

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

STAND-ALONE BUSINESS-TYPE ACTIVITIES CHECKLIST

This checklist is designed to assist in the review of financial reports prepared by stand-alone business-type activities. 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 FOR PENDING GASB PRONOUNCEMENTS

The checklist covers all Governmental Accounting Standards Board (GASB) pronouncements that have been issued as final documents through GASB Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. For an enterprise fund that is not yet required to implement and has not early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* the relevant questions are included in the Checklist Supplement following section 19.

The checklist is designed to provide comprehensive guidance to 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 combines two different sets of elements:

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

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

Likewise, **it is assumed that a stand-alone business-type activity that uses this checklist does *not* rely upon a property tax levy for a significant portion of its revenues.** If it does, it should supplement this checklist with the relevant questions from the general-purpose government checklist regarding property-tax-related disclosures and statistical presentations.

Finally, **it is assumed that a stand-alone business-type activity using this checklist does *not* issue general obligation debt secured by taxes that it levies and that it is *not* subject to a legal debt limit.** If it does, the relevant questions in the statistical section of the general-purpose government checklist would apply.

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

- 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)
- Statement of net position/balance sheet
- Statement of revenues, expenses, and changes in net position/equity
- Statement of cash flows
- 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)
- Statistical section
- Other considerations

Abbreviations Used in this Checklist

<i>Audits of State and Local Governments</i>	-	<i>Audits of State and Local Governments</i> , American Institute of Certified Public Accountants, March 1, 2012
2012 GAAFR	-	<i>Governmental Accounting, Auditing, and Financial Reporting</i> , GFOA 2005
GAAFR Review	-	<i>GAAFR Review</i> , GFOA's Monthly Newsletter on Governmental, Accounting, Auditing, and Financial Reporting
GASB	-	Governmental Accounting Standards Board
GASB - I	-	GASB Interpretation
GASB - S	-	GASB Statement
GASB - TB	-	GASB Technical Bulletin
Q&A	-	<i>2012-2013 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 “2012 GAAFR,” “GAAFR Review,” “Q&A,” and *Audits of State and Local Governments*, 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 “2012 GAAFR” and “GAAFR Review” are to pages in those publications. For “Q&A,” the references are to the applicable chapters and questions in that publication. For *Audits of State and Local Governments*, the references are to the chapters and specific paragraphs.

COVER, TABLE OF CONTENTS, AND FORMATTING

- _____ 1.1 Does the report cover describe the document as a “comprehensive annual financial report”? [2012 GAAFR, page 591]
- _____ 1.2 Does the report cover include the name of the enterprise fund?
- _____ 1.3 Does the report cover include some indication of the state in which the enterprise fund is located? [2012 GAAFR, page 591591]
- _____ 1.4 Does the report cover indicate the fiscal period covered? [2012 GAAFR, page 591591]

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).

- _____ E1.1 **If the enterprise fund is a fund or component unit of another entity, does the report cover indicate that fact (e.g., “an enterprise fund of the City of X”)?**
- _____ 1.5 Is there a title page? [2012 GAAFR, page 591591] If so:
 - _____ 1.5a Does it describe the document as a “comprehensive annual financial report”? [2012 GAAFR, page 591591]
 - _____ 1.5b Does it indicate the fiscal period covered? [2012 GAAFR, page 591591]
 - _____ 1.5c Does it include the name of either the individual or the department responsible for preparing the report? [2012 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 Does the title page include some indication of the state in which the enterprise fund is located? [2012 GAAFR, page 591]
- _____ E1.2 **If the enterprise fund is a fund or component unit of another government, does the title page indicate that fact (e.g., “an enterprise fund of the City of X”)?**
- _____ 1.6* Is a table of contents included that encompasses the entire report? [NCGA-S1: 139; 2012 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)? [2012 GAAFR, page 591]

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

- _____ 1.6c Does it clearly distinguish the basic financial statements (including the notes) from RSI and the other contents of the financial section? [2012 GAAFR, page 591]
- _____ 1.6d Does it identify each statement and schedule by its full title? [2012 GAAFR, page 591]
- _____ 1.6e Does it include a page number reference for each item? [2012 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?

Yes No N/A

- ____ ____ ____ 1.8 Does each page have a page number?
- ____ ____ ____ 1.9 Are text and numbers throughout the report easily readable?
- ____ ____ ____ 1.10 Has the enterprise fund refrained from reporting cents?
- ____ ____ ____ 1.11 If numbers are rounded to the nearest thousand or million, is this fact clearly indicated?

INTRODUCTORY SECTION

GENERAL CONSIDERATIONS

- ____ ____ ____ 2.1 If the enterprise fund 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? ? [2012 GAAFR, page 591]
- ____ ____ ____ 2.2 Are the enterprise fund’s principal officials (elected, appointed, or both) listed somewhere within the introductory section? [2012 GAAFR, page 591]

Explanation: For this purpose an enterprise fund 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.

- ____ ____ ____ 2.3 Is an organization chart included somewhere within the introductory section? [2012 GAAFR, page 591]

LETTER OF TRANSMITTAL

- ____ ____ ____ 2.4* Is a letter of transmittal included within the introductory section? [NCGA-S1: 139; 2012 GAAFR, page 591] If so:
- ____ ____ ____ 2.4a Is it presented on the letterhead stationery of the enterprise fund? [2012 GAAFR, page 592]
- ____ ____ ____ 2.4b Is it dated on or after the date of the independent auditor’s report? [2012 GAAFR, page 592]
- ____ ____ ____ 2.4c Is it signed by at least the chief financial officer? [2012 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.

- ____ ____ ____ 2.4d Does it state that management is responsible for the contents of the report? [2012 GAAFR, pages 592-593]
- ____ ____ ____ 2.4e Does it include background information on the enterprise fund?
- ____ ____ ____ 2.4f Does it contain information designed to assist users in assessing the enterprise fund’s economic condition?

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

- ____ ____ ____ 2.4g Does it contain acknowledgements? [2012 GAAFR, page 594]

If the enterprise fund received the Certificate of Achievement for Excellence in Financial Reporting or some other award, the enterprise fund may mention such awards in the letter of transmittal. [2012 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 enterprise fund's financial management.

_____	_____	_____	2.4h	Does the letter of transmittal direct readers to MD&A? [2012 GAAFR, page 592]
_____	_____	_____	2.4i	Has the enterprise fund 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; 2012 GAAFR, pages 591-592]

Explanation: The GAAFR suggests three means to avoid unnecessary duplication: 1) briefly identify a topic and explain its potential interest to financial statement users in the letter of transmittal, 2) refer readers of the letter of transmittal to the notes and MD&A for any information on the topic already provided there, and 3) limit 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? [2012 GAAFR, page 594]
_____	_____	_____	3.2	Is the report of the independent auditor presented as the first item in the financial section of the report? [2012 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., <i>Government Auditing Standards</i>)? [2012 GAAFR, page 601]
_____	_____	_____	3.4	Did the independent auditor express an opinion on the fair presentation of the basic financial statements in conformity with GAAP?
_____	_____	_____	3.5*	Did the independent auditor express an <i>unqualified</i> opinion on the fair presentation of the basic financial statements? [2012 GAAFR, page 601]

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

_____	_____	_____	3.7	Did the independent auditor refrain from indicating that RSI is either absent or otherwise potentially inadequate? [2012 GAAFR, pages 595]
_____	_____	_____	3.8	Did the independent auditor sign and date the report?

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

_____	_____	_____	4.1*	Is MD&A presented? [GASB-S34: 68; 2012 GAAFR, pages 594 and 567] If so:
_____	_____	_____	4.1a*	Is MD&A presented preceding the basic financial statements? [GASB-S34: 8; Q&A: 7.5.1; 2012 GAAFR, pages 594 and 567]
_____	_____	_____	4.1c	Does MD&A provide condensed financial data extracted from the basic financial statements? [GASB-S34: 11b; 2012 GAAFR, pages 568-569]

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/equity (distinguishing; *net investment in capital assets*; *restricted net position*; and *unrestricted net position*)
- Operating revenues (by major source)
- Nonoperating revenues (by major source)

Yes No N/A

- Operating expenses and nonoperating expenses (as presented in the statement of revenues, expenses and changes in net position/equity)
- Excess or deficiency (before any contributions to term and permanent endowments, special items, extraordinary items, and transfers)
- Contributions
- Special and extraordinary items
- Transfers
- Change in net position;
- Ending net position

_____ 4.1d* Does MD&A present condensed financial data for both the current fiscal period and the preceding fiscal period? [GASB-S34: 11b; 2012 GAAFR, page 568]

_____ E4.1 If comparative financial statements are presented, does MD&A provide condensed financial data for three years (i.e., the current year, the previous year, and the year preceding the previous year)?

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

_____ 4.1e Does MD&A provide an overall analysis of the entity’s financial position and results of operations? [GASB-S34: 11c; 2012 GAAFR, page 569]

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

_____ 4.1e1 Does it specifically address whether the entity’s overall financial position has improved or deteriorated? [GASB-S34: 11c; 2012 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.

If economic factors significantly affected the operating results of the current period, they should be discussed as part of this analysis. [GASB-S34: 11c; 2012 GAAFR, page 569]

_____ 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; 2012 GAAFR, page 293]

_____ 4.1h Does MD&A describe significant capital asset and long-term debt activity during the year? [GASB-S34: 11f; 2012 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: note 8; 2012 GAAFR, page 570]

_____ 4.1i If the enterprise fund 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; 2012 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 enterprise fund? [GASB-S34: 11g(2); 2012 GAAFR, page 570]

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 amounts of expense incurred for that purpose during the period. [GASB-S34: 11g(1), (3); 2012 GAAFR, page 571]

The enterprise fund 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; 2012 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;
- A flood that caused significant damage to the enterprise fund’s capital assets.

