

**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 RELATED TO RECENT GASB PRONOUNCEMENTS**

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

The checklist is designed to provide comprehensive guidance 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

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

All references listed above, except those for “GAAFR,” “eGAAFR,” “eSUP” “Q&A,” and SLG, are followed by the number of the pronouncement, if applicable, and the specific paragraph(s), footnote(s), or appendix (appendices) within the publication that is being referenced. The references to “GAAFR” and “GAAFR Review” are to pages in those publications. For “eGAAFR” AND “eSUP” the references are to the page number in Adobe Digital Editions for the electronic file. For “Q&A,” the references are to the applicable chapters and questions in that publication. For SLG, the references are to the 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”? [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? [GAAFR, page 591591]
- \_\_\_\_\_ 1.4 Does the report cover indicate the fiscal period covered? [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? [GAAFR, page 591591] If so:
  - \_\_\_\_\_ 1.5a Does it describe the document as a “comprehensive annual financial report”? [GAAFR, page 591591]
  - \_\_\_\_\_ 1.5b Does it indicate the fiscal period covered? [GAAFR, page 591591]
  - \_\_\_\_\_ 1.5c Does it include the name of either the individual or the department responsible for preparing the report? [GAAFR, page 591]

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

- \_\_\_\_\_ 1.5d Does the title page include some indication of the state in which the enterprise fund is located? [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; GAAFR, page 591] If so:
  - \_\_\_\_\_ 1.6a Does it clearly segregate each of the three basic sections of the report (i.e., introductory section, financial section, and statistical section)? [GAAFR, page 591]

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

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

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

- \_\_\_\_\_ 1.7 If a statement or schedule occupies more than a single pair of facing pages, does the statement or schedule alert readers to this fact by including the word “continued” on the first pair of facing pages, as well as on each subsequent pair of facing pages?
- \_\_\_\_\_ 1.8 Does each page have a page number?

Yes No N/A

- \_\_\_\_ \_ 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? ? [GAAFR, page 591]
- \_\_\_\_ \_ 2.2 Are the enterprise fund's principal officials (elected, appointed, or both) listed somewhere within the introductory section? [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? [GAAFR, page 591]

### **LETTER OF TRANSMITTAL**

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

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

- \_\_\_\_ \_ 2.4d Does it state that management is responsible for the contents of the report? [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? [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. [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.

Yes No N/A

_____	_____	_____	2.4h	Does the letter of transmittal direct readers to MD&A? [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; 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? [GAAFR, page 594]
_____	_____	_____	3.2	Is the report of the independent auditor presented as the first item in the financial section of the report? [GAAFR, page 594]
_____	_____	_____	3.3	Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards or generally accepted government auditing standards (i.e., <i>Government Auditing Standards</i> )? [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? [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? [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; 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; GAAFR, pages 594 and 567]
_____	_____	_____	4.1c	Does MD&A provide condensed financial data extracted from the basic financial statements? [GASB-S34: 11b; 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)
- 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)

Yes No N/A

- 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; 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; 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; 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; 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; GAAFR, page 293]

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

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

\_\_\_\_\_ 4.1h1 Does the discussion of capital asset and long-term debt activity refer readers interested in more detailed information to the notes to the financial statements? [GASB-S34: note 8; 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; 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); 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); 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; 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; 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; GAAFR, page 33]

\_\_\_\_\_ 5.2\* Does 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 non-pension related items presented as such limited to those items specifically identified by GAAP for reporting in the category? [GASB-S63:7]

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

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

- Consideration provided in excess of the net position obtained by the acquiring government in a government acquisition [GASB-S69:39]

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

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

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

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

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

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

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

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

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

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

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

Yes No N/A

_____	_____	_____	5.2b2b	Amounts not yet recognized in pension expense that have a debit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68:33a2]
_____	_____	_____	5.2b2c	Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a debit balance [GASB-S68:33b]

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

_____	_____	_____	5.2b3	Is the enterprise fund an employer for a cost-sharing multiple-employer pension plan, an employer for a single-employer or agent multiple-employer pension plan with a special funding situation, or a governmental nonemployer contributing entity to a pension plan that is <i>administered through a trust or equivalent arrangement</i> ? If so, deferred outflow of resources should include all of the following items (if applicable):
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Explanation: Deferred outflows of resources and deferred inflows of resources should be recognized for the employer's proportionate shares of the collective deferred outflows of resources and deferred inflows of resources determined using the employer's or nonemployer contributing entity's proportion of the collective net pension liability.

_____	_____	_____	5.2b3a	Amounts not yet recognized in pension expense that have a debit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68:53, 71a1, 85, and 102]
_____	_____	_____	5.2b3b	Amounts not yet recognized in pension expense that have a debit balance and represent changes of assumptions about future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68:53, 71a2, 85, and 102]
_____	_____	_____	5.2b3c	Amounts not yet recognized in pension expense that represent the differences between projected and actual earnings on pension plan investments when the net of all such amounts is a debit balance [GASB-S68:53, 71b, 85, and 102]

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

_____	_____	_____	5.2b3d	Amounts not yet recognized in pension expense that have a debit balance and represent the net effect of a change in the employer's or governmental nonemployer contributing entity's proportion of the collective deferred outflows of resources since the prior measurement [GASB-S 68:54, 86, and 103]
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Explanation: If there is a change in the employer's or governmental nonemployer contributing entity's proportion of the collective net pension liability since the prior measurement date, the net effect of that change on the employer's or governmental nonemployer contributing entity's proportionate shares of the collective deferred outflows of resources and deferred inflows of resources, determined as of the beginning of the measurement period, should be recognized in the

employer’s or governmental nonemployer contributing entity’s pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period. The period should be equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

\_\_\_\_\_ 5.2b3e Amounts not yet recognized in pension expense that have a debit balance and represent the difference during the measurement period between (a) the total amount of such contributions from the employer (and amounts associated with the employer from nonemployer contributing entities that are not in a special funding situation) and (b) the amount of the employer’s proportionate share of the total of such contributions from all employers and all nonemployer contributing entities [GASB-S68: 55, 87, and 104]

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

\_\_\_\_\_ 5.2c\* If the statement presents deferred inflows of resources are the non-pension related items presented as such limited to those items specifically identified by GAAP for reporting in the category? [GASB-S63:7]

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

- The fair value of effective hedges that are in a gain position (i.e., the cumulative amount of the fair value changes of the effective hedge is a credit) [GASB-S53:20]
- In a service concession arrangement (SCA) the amount a transferor reports for the difference between the fair value of a new facility purchased or constructed by the operator or the improvement of an existing facility by the operator and any contractual liabilities that the transferor reports under the SCA. [GASB-S60:9]
- In a SCA the amount a transferor reports for the difference between up-front or installment payments from the operator and any contractual liabilities that the transferor reports under the SCA. [GASB-S60:12]
- For current refundings and advance refundings resulting in defeasance of debt the excess of the carrying value of the old debt over its reacquisition price [GASB-S65:5-6]
- A change in the provisions of a current capital lease that results from a current or advance refunding by the lessor who passes through the effect to the lessee (and the lease continues to qualify as a capital lease) which decreases the lessee’s lease obligation [GASB-S65:7]
- The resources that recipients receive from providers before time requirements are met, but after all other eligibility requirements have been met [GASB-S65:10]
- The amount received by the transferor government in an intra-entity sale of future revenues [GASB-S65:12]
- The gain on the sale of property that is accompanied by a leaseback of all or any part of the property for all or part of its remaining economic life [GASB-S65:18]
- Loan origination fees for mortgage banking activities where the loan is held for resale [GASB-S65:26]
- Loan origination fees received that represent points [GASB-S65:22]

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

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

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

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

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

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

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

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

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

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

\_\_\_\_\_ 5.2d2a Amounts not yet recognized in pension expense that have a credit balance and represent the differences between expected and actual experience for economic and demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) used to measure the net pension liability [GASB-S68:53, 71a1, 85, and 102]

\_\_\_\_\_ 5.2d2b Amounts not yet recognized in pension expense that have a credit balance and represent changes of assumptions about

future economic or demographic assumptions (e.g., inflation, salary changes, ad hoc postemployment benefit changes, mortality) or other inputs [GASB-S68:53, 71a2, 85, and 102]

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5.2d3c

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

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

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5.2d3d

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

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

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5.2d3e

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

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

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5.3

Are all of the basic financial statements referred to by their appropriate titles? [GAAFR, page 591]

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5.4

Are all of the basic financial statements grouped together at the front of the financial section of the report? [GAAFR, page 596]

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5.5

Do all of the basic financial statements include a reference to the notes? [GAAFR, page 596]

\_\_\_\_\_ 5.7\* Has the enterprise fund refrained from making direct adjustments to equity except in those situations specifically contemplated by GAAP? [*Audits of State and Local Governments* 10.03; 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)?

*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]*

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

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

*A transaction in which 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]*

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 an 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]
_____	_____	_____	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]
_____	_____	_____	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]

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]
_____	_____	_____	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]

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, an 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; 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.

\_\_\_\_\_ 6.8 Does the statement of net position/balance sheet include an asset for the negative net pension obligation/negative net other postemployment benefit obligation and net pension asset/collective net pension asset (enterprise fund’s proportionate share), if applicable? [GASB-S27:17; GASB-S 45:21; GASB-S68:20, 48, 83, 92, and 97; GAAFR, page 400]

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

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

\_\_\_\_\_ 6.8b Has the enterprise fund refrained from netting any related liability with the asset? [GASB-s27:17; GASB-S45: 21; GASB-S68:21, 51, 110, 118, 125, and 131]

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

\_\_\_\_\_ 6.9\* Does the 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, net pension liability/collective net pension liability (enterprise fund’s proportionate share), pollution remediation liabilities, nonexchange financial guarantees as the entity extending the guarantee) incurred in connection with the enterprise fund’s activities? [GASB-S34:12e; GASB-S49:9-10; GASB-S68:20, 48, 83, 92, and 97; GASB-S70: 7-9; GAAFR, page 270]

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

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

\_\_\_\_\_ 6.9c Has the enterprise fund reported at a minimum the aggregate amount for each of the following on a separate line: 1) net pension obligations (NPO), 2) net other postemployment benefit (OPEB) obligations (NOPEBO) and 3) net pension liabilities (NPL)/ collective NPL (enterprise fund’s proportionate share)?

