAAFR, page 295]

_____ 5.1b* Government-wide statement of activities? [GASB-S34: 12; GAAFR, page 295]

_____ 5.1c* Balance sheet – governmental funds? [GASB-S34: 78; GAAFR, page 183]

_____ 5.1d* Statement of revenues, expenditures, and changes in fund balances – governmental funds? [GASB-S34: 78; GAAFR, page 183]

_____ 5.1e* Statement of revenues, expenditures, and changes in fund balances – budget and actual – general fund and major special revenue funds (if not presented as RSI)? [GASB-S34: 130, note 53; GAAFR, page 183]

| Yes | No | N/A | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 5.1f* | Statement of fund net position or balance sheet – proprietary funds? [GASB-S34: 91; GAAFR, page 229] |
| _____ | _____ | _____ | 5.1g* | Statement of revenues, expenses, and changes in fund net position/equity – proprietary funds? [GASB-S34: 91; GAAFR, page 229] |
| _____ | _____ | _____ | 5.1h* | Statement of cash flows – proprietary funds? [GASB-S34: 91; GAAFR, page 229] |
| _____ | _____ | _____ | 5.1i* | Statement of fiduciary net position? [GASB-S34: 106; GASB-S67: 14; GAAFR, page 261] |
| _____ | _____ | _____ | 5.1j* | Statement of changes in fiduciary net position? [GASB-S34: 106; GASB-S67: 14; GAAFR, page 261] |
| _____ | _____ | _____ | 5.2* | Do the government-wide and fund statements of position (i.e., the statement of net position or the balance sheet, where applicable) report separate sections for assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable? [GASB-S63: 7; GAAFR, pages 229 and 296-297] |
| _____ | _____ | _____ | 5.2a* | If the statement presents deferred outflows of resources are the non-pension related items presented as such limited to those items specifically identified by GAAP for reporting in the category? [GASB-S63: 7] |

Explanation: GASB Concepts Statement No. 4 established deferred outflows of resources as a financial statement element. However, that guidance states that only amounts identified by the GASB in authoritative pronouncements can be reported in the category. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, identifies several pension-related items that are to be reported as deferred outflows of resources. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and other pronouncements also identify certain items that are to be reported as deferred outflows of resources. The pension-related deferred outflows of resources are addressed in question 5.2b. Following are the non-pension related items that can be reported as deferred outflows of resources and the pronouncement that identifies them to be reported as such:

- The fair value of effective hedges that are in a loss position (i.e., the cumulative amount of the fair value changes of the effective hedge is a debit). [GASB-S53: 20]
- For current refundings and advance refundings resulting in defeasance of debt the excess of the reacquisition price of the old debt over its net carrying amount [GASB-S65: 5-6]
- A change in the provisions of a current capital lease that results from a current or advance refunding by the lessor who passes through the effect to the lessee (and the lease continues to qualify as a capital lease) which increases the lessee's lease obligation [GASB-S65: 7]
- The resources that providers transmit to recipients before time requirements are met, but after all other eligibility requirements have been met [GASB-S65: 10]
- The amount paid by the transferee government in an intra-entity sale of future revenues [GASB-S65: 13]
-
- The loss on the sale of property that is accompanied by a leaseback of all or any part of the property for all or part of its remaining economic life [GASB-S65: 18]
- Direct loan origination costs for mortgage banking activities where the loan is held for resale [GASB-S65: 25]
- Fees paid to permanent investors in mortgage banking activities prior to the sale of the loans [GASB-S65: 27]
- Consideration provided in excess of the net position obtained by the acquiring government in a government acquisition [GASB-S69: 39]

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 5.2b* | Does the statement present pension-related deferred outflows of resources? If so, are the items presented as such limited to only the applicable items from the following: [GASB-S63: 7] |
|-------|-------|-------|-------|--|

Explanation: GASB Concepts Statement No. 4 established deferred outflows of resources as a financial statement element. However, that guidance states that only amounts identified by the GASB in authoritative pronouncements can be reported in

Yes No N/A

the category. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, identifies several pension-related items that are to be reported as deferred outflows of resources. This question and related subquestions discuss the pension-related items that are appropriately reported as deferred outflows of resources. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and other pronouncements also identify certain items that are to be reported as deferred outflows of resources. The non-pension related deferred outflows of resources are addressed in question 5.2a.

_____ 5.2b1 Is the government an employer or a governmental nonemployer contributing entity to a defined benefit pension plan *administered through a trust or equivalent arrangement* (regardless of the type of pension plan and whether there is a special funding situation)? If so, deferred outflows of resources should include all of the following items (if applicable):

Explanation: Special funding situations involve circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and *either* of the following conditions exists:

- a. The amount of contributions for which the nonemployer entity is legally responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
- b. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

In such cases the nonemployer entity is referred to as a governmental nonemployer contributing entity. This latter term is also used to describe a nonemployer contributing entity when their obligation to make direct contributions to a pension plan (defined benefit or defined contribution) does not meet the criteria for a special funding situation.

For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability.

_____ 5.2b1a Contributions made *after the measurement date* of the net pension liability/collective net pension liability, *but before the end* of the employer's or governmental nonemployer contributing entity's reporting period [GASB-S68: 34, 57, 89, and 106]

_____ 5.2b1b For the period that GASB Statement No. 68 is adopted, contributions made *after the measurement date* of the beginning of the year liability balance for the net pension liability/collective pension liability but *before the start* of the employer's or governmental nonemployer contributing entity's reporting period [GASB-S71: 2-3]

_____ 5.2b2 Is the government an *employer* for a single-employer or agent multiple-employer pension plan *administered through a trust or equivalent arrangement* that does not have a special funding situation? If so, deferred outflow of resources should include all of the following items (if applicable):

_____ 5.2b2a Amounts not yet recognized in pension expense that have a debit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68: 33a1]

_____ 5.2b2b Amounts not yet recognized in pension expense that have a debit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation,

Yes No N/A

salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68: 33a2]

5.2b2c

Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a debit balance [GASB-S68: 33b]

Explanation: The difference between projected and actual earnings on pension plan investments for each year should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the reporting period in which the difference occurred. The deferred outflows of resources and deferred inflows of resources of such differences from different measurement periods, not yet recognized in pension expense, should be aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources.

5.2b3

Is the government an employer for a cost-sharing multiple-employer pension plan, an employer for a single-employer or agent multiple-employer pension plan with a special funding situation, or a governmental nonemployer contributing entity to a pension plan that is *administered through a trust or equivalent arrangement*? If so, deferred outflow of resources should include all of the following items (if applicable):

Explanation: Deferred outflows of resources and deferred inflows of resources should be recognized for the employer's proportionate shares of the collective deferred outflows of resources and deferred inflows of resources determined using the employer's or nonemployer contributing entity's proportion of the collective net pension liability.

5.2b3a

Amounts not yet recognized in pension expense that have a debit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68: 53, 71a1, 85, and 102]

5.2b3b

Amounts not yet recognized in pension expense that have a debit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68: 53, 71a2, 85, and 102]

5.2b3c

Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a debit balance [GASB-S68: 53, 71b, 85, and 102]

Explanation: The difference between projected and actual earnings on pension plan investments for each year should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the reporting period in which the difference occurred. The deferred outflows of resources and deferred inflows of resources of such differences from different measurement periods, not yet recognized in pension expense, should be aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources.

5.2b3d

Amounts not yet recognized in pension expense that have a debit balance and represent the net effect of a change in the employer's or governmental nonemployer contributing entity's proportion of the collective deferred outflows of resources since the prior measurement [GASB-S 68: 54, 86, and 103]

Yes No N/A

Explanation: If there is a change in the employer's or governmental nonemployer contributing entity's proportion of the collective net pension liability since the prior measurement date, the net effect of that change on the employer's or governmental nonemployer contributing entity's proportionate shares of the collective deferred outflows of resources and deferred inflows of resources, determined as of the beginning of the measurement period, should be recognized in the employer's or governmental nonemployer contributing entity's pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. The period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

_____ 5.2b3e

Amounts not yet recognized in pension expense that have a debit balance and represent the difference during the measurement period between (a) the total amount of such contributions from the employer (and amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer's proportionate share of the total of such contributions from all employers and all nonemployer contributing entities [GASB-S68: 55, 87, and 104]

Explanation: For contributions to the pension plan other than those to separately finance specific liabilities of an individual employer or governmental nonemployer contributing entity to the pension plan, the difference during the measurement period between (a) the total amount of such contributions from the employer (and amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer's proportionate share of the total of such contributions from all employers and all nonemployer contributing entities should be recognized in the employer's pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the employer's pension expense should be reported as a deferred outflow of resources or deferred inflow of resources.

_____ 5.2c*

If the statement presents deferred inflows of resources are the non-pension related items presented as such limited to those items specifically identified by GAAP for reporting in the category? [GASB-S63: 7]

Explanation: GASB Concepts Statement No. 4 established deferred inflows of resources as a financial statement element. However, that guidance states that only amounts identified by the GASB in authoritative pronouncements can be reported in the category. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, identifies several pension-related items that are to be reported as deferred inflows of resources. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and other pronouncements also identify certain items that are to be reported as deferred inflows of resources. The pension-related deferred inflows of resources are addressed in question 5.2d. Following are the non-pension related items that can be reported as deferred inflows of resources and the pronouncement that identifies them to be reported as such:

- The fair value of effective hedges that are in a gain position (i.e., the cumulative amount of the fair value changes of the effective hedge is a credit) [GASB-S53: 20]
- In a service concession arrangement (SCA) the amount a transferor reports for the difference between the fair value of a new facility purchased or constructed by the operator or the improvement of an existing facility by the operator and any contractual liabilities that the transferor reports under the SCA. [GASB-S60: 9]
- In a SCA the amount a transferor reports for the difference between up-front or installment payments from the operator and any contractual liabilities that the transferor reports under the SCA. [GASB-S60: 12]
- For current refundings and advance refundings resulting in defeasance of debt the excess of the carrying value of the old debt over its reacquisition price [GASB-S65: 5-6]
- A change in the provisions of a current capital lease that results from a current or advance refunding by the lessor who passes through the effect to the lessee (and the lease continues to qualify as a capital lease) which decreases the lessee's lease obligation [GASB-S65: 7]
- The resources that recipients receive from providers before time requirements are met, but after all other eligibility requirements have been met [GASB-S65: 10]
- The amount received by the transferor government in an intra-entity sale of future revenues [GASB-S65: 12]

Yes No N/A

- The gain on the sale of property that is accompanied by a leaseback of all or any part of the property for all or part of its remaining economic life [GASB-S65: 18]
- Loan origination fees for mortgage banking activities where the loan is held for resale [GASB-S65: 26]
- Loan origination fees received that represent points [GASB-S65: 22]

_____ 5.2d* Does the statement present pension-related deferred inflows of resources? If so, are the items presented as such limited to only the applicable items from the following: [GASB-S63: 7]

Explanation: GASB Concepts Statement No. 4 established deferred inflows of resources as a financial statement element. However, that guidance states that only amounts identified by the GASB in authoritative pronouncements can be reported in the category. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, identifies several pension-related items that are to be reported as deferred inflows of resources. This question and related subquestions discuss the pension-related items that are appropriately reported as deferred inflows of resources. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and other pronouncements also identify certain items that are to be reported as deferred inflows of resources. The non-pension related deferred inflows of resources are addressed in question 5.2c.

_____ 5.2d1 Is the government an *employer* for a single-employer or agent multiple-employer defined benefit pension plan that is *administered through a trust or equivalent arrangement* and that does not have a special funding situation? If so, deferred inflow of resources should include all of the following items (if applicable):

Explanation: See the explanation to question 5.2b1 for the definition of a special funding situation.

_____ 5.2d1a Amounts not yet recognized in pension expense that have a credit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68: 33a1]

_____ 5.2d1b Amounts not yet recognized in pension expense that have a credit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68: 33a2]

_____ 5.2d1c Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a credit balance [GASB-S68: 33b]

Explanation: The difference between projected and actual earnings on pension plan investments for each year should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the reporting period in which the difference occurred. The amount not recognized in pension expense should be reported as deferred outflows of resources or deferred inflows of resources. The deferred outflows of resources and deferred inflows of resources of such differences from different measurement periods should be aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources.

_____ 5.2d2 Is the government an employer for a cost-sharing multiple-employer pension plan, an employer for a single-employer or agent multiple-employer pension plan with a special funding situation, or a governmental nonemployer contributing entity to a defined benefit pension plan that is *administered through a trust or equivalent arrangement*? If so, deferred inflows of resources should include all of the following items (if applicable):

Yes No N/A

Explanation: Deferred outflows of resources and deferred inflows of resources should be recognized for the employer's proportionate share of the collective deferred outflows of resources and deferred inflows of resources determined using the employer's or nonemployer contributing entity's proportion of the collective net pension liability.

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| _____ | _____ | _____ | 5.2d2a | Amounts not yet recognized in pension expense that have a credit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68: 53, 71a1, 85, and 102] |
| _____ | _____ | _____ | 5.2d2b | Amounts not yet recognized in pension expense that have a credit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68: 53, 71a2, 85, and 102] |
| _____ | _____ | _____ | 5.2d3c | Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a credit balance [GASB-S68: 53, 71b, 85, and 102] |

Explanation: The difference between projected and actual earnings on pension plan investments for each year should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the reporting period in which the difference occurred. The amount not recognized in pension expense should be reported as deferred outflows of resources or deferred inflows of resources. The deferred outflows of resources and deferred inflows of resources of such differences from different measurement periods should be aggregated and reported as a net deferred outflow of resources or a net deferred inflow of resources.

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| _____ | _____ | _____ | 5.2d3d | Amounts not yet recognized in pension expense that have a credit balance and represent the net effect of a change in the employer's or governmental nonemployer contributing entity's proportion of the collective deferred outflows of resources since the prior measurement [GASB-S 68: 54, 86, and 103] |
|-------|-------|-------|--------|--|

Explanation: If there is a change in the employer's or governmental nonemployer contributing entity's proportion of the collective net pension liability since the prior measurement date, the net effect of that change on the employer's or governmental nonemployer contributing entity's proportionate shares of the collective deferred outflows of resources and deferred inflows of resources, determined as of the beginning of the measurement period, should be recognized in the employer's or governmental nonemployer contributing entity's pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. The period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

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| _____ | _____ | _____ | 5.2d3e | Amounts not yet recognized in pension expense that have a credit balance and represent the difference during the measurement period between (a) the total amount of such contributions from the employer (and amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer's proportionate share of the total of such contributions from all employers and all nonemployer contributing entities [GASB-S68: 55, 87, and 104] |
|-------|-------|-------|--------|---|

Explanation: For contributions to the pension plan other than those to separately finance specific liabilities of an individual employer or governmental nonemployer contributing entity to the pension plan, the difference during the measurement period between (a) the total amount of such contributions from the employer (and amounts associated with the employer from

Yes No N/A

nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer's proportionate share of the total of such contributions from all employers and all nonemployer contributing entities should be recognized in the employer's pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. For this purpose, the length of the expense recognition period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The amount not recognized in the employer's pension expense should be reported as a deferred outflow of resources or deferred inflow of resources.

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| _____ | _____ | _____ | 5.3 | Are all of the basic financial statements referred to by their appropriate titles? [GAAFR, page 591] |
| _____ | _____ | _____ | 5.4 | Are all of the basic financial statements grouped together at the front of the financial section of the report? |
| _____ | _____ | _____ | 5.5 | Do all of the basic financial statements include a reference to the notes? [GAAFR, page 596] |
| _____ | _____ | _____ | 5.6 | If the government has multiple <i>major</i> discretely presented component units, do the basic financial statements present separate information on each as one of the following: 1) separate columns in the government-wide financial statements, 2) combining statements included within the basic financial statements, or 3) condensed financial statements included within the notes to the financial statements? [GASB-S14: 50-1; GASB-S34: 126; GAAFR, pages 83-84] |

Explanation: The determination that a component unit is "major" should be based on the nature and significance of its relationship to the primary government. This determination generally would be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered to be essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government. [GASB-S14: 51; GASB-S61: 7a]

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| _____ | _____ | _____ | 5.7* | Has the government refrained from making direct adjustments to equity except in those situations specifically contemplated by GAAP? [SLG 10.03; GAAFR, pages 115-6] |
|-------|-------|-------|------|---|

Explanation: Government-wide and fund financial statements must be presented using an *all-inclusive format*. That is, *all* changes to equity normally should be reported as part of the results of operations for the current period rather than treated as a direct adjustment to equity. There are three exceptions to this general rule: prior-period adjustments, changes in accounting principle, and changes in inventory balances accounted for using the purchases method. (The latter is applicable only to governmental fund financial statements.)

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| _____ | _____ | _____ | 5.8* | Do financial statements within each category (i.e., government-wide, governmental funds, proprietary funds, and fiduciary funds) articulate with one another? (For example, does the amount reported for <i>net position</i> at the end of the period in the government-wide statement of activities tie to the corresponding amount reported for <i>net position</i> in the government-wide statement of net position?) |
|-------|-------|-------|------|--|

Land and other real estate held as investments by endowments should be reported at fair value at the reporting date. Changes in fair value during the period should be reported as investment income. [GASB-S52: 4]

A government that issued an obligation that is subject to a nonexchange financial guarantee should recognize a receivable when the government that extended the guarantee (the guarantor) recognizes a liability, but only if the government that issued the guaranteed obligation has one of the following relationships with the guarantor:

- a. is a blended component unit of the government that extended the guarantee,*

Yes No N/A

- b. *is a primary government that includes the government that extended the guarantee as a blended component unit within its reporting entity, or*
- c. *is within the same reporting entity with the government issuing the guarantee and both are blended component units of that primary government. [GASB-S70: 13]*

A transaction in which a government receives or is entitled to resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues should be reported as a collateralized borrowing rather than as a sale unless the specific criteria for reporting as a sale are met. [GASB-S48: 5-18]

Explanation: *The transaction should be reported as a sale of receivables only if all of the following criteria are met:*

- *Transferee can pledge or sell the receivables without significant transferor-imposed limitation;*
- *Transferor cannot reacquire specific accounts through a unilateral transfer of substitute accounts;*
- *Agreement is not cancelable by either party;*
- *Transferor is isolated from the cash collections of the receivables.*

The transaction should be reported as a sale of revenues only if all of the following criteria are met:

- *Transferor has no active involvement in the generation of the future revenue;*
- *Transferee can pledge or sell the future revenues without significant transferor-imposed limitations;*
- *Transferor is isolated from the cash collections of the future revenues;*
- *No prohibition against a transfer or assignment of the resources;*
- *Agreement is not cancelable by either party.*

If a government pledges future revenues to support the debt of a component unit without receiving resources in exchange, it should not recognize a liability, nor should the component unit recognize an asset as a result of and at the time of the pledge. Instead, the pledging government should recognize a liability to the debt-issuing component unit and an expense/expenditure simultaneously with the recognition of the pledged revenues. The debt-issuing component unit should recognize revenue when the pledging government is obligated to make the payments. [GASB-S48: 19-20]

Gains (or losses) resulting from remeasurement of liabilities or assets in bankruptcy proceedings should be reported as an extraordinary item in financial statements prepared on an accrual basis. [GASB-S58: 12]

When a government is in bankruptcy proceedings the professional fees and similar types of costs directly related to those proceedings should be reported as an expense or expenditure as incurred. [GASB-S58: 13]

_____ 5.9 Has the government reported transfers of capital assets or financial assets within the financial reporting entity at their carrying value at the time of the transfer? [GASB-S48: 15]

_____ 5.10 Does the government report derivative instruments on the statement of net position as assets or liabilities, as appropriate, at their fair value? [GASB-S53: 19; GAAFR, page 489]

Explanation: This treatment only applies to government-wide, proprietary fund, and fiduciary fund financial statements. Fair value reporting is required except for fully benefit-responsive Synthetic Guaranteed Investment Contracts (SGIC). In these cases the underlying investments and the wrap contract should be reported at contract value. [GASB-S53: 67; GAAFR, page 489]

_____ 5.11 Does the government report the changes in fair values of investment derivative instruments, including derivative instruments that are determined to be ineffective, within the investment revenue classification on the flow of resources statement? [GASB-S53: 20; GAAFR, page 495]

Yes No N/A

Explanation: This treatment only applies to government-wide, proprietary fund, and fiduciary fund financial statements.

_____ 5.12 Does the government report the changes in fair values of hedging derivative instruments that are determined to be effective as either deferred outflows of resources or deferred inflows of resources, as appropriate, in the statement of net position (i.e., hedge accounting)? [GASB-S53: 20; GAAFR, pages 490, 492-493]

Explanation: Hedge accounting should no longer be applied once any of the following termination events occur:

- The hedging derivative instrument is no longer effective
- The likelihood that a hedged expected transaction will occur is no longer probable.
- The hedged asset or liability, such as a hedged bond, is sold or retired but not reported as a current refunding or advanced refunding resulting in a defeasance of debt.
- The hedging derivative instrument is terminated.
- A current refunding or advanced refunding resulting in the defeasance of the hedged debt is executed.
- The hedged expected transaction occurs, such as the purchase of an energy commodity or the sale of bonds.

_____ 5.13 If a termination event occurred related to a derivative that had been reported using hedge accounting and an effective hedging relationship did not continue, did the government recognize the balance in the deferral account (whether the balance was a deferred outflow or a deferred inflow of resources) on the flow of resources statement within the investment revenue classification? [GASB-S53: 23; GASB-S64: 4; GAAFR, page 491]

Explanation: A hedging derivative instrument is terminated upon the occurrence of a termination event unless an effective hedging relationship continues. An effective hedging relationship continues when all of the following criteria are met:

- Collectability of swap payments is considered to be probable. Collectability of payments is not probable, when a swap counterparty, or a swap counterparty's credit support provider, has entered into bankruptcy and the swap is not collateralized or does not remain insured
- The swap counterparty of the interest rate swap or commodity swap, or the swap counterparty's credit support provider, is replaced with an assignment or in-substance assignment [GASB-S64: 5].
- The government enters into an assignment or in-substance assignment in response to the swap counterparty, or the swap counterparty's credit support provider, either committing or experiencing an act of default or a termination event as both are described in the swap agreement.

If a termination event occurs and an effective hedging relationship does not continue, any amount of the deferral account that is recognized and is reported separately within the investment revenue classification should be captioned "increase (decrease) upon hedge termination."

If the termination event is the refunding of the hedged debt (through either a current refunding or an advanced refunding) the balance of the deferral account should be included in the net carrying amount of the old debt for purposes of calculating the difference between that amount and the reacquisition price of the old debt.

If the termination event is the occurrence of the hedged expected transaction the disposition of the deferral balance depends on whether the hedged expected transaction results in a financial instrument or a commodity. If the expected transaction results in a financial instrument, the accounting treatment depends on whether the government is re-exposed to the hedged risk. If the government is re-exposed to the hedged risk, the balance of the deferral account should be recognized on the flow of resources statement within the investment revenue classification.

If the government is not re-exposed to the hedged risk, the balance in the deferral account should be reported on the flow of resources statement consistent with the hedged item. For example, a government hedges its exposure to interest rate risk associated with the expected issuance of fixed-rate debt using a hedging derivative instrument, an interest rate lock. The interest rate lock terminates on the date of the expected issuance of debt. If the fixed-rate bonds are issued and the interest rate lock is terminated, the government is no longer exposed to interest rate risk. In this case, the deferral account should be amortized in a systematic and rational manner over the life of the debt as an adjustment of interest expense.

Yes No N/A

If the expected transaction results in a commodity, the balance of the deferral account should be removed by reporting the balance as an adjustment to the actual transaction. For example, if the expected transaction is a hedge of market risk associated with the purchase of electricity and the purchase occurs, the balance of the deferral account related to the hedging derivative instrument should be removed by reporting the balance as an adjustment to the cost of energy.

**FINANCIAL SECTION – GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

GENERAL CONSIDERATIONS

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| _____ | _____ | _____ | 6.1* | Are <i>governmental activities</i> and <i>business-type activities</i> reported as separate columns? [GASB-S34: 12d, 15; GAAFR, pages 62 and 298-299] |
| _____ | _____ | _____ | 6.2* | Is a total column presented for the primary government? [GASB-S34: 14; GAAFR, page 299] |
| _____ | _____ | _____ | 6.2a* | Is the total column for the primary government consolidated? [GASB-S34: 57-60; GAAFR, pages 299] |

Explanation: The consolidated total column for the primary government presented in the government-wide statement of net position should include neither internal receivables nor internal payables, unless there is a difference in fiscal year between the primary government and a blended component unit. Amounts due to/from fiduciary funds should not be reported as interfund balances. Likewise, the total column on the statement of activities should not include transfers.

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| _____ | _____ | _____ | 6.3* | Are any discretely presented component units presented in one or more separate columns to the right of the total column for the primary government? [GASB-S34: 12c; GAAFR, pages 82 and 299-300] |
| _____ | _____ | _____ | 6.3a* | Has the government refrained from reporting within this (these) column(s) component units that meet the criteria for reporting as a blended component unit? [GASB-S61: 8; GAAFR, page 80] |

Explanation: See question 7.5 for the circumstances when it is appropriate to report a component unit using the blending method.

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| _____ | _____ | _____ | 6.4* | Has the government refrained from including either fiduciary funds or fiduciary-type component units in the government-wide financial statements? [GASB-S34: 12b; GAAFR, pages 62 and 295] |
| _____ | _____ | _____ | 6.5 | Has the government refrained from using interfund terminology (e.g., <i>transfers</i>) to refer to balances and transactions between the primary government and discretely presented component units? [GASB-S34: 61; GAAFR, pages 53 and 86] |

GOVERNMENT-WIDE STATEMENT OF NET POSITION

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| _____ | _____ | _____ | 6.6* | Are assets and liabilities reported either in the relative order of their liquidity or on a classified basis? [GASB-S34: 31, note 23; GAAFR, pages 297-298] |
| _____ | _____ | _____ | 6.6a | If assets and liabilities are presented in the relative order of liquidity, is any amount presented for long-term liabilities divided between amounts due within one year and amounts due beyond one year? [GASB-S34: 31; GAAFR, page 298] |
| _____ | _____ | _____ | 6.6b | If a classified approach is taken and restricted assets are reported, are restricted assets and liabilities payable from restricted assets reported in the same category? |

Yes No N/A

6.7* Does each column in the government-wide statement of net position include capital assets (including infrastructure assets and intangible assets) used to support those activities? [GASB-S34: 12e, 19; GAAFR, pages 300]

Explanation: The government-wide statement of net position should report capital assets that are *not* being depreciated (e.g., land, construction-in-progress, or infrastructure assets reported using the modified approach) separately from depreciable capital assets, if significant.

Also, an intangible asset should be recognized in the statement of net position only if it is identifiable. An intangible asset is considered identifiable when either of the following conditions is met:

- The asset is capable of being separated or divided from the government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability
- The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. [GASB-S51: 6]

6.7a Has the government appropriately capitalized its internally generated intangible assets? [GASB-S51: 7-8]

Explanation: Outlays incurred related to the development of an internally generated intangible asset that is identifiable should be capitalized only upon the occurrence of all of the following:

- Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project;
- Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity;
- Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the intangible asset.

Only outlays incurred subsequent to meeting the above criteria should be capitalized. Outlays incurred prior to meeting those criteria should be expensed as incurred.

6.7a1 In the case of internally generated computer software, has the government only capitalized outlays related to the application development stage? [GASBS-51: 9-15]

Explanation: Activities of the preliminary project stage should be expensed as incurred rather than being included in the cost of capital assets. These activities include the conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives for the development of the software. Likewise, activities of the post-implementation/operation stage should be expensed as incurred. These activities include application training, software maintenance, and data conversion beyond that necessary to make the computer software operational.

Additionally, the outlays related to the application development stage may only be capitalized once the activities in the preliminary project stage have been completed. Further, management must implicitly or explicitly authorize and commit to funding the software project at least currently in the case of a multiyear project, in order for capitalization to commence.

Outlays associated with an internally generated modification of computer software that is already in operation should be capitalized if the modification results in any of the following:

- An increase in the functionality of the computer software,
- An increase in the efficiency of the computer software, or
- An extension of the estimated useful life of the software.
-

6.8 Does the *governmental activities column* include an asset for the negative net other postemployment benefit obligation and net pension asset/collective net pension asset (government's proportionate share), if applicable? [GASB-S 45: 21; GASB-S68: 20, 48, 83, 92, and 97]

6.8a Has the government reported at a minimum the aggregate amount for each type of asset (if applicable) on a separate line?

Yes No N/A

Explanation: Regardless of the type of employee benefit plan (single-employer, agent, or cost-sharing) or how it is administered (through a trust or equivalent arrangement or not) the amount for each type of asset may be presented in the aggregate, rather than by type of plan, on the face of the financial statements.

_____ 6.8b Has the government refrained from netting any related liability with the asset?
[GASB-S45: 21; GASB-S68: 21, 51, 110, 118, 125, and 131]

Explanation: Regardless of the type of employee benefit plan (single-employer, agent, or cost-sharing) or how it is administered (through a trust or equivalent arrangement or not) when a government participates in more than one pension or other postemployment benefit fund it is not appropriate to offset each type of asset with any related liability to report a net amount. Instead, at a minimum the amounts for each type of asset and for each type of related liability should be aggregated and presented as separate line items on the face of the financial statements.

_____ 6.9* Does the *governmental activities column* include debt and all other long-term liabilities (e.g., compensated absences, claims and judgments, net other postemployment benefit obligation, net pension liability/collective net pension liability (government's proportionate share), pollution remediation liabilities, nonexchange financial guarantees (as the entity extending the guarantee) incurred in connection with those activities? [GASB-S34: 12e; GASB-S49: 9-10; GASB-S68: 20, 48, 83, 92, and 97; GASB-S 70: 7-9; GAAFR, page 270]

Explanation: In the case of a defined benefit pension plan that is *administered through a trust or equivalent arrangement*, the total pension liability should be determined by (a) an actuarial valuation as of the measurement date or (b) the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation performed no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. If update procedures are used and significant changes occur between the actuarial valuation date and the measurement date, professional judgment should be used to determine the extent of procedures needed to roll forward the measurement from the actuarial valuation to the measurement date, and consideration should be given to whether a new actuarial valuation is needed. The effects of changes in the discount rate resulting from changes in the pension plan's fiduciary net position or from changes in the municipal bond rate, if applicable, should be among the factors evaluated. For accounting and financial reporting purposes, an actuarial valuation of the total pension liability should be performed at least biennially. More frequent actuarial valuations are encouraged.

For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability. See question 5.2b1 for the definition of a special funding situation.

_____ 6.9a If the entity that extended a financial guarantee actually made payments on the issuing government's obligations (e.g., bonds, notes, loans) and the issuer is required to repay the guarantor, does the issuer continue to report the liability and classify it as an obligation to the guarantor (rather than classifying it based on the type of the original obligation) until that portion of the liability is legally released? [GASB-S70: 11]

_____ 6.9b Has the issuer of an obligation refrained from recognizing a reduction of an obligation that has received a nonexchange financial guarantee and a corresponding amount of revenue for the reduction except in cases where the issuer has been released from the obligation and from any liability to the guarantor? [GASB-S70: 12]

_____ 6.9c Has the government reported at a minimum the aggregate amount for each of the following on a separate line: 1) net other postemployment benefit (OPEB) obligations (NOPEBO) and 2) net pension liabilities (NPL)/collective NPL (government's proportionate share)?

Explanation: Regardless of the type of employee benefit plan (single-employer, agent, or cost-sharing) or how it is administered (through a trust or equivalent arrangement or not through a trust or equivalent arrangement) the amount for each type of liability may be presented in the aggregate on the face of the financial statements.

Yes No N/A

For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability. See question 5.2b1 for the definition of a special funding situation.

_____ 6.9c1 Has the government refrained from netting any of these liability amounts with a related asset (if applicable)? [GASB-S45: 21; GASB-S68: 21, 51, 100, 118, 125, and 131]

Explanation: Regardless of the type of employee benefit plan (single-employer, agent, or cost-sharing) or how it is administered (through a trust or equivalent arrangement or not through a trust or equivalent arrangement) when a government participates in more than one pension or other postemployment benefit fund it is not appropriate to offset each type of liability with any related asset, if any, to report a net amount. Instead, at a minimum, the amounts for each type of liability and for each related asset should be aggregated and presented as separate line items on the face of the financial statements.