The emphasis is on things that have actually happened rather than those that might happen (e.g., the possible award of a grant).

_____ 4.1j Do the amounts reported in MD&A agree with related amounts in the basic financial statements?

_____ 4.1k Has the enterprise fund refrained from addressing in MD&A topics not specifically prescribed by SGAS 34? [GASB-S37: 4-5; Q&A: 7.5.7; 2012 GAAFR, page 571]

Explanation: The enterprise fund may address in the MD&A only those topics specifically identified in SGAS 34, paragraph 11. These topics are summarized in questions 4.1c-4.1i1 of this checklist. An enterprise fund is free, however, to provide whatever level of detail it believes appropriate in addressing these particular topics.

FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS

PRELIMINARY CONSIDERATIONS

_____ 5.1* Is a full set of basic financial statements presented (i.e., a statement of net position or a balance sheet, a statement of revenues, expenses, and changes in fund net position/equity, and a statement of cash flows)? [GASB-S34: 91; 2012 GAAFR, page 33]

_____ 5.2* Does the the statement of net position or the balance sheet report separate sections for assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable? [GASB-S63:7]

_____ 5.2a* If the statement presents deferred outflows of resources are the 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. Following is the pronouncement and the item it identifies that can be reported as a deferred outflow of resources:

- 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]

Additional items that can be reported as deferred outflows of resources are identified by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. That Statement must first be implemented for fiscal years that will end December 31, 2013. Enterprise funds that early implement or are planning for the implementation of GASB Statement No. 65 should refer to the *Checklist Supplement* following section 19 for a discussion of those items.

_____ 5.2b* If the statement presents deferred inflows of resources are the 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. Following are the pronouncements that identify items that can be reported as deferred inflows of resources:

- 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]

Additional items that can be reported as deferred inflows of resources are identified by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. That Statement must first be implemented for fiscal years that will end December 31, 2013. Enterprise funds that early implement or are planning for the implementation of GASB Statement No. 65 should refer the *Checklist Supplement* following section 19 for a discussion of those items.

_____	_____	_____	5.3	Are all of the basic financial statements referred to by their appropriate titles? [2012 GAAFR, page 591]
_____	_____	_____	5.4	Are all of the basic financial statements grouped together at the front of the financial section of the report? [2012 GAAFR, page 596]
_____	_____	_____	5.5	Do all of the basic financial statements include a reference to the notes? [2012 GAAFR, page 596]
_____	_____	_____	5.7*	Has the enterprise fund refrained from making direct adjustments to equity except in those situations specifically contemplated by GAAP? [<i>Audits of State and Local Governments</i> 10.03; 2012 GAAFR, pages 115-116]

Explanation: Enterprise 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 direct adjustments to net position/equity. There are two exceptions to this general rule: prior-period adjustments and changes in accounting principle.

_____	_____	_____	5.8*	Do the enterprise fund financial statements articulate (i.e., tie)?
				<i>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]</i>
				<i>A transaction in which an enterprise fund 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]</i>

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 limitations;*
- *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 revenues;*
- *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 transfer or assignment of the resources;*
- *Agreement is not cancelable by either party.*

If an enterprise fund 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 enterprise fund should recognize a liability to the debt-issuing component unit and an expense simultaneously with the recognition of the pledged revenues. The debt-issuing component unit should recognize revenue when the pledging enterprise fund 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 enterprise fund 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]

_____	_____	_____	E5.1	If the enterprise fund is a component unit, has the enterprise fund refrained from reporting transfers of capital assets or financial assets from the primary government at an amount other than their carrying value at the time of the transfer? [GASB-S48: 15]
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_____	_____	_____	E5.2	If the enterprise fund is a fund or department of a primary government, has the enterprise fund refrained from reporting transfers of capital assets or financial assets from the PRIMARY government at an amount other than their carrying value at the time of the transfer? [GASB-S48: 15]
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_____	_____	_____	5.10	Does the enterprise fund report derivative instruments on the statement of net position as assets or liabilities, as appropriate, at their fair value? [GASB-S53: 19]
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Explanation: 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]

_____	_____	_____	5.11	Does the enterprise fund 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]
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_____	_____	_____	5.12	Does the enterprise fund 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]
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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 enterprise fund 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]
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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 enterprise fund 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 enterprise fund is re-exposed to the hedged risk. If the enterprise fund 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 enterprise fund 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 enterprise fund 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 enterprise fund 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.

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.

_____ 6.7* Does the statement of net position/balance sheet include capital assets (including infrastructure assets and intangible assets) used to support the enterprise fund’s activities? [GASB-S34: 12e, 19; 2012 GAAFR, pages 300 and 442-444]

Explanation: 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 enterprise fund 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 enterprise fund 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 enterprise fund 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.

_____ 6.9* Does the statement of net position/balance sheet include debt and all other long-term liabilities (e.g., compensated absences, claims and judgments, net pension obligation/net other postemployment benefit obligation, pollution remediation liabilities) incurred in connection with the enterprise fund’s activities? [GASB-S34: 12e; GASB-S49: 9-10; 2012 GAAFR, page 270]

_____ 6.10 If the enterprise fund 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: 17b(1); 2012 GAAFR, pages 476-477]

_____ 6.11d Has the enterprise fund refrained from reporting designations within *net position or equity*? [2012 GAAFR, pages 300-305]

The enterprise fund should refrain from reporting capitalization contributions to public-entity risk pools as an equity interest in a joint venture. [GASB-I4; 2012 GAAFR, page 548]

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 enterprise fund 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 enterprise fund 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; 2012 GAAFR, page 542]

Both an asset and a liability should be reported for reverse repurchase agreements, except for those of the yield-maintenance variety. [GASB3: 81; 2012 GAAFR, page 541]

_____ 7.4 Has the enterprise fund refrained from reporting overdrafts of pooled cash and investments as a negative asset balance (i.e., *negative cash*)? [Audits of State and Local Governments 5.28; 2012 GAAFR, page 244]

If the enterprise fund is a participant in a cost-sharing multiple-employer defined benefit plan, the enterprise fund should report a liability 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 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 fund should report a 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 an enterprise fund 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 enterprise fund'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 enterprise fund should recognize an expense of \$1,500,000 and a liability of \$800,000 in the financial statements for the year ended June 30, 2007.

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

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 enterprise fund and the employees. When an employer enterprise fund 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 enterprise fund should recognize an asset and revenue when all applicable eligibility requirements are met.

_____ 8.17b Has the enterprise fund refrained from reporting realized gains and losses on investments separately from unrealized gains and losses? [GASB-S31: 13; 2012 GAAFR, page 352]

_____ 8.20 Has the enterprise fund refrained from reporting negative investment income as an expense (instead of a revenue)? [Q&A: 6.28.6; 2012 GAAFR, page 194]

STATEMENT OF NET POSITION/BALANCE SHEET

_____ 9.8* Are assets and liabilities classified as *current* and *long-term*? [GASB-S34: 97; 2012 GAAFR, page 230]

_____ 9.8a Are restricted assets and liabilities payable from restricted assets reported in the same category? [2012 GAAFR, page 230]

Explanation: The *GAAFR* recommends that both be classified as *current* when the liability would otherwise meet the definition of a current liability.

_____ E9.1 Are bond anticipation notes reported as current liabilities unless they meet the criteria for refinancing on a long-term basis? [GASB-S62: 36-43; 2012 GAAFR, page 278]

_____ E9.2 Are demand bonds reported as current liabilities unless a financing agreement exists that assures any "put" bonds can be refinanced on a long-term basis? [GASB-I1: 9-10; 2012 GAAFR, page 274]

_____ E9.3 Is the net pension obligation (NPO)/net other postemployment benefit obligation (NOPEBO), if any, properly reported (i.e., positive balance = liability, negative balance = asset)? [GASB-S27: 17; 2012 GAAFR, page 275]

_____ E9.4 Is there a subtotal for "total liabilities?" [NCGA-S 1, appendix A, example 1]

_____ 9.10* Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as *net position* or *equity*? [GASB-S34: 98, note 40; 2012 GAAFR, pages 229-230]

_____ 9.10a* Is the net investment in capital assets correctly calculated? [GASB-S34: 33; 2012 GAAFR, pages 300-303]

Explanation: The enterprise fund 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 debt

Less capital-related deferred inflows of resources
 Net investment in capital assets

_____	_____	_____	9.10a1*	Has the enterprise fund refrained from including financial assets, including interfund loans, in the calculation of net investment in capital assets? [GASB-S34: 33; Q&A 7.23.11; 2012 GAAFR, page 301]
_____	_____	_____	9.10a2*	Has the enterprise fund refrained from including noncapital accrued liabilities (e.g., compensated absences, claims and judgments, landfill closure and postclosure costs) in the calculation of net investment in capital assets? [GASB-S34: 33; 2012 GAAFR, page 300]
_____	_____	_____	9.10a3*	Has the enterprise fund refrained from including unspent proceeds from debt in the calculation of net investment in capital assets? [GASB-S34: 33; Q&A 7.23.2; 2012 GAAFR, page 300-301]
_____	_____	_____	9.10a4*	Has the enterprise fund refrained from including interest payable and the accrued interest on deep discount debt in the calculation of net investment in capital assets? [Q&A 7.22.9]

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

_____	_____	_____	9.10a5*	Has the enterprise fund included debt that refunded capital-related debt in the calculation of net investment in capital assets? [Q&A 7.23.6]
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Explanation: Deferred amounts 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 net investment in capital assets until the crossover date.