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

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

\_\_\_\_\_ 6.9c1 Has the enterprise fund refrained from netting any of these liability amounts with a related asset (if applicable)? [GASB-s27:17; GASB-S45: 21; GASB-S68:21, 51, 100, 118, 125, and 131]

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

\_\_\_\_\_ 6.9c2 Has the enterprise fund separately reported liabilities for amounts of either, a short-term or long-term nature, that are separately financed specific liabilities of an individual employer or individual governmental nonemployer contributing entity to the pension plan rather than including them in the total for a NPO, NOPEBO, or NPL? [GASB-S27:11 and 17; GASB-S45: 21; GASB-S68: 48a, 88, 105, and 120]

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

\_\_\_\_\_ 6.10 If the 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); GAAFR, pages 476-477]

\_\_\_\_\_ 6.11d Has the enterprise fund refrained from reporting designations within *net position or equity*? [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; 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; 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; 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*)? [SLG 5.28; 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; 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; GAAFR, page 194]

## STATEMENT OF NET POSITION/BALANCE SHEET

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

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

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; 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; 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; 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; GAAFR, pages 229-230]

\_\_\_\_\_ 9.10a\* Is the net investment in capital assets correctly calculated? [GASB-S34: 33; 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; 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; 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; 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; 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; 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; 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; 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; 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; GAAFR, page 211]

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

- \_\_\_\_\_ 9.11\* Does the statement distinguish between operating and nonoperating revenues and expenses? [GASB-S34: 100; GAAFR, page 235]
- \_\_\_\_\_ 9.11a Has the enterprise fund refrained from including taxes and grants within the operating category? [GASB-S34: 102; GAAFR, page 235]
- \_\_\_\_\_ 9.11b Is *operating income/loss* reported as a separate line item? [GASB-S34: 100; 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? [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; GAAFR, pages 186-7]
- \_\_\_\_\_ 9.13a If the enterprise fund made an acquisition of a government external to its financial reporting entity during the period has it reported a special item when the consideration it provided was less than the net position acquired (after any applicable adjustment to noncurrent nonfinancial assets), unless the selling government intended the amount as a contribution? [GASB-S69:40-1; eGAAFR, pages 937-8; eSUP, page 33-4]

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

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

Explanation: In the financial statements of the financial reporting entity that includes the acquiring enterprise fund (if applicable) the difference described above should be reported as transfers or subsidies, as appropriate.

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

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

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

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

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

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

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

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

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

Explanation: See the explanation to question 9.13c for the definition of a transfer of operations. When the enterprise fund is a new government arising for the transfer of operations the net position received or assumed should be reported as the beginning balance of net position for the new government's initial reporting period. Also, refer to the explanation to question 9.13c for a

discussion of adjustments that should or may be made to calculate the amount to report as the beginning balance of net position.

\_\_\_\_\_ 9.14 Has the 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; 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; GAAFR, pages 210 and 238]

\_\_\_\_\_ 9.15a\* Are cash flows from operating activities reported by major classes of receipts and disbursements (i.e., the *direct* method)? [GASB-S9: 31; GAAFR, 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; 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; 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; 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; 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; 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 reconciliation on the face of the statement of cash flows.

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

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

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

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; 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; 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; 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; GAAFR, page 332]

\_\_\_\_\_ 11.8a Does the SSAP disclose the capitalization threshold(s) for capital assets? [GAAFR, pages 332 and 440]

\_\_\_\_\_ 11.8b Does the SSAP disclose the method(s) used to calculate depreciation and amortization expense? [GAAFR, pages 332 and 333]

\_\_\_\_\_ 11.8c Does the SSAP disclose the estimated useful lives of capital assets? [GASB-S51: 16; GAAFR, page 332]

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

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

- |       |       |       |       |   |
|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 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? [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; GAAFR, pages 337 and 338]   |
| _____ | _____ | _____ | 11.12 | If cash flows reporting focuses on both <i>cash</i> and <i>cash equivalents</i> , does the SSAP define <i>cash equivalents</i> ? [GASB-S62: 93; GAAFR, page 331]  |
|       |       |       |       | <i>If both restricted and unrestricted resources are to be used for the same purpose (e.g., a construction project), the SSAP should disclose the flow assumption used to determine the portion of expenses paid from restricted resources. [GASB-S34: 115h; GAAFR, pages 333 and 334]</i>        |
|       |       |       |       | <i>The notes should disclose the amount of restricted net position that is reported as such because of restrictions imposed by enabling legislation. [GASB-S46: 6]</i>  |
| _____ | _____ | _____ | 11.13 | Does the SSAP indicate how investments are valued? [GASB-S62: 93; GAAFR, page 331]  |
|       |       |       |       | <i>If the 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. [GAAFR, page 334]</i>  |
|       |       |       |       | <i>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; GAAFR, page 352]</i>  |
|       |       |       |       | <i>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; GAAFR, page 352]</i> |
|       |       |       |       | <i>If income from investments reported in one fund is assigned directly to another fund, the SSAP should disclose this fact. [GASB-S31: 15f; GAAFR, page 352]</i>   |
| _____ | _____ | _____ | 11.15 | Does the SSAP disclose how inventories are valued? [GASB-S62: 93; 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.

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

***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; GAAFR, page 350] |
|       |       |       |      | <i>The notes should disclose material violations of these provisions. [GASB-S3: 66; GAAFR, page 350]</i>  |

*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; 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; GAAFR, page 350]

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

*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; GAAFR, page 352]*

\_\_\_\_\_ 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; GASB-S67:24;GAAFR, page 352]

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

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

*If the 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; 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; 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; 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; 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; 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; 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; 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). [GAAFR, page 358]*

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

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

Explanation: There are two types of subsequent events: recognized and nonrecognized. Recognized subsequent events are those events that provide additional evidence with respect to conditions that existed at the date of the statement of net position and affect the estimates inherent in the process of preparing financial statements. These events require adjustments to the financial statements. Nonrecognized events are those events that provide evidence about conditions that did not exist at the date of the statement of net position but arose subsequent to that date. For example, the issuance of bonds, the creation of a new component unit, or the loss of 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

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

Yes No N/A

- \_\_\_\_\_ 12.9a If a violation is significant, do the notes identify actions that the enterprise fund has taken to address the violation? [GASB-S38: 9; GAAFR, page 347]
- \_\_\_\_\_ 12.10 Do the notes disclose debt service to maturity for all outstanding debt? [NCGA-I6: 4h; GASB-S38: 10; GAAFR, page 376]
- \_\_\_\_\_ 12.10a Does the disclosure present debt service payments separately for each of the next five years? [GASB-S38: 10a; GAAFR, page 376]
- \_\_\_\_\_ 12.10b Are the principal and interest components of debt service presented separately? [GASB-S38: 10a; GAAFR, page 376]

Explanation: In the case of variable-rate debt, the interest rate in effect at the financial statement date should be used to calculate the interest component of debt service payments.

- \_\_\_\_\_ 12.10c At a minimum, are debt service payments for subsequent years reported in five-year increments? [GASB-S38: 10a; GAAFR, page 376]
- \_\_\_\_\_ 12.10d If the enterprise fund has variable rate debt outstanding, do the notes disclose the terms by which interest rates change? [GASB-S38: 10b; GAAFR, page 376]
- \_\_\_\_\_ 12.11 If the enterprise fund is the lessee in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; GAAFR, page 376] If so:
- \_\_\_\_\_ 12.11a Do the notes describe the lease arrangements? [NCGA-S5: 27; GAAFR, pages 373-374]
- \_\_\_\_\_ 12.11b Do the notes disclose the gross amount of assets acquired under capital leases by major asset class? [GASB-S62: 223a1; GAAFR, page 374]
- \_\_\_\_\_ 12.11c Do the notes disclose the minimum future lease payments in total and for each of the next five years? [GASB-S38: 11; GAAFR, page 376]
- \_\_\_\_\_ 12.11c1 At a minimum, are minimum future lease payments for subsequent years reported in five-year increments? [GASB-S38: 11; GAAFR, page 376, ]

*If the 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; GAAFR, page 374]*

*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; GAAFR, page 374]*

- \_\_\_\_\_ 12.12 If the enterprise fund is the lessor in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; GAAFR, page 367] If so:
- \_\_\_\_\_ 12.12a Do the notes disclose the total future minimum lease payment receivable (reduced by executory costs and uncollectibles)? [GASB-S62: 231a1a; GAAFR, page 367]
- \_\_\_\_\_ 12.12b Do the notes disclose the minimum lease payments for each of the five succeeding fiscal years? [GASB-S62:231a2; GAAFR, page 367]

*If the 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; GAAFR, page 367]*

- \_\_\_\_\_ 12.13 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; GAAFR, page 367]

\_\_\_\_\_ 12.14 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; GAAFR, page 368]

*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]*

\_\_\_\_\_ 12.15 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; GAAFR, page 372]

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

\_\_\_\_\_ 12.16 Do the notes furnish information on the enterprise fund’s capital assets? [GASB-S34: 116; GAAFR, page 366]

\_\_\_\_\_ 12.16a Do the notes present all required information separately for each major class of capital assets? [GASB-S34: 116; GAAFR, page 366]