_____ 6.9c2 Has the government separately reported liabilities for amounts of either, a short-term or long-term nature, that are separately financed specific liabilities of an individual employer or individual governmental nonemployer contributing entity to the pension plan rather than including them in the total for a NOPEBO or NPL? [GASB-S45: 21; GASB-S68: 48a, 88, 105, and 120]

Explanation: Each of the individual liability items should exclude amounts, if any, to separately finance specific liabilities of an individual employer or governmental nonemployer contributing entity to the pension plan. Examples of separately financed specific liabilities to a plan include, long-term amounts recognized for legally or contractually deferred contributions with separate payment schedules, and amounts assessed to an individual employer upon joining a multiple-employer plan. Such amounts normally become due and payable pursuant to contractual arrangements or legal requirements.

_____ 6.10 If the government has issued special assessment debt for which it is obligated in some manner, has it reported such amounts as *special assessment debt with governmental commitment*? [GASB-S6: 17b1; GAAFR, pages 476-477]

_____ 6.11* Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as *net position*? [GASB-S34: 30; GASB-S63: 8; GAAFR, page 296]

_____ 6.11a* Is the net investment in capital assets, correctly calculated? [GASB-S34: 33; GAAFR, pages 300-303]

Explanation: The government should calculate the net investment in capital assets, using the following general formula:

Capital assets (including appropriately reported intangible assets)
Plus capital-related deferred outflows of resources
Less accumulated depreciation
Less outstanding principal of capital-related borrowings
Less capital-related deferred inflows of resources
Net investment in capital assets

_____ 6.11a1* Has the government refrained from including financial assets, including interfund loans, in the calculation of the net investment in capital assets? [GASB-S34: 33; Q&A 7.23.11; GAAFR, page 301]

_____ 6.11a2* Has the government refrained from including noncapital accrued liabilities (e.g., compensated absences, claims and judgments, landfill closure and postclosure costs) in the calculation of the net investment in capital assets? [GASB-S34: 33; GAAFR, pages 300-301]

| Yes | No | N/A | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 6.11a3* | Has the government refrained from including unspent proceeds from debt in the calculation of the net investment in capital assets? [GASB-S34: 33; Q&A 7.23.2; GAAFR, page 300] |
| _____ | _____ | _____ | 6.11a4* | Has the government refrained from including debt that was used to provide capital assets to another government (or a discretely presented component unit) in the calculation of the net investment in capital assets? [Q&A 7.23.10; GAAFR, page 301 and 303] |
| _____ | _____ | _____ | 6.11a5* | Has the government refrained from including debt to be repaid by governmental activities when the proceeds were used to acquire capital assets that the business-type activities report, and vice versa? [GAAFR, pages 302-303] |

Explanation: This debt may be considered capital-related debt in the total primary government column, if presented. In that case, the government could include a footnote to explain the nature of the reclassification.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 6.11a6* | Has the government refrained from including interest payable and the accrued interest on deep discount debt in the calculation of the net investment in capital assets? [Q&A 7.22.9] |
|-------|-------|-------|---------|--|

Original issue discounts and premiums, however, should be included in the calculation of the net investment in capital assets. Conversely, bond issuance costs should be excluded from the calculation.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 6.11a7* | Has the government included debt that refunded capital-related debt in the calculation of the net investment in capital assets? [Q&A 7.23.6] |
|-------|-------|-------|---------|--|

Explanation: Deferred outflows of resources and deferred inflows of resources on refundings relating to capital-related debt should be included in this calculation. In the case of a crossover refunding, the new debt does not qualify as capital-related debt until the crossover date (i.e., when the old debt is refunded). Accordingly, that debt should not be included in the calculation of the net investment in capital assets, until the crossover date.

Explanation: The government must hold title to a capital asset if the debt used to acquire it is to be classified as “capital-related debt.”

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 6.11b | 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, page 304] |
|-------|-------|-------|-------|--|

Explanation: If liabilities to be paid from assets with restrictions on their use exceed those assets, the excess should affect the unrestricted net position calculation.

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

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 6.11c* | Is unrestricted net position correctly calculated? |
| _____ | _____ | _____ | 6.11c1 | Does the calculation of unrestricted net position include the net position related to joint ventures? [Q&A 7.25.1] |

A government should refrain from reporting capitalization contributions to public-entity risk pools as an equity interest in a joint venture. [GASB-I4; GAAFR, page 548]

Yes No N/A

Explanation: *If a capitalization contribution is made to a public-entity risk pool that does not pool or transfer risk, the capitalization contribution should be treated as a deposit or, if there is a liability for claims and judgments, as a reduction of that liability. If the capitalization contribution is made to a public-entity risk pool that does pool or transfer risk, the appropriate treatment depends on whether the government considers it probable that the capitalization contribution will be returned. If the return of the capitalization contribution is considered probable, then it should be treated by the participating government as a deposit (an asset or, if there is a liability for claims and judgments, as a reduction of that liability). If the return of the contribution is not considered probable, a prepaid asset should be reported.*

Both an asset and a liability should be reported for securities lending arrangements collateralized with cash (or collateralized with securities that may be pledged or sold without a default). [GASB-S28: 6; GAAFR, page 542]

Both an asset and a liability should be reported for reverse repurchase agreements, except for those of the yield-maintenance variety. [GASB-S3: 81; GAAFR, page 541]

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

_____ 6.12* Does the format of the statement present expenses before revenues? [GASB-S34: 38; GAAFR, page 305]

_____ 6.13* Is information on expenses for *governmental activities* presented at least at the *functional level* of detail? [GASB-S34: 39; GAAFR, pages 306]

Explanation: Except for interest and unallocated depreciation, expenses related to governmental activities should be classified by function rather than by object of expenditure (e.g. intergovernmental, employee benefits, capital outlay). More detail in addition to functional expenses may be provided.

_____ 6.14* Is information on expenses for *business-type activities* presented at least by *different identifiable activities*? [GASB-S37: 10; GAAFR, page 306]

Explanation: An identifiable activity has a specific revenue stream and related expenses and gains and losses that are accounted for separately. Whether an activity is different is generally based on the goods or services it provides. For example, utilities supplying water are different from those providing electricity even though both could be regarded, in a broader context, as utility services. All expenses should be reported within the expenses of an identifiable activity (i.e., interest expense or intergovernmental expenses should not be separately reported).

_____ 6.15 If a portion of the governmental activities depreciation expense is reported as a separate line item, is it labeled "*unallocated depreciation expense*"? [GASB-S37: 10; GAAFR, page 307]

_____ 6.16 Is interest expense reported as a separate line item for *governmental activities*? [GASB-S34: 46; GAAFR, pages 307-308]

If a portion of interest expense is included as a direct functional expense of a governmental activity, the separate line item reported for the remaining portion of interest expense should be labeled "unallocated interest expense." [GASB-S34: 46; GAAFR, page 308]

If a government wishes to allocate indirect expenses (e.g., interest expense, general administration) to individual functions or activities, it normally should use a separate column to do so. [GASB-S34: 42; GAAFR, pages 306-307]

_____ 6.17* Does the format of the statement present *program revenues* associated with individual functions and activities? [GASB-S34: 38; GAAFR, pages 310-311]

_____ 6.17a* Are program revenues presented for both *governmental activities* and *business-type activities*? [GAAFR, pages 311-312]

Yes No N/A

6.17b Are program revenues segregated into the following categories, as appropriate: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions? [GASB-S34: 48; GASB-S37: 12, note d; GAAFR, pages 310]

Explanation: The government is not restricted to using the broad category descriptions as the heading for its program revenue columns. Instead, more descriptive category headings can be used if the government believes they are more reflective of the amounts reported within the columns (e.g., operating grants, contributions, and restricted interest). Also, more than one column can be used to display the program revenues of an individual category (e.g., one column for fees and a second column for fines and forfeitures rather than a single column for “charges for services”).

Fees and charges should be reported as program revenues of the function or activity that generates them, even if they will be used to support some other function or activity. [GASB-S37: 13; Q&A 7.39.3; GAAFR, page 311]

Grants and contributions should only be reported as program revenues if their use is restricted to particular functions and activities. Grants or contributions that may be used for either capital or operating purposes should be classified as “operating grants and contributions.” [GASB-S34: 50; Q&A 7.39.4; GAAFR 310-311]

_____ 6.17c Has the government refrained from including taxes that it has levied as program revenues? [GASB-S34: 52; GAAFR, page 309]

Explanation: Amounts that a government receives as shared revenues from taxes levied by another government should be reported as program revenue if their use is restricted to one or more specific programs.

_____ 6.17d* Has the government combined the expenses of individual functions and activities with related program revenues to calculate the net expense/revenue of each function and activity? [GASB-S34: 38; GAAFR, page 310]

_____ 6.18 Has the government reported each major source of tax revenues separately within the *general revenues*? [GASB-S34: 52; GAAFR, page 313]

Explanation: If portions of a government’s property tax levy are devoted to specific purposes, the government may choose to report a separate line for each purpose, although this is not required.

_____ 6.19 Has the government refrained from reporting special assessments as *general revenues* (rather than as *program revenues*)? [GASB-S34: 49; GASB-S37: 13; Q&A 7.36.1, and 7.36.2; GAAFR, page 309]

_____ 6.20 Has the government reported the following items separately, both from each other and from *general revenues*: contributions, special items, extraordinary items, and transfers? [GASB-S34: 53-6; GAAFR, pages 313 and 315]

_____ 6.20a If the government made an acquisition of a government external to its financial reporting entity during the period has it reported a special item when the consideration it provided was less than the net position acquired (after any applicable adjustment to noncurrent nonfinancial assets), unless the selling government intended the amount as a contribution? [GASB-S69: 40-1; eGAAFR, pages 937-8; eSUP, page 33-4]

Explanation: The total consideration provided is the sum of the value of assets remitted and liabilities incurred. When total consideration in a government acquisition is given in an amount that is less than the net position acquired the appropriate treatment depends on whether the seller intended to accept a lower price as a form of economic assistance to the acquiring government. If so, the difference would be treated as a contribution by the acquiring government. If not, the acquisition values assigned to noncurrent assets (other than financial assets) would need to be reduced accordingly. If the difference

Yes No N/A

exceeded the acquisition values assigned to noncurrent nonfinancial assets, the excess would need to be reported as a special item.

_____ 6.20b If the government is the continuing government in a transfer of operations that occurred during the period has it reported a special item for the net position received or assumed? [GASB-S69: 47-8]

Explanation: A *Transfer of operations* is a government combination involving the operations of a government or nongovernmental entity, rather than a combination of legally separate entities, in which no significant consideration is exchanged. An operation is an integrated set of activities conducted and managed for the purpose of providing identifiable services with associated assets or liabilities. Operations may be transferred to another existing entity or to a new entity.

a. A transfer of operations to an existing entity occurs when a government transfers operations, for example, a public safety function, to another existing government. A transfer of operations to an existing entity also may result from arrangements such as reorganizations, redistricting, and annexations, in which operations are combined through jurisdictional changes in boundaries. Similarly, a transfer of operations to an existing entity may be present in shared service arrangements in which governments agree to combine operations.

b. A transfer of operations to a new government occurs in shared service arrangements in which governments agree to combine operations and transfer assets and liabilities to a new government. Similarly, the transfer of operations to a new government occurs when an operation of a single government is reorganized as a new government created to provide those services; for example, the formation of a library district that was formerly a department of a general purpose government.

The continuing government should adjust the carrying values of assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the operations of the transferor government or nongovernmental entity only if one or more of the transferor entities' operations are not recognized and measured in conformity with authoritative guidance for state and local governments. In such cases, those elements should be adjusted to bring them into conformity with the guidance before the continuing government recognizes the net amount of those elements as the net position received or assumed. The continuing government should not recognize additional assets, deferred outflows of resources, liabilities, or deferred inflows of resources that authoritative guidance for state and local governments does not require or permit the transferor to recognize (for example, intangible assets that were not required to be reported). The continuing government may also adjust the amounts to be consistent with their method of accounting as long as those methods comply with the accounting and financial reporting requirements for state and local governments. However, the amounts should not be adjusted for any changes in accounting estimates. Instead, changes made to estimates should be recognized in the continuing government's statement of activities.

_____ 6.20c If the government transferred operations to another government during the period or disposed of operations during the period has it reported the related gain or (loss) as a special item? [GASB-S69: 46, 51-3]

Explanation: The amount of the gain or loss on the disposal of operations should not include adjustments and costs associated with the normal operating activities of the operation up to the measurement date. However, the disposing government should include only those costs that are directly associated with the disposal of operations when determining the amount of the gain or loss to report. Costs directly associated with the disposal of government operations include, but are not limited to, benefits provided to a government's employees for involuntary terminations, contract termination costs, or other associated costs, such as fees for professional services. Those costs should be recognized and measured as follows:

- a. The costs of benefits provided to a government's employees for involuntary terminations should be measured and recognized in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*.
- b. Contract termination costs related to a disposal of operations should be recognized when it is probable that a liability has been incurred and the amount of the obligation can be reasonably estimated.
- c. Other costs incurred during the disposal period that are directly associated with the disposal of operations should be included in the gain or loss recognized. In addition, the disposing government should accrue any known costs of future goods and services related to the transfer or sale of an operation as of the effective date of the disposal, when it is probable that a liability has been incurred and the amounts of the obligation can be reasonably estimated.

Yes No N/A

6.20d If the government is a new government arising from a transfer of operations that occurred during the period has it refrained from reporting a special item for the net position received or assumed? [GASB-S69: 47-8]

Explanation: See the explanation to question 6.20b for the definition of a transfer of operations and a discussion of adjustments that should or may be made to calculate the amount to report as the beginning balance of net position. When the government is a new government arising from the transfer of operations the net position received or assumed should be reported as the beginning balance of net position for the new government’s initial reporting period.

_____ 6.21 Has the government refrained from reporting extraordinary gains and losses in connection with refundings resulting in the defeasance or redemption of debt? [GASB-S23: 4; GASB-S34: 17, 146; GAAFR, page 208]

_____ 6.22 Has the government refrained from reporting the loss from impairment of capital assets in general revenue? [GASB-S42: 17; GAAFR, page 308]

Explanation: The loss from impairment of capital assets should be reported as 1) a program expense of the program that uses or used the impaired capital asset, 2) a special item, or 3) an extraordinary item.

FINANCIAL SECTION – FUND FINANCIAL STATEMENTS

GENERAL CONSIDERATIONS

_____ 7.1 Has the government refrained from reporting discretely presented component units as one or more separate columns in the fund financial statements? [GASB-S34: 63, GAAFR, page 262]

Explanation: The fiduciary fund financial statements should *not* distinguish data on fiduciary-type component units from data on the primary government's fiduciary funds. Instead, data from both sources should be combined and reported simply by fund type.

_____ 7.2 Do interfund receivables equal interfund payables (unless there is a difference in fiscal year between the primary government and its blended component units)? [GAAFR, page 327]

_____ 7.3 Do transfers between funds equal (unless there is a difference in fiscal year between the primary government and its blended component units)? [GAAFR, pages 327]

_____ 7.4 Has the government refrained from reporting overdrafts of pooled cash and investments as a negative asset balance (i.e., *negative cash*)? [SLG 5.28, GAAFR, page 543]

_____ 7.5* Does the government refrain from blending component units that do not meet at least one of the following circumstances: 1) The component unit’s governing body is substantively the same as the governing body of the primary government **and** there is either a financial benefit or burden relationship between the primary government and the component unit **OR** management of the primary government has operational responsibility for the component unit 2) The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it or 3) The component unit’s total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. [GASB-S61: 8a-c; GAAFR, pages 80-81]

Explanation: In the case of option 1 described in the above question, “substantively the same” means sufficient representation of the primary government’s entire governing body so that decisions of the primary government cannot be overridden by the component unit. In other words, the primary government is, essentially, serving as the governing body of the component unit. An example of a situation that qualifies for blending under option 2 in the above question is a building authority created to finance the construction of office buildings for the primary government. Further, a component unit that provides services to

Yes No N/A

more than just the primary government should also be blended if the services provided to others are insignificant to the overall activities of the component unit. Other component units that should be blended are those that exclusively, or almost exclusively, benefit the primary government by providing services indirectly; for example, a component unit that provides services on behalf of the primary government to its employees rather than directly to the primary government itself.

_____ 7.6 Has the government refrained from blending legally separate tax-exempt organizations that are classified as component units only because of the nature and significance of their relationship with the primary government? [GASB-S39: 5 and 7; GAAFR, page 81]

Explanation: Legally separate tax-exempt organizations that do not meet either test for financial accountability must nonetheless be included as *discretely presented* component units when they meet all three of the following criteria:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents;
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- The economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

If legally separate tax-exempt entities do not meet the three criteria, but are included all the same because their inclusion is considered necessary to avoid incomplete or potentially misleading financial reporting, the normal criteria for blending would be applicable, and blending could be appropriate in rare instances.

If the government is a participant in a cost-sharing multiple-employer defined benefit plan, the government should report a liability in the appropriate governmental and/or proprietary fund(s) for required contributions related to employee services provided during the year that have not been made to the cost-sharing plan. [GASB-TB 04-2: 6-9]

Explanation: *In the case of a cost-sharing multiple-employer defined benefit plan, the amount of the expenditure/expense that should be recognized for a fiscal year is equal to the sum of:*

- *Amounts contributed (paid) during the financial reporting period as contractually required contributions for pay periods within that period and*
- *Any additional unpaid contractually required contributions for one or more pay periods within that period.*

Accordingly, the appropriate governmental or proprietary fund(s) should report a fund liability for the unpaid contractually required contributions, that is, the unpaid contributions that relate to one or more pay periods within the financial reporting period.

For example, assume that at year-end a government has paid the contractually required contributions of \$700,000 due to a cost-sharing benefit plan for the first six months (July through December) of the government's fiscal year ended June 30, 2007. The contractually required contributions of \$800,000 due to the plan for the second six months (January through June) of the fiscal year will be included in a payment that is scheduled on a date subsequent to year-end (e.g., August 15, 2007). For this benefit plan the government should recognize an expenditure/expense of \$1,500,000 and a liability of \$800,000 in the appropriate governmental or proprietary fund financial statements for the year ended June 30, 2007.

If the government provides prescription drug coverage to retirees and receives payments directly from the federal government under Medicare Part D, the government should recognize revenue rather than reducing OPEB costs. [GASB-TB 06-1: 3]

Explanation: *Medicare Part D payments from the federal government are a separate transaction from the exchange of services for salaries and benefits (including postemployment benefits provided to retirees) between the employer government and the employees. When an employer government receives the Medicare Part D payments directly, as is typically the case when the benefits are provided through a single-employer OPEB plan, the payments should be recognized following the guidance for voluntary nonexchange transactions. Thus, the employer government should recognize an asset and revenue when all applicable eligibility requirements are met. If such amounts are reported in a governmental fund, they would also have to be available before revenue recognition could occur.*

**FINANCIAL SECTION – GOVERNMENTAL
FUND FINANCIAL STATEMENTS**

Yes No N/A

GENERAL CONSIDERATIONS

- _____ 8.1* Has the government included only governmental fund types (i.e., general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds)? [GASB-S34: 63; GAAFR, page 40]
- _____ 8.2* If reported, are special revenue funds used *only* to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects? [GASB-S54: 30; GAAFR, pages 40-41]

Explanation: The proper use of a special revenue fund requires that one or more specific restricted or committed revenue sources be the foundation for the fund. Further, the restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. As long as the requirement for one or more restricted or committed revenue sources as the foundation for the fund is met, other resources (e.g., investment earnings and transfers from other funds) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purposes of the special revenue fund. If the government no longer expects that a substantial portion of the inflows of the fund will result from the restricted or committed revenue sources it will be necessary to discontinue the use of a special revenue fund. In such cases the government should report the remaining resources of the special revenue fund in the general fund. When the special revenue fund accounts for revolving loan arrangements with initial funding from grant revenues the evaluation of whether to continue the use of a special revenue fund may be whether those restricted resources (i.e., the initial grant revenues) continue to comprise a substantial portion of the fund balance in the special revenue fund's balance sheet.

- _____ 8.3 If a stabilization arrangement is reported as a separate special revenue fund, do the resources originate from a specific restricted or committed revenue source? [GASB-S54: 21]
- _____ 8.4 Does the government refrained from using a special revenue fund to account for resources held in trust for individuals, private organizations, or other governments? [GASB-S54: 30]
- _____ 8.5 If reported, are capital projects funds used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets except for capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments? [GASB-S54: 33]
- _____ 8.6 If reported, are debt service funds used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest? [GASB-S54: 34]

Explanation: It is necessary to use debt service funds when they are legally mandated or when they account for and report financial resources that are being accumulated for principal and interest maturing in future years.

- _____ 8.7 If reported, are permanent funds used exclusively to report resources available to support the government's programs, but that are legally restricted so that only earnings (and not principal) may be used? [GASB-S54: 35; GAAFR, page 43]

Explanation: Permanent funds should not include private-purpose trust arrangements that require the government to use the principal or earnings for the benefit of individuals, private organizations, or other government but not through the reporting government's programs.

- _____ 8.8* Is each major governmental fund reported in a separate column? [GASB-S34: 75-6; GAAFR, page 183]

Yes No N/A

Explanation: The general fund must *always* be reported as a major fund. Other governmental funds *must* be reported as major funds if they meet certain criteria established by SGAS 34. Required major funds should be identified each year. However, even governmental funds that do *not* meet these criteria may be reported *voluntarily* as major funds

- _____ 8.9* Are all nonmajor governmental funds reported in a single column, regardless of fund type? [GASB-S34: 75; GAAFR, page 183]
- _____ 8.10* Is a total column presented? [GASB-S34: 83 and 86; GAAFR, page 193]
- _____ 8.10a* Is a summary reconciliation provided that ties this total column and the related amount reported for *governmental activities* in the government-wide financial statements? [GASB-S34: 77, 85; GAAFR, pages 193-194]
- _____ 8.10b If aggregation in the summary reconciliation obscures the nature of the individual elements of a particular reconciling item, has the government provided a more detailed explanation in the notes to the financial statements? [GASB-S34: 77; Q&A 7.57.3; GAAFR, page 194]

Explanation: Potential obscurity requiring note disclosure occurs whenever 1) a single reconciling item is a combination of several similar balances or transactions (e.g., different types of long-term liabilities) or 2) a single reconciling item is a net adjustment.

BALANCE SHEET – GOVERNMENTAL FUNDS

- _____ 8.11* Has the government refrained from reporting nonfinancial assets (e.g., capital assets used in operations rather than held for resale, intangibles, a negative net other postemployment benefit obligation, a net pension liability)? [GASB-S34: 83; GASB-S68: 20, 36 and 73; GAAFR, pages 169-170]
- _____ 8.12* Has the government refrained from reporting unmatured debt and accrued interest payable as liabilities (except in debt service funds employing the “early recognition” option for debt service payments due early in the subsequent year)? [GASB-S34: 83; GAAFR, pages 144-146 and 174]

Explanation: Governments have the *option* of recognizing liabilities in the current period for principal and interest payments due early in the subsequent period in certain circumstances involving debt service funds.

A government should refrain from reporting any portion of the following liabilities in a governmental fund until they are due and payable: compensated absences; claims and judgments; termination benefits; liabilities associated with landfill closure and postclosure care cost; liabilities associated with pollution remediation and liabilities associated with nonexchange financial guarantees. [GASB-I6: 14; GASB-S49: 24; GASB-S70: 10; GAAFR, pages 175-177]

*A government should refrain from reporting any portion of the net pension liability/collective net pension liability for a defined benefit pension plan **that is administered through a trust or equivalent arrangement** in a governmental fund until it is due and payable and the pension plan’s fiduciary net position is not sufficient for payment of those benefits. [GASB-S68: 36, 73, 91, 96, 107, and 118]*

An individual employer government or individual governmental nonemployer contributing entity should refrain from reporting any separately financed specific liability it has to a defined benefit pension plan until it is due and payable. [GASB-S68: 120-1]

Explanation: *Examples of separately financed specific liabilities to a plan include, long-term amounts recognized for legally or contractually deferred contributions with separate payment schedules, and amounts assessed to an individual employer upon joining a multiple-employer plan. Such amounts normally become due and payable pursuant to contractual arrangements or legal requirements.*

Yes No N/A

An individual employer government or individual governmental nonemployer contributing entity should refrain from reporting a liability to a defined contribution pension plan until it is due and payable. Such amounts normally become due and payable pursuant to contractual arrangements or legal requirements. [GASB-S68: 124,128,130, 134, and 135]

A government should refrain from reporting a liability for its net other postemployment benefit obligation. [GAAFR, page 176]

A government also should refrain from reporting any liability in association with operating leases with scheduled rent increases. [GASB-S13: 9; GAAFR, page 177]

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|-------|-------|-------|--|--------|---|
| _____ | _____ | _____ | | 8.13* | Has the government refrained from reporting a liability, deferred outflows of resources or deferred inflows of resources in connection with changes in the fair value of investments reported at fair value? [GASB-S31: 13, 57] |
| _____ | _____ | _____ | | 8.14 | Is a subtotal reported for “total liabilities”? |
| _____ | _____ | _____ | | 8.15* | Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources labeled <i>fund balance</i> ? [GASB-S34: 83-4; GAAFR, page 189] |
| _____ | _____ | _____ | | 8.15a* | Are the separate categories used to report fund balance limited to the following: nonspendable, restricted, committed, assigned, unassigned? [GASB-S54: 5-17] |
| _____ | _____ | _____ | | 8.15b | If reported, does the nonspendable fund balance category only include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact? [GASB-S54: 6] |

Explanation: Typically items such as inventories, prepaid items, long-term loans receivable, long-term notes receivable, and property acquired for resale are included in this category. However, if the use of the proceeds from the collection of the long-term loans, long-term notes receivable, and property acquired for resale is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification based on the nature of the constraints placed on the use of the resources. The corpus or principal of a permanent fund is reported in this category because it is legally or contractually required to be maintained intact.

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| _____ | _____ | _____ | | 8.15c | If reported, does the restricted fund balance classification only include amounts where the constraints placed on the use of the resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation? [GASB-S54: 8; GAAFR, page 190] |
|-------|-------|-------|--|-------|--|

Explanation: Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation

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|-------|-------|-------|--|-------|---|
| _____ | _____ | _____ | | 8.15d | If reported, does the committed fund balance classification include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s <i>highest level</i> of decision-making authority? [GASB-S54: 10; GAAFR, pages 190-191] |
| _____ | _____ | _____ | | 8.15e | If reported, does the assigned fund balance classification only include amounts that are constrained by the government’s <i>intent</i> to be used for specific purposes, but are neither restricted nor committed? [GASB-S54: 13; GAAFR, pages 191-192] |

Yes No N/A

Explanation: In these cases the government's intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Further, the authority for making an assignment is not required to be the government's highest level of decision-making authority. It is not possible to report stabilization arrangements in this category even if they meet the definition of an assignment. In other words, if such arrangements do not meet the criteria to be reported as either restricted or committed fund balance the amounts should be included in unrestricted fund balance.[GASB-S54: 13-4]

_____ 8.15e1 Does the government refrain from reporting assigned fund balance when either 1) total fund balance less its nonspendable, restricted, and committed components is zero or less or 2) the reporting of an assignment causes a deficit in unassigned fund balance? [GASB-S54: 15, 16; GAAFR, page 192]

Explanation: An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget should be reported as an assignment provided that the assigned amount is no greater than the projected excess of expected expenditures over expected revenues and the assignment does not create or increase a deficit in unassigned fund balance? [GASB-S54: 16]

_____ 8.15f Has the government refrained from reporting a positive unassigned fund balance in any individual special revenue, debt service, capital projects, or permanent fund? [GASB-S54: 17; GAAFR, page 192]

Explanation: Special revenue, debt service, capital projects, and permanent funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. However, in such cases assigned fund balance should first be reduced up to the amount of the deficit. If a negative amount remains after this adjustment it should be reported in the unassigned classification [GASB-S54: 17]

_____ 8.15g Are stabilization amounts reported in the general fund as restricted or committed only if they meet the criteria for inclusion in that classification? [GASB-S54: 21]

Explanation: If stabilization arrangements do not meet the criteria to be reported as either restricted or committed they should be reported as unassigned fund balance in the general fund. Further In order to qualify as a stabilization arrangement, the circumstances allowing for the use of the resources must be sufficiently specific and non-routine. [GASB-S54: 20-1]

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

_____ 8.16* Does the format of the statement present items in the following order: revenues; expenditures; excess (deficiency) of revenues over (under) expenditures; other financing sources and uses; special items; extraordinary items; and net change in fund balance? [GASB-S34: 86; GAAFR, page 194]

_____ 8.16a Has the government reported the net fund balance acquired through a government acquisition or a transfer of operations and the gain (loss) on a disposal of operations as a special item (if applicable)? [GASB-S69: 45, 50 and 54]

Explanation: In a government acquisition or disposal of operations the net fund balance acquired should be determined by comparing the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources reported in the governmental fund with the consideration provided by the governmental fund, if any, (financial assets remitted plus fund liabilities incurred). In a transfer of operations there is no consideration so the net fund balance would be the net amount of the four elements to be reported in the governmental fund. The calculations would, of course, only include amounts for the various elements that are appropriately reported in the governmental fund in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

_____ 8.17 Are revenues classified by source? [GASB-S34: 87; GAAFR, page 194]

| Yes | No | N/A | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 8.17a | Are revenue classifications sufficiently detailed to be meaningful? [Certificate Program policy] |
| _____ | _____ | _____ | 8.17b | Has the government refrained from reporting realized gains and losses on investments separately from unrealized gains and losses? [GASB-S31: 13; GAAFR, page 352] |
| _____ | _____ | _____ | 8.18 | Is the government's recognition of revenues consistent with both GAAP and its policy on availability as disclosed in the SSAP? |
| _____ | _____ | _____ | 8.19 | Are expenditures classified by character (i.e., current, intergovernmental, capital outlay, and debt service)? [NCGA-S1: 115; GAAFR, page 195] |
| _____ | _____ | _____ | 8.19a | Are current expenditures further categorized at least by function? [GASB-S34: 87; GAAFR, pages 194-195] |
| _____ | _____ | _____ | 8.20 | Has the government refrained from reporting negative investment income as an expenditure (instead of as a revenue)? [Q&A 6.28.6; GAAFR, page 194] |
| _____ | _____ | _____ | 8.21 | Has the government refrained from reporting <i>expenses</i> rather than <i>expenditures</i> (e.g., bad debt expense)? [NCGA-S1: 70; GAAFR, page 143] |
| _____ | _____ | _____ | 8.22 | If the government has initiated a capital lease during the period, does it report an <i>other financing source</i> equal to the net present value of the minimum lease payments? [NCGA-S5: 14; GAAFR, pages 158-159] |

Explanation: This same treatment would also be appropriate for installment contracts other than capital leases associated with the acquisition of capital assets.

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 8.23* | If the government has issued debt during the period that will be repaid with general government resources, does the government report an <i>other financing source</i> equal to the face value of the debt? [GASB-S34: 88; GAAFR, pages 156-157 and 162] |
|-------|-------|-------|-------|--|

Explanation: The issuance of debt to be supported by governmental funds must be reflected as an *other financing source* even if the proceeds of the debt are delivered directly to an outside party (i.e., debt-financed grants) or to a proprietary fund (i.e., debt-financed capital contributions).

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 8.23a | Has the government reported a separate other financing source for premiums related to its debt issuances? [GASB-S34: 88; Q&A 7.66.1; GAAFR, page 157] |
| _____ | _____ | _____ | 8.23b | Has the government reported a separate other financing use for discounts related to its debt issuances? [GASB-S34: 88; Q&A 7.66.1; GAAFR, pages 156-157] |
| | | | | <i>Underwriter's fees withheld from proceeds should be reported as expenditures.</i> [GASB-S34: 87; GAAFR, pages 156] |
| _____ | _____ | _____ | 8.24 | Has the government refrained from reporting the issuance of no-commitment special assessment debt as an other financing source? [GASB-S6: 19; GAAFR, page 158] |
| _____ | _____ | _____ | 8.25* | Has the government refrained from reporting an other financing source in connection with the issuance of tax anticipation notes, revenue anticipation notes, grant anticipation notes, bond anticipation notes that do not meet the criteria of GASB-S62: 12, and demand bonds that do not qualify as long-term liabilities? [GASB-I1; NCGA-I9: 12; GAAFR, pages 474-476 and 175] |

Yes No N/A

8.26* Has the government refrained from reporting an other financing source in connection with long-term borrowings within the primary government? [GASB-S34: 112a1; GAAFR, page 157]

Explanation: An other financing source should be reported in connection with a long-term borrowing from a discretely presented component unit, but *not* in connection with a long-term borrowing from another fund of the primary government.