_____	_____	_____	9.10a6*	Has the enterprise fund 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; 2012 GAAFR, pages 301-303]
_____	_____	_____	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; 2012 GAAFR, pages 303-305]

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

If an enterprise fund has both permanently and temporarily restricted net position, the amount reported for "restricted net position" should be divided between "nonexpendable" (i.e., permanently restricted) and "expendable" (i.e., temporarily restricted) amounts. [GASB-S34: 35; 2012 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; 2012 GAAFR, page 305]
_____	_____	_____	9.10d*	Has the enterprise fund refrained from reporting either <i>contributed capital</i> or <i>retained earnings</i> ? [GASB-S34: 98; 2012 GAAFR, pages 212 and 234]
_____	_____	_____	9.10e*	Has the enterprise fund 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; 2012 GAAFR, page 211]

**STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION/EQUITY**

Yes No N/A

- ____ ____ ____ 9.11* Does the statement distinguish between operating and nonoperating revenues and expenses? [GASB-S34: 100; 2012 GAAFR, page 235]
- ____ ____ ____ 9.11a Has the enterprise fund refrained from including taxes and grants within the operating category? [GASB-S34: 102; 2012 GAAFR, page 235]
- ____ ____ ____ 9.11b Is *operating income/loss* reported as a separate line item? [GASB-S34: 100; 2012 GAAFR, page 235]
- ____ ____ ____ E9.6 If the enterprise fund is the lessor in an operating lease with scheduled rent increases as part of the contract terms, has it refrained from recognizing revenues in accordance with those terms (unless the increases are based on some underlying factor, such as increased property values or increased use of leased property) and instead recognized revenue on a straight-line basis over the contract period or on the basis of the estimated fair value of the rentals? [GASB-S13: 4-7]

Explanation: The enterprise fund normally must hold title to a capital asset if the debt used to acquire it is to be classified as "related debt."

- ____ ____ ____ 9.12 Are revenue and expense classifications sufficiently detailed to be meaningful? [2012 GAAFR, page 235]
- ____ ____ ____ E9.7 If the enterprise fund is the lessee in an operating lease with scheduled rent increases as part of the contract terms, has it refrained from recognizing expense in accordance with those terms (unless the increases are based on some underlying factor, such as increased property values or increased use of leased property) and instead recognized expense on a straight-line basis over the contract period or on the basis of the estimated fair value of the rentals? [GASB-S13: 4-7]
- ____ ____ ____ 9.13* Has the enterprise fund reported each of the following items separately: capital contributions, additions to endowments, special items, and extraordinary items? [GASB-S34: 100-101; 2012 GAAFR, pages 186-7]
- ____ ____ ____ 9.14 Has the enterprise fund refrained from reporting extraordinary gains or losses in connection with refunding transactions that result in the defeasance or redemption of debt? [GASB-S23: 4; 2012 GAAFR, pages 106-7]

STATEMENT OF CASH FLOWS

- ____ ____ ____ 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; 2012 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; 2012 GAAFR, page 210 and 238]

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

- ____ ____ ____ 9.15b Has the enterprise fund refrained from including receipts and payments of interest as *cash flows from operating activities* (except in the case of program loans)? [GASB-S9: 58; 2012 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 includes cash flows related to interest revenue and interest expense.

- ____ ____ ____ 9.15c Has the enterprise fund refrained from combining *cash flows for noncapital financing activities* and *cash flows from capital and related financing activities* into a single *cash flows from financing activities* category?

[GASB-S9: 53-54; 2012 GAAFR, pages 210-211 and 238-239]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), which provides for only a single category to be used for all types of *cash flows from financing activities*.

_____ 9.15d Has the enterprise fund refrained from reporting disbursements for the acquisition of capital assets as *cash flows from investing activities*? [GASB-S9: 57a; 2012 GAAFR, page 210-211 and 239]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), 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; 2012 GAAFR, page 237]

Explanation: In either of the following two 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
- 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; 2012 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; 2012 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; 2012 GAAFR, page 241]

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.

[SECTION 10 HAS BEEN OMITTED FROM THIS CHECKLIST]

FINANCIAL SECTION – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP)

_____ 11.1* Does the enterprise fund present a SSAP either as the first of the notes to the financial statements or as a separate item immediately preceding the notes? [NCGA-S1: 158; 2012 GAAFR, pages 323 and 346]

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 the public sector, and 3) unusual or innovative applications of GAAP. [GASB-S62: 93; 2012 GAAFR, pages 323-324]

- _____ 11.4+ If the enterprise fund itself is a component unit, does the SSAP identify the primary government and describe the nature of the relationship? [GASB-S14: 65; 2012 GAAFR, page 325]
- _____ E11.1 If the CAFR is for an enterprise fund (rather than a component unit) of a primary government, do the notes disclose the primary government of which the enterprise fund is an integral part and the fund’s relationship to the primary government?

Explanation: In cases where an enterprise fund that is not a component unit produces its own CAFR, it is Certificate of Achievement Program policy that the notes to the financial statements include a statement such as “the (name of stand-alone enterprise fund) is an enterprise fund of the (name of primary government).”

- _____ 11.8 Does the SSAP address the enterprise fund’s accounting policies for capital assets? [GASB-S34: 115e; 2012 GAAFR, page 332]
- _____ 11.8a Does the SSAP disclose the capitalization threshold(s) for capital assets? [2012 GAAFR, pages 332 and 440]
- _____ 11.8b Does the SSAP disclose the method(s) used to calculate depreciation and amortization expense? [2012 GAAFR, pages 332 and 333]
- _____ 11.8c Does the SSAP disclose the estimated useful lives of capital assets? [GASB-S51: 16; 2012 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.

- _____ 11.8d If the enterprise fund has elected to use the modified approach for one or more networks or subsystems of infrastructure assets, does the SSAP describe the modified approach? [2012 GAAFR, page 332]
- _____ 11.11 Does the SSAP disclose the enterprise fund’s policy for defining operating and nonoperating revenues and expenses in enterprise funds? [GASB-S34: 115g; 2012 GAAFR, pages 337 and 338]
- _____ 11.12 If cash flows reporting focuses on both *cash* and *cash equivalents*, does the SSAP define *cash equivalents*? [GASB-S62: 93; 2012 GAAFR, page 331]

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; 2012 GAAFR, pages 333 and 334]

The notes should disclose the amount of restricted net position that are reported as such because of restrictions imposed by enabling legislation. [GASB-S46: 6]
- _____ 11.13 Does the SSAP indicate how investments are valued? [GASB-S62: 93; 2012 GAAFR, page 331]

If the enterprise fund 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. [2012 GAAFR, page 334]

If the enterprise fund 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; 2012 GAAFR, page 352]

If the enterprise fund 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; 2012 GAAFR, page 352]

If income from investments reported in one fund is assigned directly to another fund, the SSAP should disclose this fact. [GASB-S31: 15f; 2012 GAAFR, page 352]

_____ 11.15 Does the SSAP disclose how inventories are valued? [GASB-S62: 93; 2012 GAAFR, page 331]

Explanation: For enterprise funds, it is appropriate to value inventories held for sale at the lower of cost or market. Inventories of supplies, on the other hand, ordinarily are reported at cost.

_____ 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)? [2012 GAAFR, page 331]

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

_____ 12.2 Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-66; 2012 GAAFR, page 350]

The notes should disclose material violations of these provisions. [GASB-S3: 66; 2012 GAAFR, page 350]

If the enterprise fund is exposed to custodial credit risk for its deposits at year end because they are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-enterprise fund's name, 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; 2012 GAAFR, page 207]

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-enterprise fund's name, be disclosed.

_____ 12.3 Do the notes disclose the enterprise fund's policy for custodial credit risk associated with deposits or indicate that it does not have such a policy? [GASB-S40: 6; 2012 GAAFR, page 350]

Losses on deposits and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2012 GAAFR, page 350]

If the enterprise fund 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; 2012 GAAFR, page 352]

Yes No N/A

_____ 12.4 If the enterprise fund 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; 2012 GAAFR, page 352]

_____ 12.5 Do the notes disclose the legal and contractual provisions governing investments? [GASB-S3: 65-66; 2012 GAAFR, page 353]

The notes should disclose material violations of these provisions. [GASB-S3: 66; 2012 GAAFR, page 353]

If the enterprise fund is exposed to custodial credit risk for its investments evidenced by securities at year end because they are neither insured nor registered and they are held by either 1) the counterparty, or 2) the counterparty's trust department or agent but not in the enterprise fund's name, 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; 2012 GAAFR, pages 355-358]

Explanation: GAAP formerly required that the balance of investments evidenced by securities be categorized into three categories of custodial credit risk. SGAS 40 now only requires that 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 enterprise fund's name, be disclosed.

_____ 12.6 Has the enterprise fund refrained from including any such investments that are not subject to custodial credit risk because they are *not* evidenced by securities? [GASB-S40: 9; 2012 GAAFR, pages 355-356]

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 enterprise funds, real estate, direct investments in mortgages and other loans, annuity contracts, and guaranteed investment contracts.