\_\_\_\_\_ 12.16c Do the notes report nondepreciable capital assets separately from depreciable capital assets? [GASB-S34: 116;GASB-S51: 17; GAAFR, page 366]

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

\_\_\_\_\_ 12.16d Do the notes present accumulated depreciation as a separate item? [GASB-S34: 117a; GAAFR, page 366]

\_\_\_\_\_ 12.16e Do the notes disclose changes in capital asset balances (including accumulated depreciation/amortization) during the period? [GASB-S34: 117b-c; GAAFR, page 366]

\_\_\_\_\_ 12.16f Do the notes disclose the amount of depreciation 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; GAAFR, page 366]

\_\_\_\_\_ 12.16g Does the enterprise fund capitalize interest on qualifying assets? If so, do the notes include: [GASB-S62: 3a, GAAFR page 366]

\_\_\_\_\_ 12.16g1 The amount of interest cost incurred and charged to expense in an accounting period in which no interest cost is capitalized? [GASB-S62: 22a, GAAFR page 366]

\_\_\_\_\_ 12.16g2 The total amount of interest cost incurred during the period and the amount thereof that has been capitalized in an accounting period in which some interest cost is capitalized? [GASB-S62: 22b, GAAFR page 366]

*If a capital asset was permanently impaired during the period, the carrying value of that asset should be adjusted to reflect the impairment. The cost of restoration should not be netted against associated insurance recoveries. [GASB-S42: 16 and 21; GAAFR, page 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; 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; 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; 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, GAAFR pages 382-383]*

_____	_____	_____	12.17	Do the notes furnish information on the enterprise fund’s long-term liabilities? [GASB-S34: 119; GAAFR, page 375]
_____	_____	_____	12.17a	Do the notes provide all required information separately for each major class of long-term liabilities? [GASB-S34: 116; GAAFR, page 375]
_____	_____	_____	12.17c	Do the notes report separately the portion of each long-term liability that is due within one year of the date of the statement of net position? [GASB-S34: 119c; GAAFR, page 375]
_____	_____	_____	12.17e	Do the notes disclose changes in long-term liability balances during the period? [GASB-S34: 119; GAAFR, page 375]
_____	_____	_____	12.17e1	Do the notes report these changes gross rather than net? [GASB-S34: 119b; GAAFR, page 375]
_____	_____	_____	12.20	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; 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.

_____	_____	_____	12.21	Do the notes discuss the enterprise fund’s risk financing activities? [GASB-S10: 77; GAAFR, page 372] If so:
_____	_____	_____	12.21a	Do the notes describe the types of risk faced by the enterprise fund? [GASB-S10: 77a; GAAFR, page 372]
_____	_____	_____	12.21a1	Do the notes describe how each type of risk is being handled? [GASB-S10: 77a; 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; GAAFR, page 372]</i>				
_____	_____	_____	12.21b	Do the notes indicate <i>whether</i> the amount of settlements exceeded insurance coverage in each of the past three years? [GASB-S10: 77b; GAAFR, page 372]
_____	_____	_____	12.21c	If the enterprise fund participates in a risk pool, do the notes describe the arrangement? [GASB-S10: 77c; GAAFR, page 373]

Yes No N/A

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

*If the 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); GAAFR, page 373]*

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

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

_____	_____	_____	12.24	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; GAAFR, page 384]
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Yes No N/A

\_\_\_\_\_ 12.24a Does the enterprise fund report condensed financial data for each segment? [GASB-S34: 122b-d; GAAFR, pages 385-1] If so:

\_\_\_\_\_ 12.24a1 Do the notes present a condensed statement of net position for each segment? [GASB-S34: 122b; GAAFR, page 385]

\_\_\_\_\_ 12.24a2 Do the notes present a condensed statement of revenues, expenses, and changes in net position/equity for each segment? [GASB-S34: 122c; GAAFR, page 385]

\_\_\_\_\_ 12.24a3 Do the notes present a condensed statement of cash flows for each segment? [GASB-S34: 122d; GAAFR, page 385]

*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]*

\_\_\_\_\_ 12.25+ If the enterprise fund has engaged in short-term debt activity during the year (e.g., anticipation notes, use of lines of credit), *even if no short-term debt is outstanding at the end of the fiscal period*, has the enterprise fund discussed this fact? [GASB-S38: 12; GAAFR, pages 374-375] If so:

\_\_\_\_\_ 12.25a Has the enterprise fund provided a schedule of changes in short-term debt (i.e., beginning of period balance, increases, decreases, end of period balance)? [GASB-S38: 12a; GAAFR, page 374]

\_\_\_\_\_ 12.25b Has the enterprise fund provided an explanation of the purpose for which the debt was issued? [GASB-S38: 12b; GAAFR, page 374]

\_\_\_\_\_ 12.25c If at the end of the year the balance of the short-term obligation is not reported as a current liability because it is expected to be refinanced do the notes include a general description of the financing agreement and the terms of any new obligation incurred or expected to be incurred as a result of a refinancing? [GASB-S62: 38, GAAFR page 374]

*If the 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.*

\_\_\_\_\_ 12.26 If the enterprise fund participates in a joint venture, do the notes disclose this fact? [GASB-S14: 75; GAAFR, page 387] If so:

Yes No N/A

_____	_____	_____	12.26a	Do the notes describe the nature of any ongoing financial interest or responsibility resulting from participation in the joint venture? [GASB-S14: 75a(1); GAAFR, page 387]
_____	_____	_____	12.26b	Do the notes provide information on how to obtain the financial statements of the joint venture? [GASB-S14: 75a(2); GAAFR, page 387]
_____	_____	_____	12.26c	Do the notes provide information designed to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit to or burden on the participating enterprise fund in the future? [GASB-S14: 75a(1); 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; GAAFR, page 387]*

_____	_____	_____	12.27	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; GAAFR, page 377]
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_____	_____	_____	12.27a	Do the notes provide a brief description of the refunding transaction(s)? [GASB-S7: 11; GAAFR, page 377]
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_____	_____	_____	12.27b	Do the notes disclose the aggregate difference in debt service between the refunding debt and the refunded debt? [GASB-S7: 11; GAAFR, page 377]
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_____	_____	_____	12.27c	Do the notes disclose the economic gain or loss on the transaction? [GASB-S7: 11; GAAFR, page 377]
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*The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14; 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; 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; 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; 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.*

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| _____ | _____ | _____ | 12.30  | 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; GAAFR, page 377] If so: |
| _____ | _____ | _____ | 12.30a | Do the notes disclose the nature of the enterprise fund’s obligation? [GASB-S6: 20; GAAFR, page 377]  |

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

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| _____ | _____ | _____ | 12.30b | Do the notes disclose the amount of delinquent special assessments receivable (if not discernable on the face of the financial statements)? [GASB-S6: 20; GAAFR, page 377]        |
| _____ | _____ | _____ | 12.31  | If the 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; GAAFR, page 377] If so:      |
| _____ | _____ | _____ | 12.31a | Do the notes disclose the amount of the debt? [GASB-S6: 21; GAAFR, page 377]  |
| _____ | _____ | _____ | 12.31b | Do the notes disclose that the enterprise fund is acting only as an agent and is no way liable for the debt? [GASB-S6: 21; GAAFR, page 377]                                       |
| _____ | _____ | _____ | 12.32  | 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-11: 11; GAAFR, page 378] |

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

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

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| _____ | _____ | _____ | 12.33  | If 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; GAAFR, page 379] If so: |
| _____ | _____ | _____ | 12.33a | Do the notes disclose the nature and source of landfill closure and postclosure care requirements? [GASB-S18: 17a; GAAFR, page 379]  |

Yes No N/A

_____	_____	_____	12.33b	Do the notes explain that the cost of landfill closure and postclosure care is allocated based on landfill capacity used to date? [GASB-S18: 17b; GAAFR, page 379]
_____	_____	_____	12.33c	Do the notes disclose the liability for landfill closure and postclosure care costs (if not visible on the face of the basic financial statements)? [GASB-S18: 17c; GAAFR, page 379]
_____	_____	_____	12.33d	Do the notes disclose the portion of the estimated total obligation for landfill closure and postclosure care costs that has not yet been recognized in the financial statements? [GASB-S18: 17c; GAAFR, page 379]
_____	_____	_____	12.33e	Do the notes disclose the percentage of the landfill's total capacity that has been used to date? [GASB-S18: 17d; GAAFR, page 379]
_____	_____	_____	12.33f	Do the notes disclose the estimated remaining life of the landfill in years? [GASB-S18: 17d; GAAFR, page 379]
_____	_____	_____	12.33g	Do the notes state that the total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations? [GASB-S18: 17f; GAAFR, page 379]

*If there are financial assurance requirements, the notes should disclose how they are being met. [GASB-S18: 17e; GAAFR, page 379]*

*The notes should disclose any assets restricted for the payment of closure and postclosure care costs that are not discernable on the statement of position. [GASB-S18: 17e; GAAFR, page 379]*

_____	_____	_____	12.34	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; GAAFR, page 382]
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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.