8.27* If the government has used a refunding transaction to defease or redeem debt, has it reported the proceeds of the refunding debt as an *other financing source - issuance of refunding bonds*? [GASB-S7: 8; GAAFR, pages 473-474]

8.27a* If the government has used a refunding transaction to defease debt, has it reported application of the proceeds as an *other financing use - payment to refunded bonds escrow agent*? [GASB-S7: 8]

8.27b* If the government has used a refunding transaction to redeem debt, has it reported the application of the proceeds as *debt service expenditures*? [GAAFR, pages 473-474]

When assets and liabilities, reported in the governmental funds, are subject to new payment terms in a bankruptcy, the adjustments to those assets and liabilities should be reported as an extraordinary item. [GASB-S58: 14]

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
 AND MAJOR SPECIAL REVENUE FUNDS**

8.28* If the government has not presented required budgetary comparisons for the general fund and annually budgeted major special revenue funds as RSI, are these comparisons presented as basic governmental fund financial statements? [GASB-S34: 130, note 53; GAAFR, page 197] If so:

Explanation: Governments generally have the option of presenting required budgetary comparisons either as a basic governmental fund financial statement or as RSI. However, budgets that exhibit significant perspective differences must always be presented as RSI. GFOA has issued a recommended practice that encourages governments to present required budgetary comparisons as a basic governmental fund financial statement whenever possible.

8.28a Is the budgetary comparison titled a *statement* rather than a *schedule*? [GASB-S34: note 53; GAAFR, page 197]

8.28b* Are separate budgetary comparisons included for the general fund and each annually budgeted major special revenue fund? [GASB-S34: 130; GAAFR, pages 196-197]

8.28c* Has the government refrained from presenting budgetary comparisons for debt service funds, capital projects funds, permanent funds, major special revenue funds without annual budgets, and nonmajor special revenue funds? [GAAFR, pages 196-197]

8.28d* Does the budgetary statement present the original budget? [GASB-S34: 130a; GAAFR, page 197]

Explanation: GAAP define the *original budget* as “the first complete appropriated budget.” Amounts automatically carried over from one budget to the next – such as encumbrances that are subject to automatic re-appropriation – should be included as part of this original budget. Likewise, the original budget should be adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that occur prior to the start of the fiscal year.

| Yes | No | N/A | | |
|---|-------|-------|--------|---|
| _____ | _____ | _____ | 8.28e* | Does the budgetary statement present the final amended budget? [GASB-S34: 130b; GAAFR, page 197] |
| <p>Explanation: The <i>final amended budget</i> should reflect the ultimate appropriation authority for the period, even if, as sometimes permitted by law, some or all of the amendments occur after the close of the fiscal period.</p> | | | | |
| _____ | _____ | _____ | 8.28f* | Does the budgetary statement present actual data using the budgetary basis of accounting? [GASB-S34: 130; GAAFR, page 198] |
| _____ | _____ | _____ | 8.28g | Has the government presented one or more variance columns? [GASB-S34: 130; GAAFR, page 198] |
| _____ | _____ | _____ | 8.28g1 | Has the government refrained from captioning variance columns as <i>favorable</i> or <i>unfavorable</i> ? [GAAFR, page 198] |

**FINANCIAL SECTION – PROPRIETARY FUND
FINANCIAL STATEMENTS**

GENERAL CONSIDERATIONS

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 9.1* | Has the government included only proprietary fund types (i.e., enterprise funds and internal service funds)? [GAAFR, pages 44-45] |
| _____ | _____ | _____ | 9.2* | Is each major enterprise fund reported in a separate column? [GASB-S34: 96 GAAFR, pages 230-231] |
| _____ | _____ | _____ | 9.3* | Are all nonmajor enterprise funds reported in a single column? [GASB-S34: 96; GAAFR, page 232] |
| _____ | _____ | _____ | 9.4* | Is a combined total column presented for all enterprise funds? [GASB-S34: 96; GAAFR, page 233] |
| _____ | _____ | _____ | 9.4a* | If necessary, is a summary reconciliation provided that ties this total column and the related amount reported for <i>business-type activities</i> in the government-wide financial statements? [GASB-S34: 104; GAAFR, page 234] |

Explanation: The reconciliation between the statement of revenues, expenses, and changes in net position and the government-wide statement of activities should reconcile the changes in net position, not the total net position.

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|-------|-------|-------|------|--|
| _____ | _____ | _____ | 9.4b | If aggregation in the summary reconciliation obscures the nature of the individual elements of a particular reconciling item, has the government provided a more detailed explanation in the notes to the financial statements? [GASB-S34: 104; Q&A 7.57.3; GAAFR, page 234] |
| _____ | _____ | _____ | 9.5* | Is a single column reported for the internal service fund type? [GASB-S34: 96; GAAFR, page 231] |
| _____ | _____ | _____ | 9.6 | Has the government refrained from using enterprise funds to report activities for which fees and charges are <i>not</i> a revenue source (with the exception of activities previously accounted for in accordance with SGAS 29)? [GASB-S34: 67 and 147; GAAFR, page 44] |

The use of an enterprise fund is mandatory in any of the following situations: 1) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, 2) laws or regulations require that all costs of providing services, including capital costs, be recovered from fees and charges, or 3) fees and charges are designed to recover the costs of the activity, including capital costs. [GASB-S34: 67 and 147; GAAFR, page 44]

Yes No N/A

_____ 9.7 Has the government refrained from using an internal service fund to report activities in which the government itself is not the predominant participant? [GASB-S34: 68; GAAFR, pages 45 and 223-224]

STATEMENT OF FUND NET POSITION/BALANCE SHEET- PROPRIETARY FUNDS

_____ 9.8* Are assets and liabilities classified as *current* and *long-term*? [GASB-S34: 97; GAAFR, page 230]

_____ 9.8a Are restricted assets and liabilities payable from restricted assets reported in the same category? [GAAFR, page 230]

_____ 9.9 Do proprietary funds report all debt that they are expected to repay from their own resources, even if the debt is general obligation in character? [NCGA-S1: 42; GAAFR, pages 479-480]

Explanation: If debt expected to be repaid from proprietary fund resources is general obligation in character, that fact should be disclosed in the notes to the financial statements.

_____ 9.10* Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as *net position*? [GASB-S34: 98, note 40]

_____ 9.10a* Is the net investment in capital assets, correctly calculated? [GASB-S34: 33; GAAFR, pages 300-303]

Explanation: The government should calculate the net investment in capital assets, using the following general formula:

Capital assets (including appropriately reported intangible assets)
 Plus capital-related deferred outflows of resources
 Less accumulated depreciation
Less outstanding principal of capital-related borrowings
Less capital-related deferred inflows of resources
 Net investment in capital assets

_____ 9.10a1* Has the government refrained from including financial assets, including interfund loans, in the calculation of the net investment in capital assets? [GASB-S34: 33; Q&A 7.23.11; GAAFR, page 300]

_____ 9.10a2* Has the government refrained from including noncapital accrued liabilities (e.g., compensated absences, claims and judgments, landfill closure and postclosure costs) in the calculation of the net investment in capital assets? [GASB-S34: 33; GAAFR, pages 300-301]

_____ 9.10a3* Has the government refrained from including unspent proceeds from debt in the calculation of the net investment in capital assets? [GASB-S34: 33; Q&A 7.23.2; GAAFR, page 300]

_____ 9.10a4* Has the government refrained from including interest payable and the accrued interest on deep discount debt in the calculation of the net investment in capital assets? [Q&A 7.22.9]

Explanation: Original issue discounts and premiums, however, should be included in the calculation of the net investment in capital assets. Conversely, bond issuance costs should be excluded from the calculation.

_____ 9.10a5* Has the government included debt that refunded capital-related debt in the calculation of the net investment in capital assets? [Q&A 7.23.3]

Yes No N/A

Explanation: Deferred outflows of resources and deferred inflows of resources on refundings relating to capital-related debt should be included in this calculation. In the case of a crossover refunding, the new debt does not qualify as capital-related debt until the crossover date (i.e., when the old debt is refunded). Accordingly, that debt should not be included in the calculation of the net investment in capital assets, until the crossover date.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 9.10a6* | Has the government excluded debt used to finance capital acquisition by parties outside the proprietary funds from the calculation of the net investment in capital assets? [Q&A 7.23.10] |
| _____ | _____ | _____ | 9.10b | 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, page 304] |

Explanation: If liabilities to be paid from assets with restrictions on their use exceed those assets, the excess should affect the unrestricted net position calculation.

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

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 9.10c* | Is unrestricted net position correctly calculated? |
| _____ | _____ | _____ | 9.10c1 | Does the calculation of unrestricted net position include the net position related to joint ventures? [Q&A 7.25.1] |
| _____ | _____ | _____ | 9.10d* | Has the government refrained from reporting changes in the fair value of investments as a contra-equity account (instead of including the change as part of <i>investment income</i>)? [GASB-S31: 13; GAAFR, page 211] |

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

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 9.11* | Does the statement distinguish between operating and nonoperating revenues and expenses? [GASB-S34: 100; GAAFR, page 235] |
| _____ | _____ | _____ | 9.11a | Has the government refrained from including taxes and grants within the operating category? [GASB-S34: 102; GAAFR, page 235] |
| _____ | _____ | _____ | 9.11b | Is <i>operating income/loss</i> reported as a separate line item? [GASB-S34: 100] |
| _____ | _____ | _____ | 9.12 | Are revenue and expense classifications sufficiently detailed to be meaningful? [Certificate Program policy] |
| _____ | _____ | _____ | 9.13* | Has the government reported each of the following items separately: capital contributions, additions to endowments, special items, extraordinary items, and transfers? [GASB-S34: 100-101] |
| _____ | _____ | _____ | 9.13a | If the government made an acquisition of a government external to its financial reporting entity during the period has it reported a special item when the consideration it provided was less than the net position acquired (after any applicable adjustment to noncurrent nonfinancial assets), unless the selling government intended the amount as a contribution? [GASB-S69: 40-1; eGAAFR, pages 937-8; eSUP, page 33-4] |

Yes No N/A

Explanation: The total consideration provided is the sum of the value of assets remitted and liabilities incurred. When total consideration in a government acquisition is given in an amount that is less than the net position acquired the appropriate treatment depends on whether the seller intended to accept a lower price as a form of economic assistance to the acquiring government. If so, the difference would be treated as a contribution by the acquiring government. If not, the acquisition values assigned to noncurrent assets (other than financial assets) would need to be reduced accordingly. If the difference exceeded the acquisition values assigned to noncurrent, nonfinancial assets, the excess would need to be reported as a special item.

_____ 9.13b If the government made an acquisition within its financial reporting entity (involving either a blended or discretely presented component unit) during the period has it reported a special item only in separate financial statements, if any are issued for the acquiring government, when the amount of consideration it provided was different than the carrying value of the net position acquired? [GASB-S69: 43; eGAAFR, pages 937-8; eSUP, page 33-4]

Explanation: In the financial statements of the financial reporting entity the difference described above should be reported as transfers or subsidies, as appropriate.

_____ 9.13c If the government is the continuing government in a transfer of operations that occurred during the period has it reported a special item for the net position received or assumed? [GASB-S69: 47-8]

Explanation: Refer to the explanation to question 6.20b for the definition of a transfer of operations and a discussion of adjustments that should or may be made to calculate the amount to report as the beginning balance of net position.

_____ 9.13d If the government transferred operations to another government during the period or disposed of operations during the period has it reported the related gain or (loss) as a special item? [GASB-S69: 46, 51-3]

Explanation: See the explanation to question 6.20c for considerations related to the calculation of the gain or (loss) on the transfer of operations.

_____ 9.13e If the government is a new government arising from a transfer of operations that occurred during the period has it refrained from reporting a special item for the net position received or assumed? [GASB-S69: 47-8]

Explanation: See the explanation to question 6.20b for the definition of a transfer of operations. When the government is a new government arising for the transfer of operations the net position received or assumed should be reported as the beginning balance of net position for the new government's initial reporting period. Also, refer to the explanation to question 6.20b for a discussion of adjustments that should or may be made to calculate the amount to report as the beginning balance of net position.

_____ 9.14 Has the government refrained from reporting extraordinary gains or losses in connection with refunding transactions that result in the defeasance or redemption of debt? [GASB-S23: 4; GAAFR, page 208]

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

_____ 9.15* 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, pages 210 and 238]

_____ 9.15a* Are cash flows from operating activities reported by major classes of receipts and disbursements (i.e., the “direct” method)? [GASB-S9: 31; GAAFR, pages 211 and 238]

Yes No N/A

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.

_____ 9.15b Has the government 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, pages 210 and 238-239]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), where *cash flows from operating activities* always include cash flows related to interest revenue and interest expense.

_____ 9.15c Has the government 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, page 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*.

_____ 9.15d Has the government refrained from reporting disbursements for the acquisition of fund capital assets as *cash flows from investing activities*? [GASB-S9: 57a; GAAFR, page 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*.

_____ 9.16 Are cash receipts and cash payments generally reported gross rather than net? [GASB-S9: 12-14; GAAFR, page 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.

_____ 9.17 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? [GASB-S9: 8; GAAFR, pages 241-243]

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.

_____ 9.18 Is the statement accompanied by a schedule that reconciles *operating income* and *cash flows from operating activities*? [GASB-S9: 7; GAAFR, page 241]

Explanation: This reconciliation must be presented either on the face of the statement of cash flows or on the next page. Note disclosure is *not* sufficient to meet the requirement.

_____ 9.19 Is the statement accompanied by information (in narrative or tabular form) concerning investing, capital, or financing activities of the period that affected recognized assets or liabilities but did *not* result in cash flows? [GASB-S9: 37; GAAFR, page 241]

Yes No N/A

Explanation: The required information must be presented either on the face of the statement of cash flows or on the next page. Note disclosure is *not* sufficient to meet the requirement. Also, when a single transaction involves both cash and noncash components, this schedule should clearly describe the cash and noncash aspects of the transaction.

**FINANCIAL SECTION – FIDUCIARY FUND
FINANCIAL STATEMENTS**

GENERAL CONSIDERATIONS

- _____ 10.1* Has the government included only fiduciary fund types (i.e., private-purpose trust funds, pension (and other employee benefit) trust funds, investment trust funds, and agency funds)? [GAAFR, pages 46 and 261]
- _____ 10.2* Are all funds of a given fund type reported in a single column? [GASB-S34: 106; GAAFR, page 261]

Explanation: Only a single column may be presented for each fiduciary fund type. If the fiduciary fund financial statements include data from component units, the data from those units must be included within these fund-type columns.

- _____ 10.3* Has the government refrained from using a fiduciary fund to report resources that are available to support the government’s programs? [GASB-S34: 69; GAAFR, pages 46 and 251]

Explanation: Fiduciary funds are characterized by the *absence of public benefit*.

- _____ 10.4* If the government holds resources in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, other postemployment benefit plans, deferred compensation plans, or other employee benefit plans, does it use a pension (and other employee benefit) trust fund for that purpose? [GASB-S34: 70; GAAFR, page 254]
- If the government sponsors an investment pool in which outside parties participate or maintains individual investment accounts for outside parties, it should report this activity in an investment trust fund. [GASB-S34: 71; GASB-S31: 20; GAAFR, pages 47 and 254-255]*
- _____ 10.5* If the government reports an investment trust fund, has it refrained from including any of its own resources in that fund? [GASB-S31: 14, 18; GAAFR, pages 47 and 254]

STATEMENT OF FIDUCIARY NET POSITION

- _____ 10.6 Are assets reported by major category? [GAAFR, page 262]
- _____ 10.6a For pension (and other employee benefit) trust funds, are the principal subdivisions of receivables and investments reported? [GASB-S43: 19; GASB-S67: 15; GAAFR, pages 262-3]
- _____ 10.7 Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as *net position*? [GASB-S34: 108; GAAFR, page 262]
- _____ 10.7a If a pension plan that is *administered through a trust or equivalent arrangement* is reported, are appropriate amounts identified as *net position restricted for pensions*? [GASB-S67: 21; GAAFR, page 263; eGAAFR, page 947; eSUP, page 43]

| Yes | No | N/A | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 10.7b | If a pension plan that is <i>not</i> administered through a trust or equivalent arrangement is reported, then the guidance of GASB Statement No. 25 applies. If this is the situation, are appropriate amounts reported for <i>assets held in trust for pension benefits</i> ? |
| _____ | _____ | _____ | 10.7c | If an OPEB plan is reported, are appropriate amounts identified as <i>assets held in trust for OPEB benefits</i> ? [GASB-S43: 25; GAAFR, page 263] |
| _____ | _____ | _____ | 10.7d | If the government uses an investment trust fund to account for an external investment pool that it sponsors, is a line item reported for <i>assets held for pool participants</i> ? [GASB-S31: 18; GAAFR, page 263] |
| _____ | _____ | _____ | 10.8 | Do assets equal liabilities in agency funds? [GASB-S34: 110; GAAFR, page 263] |
| _____ | _____ | _____ | 10.9 | Has the government refrained from reporting an actuarial accrued liability in a pension (and other employee benefit) trust fund? [GASB-S67: 20; GAAFR, page 263] |

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 10.10 | Is the statement segregated into two sections: additions and deductions? [GASB-S34: 109; GASB-S43: 26; GASB-S67: 14b; GAAFR, page 264] |
|-------|-------|-------|-------|--|

Explanation: The categories *additions* and *deductions* are significantly broader than *revenues* and *expenses*. While some *additions* may properly be categorized as *revenues* and some *deductions* as *expenses*, others may not. Accordingly, financial statement preparers are advised to avoid the use of the terms *revenues* and *expenses* as much as possible in conjunction with the statement of changes in fiduciary net position.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 10.11 | For pension (and other employee benefit) trust funds, are additions classified into the following four categories, as appropriate: employer contributions, plan member contributions, contributions from nonemployer contributing entities, and net investment income? [GASB-S43: 27; GASB-S67: 22a-d; GASB-TB2006-1; GAAFR, pages 264 and 645] |
| _____ | _____ | _____ | 10.11a | Is investment-related expense reported as a separate line item that reduces investment income (instead of as a deduction)? [GASB-S43: 27d; GASB-S67: 22d; GAAFR, pages 264 and 645-6] |
| _____ | _____ | _____ | 10.12 | Has the government refrained from reporting realized investment gains or losses separately from unrealized investment gains and losses? [GASB-S31: 13; GASB-S67: 24; GAAFR, page 352] |

Explanation: Investment trust funds may report realized gains and losses separately from unrealized amounts *in their separately issued financial statements*. Otherwise no such distinction may be made on the face of the financial statements. Note disclosure, however, is permitted.

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 10.13 | For pension (and other employee benefit) trust funds, does the deductions section include separate amounts for 1) benefits and refunds paid to plan members and beneficiaries, and 2) total administrative expenses? [GASB-S43: 28; GASB-S67: 27; GAAFR, page 645] |
| _____ | _____ | _____ | 10.14 | Has the government refrained from including agency funds? [GASB-S34: 110; GAAFR, pages 263-4] |

**FINANCIAL SECTION – SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (SSAP)**

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 11.1* | Does the government 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, pages 323 and 346] |
|-------|-------|-------|-------|---|

Yes No N/A

Among other matters, the SSAP should address any of the following situations: 1) the selection of an accounting treatment when GAAP permit more than one approach, 2) accounting practices unique to state and local governments, and 3) unusual or innovative applications of GAAP. [GASB-S62: 93; GAAFR, pages 323-4]

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|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 11.2 | If the government reports any fiduciary funds or fiduciary-type component units, does the SSAP disclose the omission of these funds and component units from the government-wide financial statements? [GASB-S34: 115a; GAAFR, pages 324-325] |
| _____ | _____ | _____ | 11.3 | Does the SSAP discuss the financial reporting entity? If so, does that discussion include: |
| _____ | _____ | _____ | 11.3a | A description of the component units included in the financial reporting entity? [GAAFR, pages 324-325] |
| _____ | _____ | _____ | 11.3b | A description of the relationship between component units and the primary government? [GAAFR, pages 324-325] |
| _____ | _____ | _____ | 11.3c | A discussion of the rationale for including each component unit in the financial reporting entity? [GAAFR, pages 324-325] |
| _____ | _____ | _____ | 11.3d | A discussion of how component units are reported (i.e., blended, discretely presented, or as a fiduciary fund)? [Q&A 4.39.5, GAAFR, pages 324-325] |
| _____ | _____ | _____ | 11.3e | Information on how to obtain the separately issued financial statements of component units? [GAAFR, page 325] |
| _____ | _____ | _____ | 11.4+ | If the government itself is a component unit, does the SSAP identify the primary government and describe the nature of the relationship? [GASB-S14: 65; GAAFR, page 325] |

The SSAP also should disclose the relationship that exists between the government and any related organizations. [GASB-S14: 68; GAAFR, page 387]

Explanation: A “related organization” is one for which the government appoints the voting majority of the board members, but does not have either 1) the ability to impose its will on the organization or 2) a relationship of financial benefit or burden with the organization.

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|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 11.5 | Does the SSAP disclose the measurement focus and basis of accounting used in preparing the government-wide financial statements? [GASB-S34: 115b; GAAFR, page 329] |
| _____ | _____ | _____ | 11.6 | Does the SSAP disclose when revenue is considered to be <i>susceptible to accrual</i> in governmental funds? [NCGA-S1: 69] |
| _____ | _____ | _____ | 11.6a | Does this disclosure specifically identify the availability period used for revenue recognition? [GASB-S38: 7; GAAFR, page 329] |
| _____ | _____ | _____ | 11.6b | Does this disclosure specify the major revenue sources that meet the availability criterion? [Certificate Program policy] |
| _____ | _____ | _____ | 11.7 | Does the SSAP describe the government’s policy for eliminating internal activity in the government-wide statement of activities? [GASB-S34: 115c; GAAFR, pages 326-327] |

*Explanation: The SSAP should disclose how the government distinguishes overhead costs (which are eliminated in the process of consolidation) from interfund services provided and used between functions (which are *not* eliminated in the process of consolidation).*

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|-------|-------|-------|------|--|
| _____ | _____ | _____ | 11.8 | Does the SSAP address the government’s accounting policies for capital assets? |
|-------|-------|-------|------|--|

Yes No N/A

[GASB-S34: 115e; GAAFR, page 332]

- | | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 11.8a | Does the SSAP disclose the capitalization threshold(s) for capital assets? [GAAFR, page 332] |
| _____ | _____ | _____ | 11.8b | Does the SSAP disclose the method(s) used to calculate depreciation and amortization expense? [GAAFR, page 332] |
| _____ | _____ | _____ | 11.8c | Does the SSAP disclose the estimated useful lives of capital assets? [GASB-S51: 16; GAAFR, page 332] |

Explanation: The information provided concerning the useful lives of capital assets should be sufficiently detailed to be meaningful. To meet this objective, information on the useful lives of capital assets typically is disclosed separately for each major class of capital assets.

The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the asset is limited by contractual or legal provisions. Renewal periods related to such rights may be considered in determining the useful life of the intangible asset.

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 11.8d | If the government has elected to use the modified approach for one or more networks or subsystems of infrastructure assets, does the SSAP describe the modified approach? [GAAFR, page 332] |
| _____ | _____ | _____ | 11.9 | Does the SSAP describe the types of transactions that are reported as program revenues? [GASB-S34: 115f; GAAFR, pages 336 and 338] |
| _____ | _____ | _____ | 11.10 | If the government has allocated indirect costs without using a separate column in the government-wide statement of activities (i.e., because the allocation is automatic), does the SSAP disclose the fact that certain indirect costs are included in the program expense reported for individual functions and activities? [GASB-S34: 115f; GAAFR, pages 336 and 338] |
| _____ | _____ | _____ | 11.11 | Does the SSAP disclose the government's policy for defining operating and nonoperating revenues and expenses in proprietary funds? [GASB-S34: 115g; GAAFR, pages 337 and 338] |
| _____ | _____ | _____ | 11.12 | If cash flows reporting focuses on both <i>cash</i> and <i>cash equivalents</i> , does the SSAP define <i>cash equivalents</i> ? [GASB-S62: 93; GAAFR, page 331] <i>If both restricted and unrestricted resources are to be used for the same purpose (e.g., a construction project), the SSAP should disclose the flow assumption used to determine the portion of expenses paid from restricted resources. [GASB-S34: 115h; GAAFR, pages 334 and 335]</i> <i>The notes should disclose the amount of restricted net position that is reported as such because of restrictions imposed by enabling legislation. [GASB-S46: 6]</i> |
| _____ | _____ | _____ | 11.13 | Does the SSAP indicate how investments are valued? [GASB-S62: 93; GAAFR, page 331] <i>If the government takes advantage of the option to report certain investments at amortized cost rather than at fair value, the SSAP should indicate the specific types of investments so valued. [GAAFR, page 334]</i> <i>If the government uses some basis other than quoted market value to estimate fair value, the methods and significant assumptions used for this purpose should be disclosed. [GASB-S31: 15a; GAAFR, page 352]</i> |

Yes No N/A

If the government must estimate the fair value of its position in a governmental external investment pool, the SSAP should disclose both the methods and significant assumptions used for making the estimate and the reason an estimate was needed. [GASB-S31: 15e]

If income from investments reported in one fund is assigned directly to another fund, the SSAP should disclose this fact. [GASB-S31: 15f; GAAFR, page 352]

_____ 11.14 Does the SSAP disclose the method used to report inventories and prepaids in governmental funds (i.e., consumption method or purchases method)? [GASB-S 62: 93; GAAFR, pages 323-324]

_____ 11.15 Does the SSAP disclose how inventories are valued? [GASB-S 62: 93; GAAFR, page 331]

Explanation: Inventories should be valued at cost in governmental funds. In all other situations, it is appropriate to value inventories at the lower of cost or market.

_____ 11.15a Does the SSAP disclose the method used to determine the cost of inventories (i.e., specific identification; weighted average; first-in, first-out; last-in, first out)? [GAAFR, page 331]

_____ 11.16 If the government presents major governmental funds or major enterprise funds, does the SSAP disclose the activities reported in those funds? [GASB-S38: 6; GAAFR, pages 327-328]

_____ 11.16a Except for the general fund, is this description specific to the government rather than generic? [GASB-S38: 6; GAAFR, pages 327-328]

_____ 11.16b If applicable, do the notes disclose the purpose for each major special revenue fund, including the revenues and other resources that are reported in each of those funds? [GASB-S54: 32, GAAFR, page 328]

_____ 11.17 If the government presents internal service funds or fiduciary funds, does the SSAP disclose the activities reported in those fund types? [GASB-S38: 6; GAAFR, pages 327-328]

_____ 11.17a Is this description specific to the government rather than generic? [GASB-S38: 6; GAAFR, pages 327-328]

_____ 11.18 Do the notes disclose whether the government considers restricted or unrestricted (the total of committed, assigned, and unassigned fund balance) amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available? [GASB-S54: 23c GAAFR, page 333]

_____ 11.19 Do the notes disclose whether committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used? [GASB-S54: 23c, GAAFR, page 333]

_____ 11.20 If the government reports a portion of fund balance as committed, do the notes disclose (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish, modify or rescind a fund balance commitment? [GASB-S54: 23a, GAAFR, page 333]

_____ 11.21 If the government reports a portion of fund balance as assigned, do the notes disclose (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given? [GASB-S54: 23b, GAAFR, page 333]

Yes No N/A

FINANCIAL SECTION – NOTE DISCLOSURE (OTHER THAN THE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PENSION-RELATED DISCLOSURES)

- | | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 12.1 | If the government presents required budgetary comparisons as basic governmental fund financial statements, do the notes either 1) disclose the basis of budgeting, if different from GAAP, or 2) state that GAAP serve as the basis of budgeting? [NCGA-I6: 5; GAAFR, page 330] |
| _____ | _____ | _____ | 12.1a | If the basis of budgeting differs from GAAP, is a reconciliation provided in the notes (if not presented on the face of the statement)? [NCGA-I10: 25; <u>GAAFR</u> , page 198] |
| _____ | _____ | _____ | 12.1a1 | Is the reconciliation between GAAP and the basis of budgeting sufficiently detailed? [NCGA-I10: 25; GAAFR, page 198] |

Explanation: GAAP describe four categories of budget-versus-actual differences: basis differences, timing differences, perspective differences, and entity differences. These categories provide the *minimum level of detail* required by GAAP. That is, if a fund had items from each of these categories, the reconciliation would need to present *at least* four reconciling amounts.

If the government presents required budgetary comparisons as a basic governmental fund financial statement, the notes should disclose excesses of expenditures over appropriations in the general fund and annually budgeted major special revenue funds. [GASB-S34: 131, note 56; GAAFR, pages 330-331]

Regardless of whether the government presents required budgetary comparisons as basic governmental fund financial statements or as RSI, the notes to the financial statements should disclose any material violations of the budget. [GASB-S38: 44; GASB-S34: 254; GAAFR, page 347]

- | | | | | |
|-------|-------|-------|------|--|
| _____ | _____ | _____ | 12.2 | Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-6; GAAFR, page 350] |
|-------|-------|-------|------|--|

The notes should disclose material violations of these provisions. [GASB-S3: 66; GAAFR, page 350]

If the government 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-government's name, the notes should 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, page 350]

Explanation: GAAP formerly required that the bank balance of deposits with financial institutions be categorized into three categories of custodial credit risk. SGAS 40 now requires that only the amount (if any) of uninsured deposits that is 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-government's name, be disclosed.

- | | | | | |
|-------|-------|-------|------|--|
| _____ | _____ | _____ | 12.3 | Do the notes disclose the government's policy for custodial credit risk associated with deposits or indicate that it does not have such a policy? [GASB-S40: 6; GAAFR, page 350] |
|-------|-------|-------|------|--|

Losses on deposits and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; GAAFR, page 350]

Yes No N/A

If the government participates in an external investment pool and the pool is not registered with the Securities and Exchange Commission, the notes should disclose the nature of any regulatory oversight of the pool and state whether the fair value of its position in the pool is the same as the value of the pool shares. [GASB-S31: 15c; GAAFR, page 352]

_____ 12.4 If the government has elected to separately disclose realized and unrealized gains and losses on investments in the notes, has it indicated 1) that the calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and 2) that realized gains and losses of the current period include unrealized amounts from prior periods? [GASB-S31: 15; GASB-S67: 24; GAAFR, page 352]

_____ 12.5 Do the notes disclose the legal and contractual provisions governing investments? [GASB-S3: 65-66; GAAFR, page 353]

The notes should disclose material violations of these provisions. [GASB-S3: 66; GAAFR, page 353]

If the government 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 government's name, the notes should 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]

Explanation: GAAP formerly required that the balance of investments evidenced by securities be categorized into three categories of custodial credit risk. SGAS 40 now requires that only the amount (if any) of uninsured and unregistered investments evidenced by securities that are held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the government's name, be disclosed.

_____ 12.6 Has the government refrained from providing custodial credit risk disclosures for any investments that are not subject to custodial credit risk because they are *not* evidenced by securities? [GASB-S40: 9; GAAFR, pages 354-6]

Explanation: Investments that are evidenced by contracts rather than securities (and therefore not subject to custodial credit risk) include venture capital, limited partnerships, open-end mutual funds, participation in investment pools of other governments, real estate, direct investments in mortgages and other loans, annuity contracts, and guaranteed investment contracts.

When a government's investments are exposed to custodial credit risk, credit risk, concentration risk, interest rate risk, or foreign currency risk, the government's policy regarding each such risk should be disclosed (or an indication should be made that the government does not have a policy regarding a risk to which it is exposed). [GASB-S40: 6; GAAFR, page 353]

Explanation: A government generally should disclose the risks related to its deposits and investments for the primary government as a whole. However, disclosure by governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, and fiduciary fund types would be necessary if risk exposure were significantly greater at one of these levels than for the primary government as a whole.