When an enterprise fund's investments are exposed to custodial credit risk, credit risk, concentration risk, interest rate risk, or foreign currency risk, the enterprise fund's policy regarding each such risk should be disclosed (or an indication should be made that the enterprise fund does not have a policy regarding a risk to which it is exposed). [GASB-S40: 6; 2012 GAAFR, page 353]

_____ 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; 2012 GAAFR, pages 353-354]

_____ 12.7a Do the notes use one of five approved methods (i.e., segmented time distribution, specific identification, weighted average maturity, duration, or simulation model) to disclose interest rate risk for positions in fixed-rate debt securities? [GASB-S40: 14-15; GASB-S59: 6; 2012 GAAFR, pages 359-360]

Explanation: The method selected for disclosing interest rate risk should be the one most consistent with how the enterprise fund manages that risk. Further, when the enterprise fund 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; 2012 GAAFR, page 360]

The enterprise fund 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; 2012 GAAFR, page 360]

An enterprise fund 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). [2012 GAAFR, page 358]

Losses on investments and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2012 GAAFR, page 355]

_____ 12.8 If some investments are valued on a basis other than fair value (e.g., amortized cost), do the notes disclose the fair value of such investments (or state that there is no material difference from fair value)? [GASB-S3: 68; 2012 GAAFR, page 352]

The notes should disclose contingent liabilities. [GASB-S 10: 58 (referenced in 64-5); 2012 GAAFR, page 388]

The notes should disclose any guarantees of indebtedness, even if the likelihood of loss is considered to be remote. [GASB-S62: 109; 2012 GAAFR, page 389]

_____ 12.9 Do the notes disclose subsequent events? [GASB-S56: 8-10; NCGA-I6: 4d; 2012 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 an enterprise fund 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

_____ 12.10 Do the notes disclose material violations of finance-related legal and contractual provisions? [NCGA-I6: 4; 2012 GAAFR, page 347]

_____ 12.10a If a violation is significant, do the notes identify actions that the enterprise fund has taken to address the violation? [GASB-S38: 9; 2012 GAAFR, page 347]

_____ 12.11 Do the notes disclose debt service to maturity for all outstanding debt? [NCGA-I6: 4h; GASB-S38: 10; 2012 GAAFR, page 376]

_____ 12.11a Does the disclosure present debt service payments separately for each of the next five years? [GASB-S38: 10a; 2012 GAAFR, page 376]

_____ 12.11b Are the principal and interest components of debt service presented separately? [GASB-S38: 10a; 2012 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.

_____ 12.11c At a minimum, are debt service payments for subsequent years reported in five-year increments? [GASB-S38: 10a; 2012 GAAFR, page 376]

_____ 12.11d If the enterprise fund has variable rate debt outstanding, do the notes disclose the terms by which interest rates change? [GASB-S38: 10b; 2012 GAAFR, page 376]

Yes	No	N/A	
_____	_____	_____	12.12 If the enterprise fund is the lessee in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; 2012 GAAFR, page 376] If so:
_____	_____	_____	12.12a Do the notes describe the lease arrangements? [NCGA-S5: 27; 2012 GAAFR, pages 373-374]
_____	_____	_____	12.12b Do the notes disclose the gross amount of assets acquired under capital leases by major asset class? [GASB-S62: 223a1; 2012 GAAFR, page 374]
_____	_____	_____	12.12c Do the notes disclose the minimum future lease payments in total and for each of the next five years? [GASB-S38: 11; 2012 GAAFR, page 376]
_____	_____	_____	12.12c1 At a minimum, are minimum future lease payments for subsequent years reported in five-year increments? [GASB-S38: 11; 2012 GAAFR, page 376,]
			<i>If the enterprise fund 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-S62; 223c-d; 2012 GAAFR, page 374]</i>
			<i>If the enterprise fund 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-S62: 223b; 2012 GAAFR, page 374]</i>
_____	_____	_____	12.13 If the enterprise fund is the lessor in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; 2012 GAAFR, page 367] If so:
_____	_____	_____	12.13a Do the notes disclose the total future minimum lease payment receivable (reduced by executory costs and uncollectibles)? [GASB-S62: 231a1a; 2012 GAAFR, page 367]
_____	_____	_____	12.13b Do the notes disclose the minimum lease payments for each of the five succeeding fiscal years? [GASB-S62:231a2; 2012 GAAFR, page 367]
			<i>If the enterprise fund is the lessor in a capital lease, the notes should disclose, as applicable, 1) any unguaranteed residual value accruing to the enterprise fund, 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; 2012 GAAFR, page 367]</i>
_____	_____	_____	12.14 If the enterprise fund 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; 2012 GAAFR, page 367]
_____	_____	_____	12.15 If the enterprise fund 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; 2012 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, 2012GAAFR, page 383]</i>
_____	_____	_____	12.16 If the enterprise fund has significant commitments (e.g., construction contracts and encumbrances), do the notes disclose them? [NCGA-I6: 4j; GASB-S 54: 24: 2012 GAAFR, page 372]

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

- _____ 12.17 Do the notes furnish information on the enterprise fund’s capital assets? [GASB-S34: 116; 2012 GAAFR, page 366]
- _____ 12.17a Do the notes present all required information separately for each major class of capital assets? [GASB-S34: 116; 2012 GAAFR, page 366]
- _____ 12.17c Do the notes report nondepreciable capital assets separately from depreciable capital assets? [GASB-S34: 116; GASB-S51: 17; 2012 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.

- _____ 12.17d Do the notes present accumulated depreciation as a separate item? [GASB-S34: 117a; 2012 GAAFR, page 366]
- _____ 12.17e Do the notes disclose changes in capital asset balances (including accumulated depreciation/amortization) during the period? [GASB-S34: 117b-c; 2012 GAAFR, page 366]
- _____ 12.17f Do the notes disclose the amount of depreciation charged to the enterprise fund if it is not already separately displayed on the statement of revenues, expenses, and changes in net position/equity? [GASB-S34: 117d; 2012 GAAFR, page 366]
- _____ 12.17g Does the enterprise fund capitalize interest on qualifying assets? If so, do the notes include: [GASB-S62: 3a, 2012 GAAFR page 366]
- _____ 12.17g1 The amount of interest cost incurred and charged to expense in an accounting period in which no interest cost is capitalized? [GASB-S62: 22a, 2012 GAAFR page 366]
- _____ 12.17g2 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, 2012 GAAFR page 366]

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; 2012 GAAFR, page 367]

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; 2012 GAAFR, page 367]

The amount and classification of insurance recoveries should be disclosed if not otherwise evident on the face of the financial statements. [GASB-S42: 21; 2012 GAAFR, page 367]

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; 2012 GAAFR, page 367]

When an enterprise fund 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, 2012 GAAFR pages 382-383]

- _____ 12.18 Do the notes furnish information on the enterprise fund’s long-term liabilities?

[GASB-S34: 119; 2012 GAAFR, page 375]

_____	_____	_____	12.18a	Do the notes provide all required information separately for each major class of long-term liabilities? [GASB-S34: 116; 2012 GAAFR, page 375]
_____	_____	_____	12.18c	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; 2012 GAAFR, page 375]
_____	_____	_____	12.18e	Do the notes disclose changes in long-term liability balances during the period? [GASB-S34: 119; 2012 GAAFR, page 375]
_____	_____	_____	12.18e1	Do the notes report these changes gross rather than net? [GASB-S34: 119b; 2012 GAAFR, page 375]
_____	_____	_____	12.21	If the enterprise fund has been the recipient of an endowment, do the notes provide all of the note disclosures required by GAAP? [GASB-S34: 121; 2012 GAAFR, page 383]

Explanation: In regard to endowments, the notes should disclose all of the following:

- Amounts of net appreciation on investments that are available for spending;
- An explanation of how available amounts are reflected in *net position*;
- State law governing the ability to spend net appreciation;
- Policy for authorizing and spending investment income.

_____	_____	_____	12.22	Do the notes discuss the enterprise fund’s risk financing activities? [GASB-S10: 77; 2012 GAAFR, page 372] If so:
_____	_____	_____	12.22a	Do the notes describe the types of risk faced by the enterprise fund? [GASB-S10: 77a; 2012 GAAFR, page 372]
_____	_____	_____	12.22a1	Do the notes describe how each type of risk is being handled? [GASB-S10: 77a; 2012 GAAFR, page 372]
				<i>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; 2012 GAAFR, page 372]</i>
_____	_____	_____	12.22b	Do the notes indicate <i>whether</i> the amount of settlements exceeded insurance coverage in each of the past three years? [GASB-S10: 77b; 2012 GAAFR, page 372]
_____	_____	_____	12.22c	If the enterprise fund participates in a risk pool, do the notes describe the arrangement? [GASB-S10: 77c; 2012 GAAFR, page 373]
_____	_____	_____	12.22c1	Do the notes specifically address the rights and responsibilities of both the enterprise fund and the pool? [GASB-S10: 77c; 2012 GAAFR, page 373]
_____	_____	_____	12.22d	If the enterprise fund retains some risk of loss, do the notes mention this fact? [GASB-S10: 77d; 2012 GAAFR, page 372] If so:
_____	_____	_____	12.22d1	Do the notes describe what the liability for unpaid claims represents and how it is calculated? [GASB-S30: 10; 2012 GAAFR, page 373]
_____	_____	_____	12.22d1a	Do the notes mention whether nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments? [GASB-S30: 10; 2012 GAAFR, page 373]

If the enterprise fund 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: 77d(2); 2012 GAAFR, page 373]

If claims have been defeased through annuity contracts, this fact should be disclosed. [GASB-S10: 77d(3); 2012 GAAFR, page 373]

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

_____	_____	_____	12.22e	Do the notes provide a tabular reconciliation of the claims liability? [GASB-S10: 77d(4); 2012 GAAFR, page 373]
_____	_____	_____	12.22e1	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: 77d(4); 2012 GAAFR, page 373]
_____	_____	_____	12.22e2	Is this information provided for each of the two most recent fiscal periods? [GASB-S10: 77d(4); 2012 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.