_____	_____	_____	12.34a	If on-behalf benefits take the form of contributions to a pension plan for which the employer is not legally responsible, do the notes disclose the name of the pension plan and the name of the entity that makes the contributions? [GASB-S24: 12; GAAFR, page 382]
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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; 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; GAAFR, pages 366-367]*

_____	_____	_____	12.35	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; GAAFR, page 234]
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Yes	No	N/A	
_____	_____	_____	12.36 Do the notes address the detail of individual long-term debt issues? [GAAFR, page 375] If so:
_____	_____	_____	12.36a Do the notes disclose the purpose for which debt was issued? [GAAFR, page 240]
_____	_____	_____	12.36b Do the notes disclose the original amount of the debt? [GAAFR, page 240]
_____	_____	_____	12.36c Do the notes disclose the type of debt (e.g., general obligation bonds, revenue bonds)? [GAAFR, page 375]  <i>If the enterprise fund has issued revenue bonds, the notes could provide a summary of related bond covenants. [GAAFR, page 240]</i>
_____	_____	_____	12.36d Do the notes disclose the amounts of installments? [GAAFR, page 240]
_____	_____	_____	12.36e Do the notes disclose the interest rate? [GAAFR, page 240]
_____	_____	_____	12.36f Do the notes disclose the range of maturities? [GAAFR, page 240]
_____	_____	_____	12.36g Do the notes address the applicability of federal arbitrage regulations? [GAAFR, page 240]  <i>If the enterprise fund is subject to a legal debt margin, the notes could disclose information on the legal debt limit. [GAAFR, page 376]</i>  <i>If the enterprise fund is authorized to issue debt that has not yet been issued, the notes could disclose this fact. [GAAFR, page 376]</i>  <i>The notes should disclose contingent liabilities. [GASB-S 10: 58 (referenced in 64-5); GAAFR, page 388]</i>
_____	_____	_____	12.37 If the enterprise fund reports a prior-period adjustment or a change in accounting principle, do the notes explain the nature of the adjustment or change and the cumulative effect of the adjustment or change? [GASB-S62: 62; GAAFR, page 348]

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

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

Yes No N/A

- 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, GAAFR, page 372]*

\_\_\_\_\_ 12.38 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, GAAFR, page 372]

\_\_\_\_\_ 12.39 If the enterprise fund has pledged future revenues, do the notes include the required disclosures? [GASB-S48: 21, 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.

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

\_\_\_\_\_ 12.39b Do they disclose the general purpose of the debt secured by the pledged revenue? [GAAFR, page 376]

\_\_\_\_\_ 12.39c Do they disclose the term of the commitment (i.e., the period during which the revenue will not be available)? [GAAFR, page 376]

\_\_\_\_\_ 12.39d Do they disclose the relationship of the pledged amount to the total for that specific revenue (e.g., the proportion of the specific revenue stream that has been pledged), if determinable? [GAAFR, page 376]

\_\_\_\_\_ 12.39e Do they include a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt directly or indirectly collateralized by those revenues? [GAAFR, page 377]

*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]*

\_\_\_\_\_ 12.40 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 an enterprise fund should attempt to accrue a liability for its pollution remediation obligation:

Yes No N/A

- 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.

\_\_\_\_\_ 12.40a Do the notes disclose that the enterprise fund has recognized a liability for its pollution remediation obligation? [GASB-S49: 23, 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, an 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).

\_\_\_\_\_ 12.40a1 The nature and source of pollution remediation obligations? [GAAFR, page 380]

\_\_\_\_\_ 12.40a2 The liability recognized for pollution remediation obligations (if not visible on the face of the basic financial statements)? [GAAFR, page 380]

\_\_\_\_\_ 12.40a3 The methods and assumptions used to calculate the liability for pollution remediation obligations? [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).

\_\_\_\_\_ 12.40a4 An indication that the pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations? [GAAFR, page 380]

\_\_\_\_\_ 12.40a5 Do the notes disclose estimated recoveries that reduce the liability? [GAAFR, page 380]

Explanation: The estimate of the pollution remediation obligation should include all remediation work that an 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.

_____	_____	_____	12.40a6	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]
_____	_____	_____	12.41	Do the notes furnish information on the enterprise fund’s derivative instruments? [GASB-S53: 68, GAAFR, page 361]
_____	_____	_____	12.41a	Do the notes include a summary of derivative instrument activity during the reporting period and the balances at the end of the reporting period? [GASB-S53: 69, GAAFR, page 361] If so, does the summary include:
_____	_____	_____	12.41a1	Notional amount. [GAAFR, page 361]
_____	_____	_____	12.41a2	Changes in fair value during the reporting period and the classification in the financial statements where those changes in fair value are reported. [GAAFR, page 361]
_____	_____	_____	12.41a3	Fair values as of the end of the reporting period and the classification in the financial statements where those fair values are reported. If derivative instrument fair values are based on other than quoted market prices, the methods and significant assumptions used to estimate those fair values should be disclosed. [GAAFR, page 362]
_____	_____	_____	12.41a4	Fair values of derivative instruments reclassified from a hedging derivative instrument to an investment derivative instrument. There also should be disclosure of the deferral amount that was reported within investment revenue upon the reclassification. [GAAFR, page 362]

Explanation: This disclosure should be 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.

_____	_____	_____	12.41b	Do the notes make disclosures about hedging derivative instruments? [GASB-S53: 71-73, GAAFR, page 362] If so, do the disclosures include:
_____	_____	_____	12.41b1	The objectives for entering into those instruments, the context needed to understand those objectives, the strategies for achieving those objectives, and the types of derivative instruments entered into? [GASB-S53: 71, GAAFR, page 362]
_____	_____	_____	12.41b2	The significant terms, including 1) notional amount, 2) reference rates, such as indexes or interest rates, 3) embedded options, such as caps, floors, or collars, 4) the date when the hedging derivative instrument was entered into and when it is scheduled to terminate or mature, and 5) the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into? [GASB-S53: 72, GAAFR, page 362]

Yes No N/A

\_\_\_\_\_ 12.41b3 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, 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:

\_\_\_\_\_ 12.41b3a Credit risk including the following 1) the credit quality ratings of counterparties as described by rating agencies as of the end of the reporting period or the fact that the counterparty is not rated, 2) the maximum amount of loss due to credit risk, 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 exposure to credit risk (gross credit risk reduced by collateral, other security, and setoff) with individual counterparties and groups of counterparties? [GASB-S53: 73a, GAAFR, page 362]

Explanation: A concentration of credit risk exposure to an individual counterparty may not require disclosure if its existence is apparent from the disclosures required by other parts of this paragraph, for example, an 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.

\_\_\_\_\_ 12.41b3b If the derivative instrument increases an 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, GAAFR, page 362]

\_\_\_\_\_ 12.41b3c Basis risk including the hedging derivative instrument's terms and payment terms of the hedged item that creates the basis risk? [GASB-S53: 73c, GAAFR, page 362]

\_\_\_\_\_ 12.41b3d Termination risk including 1) any termination events that have occurred, 2) dates that the hedging derivative instrument may be terminated, 3) out-of-the-ordinary termination events contained in contractual documents, such as "additional termination events" contained in the schedule to the International Swap Dealers Association master agreement? [GASB-S53: 73d, GAAFR, pages 362-363]

\_\_\_\_\_ 12.41b3e Rollover risk including the maturity of the hedging derivative instrument and the maturity of the hedged item? [GASB-S53: 73e]

\_\_\_\_\_ 12.41b3f Market-access risk? [GASB-S53: 73f, GAAFR, page 363]

\_\_\_\_\_ 12.41b3g Foreign currency risk including the U.S. dollar balance of the hedging derivative instrument, organized by currency denomination and by type of derivative instrument? ? [GASB-S53: 73g, GAAFR, page 363]

Yes No N/A

_____	_____	_____	12.41c	If the hedged item in the arrangement is a debt obligation do the notes disclose the hedging derivative instrument's net cash flows based on the debt service requirements to maturity for debt and lease obligations? [GASB-S53: 74, GAAFR, page 363]
_____	_____	_____	12.41d	If the 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, GAAFR, page 363]
_____	_____	_____	12.41e	Are investment derivative instruments reported as of the end of the fiscal year? [GASB-S53: 76, GAAFR, page 363] If so, do the disclosures include information about each of the following applicable risks:

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

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

Explanation: For example, a hybrid instrument may have a companion instrument that is related to debt. In that case, the existence of an embedded derivative with the companion instrument should be indicated in the disclosures of the companion instrument. For example, if 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.

_____	_____	_____	12.41h	If Synthetic Guaranteed Investment Contracts (SGIC) exist as of the end of the reporting period that are fully benefit-responsive are all of the following disclosures made 1) a description of the nature of the SGIC and 2) the SGIC's
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fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments)? [GASB-S53: 79, GAAFR, page 383]

_____	_____	_____	12.42	Is the enterprise fund a transferor or governmental operator for a service concession arrangement (SCA)? [GAAFR, page 364] If so, do the notes include:
_____	_____	_____	12.42a	A general description of the arrangement in effect during the reporting period, including management’s objectives for entering into it and, if applicable, the status of the project during the construction period? [GASB-S60: 16a, GAAFR page 383]
_____	_____	_____	12.42b	The nature and amounts of assets, liabilities, and deferred inflows of resources related to an SCA that are recognized in the financial statements? [GASB-S60: 16b, GAAFR page 383]
_____	_____	_____	12.42c	The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement? [GASB-S60: 16c, GAAFR, page 383]