_____ 12.7 Do the notes disclose the credit ratings (or explain that credit ratings are not available) for investments in debt securities (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, pages 353-4]

_____ 12.7a Do the notes use one of five approved methods (i.e., segmented time distribution, specific identification, weighted average maturity, duration, or

Yes No N/A

simulation model) to disclose interest rate risk for positions in fixed-rate debt securities? [GASB-S40: 14-15; GASB-S 59: 6; GAAFR, pages 359-360]

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

The notes should 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, page 360]

The government should disclose the value in U.S. dollars of any investments held at the end of the year denominated in a foreign currency. Separate disclosure is required for each separate currency denomination as well as for each different type of investment within a currency denomination. [GASB-S40: 17; GAAFR, page 360]

A government should 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, as well as investments in mutual funds, external investment pools, and other pooled investments). [GASB-S40: 11; GAAFR, page 358]

Losses on investments and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; GAAFR, page 355]

_____ 12.8 Do the notes disclose subsequent events? [GASB-S56: 8-10; NCGA-I6: 4d; GAAFR, page 389]

Explanation: There are two types of subsequent events: recognized and nonrecognized. Recognized subsequent events are those events that provide additional evidence with respect to conditions that existed at the date of the statement of net position and affect the estimates inherent in the process of preparing financial statements. These events require adjustments to the financial statements. Nonrecognized events are those events that provide evidence about conditions that did not exist at the date of the statement of net position but arose subsequent to that date. For example, the issuance of bonds, the creation of a new component unit, or the loss of a government facility as a result of a tornado, fire, or flood. Also, changes in quoted market prices of securities after year end are normally nonrecognized subsequent events because such changes normally result from an evaluation of new conditions arising after year end. Nonrecognized subsequent events require disclosure when their nature is such that they are essential to a user's understanding of the financial statements. It may also be necessary to include a discussion of subsequent events in the MD&A, depending on the facts and circumstances of the event. See italicized comment and explanation preceding checklist question 4.1j

_____ 12.9 Do the notes disclose material violations of finance-related legal and contractual provisions? [NCGA-I6: 4g; GAAFR, page 347]

_____ 12.9a If a violation is significant, do the notes identify actions that the government has taken to address the violation? [GASB-S38: 9; GAAFR, page 347]

_____ 12.10 Do the notes disclose debt service to maturity for all outstanding debt? [NCGA-I6: 4h; GASB-S38: 10; GAAFR, page 376]

_____ 12.10a Does the disclosure present debt service payments separately for each of the next five years? [GASB-S38: 10a; GAAFR, page 376]

Yes No N/A

12.10b Are the principal and interest components of debt service presented separately? [GASB-S38: 10a; GAAFR, page 376]

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.

12.10c At a minimum, are debt service payments for subsequent years reported in five-year increments? [GASB-S38: 10a; GAAFR, page 376]

12.10d If the government has variable rate debt outstanding, do the notes disclose the terms by which interest rates change? [GASB-S38: 10b; GAAFR, page 376]

12.11 If the government is the lessee in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; GAAFR, page 373-374] If so:

12.11a Do the notes describe the lease arrangements? [NCGA-S5: 27; GAAFR, pages 373-374]

12.11b Do the notes disclose the gross amount of assets acquired under capital leases by major asset class? [GASB-S 62: 223a1; GAAFR, page 374]

12.11c Do the notes disclose the minimum future lease payments in total and for each of the next five years? [GASB-S38: 11; GAAFR, page 376]

12.11c1 At a minimum, are minimum future lease payments for subsequent years reported in five-year increments? [GASB-S38: 11; GAAFR, page 376]

If the government is the lessee in an operating lease, the notes should describe the general leasing arrangements and current-year rental costs, as well as any contingent rentals. [GASB-S 62: 223 c-d; GAAFR, page 374]

If the government is the lessee in a noncancellable operating lease of more than one year, the notes should disclose the future minimum rental payments in total and for each of the next five years. Minimum future lease payments for subsequent years should be reported in five-year increments. GASB-S38: 11; GASB-S 62: 223b; GAAFR, page 374]

12.12 If the government is the lessor in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; GAAFR, page 367] If so:

12.12a Do the notes disclose the total future minimum lease payment receivable (reduced by executory costs and uncollectibles)? [GASB-S 62: 231a1a; GAAFR, page 367]

12.12b Do the notes disclose the minimum lease payments for each of the five succeeding fiscal years? [GASB-S62: 231a2; GAAFR, page 367]

If the government is the lessor in a capital lease, the notes should disclose, as applicable, 1) any unguaranteed residual value accruing to the government, 2) initial direct costs (direct financing leases only), 3) related liability, and 4) the total of any contingent rentals of the period. [GASB-S62: 231a1b-d and 231a3; GAAFR, page 367]

12.13 If the government is the lessor in an operating lease, do the notes disclose both the cost and carrying amount of leased assets and depreciation on those assets? [GASB-S62: 231b1; GAAFR, page 367]

| Yes | No | N/A | |
|-------|-------|-------|---|
| _____ | _____ | _____ | |
| _____ | _____ | _____ | 12.14 If the government is the lessor in a noncancellable operating lease, do the notes disclose minimum future rentals in the aggregate and for each of the five succeeding fiscal years? [GASB-S62: 231b2; GAAFR, page 368] <i>When an enterprise fund/ business-type activity has retail land sales operations the notes should disclose: 1) the maturities of accounts receivable for each of the five years following the date of the financial statements, 2) the delinquent accounts receivable and the method(s) for determining delinquency, 3) the weighted average and range of stated interest rates of receivables, 4) the estimated total costs and the estimated dates of outlays for improvements for major areas from which sales are being made over each of the five years following the date of the financial statements, and 5) the recorded obligations for improvements. [GASB-S62: 330, GAAFR, page 383]</i> |
| _____ | _____ | _____ | 12.15 If the government has significant commitments (e.g., construction contracts and encumbrances), do the notes disclose them? [NCGA-16: 4j; GASB-S54: 24; GAAFR, page 372] |

Explanation: The disclosure of encumbrances should be made individually for each major fund and in the aggregate for nonmajor funds.

| | | | |
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| _____ | _____ | _____ | 12.16 Do the notes furnish information on the primary government's capital assets? [GASB-S34: 116; GAAFR, page 366] |
| _____ | _____ | _____ | 12.16a Do the notes present all required information separately for each major class of capital assets? [GASB-S34: 116; GAAFR, page 366] |
| _____ | _____ | _____ | 12.16b Do the notes report capital assets associated with <i>governmental activities</i> separately from capital assets associated with <i>business-type activities</i> ? [GASB-S34: 116; GAAFR, page 366] |
| _____ | _____ | _____ | 12.16c Do the notes report nondepreciable capital assets separately from depreciable capital assets? [GASB-S34: 116; GASB-S51: 17; GAAFR, page 366] |

Explanation: Intangible assets with indefinite useful lives should be reported with nondepreciable capital assets. An intangible asset should be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset.

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| _____ | _____ | _____ | 12.16d Do the notes present accumulated depreciation as a separate item? [GASB-S34: 117a; GAAFR, page 366] |
| _____ | _____ | _____ | 12.16e Do the notes disclose changes in capital asset balances (including accumulated depreciation/amortization) during the period? [GASB-S34: 117b-c; GAAFR, page 366] |
| _____ | _____ | _____ | 12.16f Do the notes disclose the amount of depreciation/amortization charged to each governmental function and business-type activity during the period in the government-wide statement of activities? [GASB-S34: 117d; GAAFR, page 366] |

Explanation: Depreciation/amortization expense of internal service funds that are closed to *governmental activities* need *not* be allocated by function, but may be reported instead simply as a separate item in its own right.

| | | | |
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| _____ | _____ | _____ | 12.16g Does the government capitalize interest on qualifying assets for business-type activities and/or enterprise funds? If so, do the notes include: [GASB-S62: 3a, <u>GAAFR</u> , page 366] |
|-------|-------|-------|--|

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | | |
| _____ | _____ | _____ | 12.16g1 | The amount of interest cost incurred and charged to expense in an accounting period in which no interest cost is capitalized? [GASB-S62: 22a, GAAFR, page 366] |
| _____ | _____ | _____ | 12.16g2 | The total amount of interest cost incurred during the period and the amount thereof that has been capitalized in an accounting period in which some interest cost is capitalized? [GASB-S62: 22b, GAAFR, page 366] |
| | | | | <i>If a capital asset was permanently impaired during the period, the carrying value of that asset should be adjusted to reflect the impairment. The cost of restoration should not be netted against associated insurance recoveries. [GASB-S42: 16 and 21; GAAFR, page 457]</i> |
| | | | | <i>If a loss resulted from the impairment of a capital asset and the amount of the loss is not evident on the face of the financial statements, a general description, the amount, and the classification of the loss should be disclosed. [GASB-S42: 17; GAAFR, page 367]</i> |
| | | | | <i>The amount and classification of insurance recoveries should be disclosed if not otherwise evident on the face of the financial statements. [GASB-S42: 21; GAAFR, page 367]</i> |
| | | | | <i>The carrying amount of capital assets that are idle as of the end of the fiscal period as the result of either a temporary or a permanent impairment should be disclosed. [GASB-S42: 20; GAAFR, page 367]</i> |
| | | | | <i>When a government engages in one or more nonmonetary transactions during a period the notes should disclose the nature of the transactions, the basis of accounting for the assets transferred, and gains or losses recognized on transfers. [GASB-S62: 280, GAAFR, pages 382-383]</i> |
| _____ | _____ | _____ | 12.17 | Do the notes furnish information on the primary government's long-term liabilities? [GASB-S34: 119; GAAFR, page 375] |
| _____ | _____ | _____ | 12.17a | Do the notes provide all required information separately for each major class of long-term liabilities? [GASB-S34: 116; GAAFR, page 375] |
| _____ | _____ | _____ | 12.17b | Do the notes report long-term liabilities associated with <i>governmental activities</i> separately from long-term liabilities associated with <i>business-type activities</i> ? [GASB-S34: 116; GAAFR, page 375] |
| _____ | _____ | _____ | 12.17c | Do the notes report separately the portion of each long-term liability that is due within one year of the date of the statement of net position? [GASB-S34: 119c; GAAFR, page 375] |
| _____ | _____ | _____ | 12.17d | Do the notes disclose which governmental funds typically have been used in prior years to liquidate long-term liabilities other than debt? [GASB-S34: 119d; GAAFR, page 376] |
| _____ | _____ | _____ | 12.17e | Do the notes disclose changes in long-term liability balances during the period? [GASB-S34: 119; GAAFR, page 375] |
| _____ | _____ | _____ | 12.17e1 | Do the notes report these changes gross rather than net? [GASB-S34: 119b; GAAFR, page 375] |
| _____ | _____ | _____ | 12.18 | Do the notes disclose any material deficit in an individual fund that is not visible on the face of the basic financial statements? [NCGA-S1: 158; GAAFR, page 348] |

| Yes | No | N/A | |
|-------|-------|-------|---|
| _____ | _____ | _____ | 12.19 Do the notes provide information on interfund balances and transfers? [GASB-S38: 14-5; GAAFR, pages 381 and 384] If so: |
| _____ | _____ | _____ | 12.19a Do the notes disclose the amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type? [GASB-S38: 14a; GAAFR, page 381] |
| _____ | _____ | _____ | 12.19b Do the notes disclose the purpose of interfund balances? [GASB-S38: 14b; GAAFR, page 381] <i>The government should disclose interfund balances that are not expected to be repaid within one year from the date of the financial statement.</i> [GASB-S38: 14c; GAAFR, page 381] |
| _____ | _____ | _____ | 12.19c Do the notes disclose amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type? [GASB-S38: 15a; GAAFR, page 384] |
| _____ | _____ | _____ | 12.19d Do the notes disclose the principal purposes of interfund transfers? [GASB-S38: 15b; GAAFR, page 384] <i>The notes should disclose the intended purpose and amount of significant transfers that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.</i> [GASB-S38: 15c; GAAFR, page 384] <i>The notes should disclose any significant transactions between the primary government and its discretely presented component units.</i> [NCGA-I6: 5 (related party transactions); GAAFR, page 382] |
| _____ | _____ | _____ | 12.20 If the government has been the recipient of an endowment, do the notes describe the endowment? [GASB-S34: 121; GAAFR, page 383] If so: |
| _____ | _____ | _____ | 12.20a Do the notes disclose the amounts of net appreciation on investments that are available for expenditure? [GASB-S34: 121a; GAAFR, page 383] |
| _____ | _____ | _____ | 12.20b Do the notes explain how available amounts are reflected in net position? [GASB-S34: 121a; GAAFR, page 383] |
| _____ | _____ | _____ | 12.20c Do the notes disclose the state law governing the ability to spend net appreciation? [GASB-S34: 121b; GAAFR, page 383] |
| _____ | _____ | _____ | 12.20d Do the notes disclose the policy for authorizing and spending investment income? [GASB-S34: 121c; GAAFR, page 383] |
| _____ | _____ | _____ | 12.21 Do the notes discuss the government's risk financing activities? [GASB-S10: 77; GAAFR, page 372-373] If so: |
| _____ | _____ | _____ | 12.21a Do the notes describe the types of risk faced by the government? [GASB-S10: 77a; GAAFR, page 372] |
| _____ | _____ | _____ | 12.22a1 Do the notes describe how each type of risk is being handled? [GASB-S10: 77a; GAAFR, page 372] |

Yes No N/A

If there has been any significant reduction in insurance coverage from the previous year, this reduction should be disclosed by risk category. [GASB-S10: 77b; GAAFR, page 372]

| | | | | |
|-------|-------|-------|----------|--|
| _____ | _____ | _____ | 12.21b | 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, page 372] |
| _____ | _____ | _____ | 12.21c | If the government participates in a risk pool, do the notes describe the arrangement? [GASB-S10: 77c; GAAFR, page 373] |
| _____ | _____ | _____ | 12.21c1 | Do the notes specifically address the rights and responsibilities of both the government and the pool? [GASB-S10: 77c; GAAFR, page 373] |
| _____ | _____ | _____ | 12.21d | If the government retains some risk of loss, do the notes mention this fact? [GASB-S10: 77d; GAAFR, page 373] If so: |
| _____ | _____ | _____ | 12.21d1 | Do the notes describe what the liability for unpaid claims represents and how it is calculated? [GASB-S30: 10; GAAFR, page 373] |
| _____ | _____ | _____ | 12.21d1a | Do the notes mention whether nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments? [GASB-S30: 10; GAAFR, page 373] |

If the government exercises its option to discount claims liabilities or has entered into any structured settlements, the notes should disclose the nondiscounted carrying amount of any liabilities reported at a discounted value and the range for interest rates used for discounting. [GASB-S10: 77d2; GAAFR, page 373]

If claims have been defeased through annuity contracts, this fact should be disclosed. [GASB-S10: 77d3; GAAFR, page 373]

Explanation: This requirement does not apply if beneficiaries have signed an agreement releasing the government from all further obligations and the likelihood of further payments is considered to be remote.

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| _____ | _____ | _____ | 12.21e | Do the notes provide a tabular reconciliation of the claims liability? [GASB-S10: 77d (4); GAAFR, page 373] |
| _____ | _____ | _____ | 12.21e1 | Does the reconciliation distinguish 1) claims liability at the beginning of the period, 2) claims incurred during the period, 3) changes in the estimate for claims of prior periods, 4) payments on claims, 5) other, and 6) claims liability at the end of the period? [GASB-S10: 77d4; GAAFR, page 373] |
| _____ | _____ | _____ | 12.21e2 | Is this information provided for each of the two most recent fiscal periods? [GASB-S10: 77d4; GAAFR, page 373] |

Explanation: For example, a report for the fiscal year ended December 31, 2012, would need to provide: 1) a reconciliation of the amounts reported at December 31, 2012, and December 31, 2011, and 2) a reconciliation of the amounts reported at December 31, 2011, and December 31, 2010.

| | | | | |
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| _____ | _____ | _____ | 12.22 | If the government sponsors a public-entity risk pool, does it either 1) refer readers to the separately issued report of the pool or 2) provide all of the note disclosures required for public-entity risk pools? [GASB-S10: 78; GAAFR, pages 671-672] |
|-------|-------|-------|-------|---|

Explanation: In the absence of a separately issued pool report, the sponsoring government must include all of the disclosures that a pool normally is required to present within its own report. Those disclosures are as follows:

Yes No N/A

- A description of the pooling arrangement that includes the rights and responsibilities of the pool and pool participants and the number and types of entities participating;
- The basis for estimating claims liabilities;
- Information on acquisition costs;
- The face amount and carrying amount of any claims liabilities reported at present value, including the range of interest rates used to discount those liabilities;
- Statement of whether investment income is considered in determining premium deficiencies;
- Nature of excess insurance or reinsurance transactions and their significance to the pool's operations. These transactions include type of coverage and reinsurance premiums ceded, as well as estimated amounts that are recoverable from excess insurers and reinsurers *and* that reduce the liabilities as of the date of the statement of position for unpaid claims and claim adjustment expenses;
- Reconciliation of total claims liabilities for the current and prior fiscal year in the following tabular format:
- Unpaid claims and claim adjustment expenses, beginning of year;
- Incurred claims and claim adjustment expenses;
- Payments;
- Other (describe if material);
- Unpaid claims and claim adjustment expenses, end of year.

Furthermore, if annuity contracts are purchased in the name of the claimant and the related liabilities have been removed from the statement of position, the aggregate outstanding amount of the defeased claims liabilities should be reported in the notes. This requirement does not apply, however, if annuity contract beneficiaries have signed an agreement releasing the government from further obligation and the likelihood of further payments is remote. The notes also should provide information on the nature and amount of contingent losses. This disclosure normally is required when there is at least a reasonable possibility that a loss has been incurred, but the loss does not meet the criteria for accrual (the loss is not probable and measurable).

If the government is an insurance entity or reports an insurance entity, other than a public entity risk pool, the notes should disclose 1) the basis for estimating the liabilities for unpaid claims and claim adjustment expenses [GASB-S62: 429a], the nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period [GASB-S62: 429b], the carrying amount of liabilities for unpaid claims and claim adjustment expenses relating to contracts that are presented at present value in the financial statements and the range of interest rates used to discount those liabilities [GASB-S62: 429c], whether the insurance enterprise considers anticipated investment revenue in determining if a premium deficiency exists [GASB-S62: 429d], the nature and significance of reinsurance transactions to the insurance enterprise's operations, including reinsurance premiums assumed and ceded, and estimated amounts that are recoverable from reinsurers and that reduce the liabilities for unpaid claims and claim adjustment expenses [GASB-S62: 429e], and the relative percentage of participating insurance, the method of accounting for policyholder dividends, the amount of dividends, and the amount of any additional revenue allocated to participating policyholders. [GASB-S62: 429f]

| | | | | |
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| _____ | _____ | _____ | 12.23 | If property taxes are a major revenue source, do the notes provide information on the property tax calendar (i.e., lien dates, levy dates, due dates, and collection dates)? [NCGA-I3: 11; GAAFR, pages 336-337] |
| _____ | _____ | _____ | 12.24 | If the government's enterprise funds encompass one or more segments, do the notes disclose the types of goods or services provided by the segment? [GASB-S34: 122a; GAAFR, page 384] |
| _____ | _____ | _____ | 12.24a | Does the government report condensed financial data for segments that are not also major funds? [GASB-S34: 122b-d; GAAFR, page 385] If so: |
| _____ | _____ | _____ | 12.24a1 | Do the notes present a condensed statement of net position for each segment? [GASB-S34: 122b; GAAFR, page 385] |

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 12.24a2 | Do the notes present a condensed statement of revenues, expenses, and changes in net position/equity for each segment? [GASB-S34: 122c; GAAFR, page 385] |
| _____ | _____ | _____ | 12.24a3 | Do the notes present a condensed statement of cash flows for each segment? [GASB-S34: 122d; GAAFR, page 385] |
| _____ | _____ | _____ | 12.25+ | If the government has engaged in short-term debt activity during the year (e.g., anticipation notes, use of lines of credit), <i>even if no short-term debt is outstanding at the end of the fiscal period</i> , has the government discussed this fact? [GASB-S38: 12; GAAFR, pages 374-375] If so: |
| _____ | _____ | _____ | 12.25a | Has the government 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, page 374] |
| _____ | _____ | _____ | 12.25b | Has the government provided an explanation of the purpose for which the debt was issued? [GASB-S38: 12b; GAAFR, page 374] |
| _____ | _____ | _____ | 12.25c | If at the end of the year the balance of the short-term obligation is not reported as a current liability because it is expected to be refinanced do the notes include a general description of the financing agreement and the terms of any new obligation incurred or expected to be incurred as a result of a refinancing? [GASB-S62: 38, GAAFR, page 374] |

If the government engaged in material related party transactions the notes should disclose:

- *The nature of the relationship(s) involved? [GASB-S62: 55a; GAAFR, page 388]*
- *A description of 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, page 388]*
- *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, page 388]*
- *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, page 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;*
- *Exchanging property for similar property in a nonmonetary transaction, or*
- *Making loans with no scheduled repayment terms.*

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| _____ | _____ | _____ | 12.26 | If the government participates in a joint venture, do the notes disclose this fact? [GASB-S14: 75; GAAFR, page 387] If so: |
| _____ | _____ | _____ | 12.26a | Do the notes describe the nature of any ongoing financial interest or responsibility resulting from participation in the joint venture? [GASB-S14: 75a1; GAAFR, page 387] |

| Yes | No | N/A | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 12.26b | Do the notes provide information on how to obtain the financial statements of the joint venture? [GASB-S14: 75a2; GAAFR, page 387] |
| _____ | _____ | _____ | 12.26c | 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 government in the future? [GASB-S14: 75a1; GAAFR, page 387] |
| | | | | <i>If the government participates in a jointly governed organization, the notes should provide any relevant information on related party transactions. [GASB-S14: 77; GAAFR, page 387]</i> |
| _____ | _____ | _____ | 12.27 | If the government undertook a refunding during the period that either defeased or redeemed the refunded debt, do the notes disclose this fact? [GASB-S7: 11-14; GAAFR, page 377] |
| _____ | _____ | _____ | 12.27a | Do the notes provide a brief description of the refunding transaction(s)? [GASB-S7: 11; GAAFR, page 377] |
| _____ | _____ | _____ | 12.27b | Do the notes disclose the aggregate difference in debt service between the refunding debt and the refunded debt? [GASB-S7: 11; GAAFR, page 377] |
| _____ | _____ | _____ | 12.27c | Do the notes disclose the economic gain or loss on the transaction? [GASB-S7: 11; GAAFR, page 377] |
| | | | | <i>The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14; GAAFR, page 378]</i> |
| | | | | <i>When information about the components of deferred outflows of resources or deferred inflows of resources are obscured by aggregation on the face of the financial statements the details of the different types of deferred amounts should be disclosed in the notes to the financial statements. Further, if the difference between recognized deferred outflows of resources or deferred inflows of resources and the balance of the related asset or liability is significant, the notes should provide an explanation of that effect on the government's net position. [GASB-S63: 13-14, GAAFR, page 380]</i> |
| _____ | _____ | _____ | 12.28 | Do the notes provide information on the nature of the major purposes for restricted, committed or assigned fund balance not described on the face of the governmental funds balance sheet? [GASB-S54: 25, GAAFR, page 380] |

Explanation: The government can provide the necessary detail for the categories of fund balance through the display of the information on the face of the financial statements, through disclosures in the notes to the financial statements or through a combination of these two. In other words, the government may display the specific purpose details for some classifications on the face of the financial statements and disclose the details for other classifications in the notes to the financial statements.

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| _____ | _____ | _____ | 12.28a | If applicable, is the detail for the two types of nonspendable fund balance (not in spendable form and legally or contractually required to be maintained intact) disclosed? [GASB-S54: 25, GAAFR, page 380] |
| _____ | _____ | _____ | 12.28b | If a government has established a stabilization arrangement do the notes disclose 1) the authority for establishing the arrangement, 2) the requirements for additions to the stabilization amount, 3) the conditions under which stabilization amounts may be spent, and 4) the stabilization balance, if not apparent on the face of the financial statements. [GASB-S54: 26, GAAFR, page 380] |

Yes No N/A

Explanation: If stabilization arrangements do not meet the criteria to be reported as either restricted or committed they should be reported as unassigned fund balance in the general fund. In order to qualify for reporting as restricted or committed the circumstances allowing for the use of the stabilization resources must be sufficiently specific and non-routine. Regardless of the category of fund balance that reports the resources related to a stabilization arrangement, the above disclosures must be made. [GASB-S54: 20-1]

_____ 12.29 If the governing body has formally adopted a minimum fund balance policy, do notes describe the policy established by the government that sets forth the minimum amount? [GASB-S54: 27, GAAFR, page 380]

If interfund balances between governmental funds and interfund balances between proprietary funds are not eliminated in a separate column in the fund financial statements, the notes should disclose that such amounts are not included in the government-wide statement of net position. [GAAFR, page 381]

If bond anticipation notes are classified as long-term obligations on the basis of a financing agreement, the notes should disclose the details of the arrangement, as well as the terms of any new obligation incurred or expected to be incurred as a result of the refinancing. [GASB-S 62: 44; GAAFR, page 378]

If the primary government has a component unit with a different fiscal year end, the notes should explain any resulting disparities (e.g., discrepancies between related receivable and payable amounts). [GASB-S14: 60; GAAFR, page 327]

If the government participated in a reverse repurchase agreement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S3: 63, 76-80, GASB-I3: 6; GAAFR, pages 364 - 5]

Explanation: *The notes should disclose all of the following information regarding reverse repurchase agreements:*

- *The relevant legal or contractual provisions;*
- *Reverse repurchase agreements in force at the end of the period;*
- *The source of legal or contractual authorization;*
- *Whether the maturities of the investments made with the agreements' proceeds generally are matched to the agreements' maturities, as well as the extent of such matching at the end of the fiscal period;*
- *Either 1) the fair value of the securities to be repurchased as of the end of the fiscal year and the terms of the agreement (for yield-type agreements) or 2) credit risk (for all other types of agreements).*

The notes should disclose any losses recognized during the period due to default and any amounts recovered from prior period losses (if not visible on the face of the financial statements). The notes also should disclose any significant violation of legal or contractual provisions.

If the government participated in a securities lending arrangement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S28: 11-15; GAAFR, pages 365-366]

Explanation: *The notes should disclose all of the following information regarding securities lending arrangements:*

- *The source of legal or contractual authorization;*
- *The types of securities on loan;*
- *The types of collateral received;*
- *The ability to pledge or sell collateral securities without a default;*
- *The amount by which collateral is to exceed the amount of securities;*
- *The carrying amount and fair value of securities on loan;*
- *Whether the maturities of the investments made with cash collateral generally match the maturities of securities loans and the extent of such matching as of the end of the fiscal year;*
- *Credit risk or the absence of credit risk.*

Yes No N/A

The notes also should disclose 1) any significant violations of legal or contractual provisions, 2) any restrictions on the amount of securities that may be lent, and 3) any losses of the period resulting from default and any recoveries of prior period loss.

If loss indemnification is to be provided by agents, the notes should disclose this fact.

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| _____ | _____ | _____ | 12.30 | If the government has issued special assessment debt for which it is obligated in some manner, do the notes discuss this debt? [GASB-S6: 20; GAAFR, page 377] If so: |
| _____ | _____ | _____ | 12.30a | Do the notes disclose the nature of the government's obligation? [GASB-S6: 20; GAAFR, page 377] |

Explanation: This disclosure should identify and describe any guarantee, reserve, or sinking fund established to cover defaults by property owners.

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| _____ | _____ | _____ | 12.30b | Do the notes disclose the amount of delinquent special assessments receivable (if not discernable on the face of the financial statements)? [GASB-S6: 20; GAAFR, page 377] |
| _____ | _____ | _____ | 12.31 | If the government has issued special assessment debt for which it is not obligated in any manner, do the notes discuss this debt? [GASB-S6: 21; GAAFR, page 377] If so: |
| _____ | _____ | _____ | 12.31a | Do the notes disclose the amount of the debt? [GASB-S6: 21; GAAFR, page 377] |
| _____ | _____ | _____ | 12.31b | Do the notes disclose that the government is acting only as an agent and is in no way liable for the debt? [GASB-S6: 21; GAAFR, page 377] |
| _____ | _____ | _____ | 12.32 | If the government has demand bonds outstanding at the end of the fiscal period, do the notes provide all of the disclosures required by GAAP? [GASB-I1: 11; GAAFR, page 378] |

Explanation: The notes should disclose all of the following information regarding demand bonds:

- The terms of any letters of credit or other liquidity facilities outstanding;
- Commitment fees to obtain the letters of credit and any amounts drawn on them outstanding as of the end of the fiscal year;
- The take-out agreement, including its expiration date, commitment fees to obtain the take-out agreement, and the terms of any new obligation incurred or expected to be incurred as a result of the take-out agreement;
- Debt service requirements to maturity that would result if the take-out agreement were exercised.

| | | | | |
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| _____ | _____ | _____ | 12.33 | If a government is legally responsible for closure and postclosure care costs associated with a municipal solid-waste landfill, do the notes discuss this responsibility? [GASB-S18: 17; GAAFR, page 379] If so: |
| _____ | _____ | _____ | 12.33a | Do the notes disclose the nature and source of landfill closure and postclosure care requirements? [GASB-S18: 17a; GAAFR, page 379] |
| _____ | _____ | _____ | 12.33b | Do the notes explain that the cost of landfill closure and postclosure care is allocated based on landfill capacity used to date? [GASB-S18: 17b; GAAFR, page 379] |
| _____ | _____ | _____ | 12.33c | Do the notes disclose the liability for landfill closure and postclosure care costs (if not visible on the face of the basic financial statements)? [GASB-S18: 17c; GAAFR, page 379] |
| _____ | _____ | _____ | 12.33d | Do the notes disclose the portion of the estimated total obligation for landfill closure and postclosure care costs that has not yet been recognized in the financial statements? [GASB-S18: 17c; GAAFR, page 379] |

| Yes | No | N/A | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 12.33e | Do the notes disclose the percentage of the landfill's total capacity that has been used to date? [GASB-S18: 17d; GAAFR, page 379] |
| _____ | _____ | _____ | 12.33f | Do the notes disclose the estimated remaining life of the landfill in years? [GASB-S18: 17d; GAAFR, page 379] |
| _____ | _____ | _____ | 12.33g | Do the notes state that the total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations? [GASB-S18: 17f; GAAFR, page 379] |
| | | | | <i>If there are financial assurance requirements, the notes should disclose how they are being met. [GASB-S18: 17e; GAAFR, page 379]</i> |
| | | | | <i>The notes should disclose any assets restricted for the payment of closure and postclosure care costs that are not discernable on the statement of position. [GASB-S18: 17e; GAAFR, page 379]</i> |
| _____ | _____ | _____ | 12.34 | If the government as an employer benefits from on-behalf payments of fringe benefits and salaries for its employees, do the notes disclose the amounts recognized during the period? [GASB-S24: 12; GAAFR, page 382] |

Explanation: An employer can benefit from payments for various types of fringe benefits. The types of such benefits include pension contributions and health and life insurance premiums. Also included in this category are certain payments from the federal government under Medicare Part D for prescription drug coverage that a state or local government employer provides to its retirees. However, not all Medicare Part D payments qualify for treatment as on-behalf payments. Generally, only those payments that are made to a multiple-employer other postemployment benefit (OPEB) plan do. Payments that an employer receives directly, such as those related to a single-employer OPEB plan, are properly reported as voluntary nonexchange transactions.