If the enterprise fund 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]

_____	_____	_____	12.25	If the enterprise fund encompasses more than one segment, do the notes disclose the types of goods or services provided by the segments? [GASB-S34: 122a; 2012 GAAFR, page 384]
_____	_____	_____	12.25a	Does the enterprise fund report condensed financial data for each segment? [GASB-S34: 122b-d; 2012 GAAFR, pages 385-1] If so:
_____	_____	_____	12.25a1	Do the notes present a condensed statement of net position for each segment? [GASB-S34: 122b; 2012 GAAFR, page 385]
_____	_____	_____	12.25a2	Do the notes present a condensed statement of revenues, expenses, and changes in net position/equity for each segment? [GASB-S34: 122c; 2012 GAAFR, page 385]
_____	_____	_____	12.25a3	Do the notes present a condensed statement of cash flows for each segment? [GASB-S34: 122d; 2012 GAAFR, page 385]

When a business-type activity reports a single consolidated column in the basic financial statements that includes both the primary government and one or more blended component units the notes to the financial statements should present condensed combining

*information to support the consolidated column in the basic financial statements
[GASB-S61: 54a]*

_____	_____	_____	12.26+	If the enterprise fund 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 enterprise fund discussed this fact? [GASB-S38: 12; 2012 GAAFR, pages 374-375] If so:
_____	_____	_____	12.26a	Has the enterprise fund provided a schedule of changes in short-term debt (i.e., beginning of period balance, increases, decreases, end of period balance)? [GASB-S38: 12a; 2012 GAAFR, page 374]
_____	_____	_____	12.26b	Has the enterprise fund provided an explanation of the purpose for which the debt was issued? [GASB-S38: 12b; 2012 GAAFR, page 374]
_____	_____	_____	12.26c	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, 2012 GAAFR page 374]

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

- *The nature of the relationship(s) involved? [GASB-S62:55a]*
- *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]*
- *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]*
- *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]*

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.*

_____	_____	_____	12.27	If the enterprise fund participates in a joint venture, do the notes disclose this fact? [GASB-S14: 75; 2012 GAAFR, page 387] If so:
_____	_____	_____	12.27a	Do the notes describe the nature of any ongoing financial interest or responsibility resulting from participation in the joint venture? [GASB-S14: 75a(1); 2012 GAAFR, page 387]
_____	_____	_____	12.27b	Do the notes provide information on how to obtain the financial statements of the joint venture? [GASB-S14: 75a(2); 2012 GAAFR, page 387]
_____	_____	_____	12.27c	Do the notes provide information designed to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit to or burden on the participating enterprise fund in the future? [GASB-S14: 75a(1); 2012 GAAFR, page 387]

If the enterprise fund participates in a jointly governed organization, the notes should provide any relevant information on related party transactions. [GASB-S14: 77; 2012 GAAFR, page 387]

_____	_____	_____	12.28	If the enterprise fund undertook a refunding during the period that either defeased or redeemed the refunded debt, do the notes disclose this fact? [GASB-S7: 11-14; 2012 GAAFR, page 377]
_____	_____	_____	12.28a	Do the notes provide a brief description of the refunding transaction(s)? [GASB-S7: 11; 2012 GAAFR, page 377]
_____	_____	_____	12.28b	Do the notes disclose the aggregate difference in debt service between the refunding debt and the refunded debt? [GASB-S7: 11; 2012 GAAFR, page 377]
_____	_____	_____	12.28c	Do the notes disclose the economic gain or loss on the transaction? [GASB-S7: 11; 2012 GAAFR, page 377]

The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14; 2012 GAAFR, page 378]

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 enterprise fund's net position. [GASB-S63: 13-14]

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-S62: 44; 2012 GAAFR, page 235]

If the enterprise fund 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; 2012 GAAFR, pages 236-7]

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 enterprise fund participated in a securities lending arrangement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S28: 11-15; 2012 GAAFR, page 236]

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.*

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.

_____ 12.31 If the enterprise fund has issued special assessment debt for which it is obligated in some manner, do the notes discuss this debt? [GASB-S6: 20; 2012 GAAFR, page 377] If so:

_____ 12.31a Do the notes disclose the nature of the enterprise fund’s obligation? [GASB-S6: 20; 2012 GAAFR, page 377]

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

_____ 12.31b Do the notes disclose the amount of delinquent special assessments receivable (if not discernable on the face of the financial statements)? [GASB-S6: 20; 2012 GAAFR, page 377]

_____ 12.32 If the enterprise fund has issued special assessment debt for which it is not obligated in any manner, do the notes discuss this debt? [GASB-S6: 21; 2012 GAAFR, page 377] If so:

_____ 12.32a Do the notes disclose the amount of the debt? [GASB-S6: 21; 2012 GAAFR, page 377]

_____ 12.32b Do the notes disclose that the enterprise fund is acting only as an agent and is no way liable for the debt? [GASB-S6: 21; 2012 GAAFR, page 377]

_____ 12.33 If the enterprise fund 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; 2012 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.

_____ 12.34 If an enterprise fund 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; 2012 GAAFR, page 379] If so:

_____ 12.34a Do the notes disclose the nature and source of landfill closure and postclosure care requirements? [GASB-S18: 17a; 2012 GAAFR, page 379]

_____ 12.34b 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; 2012 GAAFR, page 379]

_____ 12.34c 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; 2012 GAAFR, page 379]

_____ 12.34d 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; 2012 GAAFR, page 379]

_____ 12.34e Do the notes disclose the percentage of the landfill’s total capacity that has been used to date? [GASB-S18: 17d; 2012 GAAFR, page 379]

Yes No N/A

_____	_____	_____	12.34f	Do the notes disclose the estimated remaining life of the landfill in years? [GASB-S18; 17d; 2012 GAAFR, page 379]
_____	_____	_____	12.34g	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; 2012 GAAFR, page 379]
				<i>If there are financial assurance requirements, the notes should disclose how they are being met. [GASB-S18: 17e; 2012 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; 2012 GAAFR, page 379]</i>
_____	_____	_____	12.35	If the enterprise fund 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; 2012 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.

_____	_____	_____	12.35a	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; 2012 GAAFR, page 382]
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If the enterprise fund has issued conduit debt, the notes should provide all of the disclosures required by GAAP. [GASB-I2: 3; 2012 GAAFR, page 379]

Explanation: *The disclosures 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 enterprise fund has elected not to capitalize a collection (e.g., art, historical artifacts), the notes should describe the collection and explain the reasons the enterprise fund has elected not to capitalize it. [GASB-S34: 118; 2012 GAAFR, pages 366-367]

_____	_____	_____	12.36	If the enterprise fund reports restricted assets, do the notes disclose the detail of restricted asset accounts (i.e., both purpose and amount) if this detail is not provided on the face of the statement of position? [NCGA-S1: 1; 2012 GAAFR, page 234]
_____	_____	_____	12.37	Do the notes address the detail of individual long-term debt issues? [2012 GAAFR, page 375] If so:
_____	_____	_____	12.37a	Do the notes disclose the purpose for which debt was issued? [2012 GAAFR, page 240]
_____	_____	_____	12.37b	Do the notes disclose the original amount of the debt? [2012 GAAFR, page 240]
_____	_____	_____	12.37c	Do the notes disclose the type of debt (e.g., general obligation bonds, revenue bonds)? [2012 GAAFR, page 375]
				<i>If the enterprise fund has issued revenue bonds, the notes could provide a summary of related bond covenants. [2012 GAAFR, page 240]</i>
_____	_____	_____	12.37d	Do the notes disclose the amounts of installments? [2012 GAAFR, page 240]

Yes No N/A

_____	_____	_____	12.37e	Do the notes disclose the interest rate? [2012 GAAFR, page 240]
_____	_____	_____	12.37f	Do the notes disclose the range of maturities? [2012 GAAFR, page 240]
_____	_____	_____	12.37g	Do the notes address the applicability of federal arbitrage regulations? [2012 GAAFR, page 240]

If the enterprise fund is subject to a legal debt margin, the notes could disclose information on the legal debt limit. [2012 GAAFR, page 376]

If the enterprise fund is authorized to issue debt that has not yet been issued, the notes could disclose this fact. [2012 GAAFR, page 376]

_____	_____	_____	12.38	If the enterprise fund reports a prior-period adjustment or a change in accounting principle, do the notes explain the nature of the adjustment or change and the cumulative effect of the adjustment or change? [GASB-S62: 62; 2012 GAAFR, page 348]
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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; 2012 GAAFR, pages 366-368]

The enterprise fund 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; 2012 GAAFR, page 366]

If the enterprise fund 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, 2012 GAAFR, page 368]

If the enterprise fund 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, 2012 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 enterprise fund 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 enterprise fund 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, 2012 GAAFR, page 372]

_____ 12.39 If the enterprise fund 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, 2012 GAAFR, page 372]

_____ 12.40 If the enterprise fund has pledged future revenues, do the notes include the required disclosures? [GASB-S48: 21, 2012 GAAFR, page 376]

Explanation: These disclosures do not apply to a legally separate stand-alone business-type activity that finances its operations primarily by a single major revenue source.

_____ 12.40a Do they disclose the specific revenue pledged and the approximate amount of the pledge, if determinable? [2012 GAAFR, page 376]

_____ 12.40b Do they disclose the general purpose of the debt secured by the pledged revenue? [2012 GAAFR, page 376]

_____ 12.40c Do they disclose the term of the commitment (i.e., the period during which the revenue will not be available)? [2012 GAAFR, page 376]

_____ 12.40d 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? [2012 GAAFR, page 376]

_____ 12.40e 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? [2012 GAAFR, page 377]

If during the current fiscal year the enterprise fund 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]

_____ 12.41 Has an obligating event occurred that requires the enterprise fund to attempt to accrue a liability for pollution remediation?

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

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

When one of the above events has occurred but the amount of the pollution remediation obligation is not reasonably estimable, the enterprise fund 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.

_____ 12.41a Do the notes disclose that the enterprise fund has recognized a liability for its pollution remediation obligation? [GASB-S49: 23, 2012 GAAFR, page 380] If so, do the disclosures include:

Explanation: Generally, on an accrual basis, pollution remediation obligations should be reported as an expense when the enterprise fund recognizes a liability. However, a enterprise fund 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).

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

_____	_____	_____	12.41a1	The nature and source of pollution remediation obligations? [2012 GAAFR, page 380]
_____	_____	_____	12.41a2	The liability recognized for pollution remediation obligations (if not visible on the face of the basic financial statements)? [2012 GAAFR, page 380]
_____	_____	_____	12.41a3	The methods and assumptions used to calculate the liability for pollution remediation obligations? [2012 GAAFR, page 380]

Explanation: The enterprise fund 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 enterprise fund reports is based on probable losses that are reasonably estimable (i.e., measurable).