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

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

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

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

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

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

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

Yes	No	N/A		
_____	_____	_____	12.43b3	Changes in the liabilities balance during the period, with separate presentation of each of the following:
_____	_____	_____	12.43b3a	Initial recognition of liabilities for guarantees
_____	_____	_____	12.43b3b	Increase in estimates for previously reported liabilities
_____	_____	_____	12.43b3c	Guarantee payments made
_____	_____	_____	12.43b3d	Decrease in estimates for previously reported liabilities
_____	_____	_____	12.43b4	The recognized liabilities at the end of the period
_____	_____	_____	12.43b5	The cumulative amount of payments that have been made on guarantees outstanding at the reporting date
_____	_____	_____	12.43b6	Amounts expected to be recovered for payments that have been made through the reporting date
_____	_____	_____	12.44	Has the enterprise fund issued obligations currently or in the past that have been guaranteed by another entity as part of a nonexchange transaction? [GASB-S70: 16-17; eGAAFR, pages 916 and 939-40; eSUP, pages 13 and 35-6] If so:
_____	_____	_____	12.44a	Do the notes provide disclosures, by type of guarantee, for such guarantees that relate to obligations outstanding at the reporting date? Do they include:
_____	_____	_____	12.44a1	The name of the entity providing the guarantee
_____	_____	_____	12.44a2	The amount of the guarantee
_____	_____	_____	12.44a3	The length of time of the guarantee
_____	_____	_____	12.44b	If payments were made either, during the reporting period or in previous periods, by the guarantor are disclosures made regardless of whether or not the enterprise fund has any such guaranteed obligations outstanding at the end of the reporting period? If so, do the disclosures also include:
_____	_____	_____	12.44b1	The amount paid by the guarantor during the current reporting period
_____	_____	_____	12.44b2	The cumulative amount paid by the guarantor on the enterprise funds' obligations
_____	_____	_____	12.44b3	A description of requirements to repay the guarantor
_____	_____	_____	12.44b4	The outstanding amounts, if any, required to be repaid to the guarantor
				<i>The notes should disclose any guarantees of indebtedness resulting from an exchange or exchange-like transaction, even if the likelihood of loss is considered to be remote. [GASB-S 62:109; GASB-S70: 4; GAAFR, page 389]</i>
_____	_____	_____	12.45	Does the enterprise fund as either an individual employer government or individual governmental nonemployer contributing entity report a separately financed specific liability to a defined benefit pension plan? [GASB-S68:120 and 122] If so, do the notes disclose:

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

_____	_____	_____	12.45a	The amount of such payables outstanding at the end of the reporting period?
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\_\_\_\_\_ 12.45b The significant terms related to the payables, and a description of what gave rise to the payable?

\_\_\_\_\_ 12.46 Was the enterprise fund involved in a government combination during the year? [GASB-S69: 9-12 and 55; eGAAFR, pages 915 and 936-8; eSUP, pages 11 and 32-34]

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

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

\_\_\_\_\_ 12.46a1 A brief description of the combination, including identification of the entities involved and whether the participating entities were included within the same financial reporting entity?

\_\_\_\_\_ 12.46a2 The date of the combination?

\_\_\_\_\_ 12.46a3 A brief description of the primary reasons for the combination?

\_\_\_\_\_ 12.46b Was the combination a merger or transfer of operations? If so, and the enterprise fund is either the new or continuing government do the notes include: [GASB-S69: 56; eGAAFR, pages 915; eSUP, page 11]

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

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

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

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

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

\_\_\_\_\_ 12.46b1 The amounts recognized as of the merger date or the effective transfer date for the following (if applicable):

\_\_\_\_\_ 12.46b1a Total assets—distinguishing between current assets, capital assets, and other assets

\_\_\_\_\_ 12.46b1b Total deferred outflows of resources

\_\_\_\_\_ 12.46b1c Total liabilities—distinguishing between current and long-term amounts

Yes No N/A

_____	_____	_____	12.46b1d	Total deferred inflows of resources
_____	_____	_____	12.46b1e	Total net position by component
_____	_____	_____	12.46b2	A brief description of the nature and amount of significant adjustments made to bring into conformity the individual accounting policies or to adjust for impairment of capital assets resulting from the merger or transfer
_____	_____	_____	12.46b3	The initial amounts recognized by the new or continuing government, if different from the values in (a) and the differences that arise from modifying the carrying values in (a) by the adjustments in (b).
_____	_____	_____	12.46c	Was the combination an acquisition? If so, and the enterprise fund is the acquiring government the notes should include: [GASB-S69: 57; eGAAFR, pages 915; eSUP, page 11]

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

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

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

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

_____	_____	_____	12.46d1	Identification of the operations transferred or sold?
_____	_____	_____	12.46d2	A brief description of the facts and circumstances leading to the transfer/disposal of those operations?
_____	_____	_____	12.46d3	Information about the disposed enterprise fund operations (if not otherwise visible in the financial statements)? [GASB-S69:58a-c] If so, does the information include:
_____	_____	_____	12.46d3a	Total expenses, distinguishing between operating and nonoperating (if applicable)
_____	_____	_____	12.46d3b	Total revenues, distinguishing between operating and nonoperating (if applicable)
_____	_____	_____	12.46d3c	Total governmental fund revenues and expenditures (if applicable)

12.47 Has the enterprise fund refrained from negative disclosure? [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***

**PLEASE NOTE:** Questions 13.1, 13.2 and 13.3 identify the employer disclosure requirements for pension and OPEB plans before the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. For those governments that have implemented GASB Statement No. 68 and GASB Statement No. 71 for pension plans that are *administered through a trust or equivalent arrangement* or are planning for their implementation should refer to the *Checklist Supplement* following section 19 of this checklist for the employer display and disclosure requirements for those plans.

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

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

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

- |       |       |       |   |
|-------|-------|-------|---|
| _____ | _____ | _____ | 13.2a Provide the name of the pension plan?   |
| _____ | _____ | _____ | 13.2b Identify the public employee retirement system or other entity that administers the pension plan?                                     |
| _____ | _____ | _____ | 13.2c Identify the type of pension plan (e.g., a single-employer, agent multiple-employer, or cost-sharing multiple-employer pension plan)? |

Yes No N/A

\_\_\_\_\_ 13.2d Describe the benefit terms, 1) including the classes of employees covered 2) the types of benefits, 3) the key elements of the pension formulas 4) the terms or policies, if any, with respect to automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs) and ad hoc postemployment benefit changes, including ad hoc COLAs, and 5) the authority under which benefit terms are established or may be amended?

*An enterprise fund should disclose if the pension plan is closed to new entrants.*

\_\_\_\_\_ 13.2e For single-employer and agent multiple-employer plans only, provide the number of employees covered by the benefit terms in total and separately for 1) inactive employees (or their beneficiaries) currently receiving benefits, 2) inactive employees entitled to, but not yet receiving benefits, and (3) active employees? [GASB-S68:40c]

\_\_\_\_\_ 13.2f Describe contribution requirements, including (1) the basis for determining the employer’s contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, nonemployer contributing entities (if any), and employees are established or may be amended; and (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period, and 4) if not otherwise disclosed, the total amount of contributions recognized by the pension plan from the employer during the reporting period?

\_\_\_\_\_ 13.2g Indicate whether there is a separate publicly available report for the pension plan and, if so, how to obtain the report?

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

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

\_\_\_\_\_ 13.2h1 Inflation?

\_\_\_\_\_ 13.2h2 Salary changes?

\_\_\_\_\_ 13.2h3 Ad hoc postemployment benefit changes (including ad hoc COLAs)?

\_\_\_\_\_ 13.2h4 Source of mortality assumptions?

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

\_\_\_\_\_ 13.2h5 The dates of experience studies on which significant assumptions are based?

\_\_\_\_\_ 13.2h6 Rates assumed for different periods (if applicable)?

\_\_\_\_\_ 13.2h7 The discount rate? [GASB-S 68: 42 and 78] If so do the disclosures include:

\_\_\_\_\_ 13.2h7a The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date?

\_\_\_\_\_ 13.2h7b Assumptions about projected cash flows?

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

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

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

_____	_____	_____	13.2i	Do the notes provide information about the employer balances of deferred outflows of resources and deferred inflows of resources for the plan? [GASB-S68: 45 and 80; eGAAFR, page 913; eSUP, page 9] If so, are the amounts classified as follows, if applicable:
_____	_____	_____	13.2i1	Differences between expected and actual experience in the measurement of the total pension liability?
_____	_____	_____	13.2i2	Changes of assumptions or other inputs?
_____	_____	_____	13.2i3	Net difference between projected and actual earnings on pension plan investments?
_____	_____	_____	13.2i4	If the plan is a single-employer or agent plan with a special funding situation or a cost sharing plan, changes in the employer’s proportion of the balances and differences between the employer’s contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer’s proportionate share of contributions?

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

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

_____	_____	_____	13.2i5	The employer’s contributions to the pension plan subsequent to the measurement date of the net pension liability/collective net pension liability?
_____	_____	_____	13.2i6	A schedule that presents the net amount of deferred outflows and inflows of resources that will affect the employers pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years?

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

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

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

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

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

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

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

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

\_\_\_\_\_ 13.2j3 For cost-sharing plans only, the employer’s proportionate amount (in dollars) of the collective net pension liability and, when there is a special funding situation, (1) the portion of the nonemployer contributing entities’ total proportionate amount (in dollars) of the collective net pension liability that is associated with the employer and (2) the total of the employer’s proportionate amount (in dollars) of the collective net pension liability and the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the employer? [GASB-S68:80a]

\_\_\_\_\_ 13.2j4 A brief description of changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date?

\_\_\_\_\_ 13.2j5 A brief description of changes of benefit terms that affected measurement of the total pension liability since the prior measurement date?

\_\_\_\_\_ 13.2j6 For single-employer and agent plans only (if applicable) the amount of benefit payments in the measurement period attributable to the purchase of allocated insurance contracts, a brief description of the benefits for which allocated insurance contracts were purchased in the measurement period, and the fact that the obligation for the payment of benefits covered by allocated insurance contracts has been transferred from the employer to one or more insurance companies? [GASB-S68:45e]

\_\_\_\_\_ 13.2j7 A brief description of the nature of changes between the measurement date of the net pension liability/collective net pension liability and the

employer’s reporting date that are expected to have a significant effect on the net pension liability/employer’s proportionate share of the collective net pension liability, and the amount of the expected resultant change in the net pension liability/employer’s proportionate share of the collective net pension liability (if known)?

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

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

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

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

_____	_____	_____	13.3a	A schedule that presents the beginning and ending balances for each of the following items: 1) the total pension liability (TPL), 2) the pension plan’s fiduciary net position (FNP), and 3) the net pension liability (NPL)? If so, does the schedule separately present the effect on those items from each of the following, (as applicable): [GASB-S68: 44]
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Explanation: When there is a special funding situation the information should be provided for the collective net pension liability.