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| _____ | _____ | _____ | 12.34a | If on-behalf benefits take the form of contributions to a pension plan for which the employer is not legally responsible, do the notes disclose the name of the pension plan and the name of the entity that makes the contributions? [GASB-S24: 12; GAAFR, page 382] |
| | | | | <i>If the government has issued conduit debt, the notes should provide all of the disclosures required by GAAP. [GASB-I2: 3; GAAFR, page 379]</i> |

Explanation: *The disclosure should include 1) a general description of conduit debt transactions, 2) the aggregate amount of all conduit debt obligations outstanding at the end of the period, and 3) a clear indication that the issuer has no obligation for the debt beyond the resources provided by related leases or loans.*

If the government sponsors an external investment pool, it should either 1) refer readers to the separately issued report of the pool or 2) provide all of the note disclosures required for governmental external risk pools. [GASB-S31: 19; GAAFR, page 367]

Explanation: *In the absence of a separately issued pool report, the sponsoring government must include all of the disclosures that a pool normally is required to present within its own report. Those disclosures are as follows:*

- *Methods and assumptions used to estimate fair value;*
- *Application of the amortized cost option;*
- *An explanation of realized and unrealized gains/losses (if separate amounts are presented on the face of the financial statements or disclosed in the notes to the financial statements);*
- *Description of regulatory oversight (including whether the pool is registered with the SEC as an investment company);*
- *Frequency and purpose of fair value determinations;*
- *Method used to determine participants' shares sold and redeemed and whether that method differs from the method used to report investments;*
- *Whether legally binding guarantees of share values were provided or obtained;*

Yes No N/A

- *Extent of involuntary participation in the pool;*
- *Summary of fair value, carrying amount (if different), number of shares and principal amount, ranges of interest rates, and maturity dates for each major investment classification; and*
- *If a distinction is made among different components of investment income, the accounting policy for defining those components.*

If the government has included any portion of interest expense as part of direct program costs of the governmental functions in the government-wide statement of activities, the notes should disclose the amount of interest expense so reported. [GASB-S34: 46; GAAFR, page 381]

If the government has elected not to capitalize a collection (e.g., art, historical artifacts), the notes should describe the collection and explain the reasons the government has elected not to capitalize it. [GASB-S34: 118; GAAFR, pages 366-367]

_____ 12.35 If the government 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? [GAAFR, page 234]

_____ 12.36 Do the notes address the detail of individual long-term debt issues? [GAAFR, page 375]
If so:

_____ 12.36a Do the notes disclose the purpose for which debt was issued? [GAAFR, page 375]

_____ 12.36b Do the notes disclose the original amount of the debt? [GAAFR, page 375]

_____ 12.36c Do the notes disclose the type of debt (e.g., general obligation bonds, revenue bonds)? [GAAFR, page 375]

If the school district has issued revenue bonds, the notes could provide a summary of related bond covenants. [GAAFR, page 375]

_____ 12.36d Do the notes disclose the amounts of installments? [GAAFR, page 375]

_____ 12.36e Do the notes disclose the interest rate? [GAAFR, page 375]

_____ 12.36f Do the notes disclose the range of maturities? [GAAFR, page 375]

_____ 12.36g Do the notes address the applicability of federal arbitrage regulations? [GAAFR, page 375]

If the government is subject to a legal debt margin, the notes could disclose information on the legal debt limit. [GAAFR, page 376]

If the government is authorized to issue debt that has not yet been issued, the notes could disclose this fact. [GAAFR, page 376]

The notes should disclose contingent liabilities. [GASB-S10: 58 (referenced in 64-5); GAAFR, page 388]

_____ 12.37 If the government 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, page 348]

Yes No N/A

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.

If the significant components of receivables and payables (e.g., amounts related to taxpayers, other governments, vendors, customers, beneficiaries, employees) have been obscured by aggregation on the face of the financial statements, the notes should provide the missing detail. [GASB-S38: 13; GAAFR, page 366]

The government should disclose if significant balances of receivables are not expected to be collected within one year of the end of the fiscal period. [GASB-S38: 13; GAAFR, page 366]

If the government reports significant mortgage banking activities the notes should disclose 1) the method used in determining the lower of cost or fair value of mortgage loans (i.e., aggregate or individual loan basis), 2) the amount capitalized during the period in connection with acquiring the right to service mortgage loans, 3) the method of amortizing the capitalized amount, and 4) the amount of amortization for the period. [GASB-S62: 473-474, GAAFR, page 368]

If the government incurred an obligation for termination benefits (for either voluntary or involuntary terminations) during the current period, the notes should include the required disclosures. [GASB-S47: 18-21, GAAFR, page 372]

Explanation: *The disclosures should include a description of the termination benefit arrangement(s). The description of the termination benefits arrangement(s) could include:*

- *The type of benefits provided (e.g., healthcare);*
- *The number of employees affected; and*
- *The time period over which the government expects to provide the benefits.*

(The description should also be provided in subsequent periods in which employees provide services to receive benefits under an involuntary plan of termination that occurred in a prior period.)

The notes should disclose the cost of the termination benefits if not otherwise visible on the face of the financial statements.

The notes should also disclose the change in the actuarial accrued liability of a defined benefit pension or OPEB plan that results from the inclusion of termination benefits in the benefit plan.

If healthcare-related benefits are provided in an age-related termination program, the implicit rate subsidy related to benefits provided under the Consolidated Omnibus Budget Reconciliation Act (COBRA) should be reported and disclosed as a termination benefit.

If the government reports liabilities for termination benefits that were incurred in the current or prior period(s), the notes should disclose the following significant items used to determine the liability: 1) methods (e.g., are amounts reported at their discounted present values) and 2) assumptions (e.g., the healthcare cost trend rate and, if applicable, the discount rate). [GASB-S47: 20, GAAFR, page 372]

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 12.38 | If the government does not report a liability for termination benefits that meet the recognition criteria because the amount is not reasonably estimable, do the notes disclose this fact? [GASB-S47: 21, GAAFR, page 382] |
|-------|-------|-------|-------|--|

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| _____ | _____ | _____ | 12.39 | If the government has pledged future revenues, do the notes include the required disclosures? [GASB-S48: 21, GAAFR, pages 376-377] |
|-------|-------|-------|-------|--|

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|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 12.39a | Do they disclose the specific revenue pledged and the approximate amount of the pledge, if determinable? [GAAFR, page 376] |
|-------|-------|-------|--------|--|

| Yes | No | N/A | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 12.39b | Do they disclose the general purpose of the debt secured by the pledged revenue? [GAAFR, page 376] |
| _____ | _____ | _____ | 12.39c | Do they disclose the term of the commitment (i.e., the period during which the revenue will not be available)? [GAAFR, page 376] |
| _____ | _____ | _____ | 12.39d | Do they 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? [GAAFR, page 376] |
| _____ | _____ | _____ | 12.39e | Do they 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? [GAAFR, page 377] |
| | | | | <i>If during the current fiscal year the government had a transaction that qualifies as a sale of future revenues, the notes should disclose: 1) the specific revenue sold, including the approximate amount, if determinable, 2) the period to which the sale applies, and 3) the relationship of the amount sold to the total for that specific revenue (e.g., the proportion of the specific revenue stream that has been sold), if determinable. [GASB-S48: 22]</i> |
| _____ | _____ | _____ | 12.40 | Has an obligating event occurred that requires the government to attempt to accrue a liability for pollution remediation? |

Explanation: Upon occurrence of any of the following events a government should attempt to accrue a liability for its pollution remediation obligation:

- The government is compelled to take remediation action because pollution creates an imminent endangerment to public health or welfare or the environment, leaving the government little or no discretion to avoid remediation action;
- The government is in violation of a pollution prevention-related permit or license;
- The government 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 government responsible for sharing costs;
- The government is named, or evidence indicates that it will be named, in a lawsuit to compel the government 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 government commences, or legally obligates itself to commence cleanup activities, or monitoring or operation and maintenance of the remediation effort.

When one of the above events has occurred but the amount of the pollution remediation obligation is not reasonably estimable, the government does not need to report a liability. Instead, a disclosure providing a general description of the nature of the pollution remediation activities should be made.

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|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 12.40a | Do the notes disclose that the government has recognized a liability for its pollution remediation obligation? [GASB-S49: 23] If so, do the disclosures include: [GAAFR, pages 379-380] |
|-------|-------|-------|--------|---|

Explanation: Generally, on an accrual basis, pollution remediation obligations should be reported as an expense when the government recognizes a liability. However, a government should report capital assets (rather than expenses) when pollution remediation outlays are made in the following circumstances:

- To prepare property in anticipation of a sale (capitalization is limited to the estimated fair value that the capital asset will have at the completion of the pollution remediation),
- To prepare property for its intended use when at its acquisition it was known or suspected that the property had pollution that would require remediation (capitalization is limited to outlays necessary to place the asset into its intended location and condition for use),
- To restore a pollution-caused decline in the service utility of property that was recognized as an asset impairment (capitalization is limited to outlays necessary to place the asset into its intended location and condition for use), and
- To acquire property, plant, and equipment with a future alternative use (capitalization is limited to amounts that are estimated to have service utility after the completion of the pollution remediation activities).

Yes No N/A

The government must calculate the liability using the expected cash flow technique (i.e., the probability-weighted average of two or more discrete scenarios).

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 12.40a1 | The nature and source of pollution remediation obligations? [GAAFR, page 379] |
| _____ | _____ | _____ | 12.40a2 | The liability recognized for pollution remediation obligations (if not visible on the face of the basic financial statements)? [GAAFR, page 379] |
| _____ | _____ | _____ | 12.40a3 | The methods and assumptions used to calculate the liability for pollution remediation obligations? [GAAFR, page 379] |

Explanation: The government must calculate the liability using the expected cash flow technique (i.e., the probability-weighted average of two or more discrete scenarios). Accordingly, it is not appropriate to indicate that the liability the government reports is based on probable losses that are reasonably estimable (i.e., measurable).

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| _____ | _____ | _____ | 12.40a4 | An indication that the pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations? [GAAFR, page 379] |
| _____ | _____ | _____ | 12.40a5 | Do the notes disclose estimated recoveries that reduce the liability? [GAAFR, page 380] |

Explanation: The estimate of the pollution remediation obligation should include all remediation work that a government expects to perform, even if it expects to recover amounts from a responsible party or a potentially responsible party. The government should use the expected cash flow technique to determine the amount of expected recoveries. Such expected recoveries should reduce the government's pollution remediation expenditure or expense. If such recoveries are not yet realized or realizable, they should reduce the reported liability. However, when recoveries are actually realized or become realizable, they should be treated as an asset rather than as a reduction of the liability. This latter treatment is also appropriate in cases where recoveries become expected in a period after the completion of all pollution remediation work and a pollution remediation liability no longer exists.

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|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 12.40a6 | If a government does not yet recognize a liability for a pollution remediation obligation because it is not reasonably estimable, do the notes disclose a general description of the nature of the pollution remediation activities? [GASB-S49: 24; GAAFR, page 382] |
| _____ | _____ | _____ | 12.41 | Do the notes furnish information on the primary government's derivative instruments? [GASB-S53: 68, GAAFR, pages 361-4] |
| _____ | _____ | _____ | 12.41a | Do the notes include a summary of derivative instrument activity during the reporting period and the balances at the end of the reporting period? [GASB-S53: 69; GAAFR, pages 361-2] If so, does the summary include: |
| _____ | _____ | _____ | 12.41a1 | Notional amount. [GAAFR, page 361] |
| _____ | _____ | _____ | 12.41a2 | Changes in fair value during the reporting period and the classification in the financial statements where those changes in fair value are reported. [GAAFR, page 361] |
| _____ | _____ | _____ | 12.41a3 | Fair values as of the end of the reporting period and the classification in the financial statements where those fair values are reported. If derivative instrument fair values are based on other than quoted market prices, the methods and significant assumptions used to estimate those fair values should be disclosed. [GAAFR, page 362] |

Yes No N/A

_____ 12.41a4 Fair values of derivative instruments reclassified from a hedging derivative instrument to an investment derivative instrument. There also should be disclosure of the deferral amount that was reported within investment revenue upon the reclassification. [GAAFR, page 362]

Explanation: This disclosure should be organized by governmental activities, business-type activities, and fiduciary funds. Further, the information should then be divided into the following categories—hedging derivative instruments (distinguishing between fair value hedges and cash flow hedges) and investment derivative instruments. Within each category, derivative instruments should be aggregated by type (for example, receive-fixed swaps, pay-fixed swaps, swaptions, rate caps, basis swaps, or futures contracts). The disclosure of the above information may be in a columnar display, narrative form, or a combination of both.

_____ 12.41b Do the notes make disclosures about hedging derivative instruments? [GASB-S53: 71-73, GAAFR, pages 362-363] If so do the disclosures include:

_____ 12.41b1 The objectives for entering into those instruments, the context needed to understand those objectives, the strategies for achieving those objectives, and the types of derivative instruments entered into? [GASB-S53: 71, GAAFR, page 362]

_____ 12.41b2 The significant terms, including 1) notional amount, 2) reference rates, such as indexes or interest rates, 3) embedded options, such as caps, floors, or collars, 4) the date when the hedging derivative instrument was entered into and when it is scheduled to terminate or mature, and 5) the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into? [GASB-S53: 72, GAAFR, page 362]

_____ 12.41b3 Risks, if applicable, that could give rise to financial loss for hedging derivatives reported as of the end of the fiscal year? [GASB-S53: 73; GAAFR, pages 362-363]

If so, do the disclosures include:

Explanation: These risk disclosures may contain information that also is required by other paragraphs. However, these disclosures should be presented in the context of a hedging derivative instrument's risk:

_____ 12.41b3a Credit risk including the following 1) the credit quality ratings of counterparties as described by rating agencies as of the end of the reporting period or the fact that the counterparty is not rated, 2) the maximum amount of loss due to credit risk, 3) the government's policy of requiring collateral or other security to support hedging derivative instruments subject to credit risk, a summary description and the aggregate amount of the collateral or other security that reduces credit risk exposure, and information about the government's access to that collateral or other security, 4) The government's policy of entering into master netting arrangements, including a summary description and the aggregate amount of liabilities included in those arrangements, 5) the aggregate fair value of hedging derivative instruments in asset (positive) positions net of collateral posted by the counterparty and the effect of master netting arrangements, 6) significant concentrations of net exposure to credit risk (gross credit risk reduced by collateral, other security, and setoff) with individual

Yes No N/A

counterparties and groups of counterparties?
[GASB-S53: 73a; GAAFR, page 362]

Explanation: A concentration of credit risk exposure to an individual counterparty may not require disclosure if its existence is apparent from the disclosures required by other parts of this paragraph, for example, a government has entered into only one interest rate swap. Group concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

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|-------|-------|-------|----------|---|
| _____ | _____ | _____ | 12.41b3b | If the derivative instrument increases a government's exposure to interest rate risk do the notes disclose that increased exposure as interest rate risk and also disclose the hedging derivative instrument's terms that increase such a risk? [GASB-S53: 73b; GAAFR, page 362] |
| _____ | _____ | _____ | 12.41b3c | Basis risk including the hedging derivative instrument's terms and payment terms of the hedged item that creates the basis risk? [GASB-S53: 73c; GAAFR, page 362] |
| _____ | _____ | _____ | 12.41b3d | Termination risk including 1) any termination events that have occurred, 2) dates that the hedging derivative instrument may be terminated, 3) out-of-the-ordinary termination events contained in contractual documents, such as "additional termination events" contained in the schedule to the International Swap Dealers Association master agreement? [GASB-S53: 73d; GAAFR, pages 362-363] |
| _____ | _____ | _____ | 12.41b3e | Rollover risk including the maturity of the hedging derivative instrument and the maturity of the hedged item? [GASB-S53: 73e; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41b3f | Market-access risk? [GASB-S53: 73f; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41b3g | Foreign currency risk including the U.S. dollar balance of the hedging derivative instrument, organized by currency denomination and by type of derivative instrument? [GASB-S53: 73g; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41c | If the hedged item in the arrangement is a debt obligation do the notes disclose the hedging derivative instrument's net cash flows based on the debt service requirements to maturity for debt and lease obligations? [GASB-S53: 74; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41d | If the government uses a method other than consistent critical terms, synthetic instrument, dollar-offset, or regression analysis to evaluate effectiveness do the notes include the following information: 1) the identity and characteristics of the method used, 2) the range of critical terms the method tolerates, and 3) the actual critical terms of the hedge? [GASB-S53: 75; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41e | Are investment derivative instruments reported as of the end of the fiscal year? [GASB-S53: 76; GAAFR, page 363] If so, do the disclosures include information about each of the following applicable risks: |

Explanation: These disclosures for risks may contain information that also is required by other paragraphs. However, these disclosures should be presented in the context of an investment derivative instrument's risk.

| Yes | No | N/A | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 12.41e1 | Credit risk exposure consistent with the credit risk disclosures noted above for hedging derivative instruments in question 12.42b3a? [GASB-S53: 76a; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41e2 | Interest rate risk exposure consistent with the disclosures required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, paragraphs 14-16, that includes the fair value, notional amount, reference rate, and embedded options? [GASB-S53: 76b; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41e3 | Foreign currency risk in accordance with GASB Statement No. 40, paragraph 17? [GASB-S53: 76c; GAAFR, page 363] |
| _____ | _____ | _____ | 12.41f | Are disclosures made for derivative instruments held at the end of the fiscal year that contain contingent features (such as a government's obligation to post collateral if the credit quality of the government's hedgeable item declines)? [GASB-S53: 77; GAAFR, page 364] If so, do the disclosures include: |
| _____ | _____ | _____ | 12.41f1 | The existence and nature of contingent features and the circumstances in which they could be triggered? [GASB-S53: 77a; GAAFR, page 364] |
| _____ | _____ | _____ | 12.41f2 | The aggregate fair value of derivative instruments that contain those features? [GASB-S53: 77b; GAAFR, page 364] |
| _____ | _____ | _____ | 12.41f3 | The aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities? [GASB-S53: 77c; GAAFR, page 364] |
| _____ | _____ | _____ | 12.41f4 | The amount, if any, that has been posted as collateral by the government as of the end of the reporting period? [GASB-S53: 77d; GAAFR, page 364] |
| _____ | _____ | _____ | 12.41g | If a government reports a hybrid instrument, are disclosures of the companion instrument made consistent with disclosures required of similar transactions? [GAAFR, page 364] |

Explanation: For example, a hybrid instrument may have a companion instrument that is related to debt. In that case, the existence of an embedded derivative with the companion instrument should be indicated in the disclosures of the companion instrument. For example, if a government has entered into a hybrid instrument that consists of a borrowing for financial reporting purposes and an interest rate swap, the government's disclosure should indicate the existence of the interest rate swap within the debt disclosure.

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|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 12.41h | If Synthetic Guaranteed Investment Contracts (SGIC) exist as of the end of the reporting period that are fully benefit-responsive are all of the following disclosures made 1) a description of the nature of the SGIC and 2) the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments)? [GASB-S53: 79, GAAFR, page 364] |
| _____ | _____ | _____ | 12.42 | Is the government a transferor or governmental operator for a service concession arrangement (SCA)? If so, do the notes include: |
| _____ | _____ | _____ | 12.42a | A general description of the arrangement in effect during the reporting period, including management's objectives for entering into it and, if applicable, the status of the project during the construction period? [GASB-S60: 16a; GAAFR, page 383] |

Yes No N/A

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 12.42b | The nature and amounts of assets, liabilities, and deferred inflows of resources related to an SCA that are recognized in the financial statements? [GASB-S60: 16b; GAAFR, page 383] |
| _____ | _____ | _____ | 12.42c | The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement? [GASB-S60: 16c, GAAFR, page 383] |

Explanation: Disclosure information for multiple SCAs may be provided individually or in the aggregate for those that involve similar facilities and risk. [GASB-S60: 18]

If a service concession arrangement includes provisions for guarantees and commitments, disclosures should be made about those guarantees and commitments, including identification, duration, and significant contract terms of the guarantee or commitment for each period in which a guarantee or commitment exists. [GASB-S60: 17]

If there is substantial doubt about the government's ability to continue as a going concern, the notes to the financial statements should include all of the following, as appropriate: [GASB-S56: 19, GAAFR, page 390]

- *Pertinent conditions and events giving rise to the assessment of substantial doubt about the government'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);*
- *Information about the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities.*

Explanation: Financial statement preparers should evaluate whether there is substantial doubt about the government'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 government that may raise substantial doubt shortly thereafter (for example, within an additional three months), it should be considered. It may also be necessary to include a discussion of going concern issues in the MD&A, depending on the facts and circumstances. See italicized comment and explanation preceding checklist question 4.1j.

If the government has filed for bankruptcy all of the following should be disclosed: [GASB-S58: 15, GAAFR, pages 389-390]

- *Pertinent conditions and events giving rise to the petition for bankruptcy*
- *The expected or known effects of such conditions and events, including:*
- *The principal categories of the claims subject to compromise or that already have been adjusted*
- *The principal changes in terms and the major features of settlement*
- *The aggregate gain expected to occur by re-measuring liabilities subject to a proposed Plan of Adjustment, or realized, as appropriate; or a statement that any gain is not yet reasonably estimable and the reasons therefore*
- *Contingent claims not subject to reasonable estimation, based on the provisions of NCGA Statement 4*
- *Significance of those conditions and events on the levels of service and operations of the government, and any mitigating factors, such as assumption of services by other governments*
- *Possibility of termination of the government, or any plans to terminate the government, as appropriate*

Yes No N/A

- *How to obtain a copy of the government’s Plan of Adjustment or a statement that a plan is not yet available and an estimate of when it will be completed.*

_____ 12.43 Does the government extend any nonexchange financial guarantees? [GASB-S70: 14-15; eGAAFR, pages 916 and 938-9; eSUP, pages 12 and 34-5] If so:

Explanation: When a government extends a financial guarantee (the guarantor), it agrees to indemnify a third party if the entity or individual that issued the guaranteed obligation does not fulfill its requirements under the obligation. Some governments guarantee financial obligations of other governments, nongovernmental entities, or individuals without receiving equal or approximately equal value in return—a nonexchange transaction. Generally, a government extends nonexchange financial guarantees as part of their mission to assist other governments, nongovernmental entities, or individuals within the government’s jurisdiction.

| | | |
|-------|---------|---|
| _____ | 12.43a | Do the notes provide disclosures by each type of guarantee? Do they include: |
| _____ | 12.43a1 | A description of the nonexchange financial guarantee |
| _____ | 12.43a2 | The legal authority and limits for extending the guarantees and the types of obligations guaranteed |
| _____ | 12.43a3 | The relationship of the government (guarantor) to the issuer or issuers of the guaranteed obligations |
| _____ | 12.43a4 | The length of time of the guarantees |
| _____ | 12.43a5 | Arrangements for recovering payments (if any are made) from the issuer or issuers of the guaranteed obligations |
| _____ | 12.43a6 | The total amount of all outstanding guarantees at the reporting date |
| _____ | 12.43b | Does the government (as a guarantor) recognize liabilities for any such guarantees or did it make payments during the reporting period because of its guarantees? If so, do the notes include all of the following information (as applicable): |

Explanation: When qualitative factors and historical data, if any, indicate that it is more likely than not (means a likelihood of more than 50 percent) that a government will be required to make a payment related to the liabilities it guarantees, the government should recognize a liability and an expense in financial statements prepared using the economic resources measurement focus. In financial statements prepared using the current financial resources measurement focus expenditures should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources (when payments are due and payable on the guaranteed obligation). The classification of expenses/expenditures related to nonexchange financial guarantees should be determined in the same manner as grants or financial assistance payments to other entities or individuals.

Some governments extend similar nonexchange financial guarantees to more than one entity or individual. For example, a state government may guarantee debt issued by qualifying school districts within the state for construction of capital assets. If a government extends similar guarantees to a group, the government should consider applicable qualitative factors and relevant historical data, if any, in assessing the likelihood that the government will make a payment in relation to those guarantees. For example, a government that has historical data on the default frequency of a group of guarantees should consider that information in relation to its outstanding guarantees in assessing the likelihood that it will be required to make a payment on one or more of the guarantees within the group.

| | | |
|-------|---------|---|
| _____ | 12.43b1 | A brief description of the timing of recognition and measurement of the liability |
| _____ | 12.43b2 | The recognized liabilities balance at the beginning of the period |

| Yes | No | N/A | | |
|-------|-------|-------|----------|---|
| _____ | _____ | _____ | | |
| | | | 12.43b3 | Changes in the liabilities balance during the period, with separate presentation of each of the following: |
| | | | 12.43b3a | Initial recognition of liabilities for guarantees |
| | | | 12.43b3b | Increase in estimates for previously reported liabilities |
| | | | 12.43b3c | Guarantee payments made |
| | | | 12.43b3d | Decrease in estimates for previously reported liabilities |
| | | | 12.43b4 | The recognized liabilities at the end of the period |
| | | | 12.43b5 | The cumulative amount of payments that have been made on guarantees outstanding at the reporting date |
| | | | 12.43b6 | Amounts expected to be recovered for payments that have been made through the reporting date |
| | | | 12.44 | Has the government issued obligations currently or in the past that have been guaranteed by another entity as part of a nonexchange transaction? [GASB-S70: 16-17; eGAAFR, pages 916 and 939-40; eSUP, pages 13 and 35-6] If so: |
| | | | 12.44a | Do the notes provide disclosures, by type of guarantee, for such guarantees that relate to obligations outstanding at the reporting date? Do they include: |
| | | | 12.44a1 | The name of the entity providing the guarantee |
| | | | 12.44a2 | The amount of the guarantee |
| | | | 12.44a3 | The length of time of the guarantee |
| | | | 12.44b | If payments were made either, during the reporting period or in previous periods, by the guarantor are disclosures made regardless of whether or not the government has any such guaranteed obligations outstanding at the end of the reporting period? If so, do the disclosures also include: |
| | | | 12.44b1 | The amount paid by the guarantor during the current reporting period |
| | | | 12.44b2 | The cumulative amount paid by the guarantor on the government's obligations |
| | | | 12.44b3 | A description of requirements to repay the guarantor |
| | | | 12.44b4 | The outstanding amounts, if any, required to be repaid to the guarantor |
| | | | | <i>The notes should disclose any guarantees of indebtedness resulting from an exchange or exchange-like transaction, even if the likelihood of loss is considered to be remote. [GASB-S 62: 109; GASB-S70: 4; GAAFR, page 389]</i> |
| | | | 12.46 | Was the government involved in a government combination during the year? [GASB-S69: 9-12 and 55; eGAAFR, pages 915 and 936-8; eSUP, pages 11 and 32-34] |

Explanation: There are three types of government combinations: 1) government merger, 2) government acquisition, and 3) transfer of operations. The definition for each is included as an explanation to questions 12.46b and 12.46c.

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|--|--|--|--------|---|
| | | | 12.46a | If so, do the notes provide disclosures for each combination? [GASB-S69: 55; eGAAFR, pages 915; eSUP, page 11] Do they include: |
|--|--|--|--------|---|

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 12.46a1 | A brief description of the combination, including identification of the entities involved and whether the participating entities were included within the same financial reporting entity? |
| _____ | _____ | _____ | 12.46a2 | The date of the combination? |
| _____ | _____ | _____ | 12.46a3 | A brief description of the primary reasons for the combination? |
| _____ | _____ | _____ | 12.46b | Was the combination a merger or transfer of operations? If so, and the government is either the new or continuing government do the notes include: [GASB-S69: 56; eGAAFR, pages 915; eSUP, page 11] |

Explanation: The definition of these two types of government combinations are as follows:

Government merger. A government combination of legally separate entities in which no significant consideration is exchanged and either:

- a. Two or more governments (or one or more governments and one or more nongovernmental entities) are combined to form one or more new governments, or
- b. One or more legally separate governments or nongovernmental entities have their operations absorbed into one or more continuing governments.

Transfer of operations. A government combination involving the operations of a government or nongovernmental entity, rather than a combination of legally separate entities, in which no significant consideration is exchanged. An operation is an integrated set of activities conducted and managed for the purpose of providing identifiable services with associated assets or liabilities. Operations may be transferred to another existing entity or to a new entity.

- a. A transfer of operations to an existing entity occurs when a government transfers operations, for example, a public safety function, to another existing government. A transfer of operations to an existing entity also may result from arrangements such as reorganizations, redistricting, and annexations, in which operations are combined through jurisdictional changes in boundaries. Similarly, a transfer of operations to an existing entity may be present in shared service arrangements in which governments agree to combine operations.
- b. A transfer of operations to a new government occurs in shared service arrangements in which governments agree to combine operations and transfer assets and liabilities to a new government. Similarly, the transfer of operations to a new government occurs when an operation of a single government is reorganized as a new government created to provide those services; for example, the formation of a library district that was formerly a department of a general purpose government.

| | | | | |
|-------|-------|-------|----------|--|
| _____ | _____ | _____ | 12.46b1 | The amounts recognized as of the merger date or the effective transfer date for the following (if applicable): |
| _____ | _____ | _____ | 12.46b1a | Total assets—distinguishing between current assets, capital assets, and other assets |
| _____ | _____ | _____ | 12.46b1b | Total deferred outflows of resources |
| _____ | _____ | _____ | 12.46b1c | Total liabilities—distinguishing between current and long-term amounts |
| _____ | _____ | _____ | 12.46b1d | Total deferred inflows of resources |
| _____ | _____ | _____ | 12.46b1e | Total net position by component |
| _____ | _____ | _____ | 12.46b2 | A brief description of the nature and amount of significant adjustments made to bring into conformity the individual accounting policies or to |

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| | | | | adjust for impairment of capital assets resulting from the merger or transfer |
| _____ | _____ | _____ | 12.46b3 | The initial amounts recognized by the new or continuing government, if different from the values in (a) and the differences that arise from modifying the carrying values in (a) by the adjustments in (b). |
| _____ | _____ | _____ | 12.46c | Was the combination an acquisition? If so, and the government is the acquiring government the notes should include: [GASB-S69: 57; eGAAFR, pages 915; eSUP, page 11] |

Explanation: The definition of this type of government combination is as follows:

Government acquisition. A government combination in which a government acquires another entity, or the operations of another entity, in exchange for significant consideration. The consideration provided should be significant in relation to the assets and liabilities acquired. The acquired entity or operation becomes part of the acquiring government's legally separate entity.

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|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 12.46c1 | A brief description of the consideration provided |
| _____ | _____ | _____ | 12.46c2 | The total amount of net position acquired (based on the provisions set forth in paragraphs 29–36 of this Statement) as of the date of acquisition |
| _____ | _____ | _____ | 12.46c3 | A brief description of contingent consideration arrangements, including the basis for determining the amount of such payments |
| _____ | _____ | _____ | 12.46d | Did the government either transfer or sell operations during the period? If so do the notes include: [GASB-S69: 58; eGAAFR, pages 915; eSUP, page 11] |

Explanation: Government combinations also include mergers and acquisitions of activities that comprise less than an entire legally separate entity and involve only the assets and liabilities previously used by an entity to provide specific goods or services. Such activities are referred to as operations. An *operation* is an integrated set of activities conducted and managed for the purpose of providing identifiable services with associated assets or liabilities. For example, an operation may include the assets and liabilities specifically associated with the activities conducted and managed by the fire department in a general purpose government. Conversely, fire engines donated to or acquired by a fire department would constitute only a portion of that activity and, therefore, would not constitute an operation.

| | | | | |
|-------|-------|-------|----------|---|
| _____ | _____ | _____ | 12.46d1 | Identification of the operations transferred or sold? |
| _____ | _____ | _____ | 12.46d2 | A brief description of the facts and circumstances leading to the transfer/disposal of those operations? |
| _____ | _____ | _____ | 12.46d3 | Information about the disposed government operations (if not otherwise visible in the financial statements)? [GASB-S69: 58a-c] If so, does the information include: |
| _____ | _____ | _____ | 12.46d3a | Total expenses, distinguishing between operating and nonoperating (if applicable) |
| _____ | _____ | _____ | 12.46d3b | Total revenues, distinguishing between operating and nonoperating (if applicable) |
| _____ | _____ | _____ | 12.46d3c | Total governmental fund revenues and expenditures (if applicable) |
| _____ | _____ | _____ | 12.47 | Does the government as either an individual employer government or individual governmental nonemployer contributing entity report a separately financed specific |

Yes No N/A

liability to a defined benefit pension plan? [GASB-S68: 120 and 122] If so, do the notes disclose:

Explanation: Examples of separately financed specific liabilities to a plan include, long-term amounts recognized for legally or contractually deferred contributions with separate payment schedules, and amounts assessed to an individual employer upon joining a multiple-employer plan. Such amounts normally become due and payable pursuant to contractual arrangements or legal requirements.

- | | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 12.47a | The amount of such payables outstanding at the end of the reporting period? |
| _____ | _____ | _____ | 12.47b | The significant terms related to the payables, and a description of what gave rise to the payable? |
| _____ | _____ | _____ | 12.48 | Has the government refrained from negative disclosure? [GAAFR, page 346] |

Explanation: There generally is no need to disclose that a particular situation is not applicable to the government. There are two exceptions to this basic rule:

- Situations where GAAP specifically require the disclosure of whether a given set of circumstances apply to the government;
- 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.
-

FINANCIAL SECTION—PENSION NOTE DISCLOSURES

Questions 13.1 through 13.10 apply to defined benefit plans and defined contribution plans that are administered through a trust or equivalent arrangement.

- | | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 13.1 | Does the government participate in two or more defined benefit pension plans that are <i>administered through a trust or equivalent arrangement</i> (regardless of whether the plan is a single-employer, agent multiple-employer, or cost-sharing multiple-employer plan)? If so, do the notes provide the aggregate amount for all such plans for each of the following items (if not otherwise identifiable from information presented in the financial statements): [GASB-S68: 37 and 74; eGAAFR, page 913; eSUP, page 9] |
| _____ | _____ | _____ | 13.1a | Pension liabilities? |
| _____ | _____ | _____ | 13.1b | Pension Assets |
| _____ | _____ | _____ | 13.1c | Deferred outflows of resources related to pensions? |
| _____ | _____ | _____ | 13.1d | Deferred inflows of resources related to pensions? |
| _____ | _____ | _____ | 13.1e | Pension expense/expenditures for the period associated with net pension liabilities? |
| _____ | _____ | _____ | 13.2 | If the government participates in a defined benefit pension plan that is <i>administered through a trust or equivalent arrangement</i> do the notes provide information for the plan regardless of its type? [GASB-S68: 18, 38-45 and 76-80; eGAAFR, pages 913-4; eSUP, pages 9-10] If so, do the notes: |

Explanation: These disclosures should be made for benefits provided through each pension plan that is *administered through a trust or equivalent arrangement* in which the government (as an employer) participates. When a government participates in more than one such plan, the disclosures that relate to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

When the type of plan is either a single-employer or agent multiple-employer pension plan and the individual plan provides

Yes No N/A

benefits to both the employees of a primary government and its component units, the note disclosures in the reporting entity's financial statements should separately identify amounts associated with the primary government (including its blended component units) and those associated with its discretely presented component units. Further, in the reporting entity's financial report, the requirements for a single or agent multiple-employer plan should be applied. However, in that circumstance, in stand-alone financial statements, each government should account for and report its participation in the single-employer or agent pension plan by applying the requirements for a cost sharing multiple-employer plan.

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 13.2a | Provide the name of the pension plan? |
| _____ | _____ | _____ | 13.2b | Identify the public employee retirement system or other entity that administers the pension plan? |
| _____ | _____ | _____ | 13.2c | Identify the type of pension plan (e.g., a single-employer, agent multiple-employer, or cost-sharing multiple-employer pension plan)? |
| _____ | _____ | _____ | 13.2d | Describe the benefit terms, 1) including the classes of employees covered 2) the types of benefits, 3) the key elements of the pension formulas 4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs) and ad hoc postemployment benefit changes, including ad hoc COLAs, and 5) the authority under which benefit terms are established or may be amended? <i>A government should disclose if the pension plan is closed to new entrants.</i> |
| _____ | _____ | _____ | 13.2e | For single-employer and agent multiple-employer plans only, provide the number of employees covered by the benefit terms in total and separately for 1) inactive employees (or their beneficiaries) currently receiving benefits, 2) inactive employees entitled to, but not yet receiving benefits, and (3) active employees? [GASB-S68: 40c] |
| _____ | _____ | _____ | 13.2f | Describe contribution requirements, including (1) the basis for determining the employer's contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, nonemployer contributing entities (if any), and employees are established or may be amended; and (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period, and 4) if not otherwise disclosed, the total amount of contributions recognized by the pension plan from the employer during the reporting period? |
| _____ | _____ | _____ | 13.2g | Indicate whether there is a separate publicly available report for the pension plan and, if so, how to obtain the report? |

Explanation: The notes should indicate whether the separate information for the plan is available as a stand-alone financial report that the plan issues or the plan is included in another government's report (e.g., the report of a public employee retirement system or another government). The disclosure about how to obtain the report can be addressed by various methods that include providing a link to the report on the public employee retirement system's website, providing contact information (e.g., e-mail address, telephone, or mailing address), or by providing the office location of where the report can be obtained.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.2h | Do the notes provide information about the significant assumptions and other inputs used to measure the total pension liability (TPL)? [GASB-S68: 41 and 77; eGAAFR, page 913; eSUP, page 9] If so, do the disclosures include information about: |
| _____ | _____ | _____ | 13.2h1 | Inflation? |
| _____ | _____ | _____ | 13.2h2 | Salary changes? |

| Yes | No | N/A | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.2h3 | Ad hoc postemployment benefit changes (including ad hoc COLAs)? |
| _____ | _____ | _____ | 13.2h4 | Source of mortality assumptions? |

Explanation: Assumptions may be based, for example, on published tables or on an experience study of the covered group.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 13.2h5 | The dates of experience studies on which significant assumptions are based? |
| _____ | _____ | _____ | 13.2h6 | Rates assumed for different periods (if applicable)? |
| _____ | _____ | _____ | 13.2h7 | The discount rate? [GASB-S 68: 42 and 78] If so do the disclosures include: |
| _____ | _____ | _____ | 13.2h7a | The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date? |
| _____ | _____ | _____ | 13.2h7b | Assumptions about projected cash flows? |

Explanation: Assumptions should be disclosed for contributions from 1) employers, 2) nonemployer contributing entities, and 3) plan members, when applicable.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.2h7c | The long-term expected rate of return on pension plan investments and a description of how it was determined, (including significant methods and assumptions)? |
| _____ | _____ | _____ | 13.2h7d | The municipal bond rate used and the source of that rate, if applicable? |
| _____ | _____ | _____ | 13.2h7e | If a blended rate is used, the periods of projected benefit payments to which the long-term expected rate of return and, the municipal bond rate were applied? |
| _____ | _____ | _____ | 13.2h7f | The assumed asset allocation of the plan's portfolio, the long-term expected real rate of return (ROR) for each major asset class, and (if not otherwise disclosed) whether the expected ROR are presented as arithmetic or geometric means? |
| _____ | _____ | _____ | 13.2h7g | The NPL calculated using 1) the discount rate plus 1% and 2) the discount rate minus 1%? |

Explanation: When the plan is a cost sharing multiple-employer plan the NPL reported by each employer government is its proportionate share of the collective NPL for the cost sharing plan as a whole. Consistent with that reporting, the alternate calculations of the NPL described above should use the employer's proportionate share of the cost sharing plan's collective NPL (rather than the NPL for the cost-sharing plan as a whole).

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.2i | Do the notes provide information about the employer balances of deferred outflows of resources and deferred inflows of resources for the plan? [GASB-S68: 45 and 80; eGAAFR, page 913; eSUP, page 9] If so, are the amounts classified as follows, if applicable: |
| _____ | _____ | _____ | 13.2i1 | Differences between expected and actual experience in the measurement of the total pension liability? |
| _____ | _____ | _____ | 13.2i2 | Changes of assumptions or other inputs? |
| _____ | _____ | _____ | 13.2i3 | Net difference between projected and actual earnings on pension plan |

Yes No N/A

investments?

_____ 13.2i4 If the plan is a single-employer or agent plan with a special funding situation or a cost sharing plan, changes in the employer's proportion of the balances and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer's proportionate share of contributions?

Explanation: Special funding situations involve circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and *either* of the following conditions exists:

- a. The amount of contributions for which the nonemployer entity is legally responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
- b. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

_____ 13.2i5 The employer's contributions to the pension plan subsequent to the measurement date of the net pension liability/collective net pension liability?

_____ 13.2i6 A schedule that presents the net amount of deferred outflows and inflows of resources that will affect the employers pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years?

_____ 13.2i7 The amount of the employer's balance of deferred outflows, if any, that will be recognized as a reduction of the net pension liability/collective net pension liability?

Explanation: For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability.

_____ 13.2j Do the notes provide other information for the plan? [GASB-S68: 45 and 80; eGAAFR, page 913-4; eSUP, pages 9-10] If so, do the notes include:

Explanation: These disclosures should be made for benefits provided through each pension plan that is *administered through a trust or equivalent arrangement* in which the government (as an employer) participates. When a government participates in more than one such plan, the disclosures that relate to more than one pension plan should be combined in a manner that avoids unnecessary duplication. Further, when an employer includes the pension plan in its financial reporting entity as a pension trust fund or as a fiduciary component unit and GASB Statement No. 67 requires similar information, the disclosures should also be combined in a manner that avoids unnecessary duplication.

_____ 13.2j1 The measurement date of the net pension liability (NPL)/collective NPL, the date of the actuarial valuation used as the basis for the NPL/collective NPL and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date?

Explanation: For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability.

_____ 13.2j2 If applicable, the employer's proportion (percentage) of the collective net pension liability, the basis on which its proportion (percentage) was determined, and the change in its proportion (percentage) since the prior measurement date?

Explanation: For a cost-sharing plan or a single-employer or agent plan when there is a special funding situation, the term

Yes No N/A

collective net pension liability is used to describe the net pension liability. Accordingly, this disclosure only applies to cost-sharing plans and those single and agent plans that have a special funding situation.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 13.2j3 | For cost-sharing plans only, the employer’s proportionate amount (in dollars) of the collective net pension liability and, when there is a special funding situation, (1) the portion of the nonemployer contributing entities’ total proportionate amount (in dollars) of the collective net pension liability that is associated with the employer and (2) the total of the employer’s proportionate amount (in dollars) of the collective net pension liability and the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the employer? [GASB-S68: 80a] |
| _____ | _____ | _____ | 13.2j4 | A brief description of changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date? |
| _____ | _____ | _____ | 13.2j5 | A brief description of changes of benefit terms that affected measurement of the total pension liability since the prior measurement date? |
| _____ | _____ | _____ | 13.2j6 | For single-employer and agent plans only (if applicable) the amount of benefit payments in the measurement period attributable to the purchase of allocated insurance contracts, a brief description of the benefits for which allocated insurance contracts were purchased in the measurement period, and the fact that the obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the employer to one or more insurance companies? [GASB-S68: 45e] |
| _____ | _____ | _____ | 13.2j7 | A brief description of the nature of changes between the measurement date of the net pension liability/collective net pension liability and the employer’s reporting date that are expected to have a significant effect on the net pension liability/employer’s proportionate share of the collective net pension liability, and the amount of the expected resultant change in the net pension liability/employer’s proportionate share of the collective net pension liability (if known)? |

Explanation: For a cost-sharing plan or a single-employer or agent multiple-employer plan when there is a special funding situation, the term collective net pension liability is used to describe the net pension liability. Accordingly, the disclosure of information relating to the collective net pension liability only apply to cost-sharing plans and those single and agent plans that have a special funding situation.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 13.2j8 | Employer pension expense recognized during the reporting period? |
| _____ | _____ | _____ | 13.2j9 | Revenue recognized for support from nonemployer contributing entities (if any)? |
| _____ | _____ | _____ | 13.3 | If the government is an employer in a single-employer or agent multiple-employer defined benefit pension plan that is <i>administered through a trust or equivalent arrangement</i> do the notes provide additional information for the plan? [GASB-S68: 18, 38-39, and 44; eGAAFR, page 913; eSUP, page 9] If so, do the notes include: |

Explanation: These disclosures should be made for benefits provided through each pension plan in which the government (as an employer) participates. When a government participates in more than one such plan, the disclosures that relate to more than one pension plan should be combined in a manner that avoids unnecessary duplication. Further, when an employer includes the pension plan in its financial reporting entity as a pension trust fund or as a fiduciary component unit and GASB

Yes No N/A

Statement No. 67 requires similar information, the disclosures should also be combined in a manner that avoids unnecessary duplication.

When the plan provides benefits to both the employees of a primary government and its component units, the note disclosures in the reporting entity's financial statements should separately identify amounts associated with the primary government (including its blended component units) and those associated with its discretely presented component units.

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 13.3a | A schedule that presents the beginning and ending balances for each of the following items: 1) the total pension liability (TPL), 2) the pension plan's fiduciary net position (FNP), and 3) the net pension liability (NPL)? If so, does the schedule separately present the effect on those items from each of the following, (as applicable): [GASB-S68: 44] |
|-------|-------|-------|-------|---|

Explanation: When there is a special funding situation the information should be provided for the collective net pension liability.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.3a1 | Service cost |
| _____ | _____ | _____ | 13.3a2 | Interest on the TPL |
| _____ | _____ | _____ | 13.3a3 | Changes of benefit terms |
| _____ | _____ | _____ | 13.3a4 | Differences between expected and actual experience in the measurement of the TPL |
| _____ | _____ | _____ | 13.3a5 | Changes of assumptions or other inputs |
| _____ | _____ | _____ | 13.3a6 | Contributions from employers |
| _____ | _____ | _____ | 13.3a7 | Contributions from nonemployer contributing entities |
| _____ | _____ | _____ | 13.3a8 | Contributions from employees |
| _____ | _____ | _____ | 13.3a9 | Pension plan net investment income |
| _____ | _____ | _____ | 13.3a10 | Benefit payments, including refunds of plan member contributions |
| _____ | _____ | _____ | 13.3a11 | Pension plan administrative expense |
| _____ | _____ | _____ | 13.3a12 | Other changes, separately identified if individually significant. |
| _____ | _____ | _____ | 13.3b | Does the plan have a special funding situation? If so, do the notes disclose: [GASB-S68: 44d; eGAAPFR, page 913; eSUP, page 9] |

Explanation: Special funding situations involve circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and *either* of the following conditions exists:

- a. The amount of contributions for which the nonemployer entity is legally responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
- b. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.3b1 | The nonemployer contributing entities' total proportionate share of the collective net pension liability? |
| _____ | _____ | _____ | 13.3b2 | The employer's proportionate share of the collective net pension liability? |

| Yes | No | N/A | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 13.4 | Is the government a nonemployer contributing entity to a defined benefit pension plan that is <i>administered through a trust or equivalent arrangement</i> ? If so: |
| _____ | _____ | _____ | 13.4a | Does the government's obligation as a nonemployer contributing entity meet the definition of a special funding situation and does the government <i>recognize a substantial proportion</i> of the collective net pension liability of the plan? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 108-113] |

Explanation: See the explanation to question 13.3b for the definition of a special funding situation. If applicable, these disclosures should be made for benefits provided through each pension plan for which the government is a nonemployer contributing entity. When the government contributes to more than one such plan, the disclosures should be combined in a manner that avoids unnecessary duplication.

The disclosure requirements for defined benefit pension plans administered through a trust or equivalent arrangement in which the government participates as a nonemployer contributing entity and the government recognizes a substantial proportion of the collective net pension liability of the plan are as follows:

- The name of the pension plan
- The public employee retirement system or other entity that administers the pension plan
- Identification of the type of pension plan (e.g., a single-employer, agent multiple-employer, or cost-sharing multiple-employer pension plan)
- Brief description of the benefit terms, 1) including the classes of employees covered 2) the types of benefits, 3) the key elements of the pension formulas 4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs) and ad hoc postemployment benefit changes, including ad hoc COLAs, and 5) the authority under which benefit terms are established or may be amended

A government should disclose if the pension plan is closed to new entrants

- Brief description of contribution requirements, including (1) the basis for determining the governmental nonemployer contributing entity's contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, nonemployer contributing entities, and employees are established or may be amended; and (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period.
- If not otherwise disclosed, the total amount of contributions recognized by the pension plan from the governmental nonemployer contributing entity during the reporting period
- Whether the pension plan issues a publicly available stand-alone financial report (or the pension plan is included in the report of a public employee retirement system or another government) and, if so, how to obtain the report
- Significant assumptions and other inputs used to measure the total pension liability including assumptions about 1) inflation, 2) salary changes, 3) ad hoc postemployment benefit changes (including ad hoc COLAs), 4) source of mortality assumptions (for example, published tables or experience study of the covered group), 5) the dates of experience studies on which significant assumptions are based, and 6) rates applied to different periods (if applicable)
- The discount rate including:
 - The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date
 - Assumptions about projected cash flows (for example, contributions from 1) employers, 2) nonemployer contributing entities, and 3) plan members, when applicable
 - The long-term expected rate of return on pension plan investments and a description of how it was determined, including significant methods and assumptions used for that purpose
 - The municipal bond rate used and the source of that rate, if applicable
 - asset class, and (if not otherwise disclosed) whether the expected ROR are presented as arithmetic or geometric means
 - The governmental nonemployer contributing entity's proportionate share of the collective net pension liability
 - If a blended rate is used as the discount rate, the periods of projected benefit payments to which the long-term expected rate of return and, the municipal bond rate were applied
 - The assumed asset allocation of the plan's portfolio, the long-term expected real rate of return (ROR) for each major asset class calculated using 1) the discount rate plus 1% and 2) the discount rate minus 1%?

Yes No N/A

- When the notes indicate that separate information is publicly available for the pension plan and how to obtain the report, do the notes also disclose:
 - That the pension plan's fiduciary net position has been determined on the same basis used by the pension plan
 - The pension plan's basis of accounting, including the policies with respect to benefit payments (including refunds of employee contributions)
 - How investments are valued
 - Information about the substance and magnitude of significant changes that indicate the pension plan's disclosures generally do not reflect the facts and circumstances at the government's measurement date)
- When all information required by GASB Statement No. 68 and other financial reporting standards about the elements of the pension plan's basic financial statements (that is, all information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position) is not available in a separate report it is necessary for the employer government to provide all of this information in their financial statements. Refer to questions 13.8b and 13.9 and the related explanations for the specific information to include.
- The following information should be disclosed when it is applicable:
- The governmental nonemployer contributing entity's proportionate amount (in dollars) of the collective net pension liability, its proportion (percentage) of the collective net pension liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date
- The measurement date of the collective NPL, the date of the actuarial valuation used as the basis for the total pension liability and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date
- A brief description of changes of assumptions or other inputs and changes in benefit terms (if any) that affected measurement of the total pension liability since the prior measurement date
- A brief description of the nature of changes between the measurement date of the collective net pension liability and the governmental nonemployer contributing entity's reporting date that are expected to have a significant effect on the governmental nonemployer contributing entity's proportionate share of the collective net pension liability, and the amount of the expected resultant change in the governmental nonemployer contributing entity's proportionate share of the collective net pension liability (if known)
- Amount of pension expense recognized during the reporting period by the governmental nonemployer contributing entity as a result of the special funding situation
- The governmental nonemployer contributing entity's balances of deferred outflows of resources and deferred inflows of resources for the plan as a result of the special funding situation classified as follows (if applicable):
 - Differences between expected and actual experience in the measurement of the total pension liability
 - Changes of assumptions or other inputs
 - Net difference between projected and actual earnings on pension plan investments
 - Changes in the governmental nonemployer contributing entity's proportion of the balances and differences between the governmental nonemployer contributing entity's contributions (other than those to separately finance specific liabilities of the individual nonemployer contributing entity to the pension plan) and the governmental nonemployer contributing entity's proportionate share of contributions
 - The governmental nonemployer contributing entity's contributions to the pension plan subsequent to the measurement date of the collective net pension liability
- A schedule that presents the net amount of deferred outflows and inflows of resources that will affect the governmental nonemployer contributing entity's pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years
- The amount of the governmental nonemployer contributing entity's balance of deferred outflows of resources, if any, that will be recognized as a reduction of the collective net pension liability

_____ 13.4b Does the government's obligation as a nonemployer contributing entity meet the definition of a special funding situation, but the government recognizes *less than* a substantial proportion of the collective net pension liability of the plan? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 116]

Explanation: See the explanation to 13.3b for the definition of a special funding situation. If the government is a nonemployer contributing entity to more than one such plan, the required disclosures for the liabilities recognized by the government may be presented in the aggregate.

Yes No N/A

The disclosure requirements for defined benefit pension plans administered through a trust or equivalent arrangement in which the government participates as a nonemployer contributing entity and the government recognizes *less than* a substantial proportion of the collective net pension liability of the plan are as follows:

- The name of the pension plan
- The public employee retirement system or other entity that administers the pension plan
- Identification of the type of pension plan (e.g., a single-employer, agent multiple-employer, or cost-sharing multiple-employer pension plan)
- The basis for determining the governmental nonemployer contributing entity’s contributions (for example, statute, contract, an actuarial basis, or some other manner)
- Identification of the authority under which the governmental nonemployer contributing entity’s contribution requirements are established or may be amended
- The total amount of contributions recognized by the pension plan from the governmental nonemployer contributing entity during the reporting period
- The governmental nonemployer contributing entity’s proportionate amount (in dollars) of the collective net pension liability, its proportion (percentage) of the collective net pension liability, the basis on which its proportion was determined, and the change (if any) in its proportion since the prior measurement date
- Amount of pension expense recognized during the reporting period by the governmental nonemployer contributing entity as a result of the special funding situation
- The governmental nonemployer contributing entity’s balances of deferred outflows of resources and deferred inflows of resources as a result of the special funding situation

If the government is a nonemployer contributing entity but its obligation for contributions does not meet the definition of a special funding situation, note disclosures are nevertheless required. In such cases, the disclosures should be those that are applicable to the type of plan (single-employer, agent multiple-employer, or cost-sharing multiple employer). [GASB-S68: 118]

_____ 13.5 If the government participates as an employer in a defined contribution pension plan that is *administered through a trust or equivalent arrangement* (regardless of whether there is a special funding situation) do the notes provide additional information for the plan? [GASB-S68: 126; eGAAFR, page 914; eSUP, page 11] If so, do the notes include:

Explanation: The information should be disclosed for each defined contribution pension plan to which an employer is required to contribute.

- | | | |
|-------|-------|---|
| _____ | 13.5a | The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan |
| _____ | 13.5b | A brief description of the benefit terms (including terms, if any, related to vesting and forfeitures and the policy related to the use of forfeited amounts) and the authority under which benefit terms are established or may be amended |
| _____ | 13.5c | The contribution (or crediting) rates (in dollars or as a percentage of salary) for employees, the employer, and nonemployer contributing entities, if any, and the authority under which those rates are established or may be amended |
| _____ | 13.5d | The amount of pension expense recognized for the reporting period |
| _____ | 13.5e | The amount of forfeitures reflected in pension expense for the reporting period |
| _____ | 13.5f | The amount of the employer’s liability outstanding at the end of the period, if any. |
| _____ | 13.5g | Is there a nonemployer contributing entity or entities (regardless of whether the criteria for a special funding situation are met)? [GASB-S68: 128 and 134] If so, |

Yes No N/A

do the notes disclose:

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.5g1 | The proportion of the total pension expense that is represented by the employer's expense? [GASB-S68: 128] |
| _____ | _____ | _____ | 13.5g2 | The amount of revenue recognized as a result of the support provided by nonemployer contributing entities? [GASB-S68: 128] |
| _____ | _____ | _____ | 13.6 | Is the government a nonemployer contributing entity to a defined contribution pension plan that is <i>administered through a trust or equivalent arrangement</i> ? |
| _____ | _____ | _____ | 13.6a | Does the government's obligation as a nonemployer contributing entity meet the definition of a special funding situation and is the government required to contribute a <i>substantial proportion</i> of the total contributions from the employer and nonemployer contributing entities? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 132] |

Explanation: See the explanation to question 13.3b for the definition of a special funding situation. The disclosure requirements for such defined contribution pension plans are as follows:

- The name of the pension plan
- The public employee retirement system or other entity that administers the pension plan
- Identification of the pension plan as a defined contribution pension plan
- A brief description of the benefit terms
- Terms, if any, related to vesting and forfeitures and the policy related to the use of forfeited amounts
- The authority under which benefit terms are established or may be amended
- The contribution (or crediting) rates (in dollars or as a percentage of salary) for employees, the employer, and nonemployer contributing entities
- The authority under which those rates are established or may be amended
- The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation
- The amount of forfeitures reflected in expense recognized by the governmental nonemployer contributing entity
- The proportion of the total pension expense for pensions provided through the pension plan that is represented by the governmental nonemployer contributing entity's expense
- The amount of the governmental nonemployer contributing entity's liability resulting from the special funding situation outstanding at the end of the period (if any)

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 13.6b | Does the government's obligation as a nonemployer contributing entity meet the definition of a special funding situation, but the government is required to contribute a <i>less than</i> substantial proportion of the total contributions from the total contributions from the employer and nonemployer contributing entities? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 133] |
|-------|-------|-------|-------|---|

Explanation: See the explanation to question 13.3b for the definition of a special funding situation. The disclosure requirements for such defined contribution pension plans are as follows:

- The name of the pension plan
- Identification of the public employee retirement system or other entity that administers the pension plan
- Identification of the pension plan as a defined contribution pension plan
- The contribution (or crediting) rates (in dollars or as a percentage of salary) for the governmental nonemployer contributing entity
- The authority under which those rates are established or may be amended
- The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation
- The proportion of the total pension expense for pensions provided through the pension plan that is represented by the governmental nonemployer contributing entity's expense

Yes No N/A

- The amount of the governmental nonemployer contributing entity’s liability outstanding at the end of the period (if any)

If the government is a nonemployer contributing entity, but its obligation for contributions does not the definition of a special funding situation note disclosures are, nevertheless, required. In such cases, the following disclosures should be made: [GASB-S68: 135]

- *The name of the pension plan*
- *Identification of the public employee retirement system or other entity that administers the pension plan*
- *Identification of the pension plan as a defined contribution pension plan*
- *The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of its legal obligation to contribute*
- *The amount of the governmental nonemployer contributing entity’s liability outstanding at the end of the period (if any)*

_____ 13.7 If the government is an employer or a nonemployer contributing entity for a defined benefit pension plan (regardless of its type) that is *administered through a trust or equivalent arrangement*, and the plan is reported as a pension (and other employee benefit) trust fund, and that plan issues a separate report, do the notes provide additional information? [GASB-S67: 30; GASB-S68: 43, 79, and 112; eGAAFR, page 949; eSUP, pages 44-5] If so, do the notes disclose:

_____ 13.7a That the plan issues a separate publicly available report and how to obtain the report

Explanation: The notes should indicate whether the separate information for the plan is available as a stand-alone financial report that the plan issues or the plan is included as a fiduciary fund in another government’s report (e.g., the report of a public employee retirement system or another government). The disclosure about how to obtain the report can be addressed by various methods that include providing a link to the report on the public employee retirement system’s website, providing contact information (e.g., e-mail address, telephone, or mailing address), or by providing the office location of where the report can be obtained.

_____ 13.7b That the pension plan’s fiduciary net position has been determined on the same basis used by the pension plan

_____ 13.7c The pension plan’s basis of accounting, including the policies with respect to benefit payments (including refunds of employee contributions)

_____ 13.7d How investments are valued

_____ 13.7e Information about the substance and magnitude of significant changes that indicate the pension plan’s disclosures generally do not reflect the facts and circumstances at the government’s measurement date (if applicable).

_____ 13.8 If the government is an employer or a nonemployer contributing entity for a defined benefit pension plan (regardless of the type of plan) that is *administered through a trust or equivalent arrangement*, and the plan is reported as a pension (and other employee benefit) trust fund, but that plan does not issue a separate report, do the notes provide additional information? [GASB-S67: 30; GASB-S68: 43, 79, and 112; eGAAFR, page 949; eSUP, pages 44-5] If so:

_____ 13.8a Do the notes include financial statements for each such individual pension plan (regardless of the type of plan) if the combining statements that provide this information are not within the scope of the audit? [GASB-S34: 106]

Yes No N/A

Explanation: If the independent auditor only takes *in relation to* responsibility for the combining and individual fund statements, then the financial statements for each individual benefit plan should be included within the notes so that data for each benefit plan is included within the scope of the audit.

_____ 13.8b Do the notes include all disclosures required of such stand-alone pension plans (regardless of the type of plan)? [GASB-S67: 30; GASBS-S67: 43, 79, and 112; eGAAPFR, page 949; eSUP, pages 44-5]

Explanation: The disclosure requirements for such benefit plans in the absence of a separately issued report (which should be merged with the sponsoring government's employer disclosures to avoid duplication) are as follows:

- Plan description including the plan's name
- Public employee retirement system or other entity that administers the pension plan
- Type of plan and the number of participating employers (if the pension plan is a multiple-employer pension plan) and the number of nonemployer contributing entities (if any)
- Information about the pension plan's board and its composition
- Classes of covered plan members and the 1) number of inactive members (or beneficiaries) currently receiving benefits, 2) inactive members entitled to, but not yet receiving benefits, and (3) active members) (*a plan should disclose if the plan is closed to new entrants.*)
- Description of benefits and the authority for establishing or amending those benefits
- When the pension plan or the entity that administers the pension plan has the authority to establish or amend benefits, a description of the benefits, including the key elements of the pension formulas and the terms or policies, if any, with respect to 1) automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs) and (2) ad hoc postemployment benefit changes, including ad hoc COLAs?
- Describe contribution requirements and the authority for establishing or amending those requirements?
- Address the requirements for each of the following contributors, when applicable: 1) Employers, 2) nonemployer contributing entities and 3) plan members
- Provide contribution rates (in dollars *or* as a percentage of covered payroll) for each of the applicable contributors for the reporting period.
- Terms of long-term contracts for contributions between a pension plan and either an employer or a nonemployer contributing entity, (if any) and the amount outstanding as of the plan's reporting date. [GASB-s67: 30c]
- When there is a policy of setting aside reserves for specific purposes (e.g., for benefit increases or for reducing employer contributions), the policy and the authority under which it was established and may be amended, the purposes and conditions that require or allow for the use of the reserves, and the balance of the reserves. [GASB-S 67: 30e]
- When the pension plan or the entity that administers the pension plan has the authority to establish or amend contribution requirements the basis for determining contributions (for example, statute, contract, an actuarial basis, or some other manner)
- Investment policies, including 1) those pertaining to asset allocation, 2) the procedures and authority for establishing and amending policies, and 3) a description of significant investment policy changes during the reporting period (if any)
- Identification of investments (other than those issued or explicitly guaranteed by the U.S. government and positions in mutual funds) in any one organization that represent 5 percent or more of the pension plan's fiduciary net position
- The annual money-weighted rate of return and an explanation of the nature of the rate
- The amount of current period benefit payments attributable to the purchase of allocated insurance contracts?
- The pensions for which allocated insurance contracts were purchased in the current period?
- That the obligation for the payment of benefits covered by allocated insurance contracts has been transferred to one or more insurance companies
- If offered, a description of the plan's deferred retirement option program (DROP) terms
- The amounts held by the pension plan pursuant to the DROP?

Explanation: A DROP permits a plan member to have benefit payments credited to an individual member account within the pension plan while continuing to serve as an active employee and to be paid a salary.

_____ 13.9 If the government is an employer or a nonemployer contributing entity for a single-employer or cost-sharing multiple-employer defined benefit pension plan that is *administered through a trust or equivalent arrangement*, and the plan is reported as a pension (and other employee benefit) trust fund, but that plan does not issue a separate report, do the notes include additional information for each plan? [GASB-S67: 30-31;

Explanation: The information for these required disclosures should be measured as of the pension plan’s most recent fiscal yearend. In the case of a cost-sharing multiple-employer pension plan the information should be presented for the plan as a whole. None of the following disclosures are required for an agent multiple-employer defined benefit pension plan that the government reports as a pension (and other employee benefit) trust fund.

The additional disclosure requirements for single-employer and cost-sharing multiple-employer pension plans in the absence of a separately issued report (which should be merged with the sponsoring government's employer disclosures to avoid duplication) are as follows:

- The total pension liability (TPL)
- The plan’s fiduciary net position (FNP)
- The net pension liability (NPL)
- The plan’s FNP as a percentage of the TPL
- Information about the significant assumptions and other inputs used to measure the total pension liability including inflation, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), source of mortality assumptions, the dates of experience studies on which significant assumptions are based, and rates applied to different periods (if applicable)
- Information about the discount rate applied in the current measurement including any change in the discount rate since the pension plan’s prior fiscal year-end (if applicable), assumptions about projected cash flows contributions from 1) employers, 2) nonemployer contributing entities, and 3) plan members (when applicable)
- The long-term expected rate of return on pension plan investments and a description of how it was determined, significant methods and assumptions used for that purpose
- The municipal bond rate used and the source of that rate (if applicable),
- Periods of projected benefit payments to which the long-term expected rate of return and the municipal bond rate were applied to determine the discount rate (if a blended rate is used as the discount rate)
- The assumed asset allocation of the plan’s portfolio
- The long-term expected real rate of return (ROR) for each major asset class and whether the expected ROR are presented as arithmetic or geometric means
- The NPL calculated using 1) the discount rate plus 1% and 2) the discount rate minus 1%
- The date of the actuarial valuation and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the pension plan’s fiscal year-end

_____ 13.10 If the government reports a pension (and other employee benefit) trust fund for a defined contribution pension plan that is *administered through a trust or equivalent arrangement* do the notes provide additional information? [GASB-S67: 47; eGAAFR, page 958; eSUP, page 53]

Explanation: The disclosure requirements for such a benefit plan in the absence of a separately issued report (which should be merged with the sponsoring government's employer disclosures to avoid duplication) are as follows:

- Classes of plan members covered including the number of plan members?
- The number of participating employers (if the pension plan is a multiple-employer pension plan), and, nonemployer contributing entities (if any)
- Authority under which the pension plan is established or may be amended?

Questions 13.11 through 13.15 apply to postemployment benefit plans other than pension plans (OPEB plans).