_____	_____	_____	12.41a4	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? [2012 GAAFR, page 380]
_____	_____	_____	12.41a5	Do the notes disclose estimated recoveries that reduce the liability? [2012 GAAFR, page 380]

Explanation: The estimate of the pollution remediation obligation should include all remediation work that a enterprise fund expects to perform, even if it expects to recover amounts from a responsible party or a potentially responsible party. The enterprise fund should use the expected cash flow technique to determine the amount of expected recoveries. Such expected recoveries should reduce the enterprise fund’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.

_____	_____	_____	12.41a6	If an enterprise fund 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]
_____	_____	_____	12.42	Do the notes furnish information on the primary government’s derivative instruments? [GASB-S53: 68, 2012 GAAFR, page 361]
_____	_____	_____	12.42a	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, 2012 GAAFR, page 361] If so, does the summary include:
_____	_____	_____	12.42a1	Notional amount. [2012 GAAFR, page 361]

Yes	No	N/A		
_____	_____	_____	12.42a2	Changes in fair value during the reporting period and the classification in the financial statements where those changes in fair value are reported. [2012 GAAFR, page 361]
_____	_____	_____	12.42a3	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. [2012 GAAFR, page 362]
_____	_____	_____	12.42a4	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. [2012 GAAFR, page 362]

Explanation: This disclosure should 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). Information presented in the summary. The disclosure of the above information may be in a columnar display, narrative form, or a combination of both.

_____	_____	_____	12.42b	Do the notes make disclosures about hedging derivative instruments? [GASB-S53: 71-73, 2012 GAAFR, page 362] If so, do the disclosures include:
_____	_____	_____	12.42b1	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, 2012 GAAFR, page 362]
_____	_____	_____	12.42b2	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, 2012 GAAFR, page 362]
_____	_____	_____	12.42b3	Risks, if applicable, that could give rise to financial loss for hedging derivatives reported as of the end of the fiscal year? If so, do the disclosures include: [GASB-S53: 73, 2012 GAAFR, page 362]

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:

_____	_____	_____	12.42b3a	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, based, 3) the enterprise fund'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 enterprise fund's access to that collateral or other security, 4) The enterprise fund'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
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exposure to credit risk (gross credit risk reduced by collateral, other security, and setoff) with individual counterparties and groups of counterparties? [GASB-S53: 73a, 2012 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 enterprise fund 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.

_____	_____	_____	12.42b3b	If the derivative instrument increases a enterprise fund’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, 2012 GAAFR, page 362]
_____	_____	_____	12.42b3c	Basis risk including the hedging derivative instrument’s terms and payment terms of the hedged item that creates the basis risk? [GASB-S53: 73c, 2012 GAAFR, page 362]
_____	_____	_____	12.42b3d	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, 2012 GAAFR, pages 362-363]
_____	_____	_____	12.42b3e	Rollover risk including the maturity of the hedging derivative instrument and the maturity of the hedged item? [GASB-S53: 73e]
_____	_____	_____	12.42b3f	Market-access risk? [GASB-S53: 73f, 2012 GAAFR, page 363]
_____	_____	_____	12.42b3g	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, 2012 GAAFR, page 363]
_____	_____	_____	12.42c	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, 2012 GAAFR, page 363]
_____	_____	_____	12.42d	If the enterprise fund 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, 2012 GAAFR, page 363]
_____	_____	_____	12.42e	Are investment derivative instruments reported as of the end of the fiscal year? [GASB-S53: 76, 2012 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.

_____	_____	_____	12.42e1	Credit risk exposure consistent with the credit risk disclosures noted above for hedging derivative instruments in question 12.42b3a? [GASB-S53: 76a, 2012 GAAFR, page 363]
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Yes	No	N/A		
_____	_____	_____	12.42e2	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]
_____	_____	_____	12.42e3	Foreign currency risk in accordance with GASB Statement No. 40, paragraph 17? [GASB-S53: 76c, 2012 GAAFR, page 363]
_____	_____	_____	12.42f	Are disclosures made for derivative instruments held at the end of the fiscal year that contain contingent features (such as an enterprise fund's obligation to post collateral if the credit quality of the enterprise fund's hedgeable item declines)? [GASB-S53: 77, 2012 GAAFR, page 364] If so, do the disclosures include:
_____	_____	_____	12.42f1	The existence and nature of contingent features and the circumstances in which they could be triggered? [GASB-S53: 77a, 2012 GAAFR, page 364]
_____	_____	_____	12.42f2	The aggregate fair value of derivative instruments that contain those features? [GASB-S53: 77b, 2012 GAAFR, page 364]
_____	_____	_____	12.42f3	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, 2012 GAAFR, page 364]
_____	_____	_____	12.42f4	The amount, if any, that has been posted as collateral by the enterprise fund as of the end of the reporting? [GASB-S53: 77d, 2012 GAAFR, page 364]
_____	_____	_____	12.42g	If an enterprise fund reports a hybrid instrument, are disclosures of the companion instrument made consistent with disclosures required of similar transactions? [2012 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 an enterprise fund has entered into a hybrid instrument that consists of a borrowing for financial reporting purposes and an interest rate swap, the enterprise fund's disclosure should indicate the existence of the interest rate swap within the debt disclosure.

_____	_____	_____	12.42h	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, 2012 GAAFR, page 383]
_____	_____	_____	12.43	Is the enterprise fund a transferor or governmental operator for a service concession arrangement (SCA)? [2012 GAAFR, page 364] If so, do the notes include:
_____	_____	_____	12.43a	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, 2012 GAAFR page 383]
_____	_____	_____	12.43b	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, 2012 GAAFR page 383]
_____	_____	_____	12.43c	The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement? [GASB-S60: 16c, 2012 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, 2012 GAAFR page 383]

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, 2012 GAAFR page 383]

If there is substantial doubt about the enterprise fund'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, 2012 GAAFR page 390]

- *Pertinent conditions and events giving rise to the assessment of substantial doubt about the enterprise fund's ability to continue as a going concern for a reasonable period of time;*
- *The possible effects of such conditions and events;*
- *Enterprise fund officials' evaluation of the significance of those conditions and events and any mitigating factors;*
- *Possible discontinuance of operations;*
- *Enterprise fund 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 enterprise fund's ability to continue as a going concern for 12 months beyond the financial statement date. Also, if there is information that is currently known to the enterprise fund that may raise substantial doubt shortly thereafter (for example, within an additional three months), it should be considered. 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 enterprise fund has filed for bankruptcy all of the following should be disclosed: [GASB-S58: 15, 2012 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 enterprise fund, and any mitigating factors, such as assumption of services by other governments*
- *Possibility of termination of the enterprise fund, or any plans to terminate the enterprise fund, as appropriate*
- *How to obtain a copy of the enterprise fund's Plan of Adjustment or a statement that a plan is not yet available and an estimate of when it will be completed.*

_____ 12.44 Has the enterprise fund refrained from negative disclosure? [2012 GAAFR, page 346]

Explanation: There generally is no need to disclose that a particular situation is *not* applicable to the enterprise fund. 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 enterprise fund; and
- 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-RELATED NOTE DISCLOSURES

_____ 13.1 If the enterprise fund participates in a defined benefit plan, do the notes provide information on the arrangement? [GASB-S27: 20-1; GASB-S45: 24-5; 2012 GAAFR, pages 368-369] If so:

_____ 13.1a Do the notes describe the plan? [GASB-S27: 20a1; GASB-S45: 24a1; 2012 GAAFR, page 369]

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

_____ 13.1b Do the notes briefly describe the types of benefits offered and the authority for establishing and amending benefits? [GASB-S27: 20a2; GASB-S45: 24a2; 2012 GAAFR, page 369]

_____ 13.1c Do the notes disclose whether the plan issues a separate report or is included in the report of a public employees’ retirement system or another entity? [GASB-S27: 20a3; GASB-S45: 24a3; 2012 GAAFR, page 369]

_____ 13.1c1 If a separate report is issued for a plan, do the notes disclose how to obtain a copy of the report? [GASB-S27: 20a3; GASB-S45: 24a3; 2012 GAAFR, page 369]

_____ 13.1d Do the notes describe the authority for establishing and amending the funding policy? [GASB-S27: 20b1; GASB-S45: 24b1; 2012 GAAFR, page 369]

If the plan is contributory, the notes should disclose the required contribution rate(s) of active members. [GASB-S27: 20b2; 2012 GAAFR, page 369]

_____ 13.1e Do the notes indicate the employer's required contribution rate(s)? [GASB-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

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

_____ 13.1e1 Are employer contribution rates expressed in dollars or as a percentage of current-year payroll? [GASB-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

Explanation: See explanation for 13.1e.

If the enterprise fund participates as an employer in either a single-employer or agent multiple-employer 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-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

_____ 13.1f If the enterprise fund participates in a cost-sharing, multiple-employer defined benefit plan, do the notes provide information on both required and actual contributions? [GASB-S27: 20b3; GASB-S45: 24b3; GASB-TB2004-2: 2–6; 2012 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, an enterprise fund 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 enterprise fund should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

_____ 13.1f1 Is the current year’s required contribution stated in dollars? [GASB-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

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

_____ 13.1f2 Are actual contributions presented as a percentage of required contributions? [GASB-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

_____ 13.1f3 Is all information presented both for the current year and each of the preceding two years? [GASB-S27: 20b3; GASB-S45: 24b3; 2012 GAAFR, page 369]

_____ 13.1g In the case of a cost-sharing multiple-employer plan, does the disclosure state how the required contribution rate is determined (e.g., by statute, contract, or on an actuarial basis) or state that the plan is financed on a pay-as-you-go basis? [GASB-S45: 24b; GASB-S50: 7b; 2012 GAAFR, page 369]

_____ 13.2 If the enterprise fund participates in either a single-employer or agent multiple-employer defined benefit plan, do the notes provide additional information? [GASB-S27: 21; 2005 GASB-S45: 25; GAAFR, pages 369-371] If so:

_____ 13.2a Do the notes disclose annual pension cost? [GASB-S27: 21a; GASB-S45: 25a; 2012 GAAFR, page 369]

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

_____ 13.2b Do the notes disclose actual contributions made (in dollars)? [GASB-S27: 21a; GASB-S45: 25a; 2012 GAAFR, page 369]

_____ 13.2c If there is a net pension obligation (NPO) or net OPEB obligation (NOPEBO) outstanding, do the notes disclose the components of annual pension cost? [GASB-S27: 21a; GASB-S45: 25a; 2012 GAAFR, pages 369-370]

Explanation: If an NPO or NOPEBO exists, annual pension cost will comprise three components: 1) the annual required contribution (ARC), 2) interest on the NPO or NOPEBO, and 3) the actuary’s adjustment of the ARC based on the existence of the NPO or NOPEBO.