_____	_____	_____	13.3a1	Service cost
_____	_____	_____	13.3a2	Interest on the TPL
_____	_____	_____	13.3a3	Changes of benefit terms
_____	_____	_____	13.3a4	Differences between expected and actual experience in the measurement of the TPL
_____	_____	_____	13.3a5	Changes of assumptions or other inputs
_____	_____	_____	13.3a6	Contributions from employers
_____	_____	_____	13.3a7	Contributions from nonemployer contributing entities
_____	_____	_____	13.3a8	Contributions from employees
_____	_____	_____	13.3a9	Pension plan net investment income
_____	_____	_____	13.3a10	Benefit payments, including refunds of plan member contributions
_____	_____	_____	13.3a11	Pension plan administrative expense

Yes No N/A

\_\_\_\_\_ 13.3a12 Other changes, separately identified if individually significant.

\_\_\_\_\_ 13.3b Does the plan have a special funding situation? If so, do the notes disclose: [GASB-S68: 44d; eGAAFR, page 913; eSUP, page 9]

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

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

\_\_\_\_\_ 13.3b1 The nonemployer contributing entities' total proportionate share of the collective net pension liability?

\_\_\_\_\_ 13.3b2 The employer's proportionate share of the collective net pension liability?

\_\_\_\_\_ 13.4 Is the enterprise fund a nonemployer contributing entity to a defined benefit pension plan that is *administered through a trust or equivalent arrangement*? If so:

\_\_\_\_\_ 13.4a Does the enterprise funds' obligation as a nonemployer contributing entity meet the definition of a special funding situation and does the enterprise fund *recognize a substantial proportion* of the collective net pension liability of the plan? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 108-113]

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

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

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

*An enterprise fund should disclose if the pension plan is closed to new entrants*

- Brief description of contribution requirements, including (1) the basis for determining the governmental nonemployer contributing entity's contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, nonemployer contributing entities, and employees are established or may be amended; and (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period.
- If not otherwise disclosed, the total amount of contributions recognized by the pension plan from the governmental nonemployer contributing entity during the reporting period
- Whether the pension plan issues a publicly available stand-alone financial report (or the pension plan is included in the report of a public employee retirement system or another government) and, if so, how to obtain the report
- Significant assumptions and other inputs used to measure the total pension liability including assumptions about 1) inflation, 2) salary changes, 3) ad hoc postemployment benefit changes (including ad hoc COLAs), 4) source of mortality

assumptions (for example, published tables or experience study of the covered group), 5) the dates of experience studies on which significant assumptions are based, and 6) rates applied to different periods (if applicable)

- The discount rate including:
  - The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date
  - Assumptions about projected cash flows (for example, contributions from 1) employers, 2) nonemployer contributing entities, and 3) plan members, when applicable
  - The long-term expected rate of return on pension plan investments and a description of how it was determined, including significant methods and assumptions used for that purpose
  - The municipal bond rate used and the source of that rate, if applicable
  - asset class, and (if not otherwise disclosed) whether the expected ROR are presented as arithmetic or geometric means
  - The governmental nonemployer contributing entity's proportionate share of the collective net pension liability
  - If a blended rate is used as the discount rate, the periods of projected benefit payments to which the long-term expected rate of return and, the municipal bond rate were applied
  - The assumed asset allocation of the plan's portfolio, the long-term expected real rate of return (ROR) for each major asset class calculated using 1) the discount rate plus 1% and 2) the discount rate minus 1%?
- When the notes indicate that separate information is publicly available for the pension plan and how to obtain the report, do the notes also disclose:
  - That the pension plan's fiduciary net position has been determined on the same basis used by the pension plan
  - The pension plan's basis of accounting, including the policies with respect to benefit payments (including refunds of employee contributions)
  - How investments are valued
  - Information about the substance and magnitude of significant changes that indicate the pension plan's disclosures generally do not reflect the facts and circumstances at the government's measurement date)
- When all information required by GASB Statement No. 68 and other financial reporting standards about the elements of the pension plan's basic financial statements (that is, all information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position) is not available in a separate report it is necessary for the employer enterprise fund to provide all of this information in their financial statements. Refer to questions 13.8b and 13.9 and the related explanations for the specific information to include.
  - The following information should be disclosed when it is applicable:
    - The governmental nonemployer contributing entity's proportionate amount (in dollars) of the collective net pension liability, its proportion (percentage) of the collective net pension liability, the basis on which its proportion was determined, and the change in its proportion since the prior measurement date
    - The measurement date of the collective NPL, the date of the actuarial valuation used as the basis for the total pension liability and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date
    - A brief description of changes of assumptions or other inputs and changes in benefit terms (if any) that affected measurement of the total pension liability since the prior measurement date
    - A brief description of the nature of changes between the measurement date of the collective net pension liability and the governmental nonemployer contributing entity's reporting date that are expected to have a significant effect on the governmental nonemployer contributing entity's proportionate share of the collective net pension liability, and the amount of the expected resultant change in the governmental nonemployer contributing entity's proportionate share of the collective net pension liability (if known)
    - Amount of pension expense recognized during the reporting period by the governmental nonemployer contributing entity as a result of the special funding situation
    - The governmental nonemployer contributing entity's balances of deferred outflows of resources and deferred inflows of resources for the plan as a result of the special funding situation classified as follows (if applicable):
      - Differences between expected and actual experience in the measurement of the total pension liability
      - Changes of assumptions or other inputs
      - Net difference between projected and actual earnings on pension plan investments
      - Changes in the governmental nonemployer contributing entity's proportion of the balances and differences between the governmental nonemployer contributing entity's contributions (other than those to separately finance specific liabilities of the individual nonemployer contributing entity to the pension plan) and the governmental nonemployer contributing entity's proportionate share of contributions
      - The governmental nonemployer contributing entity's contributions to the pension plan subsequent to the measurement date of the collective net pension liability
    - A schedule that presents the net amount of deferred outflows and inflows of resources that will

affect the governmental nonemployer contributing entity’s pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years

- The amount of the governmental nonemployer contributing entity’s balance of deferred outflows of resources, if any, that will be recognized as a reduction of the collective net pension liability

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

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

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

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

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

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

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

\_\_\_\_\_ 13.5a The name of the pension plan, identification of the public employee retirement system or other entity that administers the pension plan, and identification of the pension plan as a defined contribution pension plan

\_\_\_\_\_ 13.5b A brief description of the benefit terms (including terms, if any, related to vesting and forfeitures and the policy related to the use of forfeited amounts) and the authority under which benefit terms are established or may be amended

\_\_\_\_\_ 13.5c The contribution (or crediting) rates (in dollars or as a percentage of salary) for employees, the employer, and nonemployer contributing entities, if any, and the authority under which those rates are established or may be amended

Yes No N/A

_____	_____	_____	13.5d	The amount of pension expense recognized for the reporting period
_____	_____	_____	13.5e	The amount of forfeitures reflected in pension expense for the reporting period
_____	_____	_____	13.5f	The amount of the employer's liability outstanding at the end of the period, if any.
_____	_____	_____	13.5g	Is there a nonemployer contributing entity or entities (regardless of whether the criteria for a special funding situation are met)? [GASB-S68:128 and 134] If so, do the notes disclose:
_____	_____	_____	13.5g1	The proportion of the total pension expense that is represented by the employer's expense? [GASB-S68:128]
_____	_____	_____	13.5g2	The amount of revenue recognized as a result of the support provided by nonemployer contributing entities? GASB-S68:128]
_____	_____	_____	13.6	Is the enterprise fund a nonemployer contributing entity to a defined contribution pension plan that is <i>administered through a trust or equivalent arrangement</i> ?
_____	_____	_____	13.6a	Does the enterprise funds's obligation as a nonemployer contributing entity meet the definition of a special funding situation and is the enterprise fund required to contribute <i>a substantial proportion</i> of the total contributions from the employer and nonemployer contributing entities? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 132]

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

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

_____	_____	_____	13.6b	Does the enterprise funds's obligation as a nonemployer contributing entity meet the definition of a special funding situation, but the enterprise fund is required to contribute a <i>less than</i> substantial proportion of the total contributions from the total contributions from the employer and nonemployer contributing entities? If so, do the notes provide all of the information on the arrangement required by GAAP? [GASB-S68: 133]
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Explanation: See the explanation to question 13.3b for the definition of a special funding situation. The disclosure requirements for such defined contribution pension plans are as follows:

- The name of the pension plan
- Identification of the public employee retirement system or other entity that administers the pension plan
- Identification of the pension plan as a defined contribution pension plan
- The contribution (or crediting) rates (in dollars or as a percentage of salary) for the governmental nonemployer contributing entity

- he authority under which those rates are established or may be amended
- The amount of expense recognized by the governmental nonemployer contributing entity in the reporting period as a result of the special funding situation
- The proportion of the total pension expense for pensions provided through the pension plan that is represented by the governmental nonemployer contributing entity’s expense
- The amount of the governmental nonemployer contributing entity’s liability outstanding at the end of the period (if any)

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

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

\_\_\_\_\_ 13.11 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; GAAFR, pages 368-369] If so:

\_\_\_\_\_ 13.11a Do the notes describe the plan? [GASB-S27: 20a1; GASB-S45: 24a1; 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.