_____ 13.11 If the government participates in a defined benefit OPEB plan, do the notes provide information on the arrangement? [GASB-S45: 24-5; GASB-S50: 7-8; GAAFR, page 369]
If so:

_____ 13.11a Do the notes describe the OPEB benefit plan? [GASB-S45: 24a1; GAAFR, page 369]

Yes No N/A

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

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.11b | Do the notes briefly describe the types of benefits offered and the authority for establishing and amending benefits? [GASB-S45: 24a2; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11c | 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-S45: 24a3; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11c1 | If a separate report is issued for a plan, do the notes disclose how to obtain a copy of the report? [GASB-S45: 24a3; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11d | Do the notes describe the authority for establishing and amending the funding policy? [GASB-S45: 24b1; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11e | Do the notes indicate the employer's required contribution rate(s)? [GASB-S45: 24b2; GAAFR, page 369] |

Explanation: A government 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 government are not reduced.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 13.11e1 | Are employer contribution rates expressed either in dollars or as a percentage of current-year payroll? [GASB-S45: 24b3; GAAFR, page 369] |
|-------|-------|-------|---------|---|

Explanation: See explanation following question 13.1e.

If the employer participates in either a single-employer or agent multiple-employer OPEB plan and the contribution rate differs significantly from the actuarially determined annual required contribution, the notes should explain how the contribution rate is determined. [GASB-S45: 24b3; GAAFR, page 369]

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

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|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.11f | If the government participates in an OPEB cost-sharing, multiple-employer defined benefit OPEB plan, do the notes provide information on both required and actual contributions? [GASB-S45: 24b3; GASB-TB 04-2: 2-6; GAAFR, page 369] |
|-------|-------|-------|--------|---|

Explanation: This disclosure for required and actual contributions should provide information for the contractually required contributions that relate to the fiscal year being reported upon (i.e., those that relate to the pay periods within the fiscal year) regardless of when the amounts are due. For example, a government with a calendar year as its fiscal year is required to make contractually required contributions on a quarterly basis to the cost-sharing employee benefit plan within 45 days after the close of each quarter. In this case the payment for the last quarter would be part of the contractually required contributions for the calendar year even though it is not due to the cost-sharing employee benefit plan until midway through the first quarter of the subsequent period. Also, the government should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.11f1 | Is the current year's required contribution stated in dollars? [GASB-S45: 24b3; GAAFR, page 369] |
|-------|-------|-------|---------|--|

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

| Yes | No | N/A | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.11f2 | Are actual contributions presented as a percentage of required contributions? [GASB-S45: 24b3; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11f3 | Is all information presented both for the current year and each of the preceding two years? [GASB-S45: 24b3; GAAFR, page 369] |
| _____ | _____ | _____ | 13.11g | In the case of a cost-sharing multiple-employer OPEB 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, page 369] |
| _____ | _____ | _____ | 13.12 | If the government participates in either a single-employer or agent multiple-employer defined benefit OPEB plan, do the notes provide additional information? [GASB-S45: 25; GAAFR, pages 369-371] If so: |
| _____ | _____ | _____ | 13.12a | Do the notes disclose annual benefit cost? [GASB-S45: 25a; GAAFR, page 369] |

Explanation: The government should not reduce the annual benefit plan cost for an OPEB plan by payments from the federal government under Medicare Part D.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.12b | Do the notes disclose actual contributions made (in dollars)? [GASB-S45: 25a; GAAFR, page 369] |
| _____ | _____ | _____ | 13.12c | If there is a net OPEB obligation (NOPEBO) outstanding, do the notes disclose the components of the annual benefit plan cost? [GASB-S45: 25a; GAAFR, pages 369-370] |

Explanation: If a NOPEBO exists, the annual benefit cost will comprise these three components: 1) the annual required contribution (ARC), 2) the interest on the NOPEBO, and 3) the actuary's adjustment of the ARC based on the existence of the NOPEBO.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.12d | If there is a NOPEBO outstanding, do the notes disclose both 1) the increase or decrease in the NOPEBO and 2) the NOPEBO at the end of the year? [GASB-S45: 25a; GAAFR, page 370] |
| _____ | _____ | _____ | 13.12e | Do the notes disclose the annual benefit plan cost for the current year and the two preceding years? [GASB-S45: 25b; GAAFR, page 370] |
| _____ | _____ | _____ | 13.12f | Do the notes disclose the percentage of the annual benefit cost contributed for the current year and the two preceding years? [GASB-S45: 25b; GAAFR, page 370] |
| _____ | _____ | _____ | 13.12g | Do the notes disclose the NOPEBO for the current year and the two preceding years? [GASB-S45: 25b; GAAFR, page 370] |
| _____ | _____ | _____ | 13.12h | Do the notes disclose the date of the actuarial valuation? [GASB-S45: 25c; GAAFR, page 370] |
| _____ | _____ | _____ | 13.12i | Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GAAFR, page 370] |

Explanation: The disclosure of the actuarial assumptions must be in the notes to the financial statements.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 13.12i1 | Do the notes disclose the actuarial cost method? [GASB-S45: 25d; GAAFR, page 371] |
|-------|-------|-------|---------|---|

Yes No N/A

Explanation: GAAP require the use of one of the following six actuarial cost methods: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate. The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels.

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.12i2 | If the aggregate method is used, do the notes state that because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose, and that the information presented is intended to serve as a surrogate for the funding progress of the plan? [GASB-S45: 25d; GASB-S50: 8b3b and 9; GAAFR, page 371] |
| _____ | _____ | _____ | 13.12i3 | Do the notes disclose the actuarial method used for valuing assets? [GASB-S45: 25d; GAAFR, page 371] |
| _____ | _____ | _____ | 13.12i4 | Do the notes disclose the assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases? [GASB-S45: 25d; GAAFR, page 371] <i>If the assumptions (e.g., inflation rate, projected salary increases) used to determine the ARC for the current year and the information about the funded status of the plan contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates. [GASB-S45: 25d 5c; GASB-S50: 8b3a; GAAFR, page 371]</i> |
| _____ | _____ | _____ | 13.12i5 | Do the notes describe the amortization method (i.e., level dollar or level percentage of projected payroll)? [GASB-S45: 25d; GAAFR, page 371] |
| _____ | _____ | _____ | 13.12i6 | Do the notes disclose the amortization period? [GASB-S45: 25d; GAAFR, page 371] |

Explanation: If a government uses more than one amortization period, it should disclose the equivalent single amortization period (ESAP).

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 13.12i7 | Do the notes state whether amortization periods are open or closed? [GASB-S45: 25d; GAAFR, page 371] |
| _____ | _____ | _____ | 13.12j | For an OPEB healthcare plan, does the disclosure of actuarial assumptions include the healthcare cost trend rate? [GASB-S45: 25d; GAAFR, page 371] <i>If different years are used for the healthcare cost trend rate, the notes should disclose both the initial and ultimate rates. [GASB-S45: 25d5c; GAAFR, page 371, note 154]</i> |
| _____ | _____ | _____ | 13.12k | For partially funded defined benefit OPEB plans, do the notes disclose the method used to determine the blended investment return assumption? [GASB-S45: 25d; GAAFR, page 371, note 155] |
| _____ | _____ | _____ | 13.12L | If the government participates in one or more defined benefit OPEB plans, do the notes provide disclosures for the funded status of the plan(s) as of the most recent actuarial valuation date? [GASB-S45: 25c; GASB-S50: 8a; GAAFR, pages 370-371] If so: |

Explanation: One of the following actuarial cost methods should be used: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate. If the aggregate actuarial method is used to determine the annual required contribution, the government should present this information using the entry age actuarial cost method. The requirement to present information about funded status of pension plans that use the aggregate actuarial method is effective for the first fiscal

Yes No N/A

period containing information from actuarial valuations as of June 15, 2007 or later. Amortization of the total actuarial accrued liability may be calculated using either a level dollar or a level percentage of projected payroll approach. However, the maximum acceptable amortization period is 30 years.

_____ 13.12L1 Do the notes disclose the actuarial valuation date? (GASB-S45: 25c; GASB-S50: 8a; GAAFR, page 370)

Explanation: The actuarial valuation for an OPEB plan should be performed:

- At least biennially for OPEB plans with a total membership of 200 or more
- At least triennially for OPEB plans with fewer than 200 total members

The actuarial valuation for an OPEB plan should be performed at least biennially.

Regardless of the option selected, the same date should be used for each actuarial valuation. However, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

_____ 13.12L2 Do the notes disclose the actuarial value of assets? (GASB-S45: 25c; GASB S-50: 8a; GAAFR, page 370)

Explanation: The *actuarial* value of plan assets may differ from the *accounting* value presented on the statement of plan net position.

_____ 13.12L3 Do the notes disclose the actuarial accrued liability? (GASB-S45: 25c; GASB S-50: 8a; GAAFR, page 370)

Explanation: The actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes except when the aggregate actuarial cost method is used. In this case the disclosure should be prepared using the entry age actuarial cost method. Further, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

_____ 13.12L4 Do the notes disclose the total unfunded actuarial accrued liability (or funding excess)? (GASB-S45: 25c; GASB S-50: 8a; GAAFR, page 370)

Explanation: UNFUNDED ACTUARIAL ACCRUED LIABILITY = ACTUARIAL ACCRUED LIABILITY - ACTUARIAL VALUE OF PLAN ASSETS. If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

_____ 13.12L5 Do the notes disclose the funded ratio? (GASB-S45: 25c; GASB S-50: 8a; GAAFR, page 370)

Explanation: FUNDED RATIO = ACTUARIAL VALUE OF ASSETS/ACTUARIAL ACCRUED LIABILITY [expressed as a percentage].

_____ 13.12L6 Do the notes disclose the annual covered payroll? (GASB-S45: 25c; GASB-S50: 8a; GAAFR, page 370)

_____ 13.12L7 Do the notes disclose the ratio of the unfunded actuarial accrued liability to annual covered payroll? (GASB-S45: 25c; GASB S-50: 8a; GAAFR, page 370)

_____ 13.12m Do the notes disclose that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits? [GASB-S45: 25d2; GASB-S50: 8b1; GAAFR, page 370]

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | | |
| _____ | _____ | _____ | 13.12n | <p>Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GASB-S50: 8b, GAAFR, page 371]</p> <p><i>If applicable, the notes should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. (GASB S-45, 25d3; GASB S-50: 7b2; GAAFR, page 370)</i></p> |
| _____ | _____ | _____ | 13.12o | <p>If the government participates in a single-employer or agent multiple-employer OPEB plan, do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GAAFR, page 370]</p> |
| _____ | _____ | _____ | 13.12o1 | <p>For OPEB, do the notes disclose that calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point? (GASB-S45: 25d3; GAAFR, page 370)</p> |
| _____ | _____ | _____ | 13.12o2 | <p>Do the notes disclose that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future? (GASB-S45: 25d1; GAAFR, page 370)</p> |
| _____ | _____ | _____ | 13.12o3 | <p>Do the notes disclose that actuarial calculations reflect a long-term perspective? (GASB-S45: 25d4; GAAFR, page 370)</p> <p><i>If applicable, the notes should disclose that the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. (GASB-S45: 25d4; GAAFR, page 370)</i></p> |
| _____ | _____ | _____ | 13.12p | <p>Does the OPEB plan qualify for and has it elected to use the alternative measurement method? If so, do the notes disclose:</p> |

Explanation: To qualify to use the alternative measurement approach, a government must have a single-employer OPEB plan with fewer than 100 total plan members or participate in an agent multiple-employer defined benefit OPEB plan where it has less than 100 total plan members in its particular OPEB plan. The latter is true regardless of the total plan members for all employers participating in the agent multiple-employer OPEB plan. If a government selects the alternative measurement method for its agent multiple-employer OPEB plan it is necessary for that employer to provide actuarial information to the agent multiple-employer OPEB plan in which the employer participates as frequently as is required for that plan and as of the same actuarial valuation date used by that plan.

While this method does not require the services of an actuary, it does include the same essential elements as those used in an actuarial valuation:

- Projection of future benefits;
- Calculation of the present value of future benefit payments;
- Allocation of the present value of future benefit payments to operations in a systematic and rational manner.

The essential difference between the alternative approach and an actuarial valuation is that financial statement preparers are allowed to use certain simplifying assumptions to project benefits.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 13.12p1 | That the government has elected to use this method? [GASB-S45: 34] |
| _____ | _____ | _____ | 13.12p2 | The source or basis of all significant assumptions or methods used to apply the method? [GASB-S45: 34; GAAFR, page 371, note 153] |

| Yes | No | N/A | |
|-------|-------|-------|--|
| _____ | _____ | _____ | 13.13 If the government participates in a defined contribution benefit plan, do the notes provide information on the arrangement? [GASB-S45: 29; GAAFR, page 371] If so: |
| _____ | _____ | _____ | 13.13a Do the notes disclose the name of the benefit plan? [GASB-S45: 31a; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13b Do the notes disclose the entity that administers the benefit plan? [GASB-S45: 31a; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13c Do the notes identify the arrangement as a defined contribution benefit plan? [GASB-S45: 31a; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13d Do the notes briefly describe the plan's provisions? [GASB-S45: 31b; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13e Do the notes disclose the authority for establishing or amending the plan's provisions? [GASB-S45: 31b; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13f Do the notes disclose contribution amounts (either in dollars or as a percentage of salary) for the employer, participating employees, and other contributors? [GASB-S45: 31c; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13g Do the notes disclose the authority for establishing or amending contribution requirements? [GASB-S45: 31c; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13h Do the notes disclose contributions actually made by the employer and plan members? [GASB-S45: 31d; GAAFR, page 371] |

If the government participates in an insured benefit plan, the notes should 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-S45: 28; GAAFR, pages 371-2]

If the government is legally responsible for paying benefits on behalf of the employees of another entity, the notes should provide the same information required for a benefit plan provided to the government's own employees. [GASB-S45: 32; GAAFR, page 407]

| | | | |
|-------|-------|-------|--|
| _____ | _____ | _____ | 13.14 If the government sponsors a defined benefit OPEB plan (regardless of how it is administered) that is reported as a pension (and other employee benefit) trust fund and the plan issues a separate report, do the notes provide abbreviated disclosures concerning the plan? [GASB-S43: 30] If so: |
| _____ | _____ | _____ | 13.14a Do the notes disclose how to obtain a copy of the benefit plan report? [GASB-S43: 30; GAAFR, page 369] |
| _____ | _____ | _____ | 13.14b Do the notes identify the type of plan? [GASB-S43: 30a1; GAAFR, pages 369] |

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

| | | | |
|-------|-------|-------|---|
| _____ | _____ | _____ | 13.14c Do the notes disclose the number of participating employers and other contributing entities? [GASB-S43: 30a1; GAAFR, page 646] |
| _____ | _____ | _____ | 13.14d Do the notes disclose the basis of accounting used? [GASB-S43: 30b; GAAFR, pages 646-647] |

Yes No N/A

Explanation: This disclosure should specify when contributions, benefits, and refunds are recognized in the statement of changes in fiduciary net position.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 13.14e | Do the notes disclose the method used to determine the fair value of investments? [GASB-S43: 30b; GAAFR, page 647] <i>If the fair value is based on other than quoted market prices, the notes should disclose the methods and significant assumptions used to estimate the fair value of investments. [GASB-S31: 15; GASB-S43: 30b2 and 42; GAAFR, page 647]</i> <i>If there are any long-term contracts for contributions outstanding, the notes should disclose the terms of the contracts and the amount outstanding as of the plan's reporting date. [GASB-S43: 30c4; GAAFR, page 647]</i> |
| _____ | _____ | _____ | 13.15 | If the government sponsors a defined benefit OPEB plan (regardless of how it is administered) that is reported as a pension (and other employee benefit) trust fund, and that benefit plan does <i>not</i> issue a separate report, do the notes provide additional information? [GASB-S34: 106; GASB-S43: 30] |
| _____ | _____ | _____ | 13.15a | Do the notes include financial statements for each such individual benefit plan if the combining statements that provide this information are not within the scope of the audit? [GASB-S34: 106] |

Explanation: If the independent auditor only takes *in relation to* responsibility for the combining and individual fund statements, then the financial statements for each individual benefit plan should be included within the notes so that data for each benefit plan is included within the scope of the audit.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 13.15b | Do the notes include all disclosures required of such stand-alone OPEB benefit plans? [GASB-S43: 30; GAAFR, pages 646-649] |
|-------|-------|-------|--------|--|

Explanation: The disclosure requirements for such benefit plans in the absence of a separately issued report (which should be merged with the sponsoring government's employer disclosures to avoid duplication) are as follows:

- Plan description
- Type of plan and the number of participating employers and other contributors (if any)
- Classes of employees covered and current membership, including the number of retirees and others currently receiving benefits, terminated employees entitled to receive benefits in the future, and current active plan members (*A plan should disclose if the plan is closed to new entrants*)
- A brief description of benefit provisions and the authority for establishing or amending those provisions
- Summary of significant accounting policies
- Basis of accounting
- Method used to determine the fair value of investments
- Contributions and reserves
- Authority for establishing or amending the obligation to make contributions
- How contributions are determined and how administrative costs are financed
- Required contribution rates for active members of the plan
- Terms of long-term contracts for contributions and the amount outstanding as of the plan's reporting date
- Balances in legally required reserves or designations as of the plan's reporting date (reserves result from the actions of outside parties, while designations result from actions of the plan's own governing body); also, the purpose and funded status of each reserve or designation
- Legal or contractual maximum contribution rate
- Funding information
- The data from the schedule of funding progress for the current year
- The date of the actuarial valuation
- That the schedule of funding progress, located following the notes, provides multi-year trend data to help determine whether net plans assets are increasing or decreasing over time

Yes No N/A

- The actuarial cost method (i.e., entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate) [The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels]
- If the aggregate method is used, a statement that this method does not separately amortize unfunded actuarial accrued liabilities
- The actuarial method used for valuing assets
- The assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases
- The amortization method (i.e., level dollar or level percentage of payroll)
- The amortization period (if more than one period is used, the equivalent single amortization period should be disclosed)
- Whether the amortization period is open or closed
- That benefits are projected based on benefit levels and cost-sharing arrangements as of the date of the valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations
-

FINANCIAL SECTION – RSI

_____ 14.1* Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; GAAFR, page 577]

Explanation: When the government sponsors a public-entity risk pool that issues a separate report, the RSI mandated for the pool should be presented in the statistical section of the CAFR rather than immediately following the notes to the financial statements.

_____ 14.2* If the government does not present budgetary comparisons as basic governmental fund financial statements, does the RSI present these comparisons? [GASB-S34: 130, note 53; GAAFR, page 578]

_____ 14.2a Is the budgetary comparison titled a *schedule* rather than a *statement*? [GASB-S34: 130, note 53; GAAFR, page 578]

_____ 14.2b* Does the schedule include a separate column for the general fund and each annually budgeted major special revenue fund (or if there is a significant perspective difference, a column or columns consistent with the fund, organization, or program structure that the government uses for its legally adopted budget)? [GASB-S34: 130; GASB-S41: 3; GAAFR, page 578]

Explanation: If perspective differences between the basis of budgeting and GAAP are so significant that it is impossible to present meaningful budgetary comparisons based on the fund structure used for GAAP reporting, then the budgetary comparison schedule should be based on the fund, organization, or program structure that the government uses for its legally adopted budget. Generally, the government should present such budgetary comparison schedules for the activities that it reports in the general fund and major special revenue funds.

_____ 14.2c* Has the government refrained from presenting budgetary comparisons for debt service funds, capital projects funds, permanent funds, major special revenue funds without annual budgets, and nonmajor special revenue funds? [GAAFR, page 578]

_____ 14.2d* Does the budgetary schedule present the original budget? [GASB-S34: 130; GAAFR, page 578]

Explanation: GAAP define *original budget* as “the first complete appropriated budget.” Amounts automatically carried over from one budget to the next – such as encumbrances that are subject to automatic re-appropriation – should be included as part of the original budget. Likewise, the original budget should be adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that occur prior to the start of the fiscal year.

_____ 14.2e* Does the budgetary schedule present the final amended budget? [GASB-S34: 130; GAAFR, pages 578-579]

Yes No N/A

Explanation: The *final amended budget* should reflect the ultimate appropriation authority for the period, even if, as sometimes permitted by law, some or all of the amendments occur after the close of the fiscal period.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 14.2f* | Does the budgetary schedule present actual data using the basis of budgeting? [GASB-S34: 130; GAAFR, page 578] |
| _____ | _____ | _____ | 14.2g | Has the government presented one or more variance columns? [GASB-S34: 130; GAAFR, page 579] |
| _____ | _____ | _____ | 14.2g1 | Has the government refrained from captioning variance columns as <i>favorable</i> or <i>unfavorable</i> ? [GAAFR, page 579] |
| _____ | _____ | _____ | 14.2h | Do the notes to RSI either 1) disclose the basis of budgeting, if different from GAAP, or 2) state that GAAP serve as the basis of budgeting? [GAAFR, page 580] |
| _____ | _____ | _____ | 14.2i | If the basis of budgeting differs from GAAP, is a reconciliation provided in the notes to RSI (if not presented on the face of the schedule)? [NCGA-I10: 25; GAAFR, pages 579-580] |
| _____ | _____ | _____ | 14.2i1 | Is the reconciliation between GAAP and the basis of budgeting sufficiently detailed? [NCGA-I10: 25; GAAFR, pages 579-580] |

Explanation: GAAP describe four categories of budget-versus-actual differences: basis differences, timing differences, perspective differences, and entity differences. These categories provide the *minimum level of detail* required by GAAP. That is, if a fund had items from each of these categories, the reconciliation would need to present *at least* four reconciling amounts.

The notes to RSI should disclose excesses of expenditures over appropriations in the general fund and annually budgeted major special revenue funds.
[GASB-S34: 131; GASB-S37: 19; GAAFR, page 580]

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 14.3* | If the government uses the modified approach for one or more networks or subsystems of infrastructure assets, is information on these networks and subsystems provided as RSI? [GASB-S34: 132-3; GAAFR, page 580] |
| _____ | _____ | _____ | 14.3a | Does RSI provide information on the assessed condition of all infrastructure assets accounted for using the modified approach for at least the three most recently completed condition assessments? [GASB-S34: 132a; GAAFR, page 580] |

Explanation: Trend information is only required as it becomes available.

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 14.3b | Does RSI disclose the government's estimate for each of the past five years of the amount needed to maintain or preserve infrastructure assets at the condition level established by the government? [GASB-S34: 132b; GAAFR, page 581] |
|-------|-------|-------|-------|--|

Explanation: See explanation for 14.3a.

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 14.3c | Does RSI disclose the actual amounts expended on maintenance and preservation of infrastructure assets for each of the past five years? [GASB-S34: 132b; GAAFR, page 581] |
|-------|-------|-------|-------|---|

Explanation: See explanation for 14.3a.

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 14.3d | Do notes accompany RSI? [GASB-S34: 133; GAAFR, page 581] If so: |
|-------|-------|-------|-------|---|

| Yes | No | N/A | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 14.3d1 | Do notes to RSI disclose the basis for the condition measurement and the measurement scale used to assess and report condition? [GASB-S34: 133a; GAAFR, page 581] |
| _____ | _____ | _____ | 14.3d2 | Do notes to RSI disclose the condition level at which the government intends to preserve its infrastructure assets? [GASB-S34: 133b; GAAFR, page 581] |
| | | | | <i>The notes to RSI should disclose factors that significantly affect trends in the information reported in the required schedules. [GASB-S34: 133c; GAAFR, page 581]</i> |
| | | | | <i>If there is a change in the condition level at which the government intends to preserve infrastructure assets, the notes to RSI should estimate the effect of the change on the estimated annual amount in the current period to maintain and preserve those assets. [GASB-S34: 133c; GAAFR, page 581, note 25]</i> |

Questions 14.4 through 14.7 apply to defined benefit pension plans that are administered through a trust or equivalent arrangement.

| | | | | |
|-------|-------|-------|------|--|
| _____ | _____ | _____ | 14.4 | If the government participates as an employer in one or more defined benefit pension plans <i>that are administered through a trust or equivalent arrangement</i> , are schedules of required supplementary information presented for each such plan? [GASB-S68: 46 and 81; eGAAFR, page 945; eSUP, page 41] If so, do they include: |
|-------|-------|-------|------|--|

Explanation: Until a full 10-year trend is compiled, the required schedules for each plan should present information for as many years as are available.

Information about single-employer and agent multiple-employer plans should be presented for the individual plan in which the government participates. However, if the primary government and one or more of its component units provide pensions through the same single-employer or agent multiple-employer pension plan the required supplementary information in the reporting entity's financial statements should be for the reporting entity as a whole.

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 14.4a | For single-employer or agent multiple-employer plans a 10-year schedule that presents the beginning and ending balances for each of the following items measured as of the measurement date of the net pension liability: 1) the total pension liability (TPL), 2) the pension plan's fiduciary net position (FNP), and 3) the net pension liability (NPL)? If so, does the schedule separately present the effect on those items from each of the following, (as applicable): [GASB-S68: 46a; eGAAFR, page 945; eSUP, page 41] |
|-------|-------|-------|-------|---|

Explanation: Regardless of whether there is a special funding situation this information and the information in the following sub-questions should be provided for the collective net pension liability.

As a practical matter, the information for this schedule can be combined with the following schedule (see 14.4b) to avoid duplication of the common elements, as would be the case, if each schedule was separately presented and included all data elements.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4a1 | Service cost |
| _____ | _____ | _____ | 14.4a2 | Interest on the TPL |
| _____ | _____ | _____ | 14.4a3 | Changes of benefit terms |
| _____ | _____ | _____ | 14.4a4 | Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total |

| Yes | No | N/A | | |
|-------|-------|-------|---------|--|
| | | | | pension liability |
| _____ | _____ | _____ | 14.4a5 | Changes of assumptions about future economic or demographic factors or of other inputs |
| _____ | _____ | _____ | 14.4a6 | Contributions from employers |
| _____ | _____ | _____ | 14.4a7 | Contributions from nonemployer contributing entities |
| _____ | _____ | _____ | 14.4a8 | Contributions from employees |
| _____ | _____ | _____ | 14.4a9 | Pension plan net investment income |
| _____ | _____ | _____ | 14.4a10 | Benefit payments, including refunds of employee contributions |
| _____ | _____ | _____ | 14.4a11 | Pension plan administrative expense |
| _____ | _____ | _____ | 14.4a12 | Other changes, separately identified if individually significant. |
| _____ | _____ | _____ | 14.4b | For single-employer and agent multiple-employer plans, a 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68: 46b1 eGAAFR, page 945; eSUP, page 41] |

Explanation: As a practical matter, the information for this schedule can be combined with the previous schedule (see 14.4a) to avoid duplication of the common elements, as would be the case, if each schedule was separately presented and included all data elements.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4b1 | The TPL? |
| _____ | _____ | _____ | 14.4b2 | The pension plan's (FNP)? |
| _____ | _____ | _____ | 14.4b3 | The NPL/collective NPL? |
| _____ | _____ | _____ | 14.1b4 | The plan's FNP as a percentage of the TPL? |
| _____ | _____ | _____ | 14.4b5 | The covered-employee payroll? |
| _____ | _____ | _____ | 14.4b6 | The NPL/collective NPL as a percentage of covered-employee payroll? |
| _____ | _____ | _____ | 14.4b7 | Does a single-employer or agent multiple-employer plan have a special funding situation? If so, does the RSI include the following with the information measured as of the measurement date of the net pension liability: [GASB-S68: 46b2; eGAAFR, page 945; eSUP, page 41] |

Explanation: Special funding situations involve circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and *either* of the following conditions exists:

- a. The amount of contributions for which the nonemployer entity is legally responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
- b. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

For a single-employer or agent plan with a special funding situation, the term collective net pension liability is used to describe the net pension liability.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 14.4b7a | The nonemployer contributing entities' total proportionate share (amount) of the collective net pension liability that is |
|-------|-------|-------|---------|---|

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 14.4b7b | associated with the employer? The employer's proportionate share (amount) of the collective net pension liability? |
| _____ | _____ | _____ | 14.4c | For cost sharing multiple-employer plans, a 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68: 81a; eGAAFR, page 945; eSUP, page 41] |
| _____ | _____ | _____ | 14.4c1 | The employer's proportion (percentage) of the collective net pension liability? |
| _____ | _____ | _____ | 14.4c2 | The employer's proportionate amount (in dollars) of the collective net pension liability? |
| _____ | _____ | _____ | 14.4c3 | When there is a special funding situation, the nonemployer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer? |
| _____ | _____ | _____ | 14.4c4 | When there is a special funding situation, the total of the employer's and nonemployer contributing entities' proportionate shares (amount) of the collective net pension liability that is associated with the employer? |
| _____ | _____ | _____ | 14.4c5 | The employer's covered-employee payroll? |
| _____ | _____ | _____ | 14.4c6 | The employer's proportionate share (amount) of the collective NPL as a percentage of the employer's covered-employee payroll? |
| _____ | _____ | _____ | 14.4c7 | The pension plan's fiduciary net position as a percentage of the total pension liability? |
| _____ | _____ | _____ | 14.4d | For a single-employer or agent multiple-employer plan, is an actuarially determined contribution (ADC) calculated for the employer government? If so, is a 10-year schedule included that provides information about the ADC (regardless of whether that amount is funded) and identifies whether the information relates to the employers, nonemployer contributing entities, or both? [GASB-S68: 46c]. If yes, does the schedule include: |

Explanation: For purposes of this schedule, each of the required individual items should exclude amounts, if any, to separately finance specific liabilities of an individual employer or nonemployer contributing entity to the pension plan. Examples of separately financed liabilities to a plan include long-term receivables recognized for contractually deferred contributions with separate payment schedules, and cash receipts or long-term receivables for amounts assessed to an individual employer upon joining a multiple-employer plan or for increases in the TPL for changes of benefit terms specific to an employer in a multiple-employer plan.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4d1 | The ADC? |
| _____ | _____ | _____ | 14.4d2 | The amount of contributions recognized during the fiscal year by the plan in relation to the ADC? |

Explanation: For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the employer's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables)

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4d3 | The difference between the ADC and the amount of contributions recognized by the plan in relation to the ADC? |
|-------|-------|-------|--------|---|

| Yes | No | N/A | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4d4 | The covered-employee payroll? |
| _____ | _____ | _____ | 14.4d5 | The amounts of contributions recognized by the plan in relation to the ADC as a percentage of covered-employee payroll? |
| _____ | _____ | _____ | 14.4e | For any plan (regardless of its type), are the contribution requirements of the employer government established statutorily or contractually? If so, is a 10-year schedule included that provides information about the employer contribution requirements determined as of the employer's most recent fiscal year end? [GASB-S68: 46d and 81b]. If yes, does the schedule include: |

Explanation: For purposes of this schedule, each of the required individual items should exclude amounts, if any, to separately finance specific liabilities of an individual employer or nonemployer contributing entity to the pension plan. Examples of separately financed liabilities to a plan include long-term receivables recognized for contractually deferred contributions with separate payment schedules, and cash receipts or long-term receivables for amounts assessed to an individual employer upon joining a multiple-employer plan or for increases in the TPL for changes of benefit terms specific to an employer in a multiple-employer plan.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 14.4e1 | The statutorily or contractually required employer contribution? |
| _____ | _____ | _____ | 14.4e2 | The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? |

Explanation: For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the employer's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables).