_____ 13.2d If there is an NPO or NOPEBO outstanding, do the notes disclose both 1) the increase or decrease in the NPO/ NOPEBO and 2) the NPO/ at the end of the year? [GASB-S27: 21a; GASB-S45: 25a; 2012 GAAFR, page 370]

_____ 13.2e Do the notes disclose the annual pension cost for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; 2012 GAAFR, page 370]

_____ 13.2f Do the notes disclose the annual amount of pension cost contributed for the current year and the two preceding years (expressed as a percentage of pension cost)? [GASB-S27: 21b; GASB-S45: 25b; 2012 GAAFR, page 370]

_____ 13.2g Do the notes disclose the NPO/ NOPEBO for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; 2012 GAAFR, page 370]

_____ 13.2h Do the notes disclose the date of the actuarial valuation? [GASB-S27: 21c; GASB-S45: 25c; 2012 GAAFR, page 370]

_____ 13.2i Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 370]

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

_____ 13.2i1 Do the notes disclose the actuarial cost method? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

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.

_____ 13.2i2 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: 8b(3)(b) and 9; 2012 GAAFR, page 371]

_____ 13.2i3 Do the notes disclose the actuarial method used for valuing assets? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

_____ 13.2i4 Do the notes disclose the assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

_____ 13.2i5 Do the notes describe the amortization method (i.e., level dollar or level percentage of projected payroll)? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

_____ 13.2i6 Do the notes disclose the amortization period? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

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

_____ 13.2i7 Do the notes state whether amortization periods are open or closed? [GASB-S27: 21c; GASB-S45: 25d; 2012 GAAFR, page 371]

_____ 13.2j For an OPEB healthcare plan, does the disclosure of actuarial assumptions include the healthcare cost trend rate? [GASB-S45: 25d; 2012 GAAFR, page 371]

If different years are used for the economic assumptions (e.g., inflation rate, healthcare cost trend rate), the notes should disclose both the initial and ultimate rates. [GASB-S45: 25d; GASB-S50: 8b3a; 2012 GAAFR, page 371, note 154]

_____ 13.2k For partially funded defined benefit OPEB plans, do the notes disclose the method used to determine the blended investment return assumption? [GASB-S45: 25d; 2012 GAAFR, page 371, note 155]

_____ 13.2L If the enterprise fund participates in one or more defined benefit plan(s), do the notes provide disclosures for the funded status of the plan(s) as of the most recent actuarial valuation date? If so: [GASB-S25: 35; GASB-S45: 25c; GASB-S50: 8a]

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 enterprise fund 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 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.

_____ 13.2L1 Do the notes disclose the actuarial valuation date?

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 a pension 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.

_____ 13.2L2 Do the notes disclose the actuarial value of assets?

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

_____ 13.2L3 Do the notes disclose the actuarial accrued liability?

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.

_____ 13.2L4 Do the notes disclose the total unfunded actuarial accrued liability (or funding excess)?

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*.

_____ 13.2L5 Do the notes disclose the funded ratio?

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

_____ 13.2L6 Do the notes disclose the annual covered payroll?

_____ 13.2L7 Do the notes disclose the ratio of the unfunded actuarial accrued liability to annual covered payroll?

If the assumptions 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-S50: 8b(3)(a)]

_____ 13.2m 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-S43: 30d(2)(b); GASB-S50:8b; 2012 GAAFR, page 370]

_____ 13.2n Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GASB-S50: 8b]

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.

_____ 13.2o If the enterprise fund 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]

_____ 13.2o1 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?

_____	_____	_____	13.2o2	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?
_____	_____	_____	13.2o3	Do the notes disclose that actuarial calculations reflect a long-term perspective? <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.</i>
_____	_____	_____	13.2p	Does the OPEB plan qualify for and has it elected to use the alternative measurement method? [GASB-S45: 33-35] If so, do the notes disclose:

Explanation: To qualify to use the alternative measurement approach, an enterprise fund 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 an enterprise fund 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 as 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.

_____	_____	_____	13.2p1	That the enterprise fund has elected to use this method?
_____	_____	_____	13.2p2	The source or basis of all significant assumptions or methods used to apply the method?
_____	_____	_____	13.3	If the enterprise fund participates in a defined contribution pension plan, do the notes provide information on the arrangement? [GASB-S27: 27; GASB-S45: 29; 2012 GAAFR, page 371] If so:
_____	_____	_____	13.3a	Do the notes disclose the name of the pension plan? [GASB-S27: 27a; GASB-S45: 31a; 2012 GAAFR, page 371]
_____	_____	_____	13.3b	Do the notes disclose the entity that administers the pension plan? [GASB-S27: 27a; GASB-S45: 31a; 2012 GAAFR, page 371]
_____	_____	_____	13.3c	Do the notes identify the arrangement as a defined contribution pension plan? [GASB-S27: 27a; GASB-S45: 31a; 2012 GAAFR, page 371]
_____	_____	_____	13.3d	Do the notes briefly describe the plan’s provisions? [GASB-S27: 27b; GASB-S45: 31b; 2012 GAAFR, page 371]
_____	_____	_____	13.3e	Do the notes disclose the authority for establishing or amending the plan’s provisions? [GASB-S27: 27b; GASB-S45: 31b; 2012 GAAFR, page 371]

Yes No N/A

- _____ 13.3f Do the notes disclose contribution amounts (either in dollars or as a percentage of salary) for the employer, participating employees, and other contributors? [GASB-S27: 27c; GASB-S45: 31c; 2012 GAAFR, page 371]
- _____ 13.3g Do the notes disclose the authority for establishing or amending contribution requirements? [GASB-S27: 27c; GASB-S45: 31c; 2012 GAAFR, page 371]
- _____ 13.3h Do the notes disclose contributions actually made by the employer and plan members? [GASB-S27: 27d; GASB-S45: 31d; 2012 GAAFR, page 371]

If the enterprise fund participates as an employer in an insured pension 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 pension cost, and 5) disclose contributions or premiums actually paid. [GASB-S27: 23; GASB-S45: 28; 2012 GAAFR, pages 371-372]

If the enterprise fund is legally responsible for paying benefits on behalf of the employees of another entity, the notes should provide the same information required for a pension plan provided to the enterprise fund's own employees. [GASB-S27: 28; GASB-S45: 32; 2012 GAAFR, page 407]

FINANCIAL SECTION – RSI

- _____ 14.1* Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; 2012 GAAFR, page 577]
- _____ 14.3* If the enterprise fund 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; 2012 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; 2012 GAAFR, page 580]

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

- _____ 14.3b Does RSI disclose the enterprise fund'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 enterprise fund? [GASB-S34: 132b; 2012 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; 2012 GAAFR, page 581]

Explanation: See explanation for 14.3a.

- _____ 14.3d Do notes accompany RSI? [GASB-S34: 133; 2012 GAAFR, pages 297-8] If so:
- _____ 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; 2012 GAAFR, page 581]
- _____ 14.3d2 Do notes to RSI disclose the condition level at which the enterprise fund intends to preserve its infrastructure assets? [GASB-S34: 133b; 2012 GAAFR, page 581]

The notes to RSI should disclose factors that significantly affect trends in the information reported in the required schedules. [GASB-S34: 133c; 2012 GAAFR, page 581]

If there is a change in the condition level at which the enterprise fund 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; 2012 GAAFR, page 581]

_____ 14.4* If the enterprise fund either sponsors a single-employer defined benefit plan or participates in an agent multiple-employer defined benefit plan, does RSI provide trend information on funding progress for the last three actuarial valuations? [GASB-S25: 34, 37; GASB-S43: 35; GASB-S50: 9; 2012 GAAFR, page 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. The requirement to present information about funded status of pension plans that use the aggregate actuarial method is effective for the first fiscal period containing information from actuarial valuations as of June 15, 2007 or later. . 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.

_____ 14.4a Does the schedule disclose the actuarial valuation date? [GASB-S25: 37; 2012 GAAFR, page 581]

Explanation: In the case of defined benefit pension plans, the actuarial valuation should be performed at least biennially and should generally be performed the same date each year or biennium. A new valuation should be performed if significant changes have occurred since the previous valuation.

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. As with pension plans, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

_____ 14.4b Does the schedule disclose the actuarial value of plan assets? [GASB-S25: 37; 2012 GAAFR, page 581]

_____ 14.4c Does the schedule disclose the actuarial accrued liability? [GASB-S25: 37; 2012 GAAFR, page 581]

Explanation: When a pension plan presents the schedule of funding progress, the actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes. This is also true for OPEB plans, except when the aggregate actuarial cost is used for funding purposes. In this case the schedule must still be presented, but it should be prepared using the entry age actuarial cost method.

_____ 14.4d Does the schedule disclose the total unfunded actuarial accrued liability? [GASB-S25: 37; 2012 GAAFR, page 581]

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*.