\_\_\_\_\_ 13.11b Do the notes briefly describe the types of benefits offered and the authority for establishing and amending benefits? [GASB-S27: 20a2; GASB-S45: 24a2; GAAFR, page 369]

\_\_\_\_\_ 13.11c Do the notes disclose whether the plan issues a separate report or is included in the report of a public employees’ retirement system or another entity? [GASB-S27: 20a3; GASB-S45: 24a3; GAAFR, page 369]

\_\_\_\_\_ 13.11c1 If a separate report is issued for a plan, do the notes disclose how to obtain a copy of the report? [GASB-S27: 20a3; GASB-S45: 24a3; GAAFR, page 369]

\_\_\_\_\_ 13.11d Do the notes describe the authority for establishing and amending the funding policy? [GASB-S27: 20b1; GASB-S45: 24b1; GAAFR, page 369]

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

\_\_\_\_\_ 13.11e Do the notes indicate the employer's required contribution rate(s)? [GASB-S27: 20b3; GASB-S45: 24b3; 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.

\_\_\_\_\_ 13.11e1 Are employer contribution rates expressed in dollars or as a percentage of current-year payroll? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR, page 369]

Explanation: See explanation for 13.11e.

*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; GAAFR, page 369]*

\_\_\_\_\_ 13.11f 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; 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.

\_\_\_\_\_ 13.11f1 Is the current year’s required contribution stated in dollars? [GASB-S27: 20b3; GASB-S45: 24b3; 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.

\_\_\_\_\_ 13.11f2 Are actual contributions presented as a percentage of required contributions? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR, page 369]

\_\_\_\_\_ 13.11f3 Is all information presented both for the current year and each of the preceding two years? [GASB-S27: 20b3; GASB-S45: 24b3; GAAFR, page 369]

\_\_\_\_\_ 13.11g In the case of a cost-sharing multiple-employer plan, does the disclosure state how the required contribution rate is determined (e.g., by statute, contract, or on an actuarial basis) or state that the plan is financed on a pay-as-you-go basis? [GASB-S45: 24b; GASB-S50: 7b; GAAFR, page 369]

\_\_\_\_\_ 13.12 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:

\_\_\_\_\_ 13.12a Do the notes disclose annual pension cost? [GASB-S27: 21a; GASB-S45: 25a; 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.

\_\_\_\_\_ 13.12b Do the notes disclose actual contributions made (in dollars)? [GASB-S27: 21a; GASB-S45: 25a; GAAFR, page 369]

\_\_\_\_\_ 13.12c 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; 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.

Yes No N/A

_____	_____	_____	13.12d	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;GAAFR, page 370]
_____	_____	_____	13.12e	Do the notes disclose the annual pension cost for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b;GAAFR, page 370]
_____	_____	_____	13.12f	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; GAAFR, page 370]
_____	_____	_____	13.12g	Do the notes disclose the NPO/ NOPEBO for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; GAAFR, page 370]
_____	_____	_____	13.12h	Do the notes disclose the date of the actuarial valuation? [GASB-S27: 21c; GASB-S45: 25c; GAAFR, page 370]
_____	_____	_____	13.12i	Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 370]

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

_____	_____	_____	13.12i1	Do the notes disclose the actuarial cost method? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]
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Explanation: GAAP require the use of one of the following six actuarial cost methods: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate. The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels.

_____	_____	_____	13.12i2	If the aggregate method is used, do the notes state that because this method does not identify or separately amortize unfunded actuarial accrued liabilities information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose, and that the information presented is intended to serve as a surrogate for the funding progress of the plan? [GASB-S45: 25d; GASB-S50: 8b(3)(b) and 9; GAAFR, page 371]
_____	_____	_____	13.12i3	Do the notes disclose the actuarial method used for valuing assets? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]
_____	_____	_____	13.12i4	Do the notes disclose the assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]
_____	_____	_____	13.12i5	Do the notes describe the amortization method (i.e., level dollar or level percentage of projected payroll)? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]
_____	_____	_____	13.12i6	Do the notes disclose the amortization period? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]

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

_____	_____	_____	13.12i7	Do the notes state whether amortization periods are open or closed? [GASB-S27: 21c; GASB-S45: 25d; GAAFR, page 371]
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_____	_____	_____	13.12j	For an OPEB healthcare plan, does the disclosure of actuarial assumptions include the healthcare cost trend rate? [GASB-S45: 25d; GAAFR, page 371]
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*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; GAAFR, page 371, note 154]*

Yes No N/A

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12k For partially funded defined benefit OPEB plans, do the notes disclose the method used to determine the blended investment return assumption? [GASB-S45: 25d; GAAFR, page 371, note 155]

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L If the 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.

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L1 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.

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L2 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.

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L3 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.

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L4 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*.

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L5 Do the notes disclose the funded ratio?

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

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L6 Do the notes disclose the annual covered payroll?

\_\_\_\_ \_\_\_\_ \_\_\_\_ 13.12L7 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)]*

Yes	No	N/A		
_____	_____	_____	13.12m	Do the notes disclose that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits? [GASB-S43: 30d(2)(b); GASB-S50:8b; GAAFR, page 370]
_____	_____	_____	13.12n	Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GASB-S50: 8b]  <i>If applicable, the notes should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.</i>
_____	_____	_____	13.12o	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]
_____	_____	_____	13.12o1	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?
_____	_____	_____	13.12o2	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?
_____	_____	_____	13.12o3	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>
_____	_____	_____	13.12p	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.

_____	_____	_____	13.12p1	That the enterprise fund has elected to use this method?
_____	_____	_____	13.12p2	The source or basis of all significant assumptions or methods used to apply the method?

Yes No N/A

- |       |       |       |        |  |
|-------|-------|-------|--------|--|
| _____ | _____ | _____ | 13.13  | 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; GAAFR, page 371] If so:                          |
| _____ | _____ | _____ | 13.13a | Do the notes disclose the name of the pension plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR, page 371]  |
| _____ | _____ | _____ | 13.13b | Do the notes disclose the entity that administers the pension plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR, page 371]  |
| _____ | _____ | _____ | 13.13c | Do the notes identify the arrangement as a defined contribution pension plan? [GASB-S27: 27a; GASB-S45: 31a; GAAFR, page 371]  |
| _____ | _____ | _____ | 13.13d | Do the notes briefly describe the plan’s provisions? [GASB-S27: 27b; GASB-S45: 31b; GAAFR, page 371]   |
| _____ | _____ | _____ | 13.13e | Do the notes disclose the authority for establishing or amending the plan’s provisions? [GASB-S27: 27b; GASB-S45: 31b; GAAFR, page 371]  |
| _____ | _____ | _____ | 13.13f | Do the notes disclose contribution amounts (either in dollars or as a percentage of salary) for the employer, participating employees, and other contributors? [GASB-S27: 27c; GASB-S45: 31c; GAAFR, page 371] |
| _____ | _____ | _____ | 13.13g | Do the notes disclose the authority for establishing or amending contribution requirements? [GASB-S27: 27c; GASB-S45: 31c; GAAFR, page 371]  |
| _____ | _____ | _____ | 13.13h | Do the notes disclose contributions actually made by the employer and plan members? [GASB-S27: 27d; GASB-S45: 31d; 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; 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; GAAFR, page 407]*

## ***FINANCIAL SECTION – RSI***

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|-------|-------|-------|-------|---|
| _____ | _____ | _____ | 14.1* | Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; 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; GAAFR, page 580]                |
| _____ | _____ | _____ | 14.3a | Does RSI provide information on the assessed condition of all infrastructure assets accounted for using the modified approach for at least the three most recently completed condition assessments? [GASB-S34: 132a; GAAFR, page 580] |

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

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|-------|-------|-------|-------|--|
| _____ | _____ | _____ | 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; GAAFR, page 581] |
|-------|-------|-------|-------|--|

Explanation: See explanation for 14.3a.

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

_____	_____	_____	14.3d	Do notes accompany RSI? [GASB-S34: 133; 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; 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; GAAFR, page 581]
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*The notes to RSI should disclose factors that significantly affect trends in the information reported in the required schedules. [GASB-S34: 133c; GAAFR, page 581]*

*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; GAAFR, page 581]*

_____	_____	_____	14.4	If the enterprise fund participates as an employer in one or more defined benefit pension plans, <i>that are administered through a trust or equivalent arrangement</i> , are schedules of required supplementary information presented for each such plan? [GASB-S68:46 and 81; eGAAFR, page 945; eSUP, page 41] If so, do they include:
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Explanation: Until a full 10-year trend is compiled, the required schedules for each plan should present information for as many years as are available.

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

_____	_____	_____	14.4a	For single-employer or agent multiple-employer plans a 10-year schedule that presents the beginning and ending balances for each of the following items measured as of the measurement date of the net pension liability: 1) the total pension liability (TPL), 2) the pension plan’s fiduciary net position (FNP), and 3) the net pension liability (NPL)? If so, does the schedule separately present the effect on those items from each of the following, (as applicable): [GASB-S68:46a; eGAAFR, page 945; eSUP, page 41]
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Explanation: Regardless of whether there is a special funding situation this information and the information in the following sub-questions should be provided for the collective net pension liability.

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

_____	_____	_____	14.4a1	Service cost
_____	_____	_____	14.4a2	Interest on the TPL
_____	_____	_____	14.4a3	Changes of benefit terms
_____	_____	_____	14.4a4	Differences between expected and actual experience with regard to

Yes No N/A

economic or demographic factors in the measurement of the total pension liability

_____	_____	_____	14.4a5	Changes of assumptions about future economic or demographic factors or of other inputs
_____	_____	_____	14.4a6	Contributions from employers
_____	_____	_____	14.4a7	Contributions from nonemployer contributing entities
_____	_____	_____	14.4a8	Contributions from employees
_____	_____	_____	14.4a9	Pension plan net investment income
_____	_____	_____	14.4a10	Benefit payments, including refunds of employee contributions
_____	_____	_____	14.4a11	Pension plan administrative expense
_____	_____	_____	14.4a12	Other changes, separately identified if individually significant.
_____	_____	_____	14.4b	For single-employer and agent multiple-employer plans, a 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68:46b1 eGAAFR, page 945; eSUP, page 41]

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

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

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

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

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

_____	_____	_____	14.4b7a	The nonemployer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer?
_____	_____	_____	14.4b7b	The employer's proportionate share (amount) of the collective

net pension liability?