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 14.4e3 | The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? |
| _____ | _____ | _____ | 14.4e4 | The employer's covered-employee payroll? |
| _____ | _____ | _____ | 14.4e5 | The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered-employee payroll? |
| _____ | _____ | _____ | 14.4f | Are schedules of required supplementary information are presented for a pension plan that is <i>administered through a trust or equivalent arrangement</i> ? If so, are the following disclosures to the RSI included when applicable: [GASB-S68: 47 and 82] |

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4f1 | For all plans regardless of their type, factors that significantly affect trends in the reported amounts? |
|-------|-------|-------|--------|---|

Explanation: For example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. The amounts presented for prior years should not be restated for the effects of such changes that occurred subsequent to the measurement date of that information.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 14.4f2 | For single-employer and agent multiple-employer plans, significant methods and assumptions used in calculating the ADC? [GASB-S68: 47] |
| _____ | _____ | _____ | 14.5 | If the government is a nonemployer contributing entity to a defined benefit pension plan that is <i>administered through a trust or equivalent arrangement</i> and the government |

Yes No N/A

recognizes a substantial proportion of the collective net pension liability is all applicable information included as RSI? [GASB-S68: 114-115]

Explanation: RSI should be provided for each pension plan for which the government is a nonemployer contributing entity. When the government is a nonemployer contributing entity to more than one such plan, the disclosures that relate to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

The RSI for defined benefit pension plans administered through a trust or equivalent arrangement in which the government participates as a nonemployer contributing entity and the government recognizes a substantial proportion of the collective net pension liability of the plan are as follows:

- A 10-year schedule that provides the following information calculated as of the measurement date of the collective net pension liability:
 - The governmental nonemployer contributing entity's proportion (percentage) of the collective net pension liability
 - The governmental nonemployer contributing entity's proportionate share (in dollars) of the collective net pension liability
 - The pension plan's fiduciary net position as a percentage of the total pension liability
- If the contribution requirements of the governmental nonemployer contributing entity are statutorily or contractually established, a 10-year schedule that provides the following information determined as of the governmental nonemployer contributing entity's most recent fiscal year end:
 - The governmental nonemployer contributing entity's statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, to separately finance specific liabilities of the individual governmental nonemployer contributing entity to the pension plan
 - The amount of contributions recognized by the pension plan in relation to the governmental nonemployer contributing entity's statutorily or contractually required contribution. For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the governmental nonemployer contributing entity's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables
 - The difference between the governmental nonemployer contributing entity's statutorily or contractually required contribution and the amount of contributions recognized by the pension plan in relation to its statutorily or contractually required contribution
- Notes to the required supplementary information to provide information about factors that significantly affect trends in the reported amounts (if applicable). For example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. The amounts presented for prior years should not be restated for the effects of such changes that occurred subsequent to the measurement date of that information

_____ 14.6 If the government is a nonemployer contributing entity to a defined benefit pension plan that is *administered through a trust or equivalent arrangement* and the government recognizes *less than* a substantial proportion of the collective net pension liability is all applicable information included as RSI? [GASB-S68: 117]

Explanation: If the government is a nonemployer contributing entity to more than one such plan, the required disclosures for the liabilities recognized by the government may be presented in the aggregate for all such liabilities.

The RSI for defined benefit pension plans administered through a trust or equivalent arrangement in which the government participates as a nonemployer contributing entity and the government recognizes *less than* a substantial proportion of the collective net pension liability of the plan are as follows:

- A 10-year schedule that provides the following information calculated as of the measurement date of the collective net pension liability:
 - The governmental nonemployer contributing entity's proportionate share (in dollars) of the collective net pension liability

Yes No N/A

- The amount of contributions to the pension plan from the governmental nonemployer contributing entity
-

_____ _____ _____ 14.7 If the government reports one or more defined benefit pension plans (regardless of the type of plan), *that are administered through a trust or equivalent arrangement*, does RSI either provide a 10-year schedule that presents for each fiscal year the annual money-weighted rate of return on pension plan investments for each plan or indicate how users may obtain a copy of a separately issued report that contains that information for the plan? [GASB-S67: 32dand 33; eGAAFR, page 950; eSUP, page 46]

Explanation: The annual money-weighted rate of return on pension plan investments should be calculated using the internal rate of return on pension plan investments net of pension plan investment expense. Pension plan investment expense should be measured on the accrual basis of accounting. Inputs to the internal rate of return calculation should be determined at least monthly. The use of more frequently determined inputs is encouraged.

Questions 14.8 through 14.10 apply to postemployment benefit plans other than pension plans (OPEB plans).

_____ _____ _____ 14.8* If the government either sponsors a single-employer defined benefit OPEB plan or participates in an agent multiple-employer defined benefit OPEB plan, does RSI provide trend information on funding progress for the last three actuarial valuations? [GASB-S43: 35; GAAFR, pages 581]

Explanation: When the aggregate method is used for funding purposes, a schedule of funding progress must be presented using the entry age actuarial cost method. Also, for OPEB plans, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

_____ _____ _____ 14.8a Does the schedule disclose the actuarial valuation date? [GASB-S43: 35; GAAFR, page 581]

In the case of defined benefit OPEB plans the actuarial valuation should be performed:

- At least biennially for plans with a total membership of 200 or more;
- At least triennially for plans with fewer than 200 total members.

Regardless of the option selected, the same date should generally be used for each actuarial valuation.

In the case where an individual employer that participates in an agent-multiple employer OPEB plan elects to use the alternative measurement method for its particular plan, each such individual employer must provide the information calculated using the alternative measurement at least as frequently as is required for the entire agent multiple-employer OPEB plan in which it participates. Further, the agent multiple-employer OPEB plan and each of its participating agent-employers should obtain the information as of the same date regardless of whether it is provided through the alternative measurement approach or by an actuarial valuation. [GASB-S57: 7-8]

_____ _____ _____ 14.8b Does the schedule disclose the actuarial value of plan assets? [GASB-S43: 35; GAAFR, page 581]

_____ _____ _____ 14.8c Does the schedule disclose the actuarial accrued liability? [GASB-S43: 35; GAAFR, page 581]

Explanation: When a plan presents the schedule of funding progress, the actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes. When the aggregate actuarial cost is used for funding purposes, the schedule should be prepared using the entry age actuarial cost method.

_____ _____ _____ 14.8d Does the schedule disclose the total unfunded actuarial accrued liability? [GASB-S43: 35; GAAFR, page 581]

Yes No N/A

Explanation: $\text{UNFUNDED ACTUARIAL ACCRUED LIABILITY} = \text{ACTUARIAL ACCRUED LIABILITY} - \text{ACTUARIAL VALUE OF PLAN ASSETS}$. If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

_____ 14.8e Does the schedule disclose the funded ratio? [GASB-S43: 35; GAAFR, page 581]

Explanation: $\text{FUNDED RATIO} = \text{ACTUARIAL VALUE OF ASSETS} / \text{ACTUARIAL ACCRUED LIABILITY}$ [expressed as a percentage].

_____ 14.8f Does the schedule disclose annual covered payroll? [GASB-S43: 35; GAAFR, page 581]

_____ 14.8g Does the schedule disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll? [GASB-S43: 35; GAAFR, page 582]

_____ 14.9* If the government sponsors a single-employer defined benefit OPEB plan, does RSI either present a schedule of employer contributions or indicate how users may obtain a copy of the benefit plan's separately issued report? [GASB-S43: 32; GAAFR, pages 582-583]

Explanation: *If a separate report is not issued and referenced, trend data on employer contributions for the current year and two preceding years is required, as follows:*

- Annual required contributions (in dollars) based on the parameters set by GAAP;
- Percentage of annual required contributions recognized as contributions from employers in the plan's statement of changes in plan net position.

_____ 14.10 If the cost-sharing plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report and the plan is not included in the financial report of another entity, does the cost-sharing employer present schedules of funding progress and employer contributions for the plan? [GASB-S45: 27; GASB-S50: 10] If so:

_____ 14.10a Do the notes disclose that the information presented relates to the cost-sharing plan as a whole and that the government is only one participating employer in the plan? [GASB-S45: 27; GASB-S50: 10]

_____ 14.10b Do the notes provide information helpful for understanding the scale of the information presented relative to the employer? [GASB-S45: 27; GASB-S50: 10]

_____ 14.11* If the government sponsors a public-entity risk pool, does the RSI present ten years of data on revenues and claims development (unless the notes contain a reference to a separately issued report)? [GASB-S30: 7, note a; GAAFR, pages 584-585]

Explanation: The specific contents of RSI for risk pools are as follows:

A table displaying:

1. Premium and investment revenues (past 10 fiscal years), presented as follows:
 - gross amounts earned
 - amounts ceded (for example, reinsurance)
 - net revenues
2. Unallocated claim adjustment expenses and other costs (past 10 fiscal years)
3. Incurred claims and allocated claim adjustment expenses as originally reported (past 10 fiscal years), presented as follows:
 - gross amounts incurred
 - amounts ceded (for example, reinsurance)

Yes No N/A

— net incurred

4. Cumulative payments related to item no. 3 at the end of each policy year
5. Re-estimated ceded losses and expenses
6. Re-estimated net incurred claims and claim adjustment expenses at the end of each year
7. The change between nos. 3 and 6

Reconciliation of claims liabilities by type of contract, including an analysis of changes in liabilities for claims and claim adjustment expenses of the current fiscal year and the prior year, in the same tabular format prescribed for the note disclosure reconciliation described earlier

Information for risk pools that are included as part of a combined general government reporting entity but do not issue separate financial reports should present the required supplementary information after the notes to the reporting entity's financial statements. However, if the reporting entity issues a comprehensive annual financial report, the required supplementary information for the risk pool may be presented as statistical information.

_____ 14.12 Has the government refrained from including information as required supplementary information that the authoritative accounting literature does not designate as such? [GAAFR, page 577]

***FINANCIAL SECTION – COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER SUPPLEMENTARY INFORMATION***

_____ 15.1* Does the financial section include a combining statement to support every column in the basic fund financial statements that aggregates data from more than one fund? [GASB-S34: 281; GAAFR, pages 596-597]

Explanation: A government with the full complement of fund types could have up to seven sets of combining fund financial statements, as follows:

- Combining statements – nonmajor governmental funds
- Combining statements – nonmajor enterprise funds
- Combining statements – internal service funds
- Combining statements – private-purpose trust funds
- Combining statements – pension (and other employee benefit) trust funds
- Combining statements – investment trust funds
- Combining statements – agency funds

_____ 15.1a Do the combining statements provide information on each individual fund included? [GAAFR, page 596]

_____ 15.1b Do the combining statements for governmental funds identify individual funds by fund type? [GAAFR, page 597]

_____ 15.1c* Do the combining statements for pension (and other employee benefit) trust funds report separate columns for each individual plan? [GASB-S34: 106; GAAFR, page 596]

Explanation: GAAP require that each separate plan be treated as a separate fund in its own right, even if administered by a single public employee retirement system. If the notes do *not* refer to a separately issued benefit plan report providing the needed information, then information on separate plans must be included *within the notes to the financial statements*.

_____ 15.1d Has the government refrained from reporting healthcare benefits for retirees in the same fund as pension benefits? [Q&A 8.5.1, 8.5.4, and 8.5.5, GAAFR, page 47]

Explanation: Even if the participants make a single contribution to the plan and the plan's ability to provide healthcare benefits is conditioned on its ability to maintain sound funding of the pension benefits, the government should separately report the defined benefit pension plan and the OPEB plan.

Yes No N/A

If a defined benefit pension plan administers a postemployment healthcare plan that is funded by "excess investment earnings" (investment earnings for a particular year in excess of the long-term investment earnings assumption used for actuarial valuation purposes), the school district should report the arrangement described as two plans—a defined benefit pension plan and a postemployment healthcare (OPEB) plan.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 15.1e* | Do the combining statements for investment trust funds report separate columns for each individual governmental external investment pool? [GASB-S31: 18; GAAFR, page 47] |
| _____ | _____ | _____ | 15.1e1 | If an entity uses investment trust funds to report both governmental external investment pools and individual investment accounts, are separate columns reported for each? [GASB-S31: 20; GAAFR, page 47] |
| _____ | _____ | _____ | 15.1f* | Does each combining statement include a total column? [GAAFR, page 597 (example)] |
| _____ | _____ | _____ | 15.1f1 | Are the amounts reported in the total column easily traceable to the corresponding column in the basic fund financial statements? |
| _____ | _____ | _____ | 15.2* | Does the financial section include combining statements for individual discretely presented component units that are <i>not</i> reported as either 1) a separate column in the government-wide financial statements or 2) a separate column in a component unit combining statement included within the basic financial statements? (GAAFR, page 596) |

Explanation: The presentation of *condensed* financial statements for major discretely presented component units in the notes to the financial statements does *not* eliminate the need to present fully detailed combining statements for those same units.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 15.2a | Do the combining statements provide information on each individual component unit included? (GAAFR, page 596) |
| _____ | _____ | _____ | 15.2b | Do the combining statements include a total column? (GAAFR, page 597 example) |
| _____ | _____ | _____ | 15.2b1 | Are the amounts reported in the total column easily traceable to the corresponding column in the basic financial statements? |
| _____ | _____ | _____ | 15.3 | If a discretely presented component unit does not issue a separate report, is all of the fund information normally required by GAAP provided in the financial section of the primary government's comprehensive annual financial report? [GASB-S14: 50; GAAFR, pages 599-600] |

Explanation: That is, all required basic financial statements must be provided for 1) each major governmental fund, 2) each major enterprise fund, 3) nonmajor governmental funds, in the aggregate, 4) nonmajor enterprise funds in the aggregate, 5) the internal service fund type, and 6) each of the fiduciary fund types.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 15.4 | Are combining statements organized into subsections on the basis of fund category (i.e., governmental funds) and fund type (i.e., nonmajor enterprise funds, internal service funds, and each fiduciary fund type)? [GAAFR, page 598] |
| _____ | _____ | _____ | 15.4a | Is each subsection separated by a divider page? [GAAFR, pages 598-599] |
| _____ | _____ | _____ | 15.4a1 | If the nature and purpose of each individual fund is not clear from its name, does the divider page provide the needed information? [GAAFR, pages 598-599] |

| Yes | No | N/A | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 15.5 | If individual fund financial statements are presented, are they located in the subsection to which they relate? |
| _____ | _____ | _____ | 15.5a | Are they placed behind the combining financial statements? |
| _____ | _____ | _____ | 15.5b | Are they sequenced in the same order as the related columns in the combining financial statements? [GAAFR, page 600] |
| _____ | _____ | _____ | 15.6* | If the financial reporting entity includes blended component units, has the government treated each of the nonmajor funds of the blended component units as a separate fund of the primary government in the combining statements [GASB-S61: 9a] |
| _____ | _____ | _____ | 15.7* | If the financial reporting entity includes blended component units, has the government reclassified the general fund of the component units as special revenue funds? [GASB-S14: 54; GAAFR, page 80] |
| _____ | _____ | _____ | 15.8 | If individual fund financial statements are presented, do they provide additional information not already contained in the combining financial statements? [GAAFR, page 599] |

Explanation: There is no reason to provide individual fund financial presentations unless these additional presentations furnish information not otherwise already available in the basic financial statements and the combining financial statements.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 15.9*+ | If the budgetary comparisons included within the basic financial statements or RSI for the general fund and annually budgeted major special revenue funds do <i>not</i> demonstrate compliance at the legal level of budgetary control, does the governmental fund subsection of the financial section provide budgetary comparison schedules that do achieve this objective? [NCGA-S1: 9c; NCGA-I10: 14; GAAFR, page 599] |
|-------|-------|-------|--------|--|

Explanation: The *legal level of budgetary control* is the lowest level at which a government's management may not reallocate resources without special approval. In certain extreme cases, the legal level of budgetary control may be so detailed that it is not practical to demonstrate compliance within the comprehensive annual financial report (CAFR) itself. In such cases, a separate budgetary report may be issued to demonstrate compliance at the legal level of budgetary control, provided the CAFR contains a reference to the existence of this separately issued report. This reference to a separately issued budgetary report, however, does *not* eliminate the need to present budgetary comparisons within the CAFR for all individual governmental funds with legally adopted annual budgets. Rather, the level of detail needed for the individual fund budgetary comparisons need not exceed the level associated with the basic financial statements (that is, expenditures by function).

| | | | | |
|-------|-------|-------|---------|--|
| _____ | _____ | _____ | 15.10*+ | Does the governmental fund subsection of the financial section provide budgetary comparison schedules that demonstrate compliance at the legal level of budgetary control for all other governmental funds with legally adopted annual budgets? [NCGA-S1: 9c; NCGA-I10: 14; GAAFR, page 599] |
|-------|-------|-------|---------|--|

Explanation: See explanation for 15.9.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 15.11* | Do all budgetary schedules present information using the budgetary basis of accounting? [GAAFR, page 609, note 4] |
| _____ | _____ | _____ | 15.12 | If the government reports agency funds, does the fiduciary fund subsection of the financial section include a statement of changes in assets and liabilities for each individual agency fund in either an individual fund or combining statement format? [NCGA-S1: 143; GAAFR, pages 597-598] |

[SECTIONS 16 AND 17 HAVE BEEN OMITTED FROM THIS CHECKLIST]

STATISTICAL SECTION

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 18.1* | Does the report include a statistical section? [NCGA-S1: 138-139] If so: |
|-------|-------|-------|-------|--|

| Yes | No | N/A | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 18.1a | Does the statistical section separately present net position of governmental activities, business-type activities, and the total primary government by the three individual components of net position (i.e., net investment in capital assets; restricted; and unrestricted)? [GASB-S44: 9; GASB-S63: 9; GAAFR, pages 616-617] |
| _____ | _____ | _____ | 18.1b | Does the statistical section separately present the changes in net position of governmental activities, business-type activities, and the total primary government? [GASB-S44: 10-11; GAAFR, pages 617-618] If so: |
| _____ | _____ | _____ | 18.1b1 | Are expenses reported by function, program, or identifiable activity? |
| _____ | _____ | _____ | 18.1b2 | Are program revenues reported by category (i.e., charges for services, operating grants and contributions, and capital grants and contributions)? |
| _____ | _____ | _____ | 18.1b2a | Are the most significant charges for services revenues presented by function, program, or identifiable activity? |
| _____ | _____ | _____ | 18.1b3 | Does the table present total net (expense) revenue? |
| _____ | _____ | _____ | 18.1b4 | Does the table present general revenues and other changes in net position by type? |
| _____ | _____ | _____ | 18.1b5 | Does the table present the total change in net position? |
| _____ | _____ | _____ | 18.1c | Does the statistical section separately present information on the fund balances for the general fund and all other governmental funds in the aggregate? [GASB-S44: 12; GAAFR, page 619] If so: |
| _____ | _____ | _____ | 18.1c1 | Does the table separately present nonspendable, restricted, committed, assigned, and unassigned fund balance? |

Explanation: GASB Statement No. 54 replaced the categories that previously had been used to classify fund balance. Governments are encouraged by the GASB to retroactively apply the provisions of GASB Statement No. 54 to fund balance data presented for years prior to the implementation of that pronouncement. However, it is only necessary for a government to apply the GASB Statement No. 54 categories prospectively beginning with the year that the pronouncement is implemented. In that case, an explanation of the nature of the differences from the prior information should be provided on the table.

| | | | | |
|-------|-------|-------|---------|---|
| _____ | _____ | _____ | 18.1d | Does the statistical section present the changes in fund balances for total governmental funds? [GASB-S44: 12; GAAFR, pages 619-620] If so: |
| _____ | _____ | _____ | 18.1d1 | Are revenues reported by source? |
| _____ | _____ | _____ | 18.1d2 | Are expenditures reported by function? |
| _____ | _____ | _____ | 18.1d2a | Are debt service principal and interest expenditures shown separately? |
| _____ | _____ | _____ | 18.1d2b | Is a ratio of total debt service expenditures to noncapital expenditures presented? |

Explanation: The amount of noncapital expenditures of governmental funds excludes the expenditures that are reported as capital assets on the accrual basis (i.e., in the government-wide financial statements). The total amount of noncapital expenditures excludes not only those amounts that are reported in governmental funds as a separate capital outlay line item, but also the amounts that are included within functional expenditure categories. Conversely, “capital outlay” for items that do not meet the capitalization threshold should be included as noncapital expenditures.

| Yes | No | N/A | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1d3 | Does the table include other financing sources and uses and other changes in fund balance by type? |
| _____ | _____ | _____ | 18.1d4 | Does the table present the total change in fund balances |
| _____ | _____ | _____ | 18.1e | Does the statistical section present information for the major components of the revenue base of the government's most significant source of own-source revenue? [GASB-S44: 14-15; Q&A 9.12.4, 9.13.4, 9.13.7, and 9.15.3; GAAFR, pages 620-623] |

Explanation: At a minimum, the government must present information for its most significant own-source revenue. The largest own-source revenue could be a tax in the governmental activities or a charge for service in the business-type activities if the revenues in the business-type activities provide a subsidy for general governmental activities. If a government has a second own-source revenue that is nearly as significant as the first, it should also consider presenting revenue capacity information for that second revenue source. For example, if a city is funded nearly equally by property taxes and sales taxes, it should consider presenting information for both own-source revenues rather just the one judged to be most significant.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 18.1e1 | Does the table present the direct rate applied to the revenue base? |
| _____ | _____ | _____ | 18.1e2 | If information is provided for a property tax, does the table present the assessed value by major component (e.g., residential, commercial) and the total estimated actual value of taxable property? |
| _____ | _____ | _____ | 18.1e3 | If the government does not include the estimated actual value of property, is there an explanation on the face of the table why that is the case? |

Explanation: In cases where there is not a reasonable connection between the method used to assess property and the estimated actual value of the property, this latter information need not be presented. For example, assessed value may be based on the original purchase price of a piece of property with no adjustment (or minimal adjustments) to that amount until that same property is again sold.

| | | | | |
|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 18.1f | Does the statistical section present each individual direct rate applied to the revenue base for the government's most significant own-source revenue and the total of those rates, as well as the rates of overlapping governments that are applied to that same revenue base? [GASB-S44: 16; GAAFR, pages 623-625] |
|-------|-------|-------|-------|--|

Explanation: Generally, governments are overlapping if their geographic areas coincide at least in part. Regional governments are encouraged, but not required, to present revenue rate information for their overlapping governments. State governments need not consider the presentation of this information at all.

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1f1 | If a property tax is presented, are the direct rates those that relate to the taxes payable by taxpayers for the same year? <i>When a government has a restriction on its ability to raise its direct rates, that limitation should be disclosed on the face of the table of direct and overlapping revenue rates. [GASB-S44: 16]</i> |
| _____ | _____ | _____ | 18.1g | Does the statistical section present information about the payors or remitters, as appropriate, for the government's largest own-source revenue? [GASB-S44: 19-21; Q&A 9.22.1 and 9.22.3; GAAFR, page 625] |

Explanation: When legal prohibitions do not allow for the presentation of information by individual payors or remitters (e.g., individual state income tax payors), governments should present alternative information. For example, rather than including individual state income tax payors, a government could present a schedule that shows the amount of personal income taxes by income level for the two necessary periods.

| Yes | No | N/A | | |
|--|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1g1 | Does the table include the amount of the revenue base attributable to each or the actual taxes levied on each and the percentage of each amount relative to the total revenue base or the total taxes levied? |
| _____ | _____ | _____ | 18.1g2 | Does the table include the ten largest payors or remitters unless fewer are required to reach 50 percent of the total revenue base or total taxes levied? |
| _____ | _____ | _____ | 18.1g3 | Is the information presented for the current fiscal period and the fiscal period ended nine years prior? |
| _____ | _____ | _____ | 18.1h | Does the statistical section present information for the government's property taxes? [GASB-S44: 21; GAAFR, pages 625-626] If so: |
| _____ | _____ | _____ | 18.1h1 | Is the amount of property taxes levied for each period presented? |
| _____ | _____ | _____ | 18.1h2 | Does the table include the amount of the levy collected prior to the end of the period for which it is levied and the percentage that those collections represent of the total levy? |
| _____ | _____ | _____ | 18.1h3 | Does the table include the amount of collections in subsequent periods, the total amount of the levy collected to date, and the percentage of the total levy collected to date |
| _____ | _____ | _____ | 18.1i | If the government is subject to a legal debt limit, does the statistical section present the calculation of the government's legal debt margin for the current year? [GASB-S44: 29; GAAFR, pages 629-630] If so, does the statistical section present each of the following items for the last 10 years: |
| _____ | _____ | _____ | 18.1i1 | The debt limit amount? |
| _____ | _____ | _____ | 18.1i2 | Total net debt applicable to the limit? |
| _____ | _____ | _____ | 18.1i3 | The legal debt margin amount? |
| _____ | _____ | _____ | 18.1i4 | A ratio of either 1) the legal debt margin to the debt limit or 2) the total net debt applicable to the debt limit itself? |
| _____ | _____ | _____ | 18.1j | Does the statistical section separately present by type the outstanding debt of governmental activities and business-type activities, as well as include the total outstanding debt for the primary government? [GASB-S44: 23-26; Q&A 9.24.1, 9.24.2, 9.26.1, 9.27.1, and 9.27.2; GAAFR, pages 626-627] If so: |
| _____ | _____ | _____ | 18.1j1 | Does the statistical table include the ratio of total outstanding debt to personal income? |
| <p>Explanation: If personal income information is not available for the government, another appropriate economic base should be used to calculate the amount. One example of an alternative is the estimated actual value of taxable property. Only debt, and not all long-term liabilities, should be included in the calculation of the ratio of total outstanding debt to personal income and in the ratio of total outstanding debt per capita. [Q&A 9.24.1]</p> | | | | |
| _____ | _____ | _____ | 18.1j2 | Does the statistical table include total personal income if not already presented with other demographic information? |
| _____ | _____ | _____ | 18.1j3 | Does the statistical table include the amount of total outstanding debt per capita? |

Yes No N/A

Explanation: In certain cases population is not an appropriate denominator to use for the calculation of the per capita amount of outstanding debt. In those cases a more relevant alternative should be used for the calculation. A public utility, for instance, could use the number of customers or rate payers rather than population. Only debt, and not all long-term liabilities, should be included in the calculation of the ratio of total outstanding debt to personal income and in the ratio of total outstanding debt per capita. [Q&A 9.24.1]

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1k | Does the statistical section present data on net bonded debt that will be repaid by general government resources? [GASB-S44: 25-26; Q&A 9.28.2; GAAFR, pages 627-628] |
| _____ | _____ | _____ | 18.1k1 | Are amounts for each type of outstanding debt separately presented along with the total of all debt outstanding? |
| _____ | _____ | _____ | 18.1k2 | If the government has accumulated resources that are restricted for the repayment of outstanding debt <i>principal</i> , are those amounts separately presented and deducted from the total outstanding debt to arrive at the amount of net general bonded debt? |
| _____ | _____ | _____ | 18.1k3 | Is a ratio of general bonded debt or net general bonded debt (when it is presented) to estimated actual value of taxable property included? |

Explanation: When property taxes will not provide the resources for the repayment of the debt, an appropriate alternative base should be used for the calculation.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 18.1k4 | Is general bonded debt or net general bonded debt (when it is presented) per capita included? |
|-------|-------|-------|--------|---|

Explanation: In certain cases population is not an appropriate denominator to use for the calculation of the per capita amount for total general bonded debt outstanding. In those cases a more relevant alternative should be used for the calculation. A public utility, for instance, could use the number of customers or rate payers rather than population.

| | | | | |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 18.1L | Does the statistical section present information about direct and overlapping debt for governmental activities? [GASB-S44: 27-28; GAAFR, pages 628-629] |
|-------|-------|-------|-------|---|

Explanation: Generally, governments are overlapping if their geographic areas coincide at least in part. County and regional governments are encouraged, but not required, to present revenue rate information for their overlapping governments. State governments need not consider the presentation of this information at all.

If so, does the statistical table include each of the following for the current year:

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 18.1L1 | The total for each type of outstanding debt? |
| _____ | _____ | _____ | 18.1L2 | The percentage of overlap between the reporting government and the overlapping governments? |

Explanation: The calculation of the percentage of overlap should be done using an appropriate base. When a property tax will provide the resources for the debt repayment, the relevant base would be the value of property. If another revenue base will be the source of resources for the repayment of the debt, the use of that base for the calculation would be more appropriate. If information about the relevant revenue base is unavailable or the resources for the debt repayment won't be derived from a specific revenue base, an alternative, such as population or personal income, should be used for the calculation.

| | | | | |
|-------|-------|-------|--------|---|
| _____ | _____ | _____ | 18.1L3 | An explanation of the method used to determine the percentage of overlap for each type of debt? |
| _____ | _____ | _____ | 18.1L4 | The amount of overlapping debt (i.e., the overlap percentage times the outstanding debt)? |
| _____ | _____ | _____ | 18.1L5 | The total of all overlapping debt amounts? |

| Yes | No | N/A | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1L6 | The total direct debt of the reporting government? |
| _____ | _____ | _____ | 18.1L7 | The total amount of direct and overlapping debt? |
| _____ | _____ | _____ | 18.1m | Does the statistical section include coverage information for non-general obligation debt that is secured by a pledged revenue stream? [GASB-S44: 30; <u>GAAFR</u> , page 630] |
| | | | | If so, does the statistical table include all of the following: |
| _____ | _____ | _____ | 18.1m1 | Separate information for each type of debt outstanding? |
| _____ | _____ | _____ | 18.1m2 | The gross amount of pledged revenues and, if applicable, the amount of net available revenues after subtracting the specific operating expenses? |
| _____ | _____ | _____ | 18.1m3 | The amount of debt service principal and interest requirements? |
| _____ | _____ | _____ | 18.1m4 | The coverage ratio (i.e., net available revenue divided by the total debt service requirements)? |
| _____ | _____ | _____ | 18.1m5 | A description of the nature of the revenue pledged for each type of debt? |
| _____ | _____ | _____ | 18.1n | Does the statistical section present demographic and economic indicators? [GASB-S44: 32-33; GAAFR, pages 630-632] |

Explanation: Governments should strive to present current data and other data specific to the government. Accordingly, a special-purpose government should consider other alternatives if population, total personal income, per capita personal income, and unemployment rate are not particularly relevant.

If so, are the following items included:

| | | | | |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 18.1n1 | Population? |
| _____ | _____ | _____ | 18.1n2 | Total personal income (if not presented with the ratios of outstanding debt)? |
| _____ | _____ | _____ | 18.1n3 | Per capita personal income? |
| _____ | _____ | _____ | 18.1n4 | The unemployment rate? |
| _____ | _____ | _____ | 18.1o | Does the statistical section provide information about the principal employers in the government's jurisdiction? [GASB-S44: 34; Q&A 9.34.1; GAAFR, pages 631-632] If so: |
| _____ | _____ | _____ | 18.1o1 | Are the total employees and the percentage of total employment that each listed employer represents presented? |
| _____ | _____ | _____ | 18.1o2 | Are the ten largest employers presented unless fewer are required to reach 50 percent of total employment? |
| _____ | _____ | _____ | 18.1o3 | Is the information presented for the current fiscal period and the fiscal period ended nine years prior? |
| _____ | _____ | _____ | 18.1p | Does the statistical section provide operating information for the government? [GASB-S44: 35-38; GAAFR, pages 632-633] |

Yes No N/A

If so, are the following types of information presented:

_____ 18.1p1 The number of the government's employees by function or identifiable activity, as applicable?

Explanation: Alternative categorizations can be used if they are more meaningful or more obtainable than information by function, program, or identifiable activity.

_____ 18.1p2 Indicators of the level of demand for services by function or identifiable activity, as applicable?

Explanation: It is not necessary for governments to begin collecting information to present in this category. Instead, governments should choose relevant items from information which is already available. The government should select items that it believes provide an indication of the demand for and the volume of services it provides to its citizens. Examples of information that could be presented for police activity include crime rates, arrests, and 911 responses.

_____ 18.1p3 Available information about the volume, usage, or nature of the government's capital assets by function or identifiable activity, as applicable?

_____ 18.1q Does the statistical section discuss the methods used to produce the information it contains, as well as any significant assumptions that were made in the preparation of the information? [GASB-S44: 41; GAAFR, page 634]

Explanation: In the case of a government that presents revenue capacity information about a property tax, this discussion could include the frequency of property assessments, an explanation of how estimated actual value is determined, and how that latter amount relates to assessed value (e.g., property is assessed at 50% of estimated actual value).

_____ 18.1r Does the statistical section include appropriate analytical and educational explanations? [GASB-S44: 42; Q&A 9.47.1; GAAFR, page 634]

Explanation: Any narrative provided should serve to enhance the understandability of the data included in the statistical section. Preparers must exercise professional judgment to determine whether and to what extent such discussion should be included. Generally, the following four types of information are appropriate in the statistical section:

- Explanations of the objectives of statistical section information in general and the five categories of statistical section information, as well as individual schedules of information.
- Explanations of basic concepts that may be unfamiliar to financial report users.
- Explanations that identify relationships among the information in various statistical section schedules, as well as between the statistical section and information in other sections of the financial report.
- Explanations of atypical trends and anomalous data that the financial report users would not otherwise understand. Such trends and data may result from infrequent incidents, changes in underlying assumptions or accounting methods, organizational restructuring, major policy changes, or other events.

_____ 18.1s Do the amounts reported in the statistical tables agree with related amounts reported in the financial section?

_____ 18.1t Has the government indicated the source of all non-accounting data presented in the statistical section?

_____ 18.1u If the government has presented less than ten years of data on a statistical table that normally requires ten years of data, is the reason for this exception disclosed?

OTHER CONSIDERATIONS

_____ 19.1 Is the report free of inconsistencies? (If not, please specify.)

Yes **No** **N/A**

19.2* If the government participated in the Certificate of Achievement for Excellence in Financial Reporting Program in the immediately preceding fiscal year, has the government adequately remedied or otherwise responded to the comments and suggestions generated by the previous review? (If not, please specify.)