_____ 14.4e Does the schedule disclose the funded ratio? [GASB-S25: 37; 2012 GAAFR, page 581]

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

_____ 14.4f Does the schedule disclose annual covered payroll? [GASB-S25: 37; 2012 GAAFR, page 581]

Yes	No	N/A		
_____	_____	_____	14.4g	Does the schedule disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll? [GASB-S25: 37; 2012 GAAFR, page 335]
_____	_____	_____	14.5*	If the enterprise fund sponsors a single-employer defined benefit pension plan that uses the aggregate actuarial cost method, does RSI either present a schedule of employer contributions or indicate how users may obtain a copy of the pension plan's separately issued report? [GASB-S25: 34; 2012 GAAFR, pages 582-583]
_____	_____	_____	14.6	If the cost-sharing plan in which an enterprise fund 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 enterprise fund present schedules of funding progress and employer contributions for the plan? [GASB-S45: 27; GASB-S50: 10] If so:
_____	_____	_____	14.6a	Do the notes disclose that the information presented relates to the cost-sharing plan as a whole and that the enterprise fund is only one participating employer in the plan? [GASB-S45: 27; GASB-S50: 10]
_____	_____	_____	14.6b	Do the notes provide information helpful for understanding the scale of the information presented relative to the enterprise fund? [GASB-S45: 27; GASB-S50: 10]
_____	_____	_____	14.7*	If the enterprise fund 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; 2012 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)
 - 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

_____	_____	_____	14.8	Has the enterprise fund refrained from including information as required supplementary information that the authoritative accounting literature does not designate as such? [2012 GAAFR, page 577]
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[SECTIONS 15, 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:
_____	_____	_____	E18.1	Does the statistical section present net position by the three individual components of net position (i.e., net investment in capital assets, restricted, and unrestricted)? [GASB-S44: 9; 2012 GAAFR, pages 616-617]
_____	_____	_____	E18.2	Does the statistical section present the changes in net position? [GASB-S44: 10a; Q&A 9.8.1; 2012 GAAFR, pages 617-618] If so:

Yes No N/A

_____	_____	_____	E18.3	Are operating revenues and expenses presented separately from nonoperating revenues and expenses?
_____	_____	_____	E18.4	Are revenues presented by major source?
_____	_____	_____	E18.5	Are operating and nonoperating expenses presented (at the level of detail reported in the statement of revenues, expenses and changes in net position/equity)?
_____	_____	_____	E18.6	Are other changes in net position presented (e.g., capital contributions, special items)?
_____	_____	_____	E18.7	Does the table present the total change in net position?
_____	_____	_____	18.1e	Does the statistical section present information for the major components of the revenue base of the enterprise fund's most significant own-source revenue? [GASB-S44: 14-15; Q&A 9.12.4; 2012 GAAFR, pages 620-623]

Explanation: At a minimum, the enterprise fund must present information for its most significant own-source revenue. Generally, the largest own-source revenue will be a charge for service (e.g., usage charges for utilities, landing fees for airports, tuition for colleges, passenger fares for transit authorities). However, if an enterprise fund has a second own-source revenue that is nearly as significant as the first, it should also consider presenting information for that second revenue source.

_____	_____	_____	18.1e1	Does the table present the direct rate applied to the revenue base?
_____	_____	_____	18.1f	Does the statistical section present each individual direct rate applied to the revenue base for the enterprise fund's most significant own-source revenue and the total of those rates? [GASB-S44: 16; 2012 GAAFR, pages 623-625] <i>When an enterprise fund has a restriction on its ability to raise its rates that limitation should be disclosed on the face of the table. [GASB-S44: 16]</i>
_____	_____	_____	18.1g	Does the statistical section present information about the enterprise fund's payors or remitters for the enterprise fund's largest own-source revenue? [GASB-S44: 19-21; Q&A 9.22.1; 56; 2012 GAAFR, page 625] If so:

Explanation: If an enterprise fund does not have any principal payors because all payors remit approximately the same amount, the schedule of principal payors need not be presented. In this case, the enterprise fund could include information that describes important characteristics that affect how much is paid by an individual payor. For example, higher education institutions would not normally have information about principal payors of tuition, but could provide information about the resident versus nonresident status of students.

When legal prohibitions do not allow for the presentation of information by individual payors, enterprise funds should present alternative information. For example, rather than the inclusion of individual payors, an enterprise fund could present a schedule that shows the amount of revenue by payor type.

_____	_____	_____	18.1g1	Does the table include the amount of the revenue base attributable to each or the actual revenue from each and the percentage of each amount relative to the total revenue base or total revenues?
_____	_____	_____	18.1g2	Does the table include the ten largest payors (unless fewer are required to reach 50 percent of the total revenue base or total revenue)?
_____	_____	_____	18.1g3	Is the information presented for the current fiscal period and the fiscal period ended nine years prior?
_____	_____	_____	18.1j	Does the statistical section separately present, by type, the outstanding debts, as well as the total outstanding debt for the enterprise fund? [GASB-S44: 23-26; Q&A 9.24.1, 9.26.1, 9.27.1, and 9.27.2; 2012 GAAFR, pages 626-627] If so:

Yes No N/A

____ ____ ____ 18.1j1 Does the statistical table include the ratio of total outstanding debt to personal income (or other economic base if information on personal income is inappropriate for assessing a particular revenue base)?

Explanation: If personal income information is not an appropriate denominator for the enterprise fund, another appropriate economic base should be used to calculate the amount.

____ ____ ____ 18.1j3 Does the table include the amount of total outstanding debt per capita (or other economic base if information on population is inappropriate for assessing a particular revenue base)?

Explanation: If population is not an appropriate denominator to use for the calculation of the per capita amount of outstanding debt, a more relevant alternative should be used for the calculation. A public utility could use the number of customers or ratepayers; an airport, the number of enplaned passengers; a transit authority, the number of riders; a college, the number of students.

____ ____ ____ 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; 2012 GAAFR, 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 subtraction of specific operating expenses to result in the amount of net available revenues?

____ ____ ____ 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; 2012 GAAFR, pages 630-632]

Explanation: Enterprise funds should strive to present current data and other data specific to their type of operations. Accordingly, an enterprise fund 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 enterprise fund's jurisdiction? [GASB-S44: 34; 2012 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?

Yes No N/A

_____	_____	_____	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 enterprise fund? [GASB-S44: 35-38; 2012 GAAFR, pages 632-633] If so, are the following types of information presented:
_____	_____	_____	18.1p1	The number of the enterprise fund's employees?

Explanation: Alternative categorizations can be used if they are more meaningful or more obtainable than information by program or identifiable activity.

_____	_____	_____	18.1p2	Indicators of the level of demand for services?
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Explanation: It is not necessary for enterprise funds to begin collecting information to present in this category. Instead, enterprise funds should choose relevant items from information that is already available. The enterprise fund should select items that it believes provide an indication of the demand for and the volume of services it provides to its citizens.

_____	_____	_____	18.1p3	Available information about the volume, usage, or nature of the enterprise fund's capital assets by identifiable activity?
_____	_____	_____	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; 2012 GAAFR, page 634]
_____	_____	_____	18.1r	Does the statistical section include appropriate analytical and educational explanations? [GASB-S44: 42; 2012 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 enterprise fund indicated the source of all non-accounting data presented in the statistical section?
_____	_____	_____	18.1u	If the enterprise fund 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.)
_____	_____	_____	19.2*	If the enterprise fund participated in the Certificate of Achievement for Excellence in Financial Reporting Program in the immediately preceding fiscal year, has the enterprise fund adequately remedied or otherwise responded to the comments and suggestions generated by the previous review? (If not, please specify.)

CHECKLIST SUPPLEMENT

ISSUED BUT NOT YET EFFECTIVE GASB PRONOUNCEMENTS

**GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*,
effective for fiscal periods beginning after December 15, 2012**

This Statement amends certain existing questions and explanations already on the checklist. Following are the changes necessary to the checklist because of this Statement.

The following question will be revised to emphasize that the change in the fair value of investments reported at fair value is not an item properly reported as a deferred outflows or inflows of resources and therefore must be reported on the operating statement in the period that the change occurs.

_____ 8.13* Has the enterprise fund 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; 2012 GAAFR, page 73]

Explanation to 5.2a will be expanded to list the following additional items that a enterprise fund can appropriately report as deferred outflows of resources:

- 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
- 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
- The resources that providers transmit to recipients before time requirements are met, but after all other eligibility requirements have been met
- The amount paid by the transferee government to the transferor government in an intra-entity sale of future revenues
- 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
- Direct loan origination costs for mortgage banking activities where the loan is held for resale
- Fees paid to permanent investors in mortgage banking activities prior to the sale of the loans

Explanation to 5.2b will be expanded to list the following additional items that a enterprise fund can appropriately report as deferred inflows of resources:

- 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
- 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
- Amounts in imposed nonexchange revenue transactions that are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed nonexchange revenues in which the enabling legislation includes time requirements.
- Amounts in government-mandated nonexchange transactions and voluntary nonexchange transactions where recipients receive resources from a provider before time requirements are met, but after all other eligibility requirements have been met
- The amount that a transferor government receives as proceeds in a sale of future revenues transaction (except for instances wherein recognition as revenue in the period of sale is appropriate as discussed in paragraph 14 of GASB Statement No. 48)
- 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
- In lending activities, the points received by a lender in relation to a loan origination
- Points received by a lender in mortgage banking activities where the loan is held for investment
- Origination fees, including any portion related to points, received by a lender in mortgage banking activities where the loan is held for resale

Yes No N/A

- Rate actions of a regulator that result in an acquisition of net assets from the regulated business-type activity's customers that is applicable to a future reporting period
- Unavailable revenues in governmental funds

The explanation to question 6.11a7 will be revised to reflect the change in the classification of deferred amounts on debt refundings as follows:

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.

The explanation to question 9.10a5 will be revised to reflect the change in the classification of deferred amounts on refundings as follows:

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.