_____	_____	_____	14.4c	For cost sharing multiple-employer plans, a 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68:81a; eGAAFR, page 945; eSUP, page 41]
_____	_____	_____	14.4c1	The employer's proportion (percentage) of the collective net pension liability?
_____	_____	_____	14.4c2	The employer's proportionate amount (in dollars) of the collective net pension liability?
_____	_____	_____	14.4c3	When there is a special funding situation, the nonemployer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer?
_____	_____	_____	14.4c4	When there is a special funding situation, the total of the employer's and nonemployer contributing entities' proportionate shares (amount) of the collective net pension liability that is associated with the employer?
_____	_____	_____	14.4c5	The employer's covered-employee payroll?
_____	_____	_____	14.4c6	The employer's proportionate share (amount) of the collective NPL as a percentage of the employer's covered-employee payroll?
_____	_____	_____	14.4c7	The pension plan's fiduciary net position as a percentage of the total pension liability?
_____	_____	_____	14.4d	For a single-employer or agent multiple-employer plan, is an actuarially determined contribution (ADC) calculated for the employer enterprise fund? If so, is a 10-year schedule included that provides information about the ADC (regardless of whether that amount is funded) and identifies whether the information relates to the employers, nonemployer contributing entities, or both? [GASB-S68:46c]. If yes, does the schedule include:

Explanation: For purposes of this schedule, each of the required individual items should exclude amounts, if any, to separately finance specific liabilities of an individual employer or nonemployer contributing entity to the pension plan. Examples of separately financed liabilities to a plan include long-term receivables recognized for contractually deferred contributions with separate payment schedules, and cash receipts or long-term receivables for amounts assessed to an individual employer upon joining a multiple-employer plan or for increases in the TPL for changes of benefit terms specific to an employer in a multiple-employer plan.

_____	_____	_____	14.4d1	The ADC?
_____	_____	_____	14.4d2	The amount of contributions recognized during the fiscal year by the plan in relation to the ADC?

Explanation: For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the employer's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables)

_____	_____	_____	14.4d3	The difference between the ADC and the amount of contributions recognized by the plan in relation to the ADC?
_____	_____	_____	14.4d4	The covered-employee payroll?
_____	_____	_____	14.4d5	The amounts of contributions recognized by the plan in relation to the ADC as a percentage of covered-employee payroll?
_____	_____	_____	14.4e	For any plan (regardless of its type), are the contribution requirements of the employer enterprise fund established statutorily or contractually? If so, is a 10-

year schedule included that provides information about the employer contribution requirements determined as of the employer's most recent fiscal year end? [GASB-S68:46d and 81b]. If yes, does the schedule include:

Explanation: For purposes of this schedule, each of the required individual items should exclude amounts, if any, to separately finance specific liabilities of an individual employer or nonemployer contributing entity to the pension plan. Examples of separately financed liabilities to a plan include long-term receivables recognized for contractually deferred contributions with separate payment schedules, and cash receipts or long-term receivables for amounts assessed to an individual employer upon joining a multiple-employer plan or for increases in the TPL for changes of benefit terms specific to an employer in a multiple-employer plan.

_____	_____	_____	14.4e1	The statutorily or contractually required employer contribution?
_____	_____	_____	14.4e2	The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution?

Explanation: For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the employer's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables).

_____	_____	_____	14.4e3	The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution?
_____	_____	_____	14.4e4	The employer's covered-employee payroll?
_____	_____	_____	14.4e5	The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered-employee payroll?
_____	_____	_____	14.4f	Are schedules of required supplementary information are presented for a pension plan that is <i>administered through a trust or equivalent arrangement</i> ? If so, are the following disclosures to the RSI included when applicable: [GASB-S68:47 and 82]
_____	_____	_____	14.4f1	For all plans regardless of their type, factors that significantly affect trends in the reported amounts?

Explanation: For example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. The amounts presented for prior years should not be restated for the effects of such changes that occurred subsequent to the measurement date of that information.

_____	_____	_____	14.4f2	For single-employer and agent multiple-employer plans, significant methods and assumptions used in calculating the ADC? [GASB-S68:47]
_____	_____	_____	14.5	If the enterprise fund is a nonemployer contributing entity to a defined benefit pension plan that is <i>administered through a trust or equivalent arrangement</i> and the enterprise fund <i>recognizes a substantial proportion</i> of the collective net pension liability is all applicable information included as RSI? [GASB-S68: 114-115]

Explanation: RSI should be provided for each pension plan for which the enterprise fund is a nonemployer contributing entity. When the enterprise fund is a nonemployer contributing entity to more than one such plan, the disclosures that relate to more than one pension plan should be combined in a manner that avoids unnecessary duplication.

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

- A 10-year schedule that provides the following information calculated as of the measurement date of the collective net pension liability:
  - The governmental nonemployer contributing entity's proportion (percentage) of the collective net pension liability

Yes No N/A

- The governmental nonemployer contributing entity's proportionate share (in dollars) of the collective net pension liability
- The pension plan's fiduciary net position as a percentage of the total pension liability
- If the contribution requirements of the governmental nonemployer contributing entity are statutorily or contractually established, a 10-year schedule that provides the following information determined as of the governmental nonemployer contributing entity's most recent fiscal year end:
  - The governmental nonemployer contributing entity's statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, to separately finance specific liabilities of the individual governmental nonemployer contributing entity to the pension plan
  - The amount of contributions recognized by the pension plan in relation to the governmental nonemployer contributing entity's statutorily or contractually required contribution. For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the governmental nonemployer contributing entity's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables
  - The difference between the governmental nonemployer contributing entity's statutorily or contractually required contribution and the amount of contributions recognized by the pension plan in relation to its statutorily or contractually required contribution
- Notes to the required supplementary information to provide information about factors that significantly affect trends in the reported amounts (if applicable). For example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. The amounts presented for prior years should not be restated for the effects of such changes that occurred subsequent to the measurement date of that information

\_\_\_\_\_ 14.6 If the enterprise fund is a nonemployer contributing entity to a defined benefit pension plan that is *administered through a trust or equivalent arrangement* and the enterprise fund recognizes *less than* a substantial proportion of the collective net pension liability is all applicable information included as RSI? [GASB-S68: 117]

Explanation: If the enterprise fund is a nonemployer contributing entity to more than one such plan, the required disclosures for the liabilities recognized by the enterprise fund may be presented in the aggregate for all such liabilities.

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

- A 10-year schedule that provides the following information calculated as of the measurement date of the collective net pension liability:
  - The governmental nonemployer contributing entity's proportionate share (in dollars) of the collective net pension liability
  - The amount of contributions to the pension plan from the governmental nonemployer contributing entity

\_\_\_\_\_ 14.8\* 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; 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.

\_\_\_\_\_ 14.8a Does the schedule disclose the actuarial valuation date? [GASB-S25: 37; 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.

\_\_\_\_\_ 14.8b Does the schedule disclose the actuarial value of plan assets? [GASB-S25: 37; GAAFR, page 581]

\_\_\_\_\_ 14.8c Does the schedule disclose the actuarial accrued liability? [GASB-S25: 37; 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.

\_\_\_\_\_ 14.8d Does the schedule disclose the total unfunded actuarial accrued liability? [GASB-S25: 37; 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*.

\_\_\_\_\_ 14.8e Does the schedule disclose the funded ratio? [GASB-S25: 37; GAAFR, page 581]

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

\_\_\_\_\_ 14.8f Does the schedule disclose annual covered payroll? [GASB-S25: 37; GAAFR, page 581]

\_\_\_\_\_ 14.8g Does the schedule disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll? [GASB-S25: 37; GAAFR, page 335]

\_\_\_\_\_ 14.9\* 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; GAAFR, pages 582-583]

Yes No N/A

_____	_____	_____	14.10	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:
_____	_____	_____	14.10a	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]
_____	_____	_____	14.10b	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]
_____	_____	_____	14.11*	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; 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

_____	_____	_____	14.12	Has the enterprise fund refrained from including information as required supplementary information that the authoritative accounting literature does not designate as such? [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; GAAFR, pages 616-617]
_____	_____	_____	E18.2	Does the statistical section present the changes in net position? [GASB-S44: 10a; Q&A 9.8.1; GAAFR, pages 617-618] If so:
_____	_____	_____	E18.3	Are operating revenues and expenses presented separately from nonoperating revenues and expenses?
_____	_____	_____	E18.4	Are revenues presented by major source?

Yes	No	N/A		
_____	_____	_____	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; 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; 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; 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; GAAFR, pages 626-627] If so:
_____	_____	_____	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.

Yes No N/A

\_\_\_\_ \_\_\_\_ \_\_\_\_ 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; 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; 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; GAAFR, pages 631-632] If so:

\_\_\_\_ \_\_\_\_ \_\_\_\_ 18.1o1 Are the total employees and the percentage of total employment that each listed employer represents presented?

\_\_\_\_ \_\_\_\_ \_\_\_\_ 18.1o2 Are the ten largest employers presented unless fewer are required to reach 50 percent of total employment?

\_\_\_\_ \_\_\_\_ \_\_\_\_ 18.1o3 Is the information presented for the current fiscal period and the fiscal period ended nine years prior?

\_\_\_\_ \_\_\_\_ \_\_\_\_ 18.1p Does the statistical section provide operating information for the enterprise fund? [GASB-S44: 35-38; 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?

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; GAAFR, page 634]

\_\_\_\_\_ 18.1r Does the statistical section include appropriate analytical and educational explanations? [GASB-S44: 42; 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.)