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Checklists and illustrative financial statements for state and local governmental units (Non-GASB 34 edition) : a financial reporting practice aid, August 2003 edition

American Institute of Certified Public Accountants. Accounting and Auditing Publications

Venita M. Wood

Lori A. West

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August 2003 Edition

**CHECKLISTS
AND ILLUSTRATIVE
FINANCIAL STATEMENTS
FOR STATE AND LOCAL
GOVERNMENTS
(NON-GASB 34 EDITION
AND GASB 34 EDITION)**

***A Financial Accounting and
Reporting Practice Aid***

Prepared By

Venita M. Wood, CPA, CGFM

Edited By

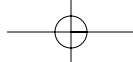
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Technical Manager,
Accounting and Auditing Publications

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

AICPA

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS FOR STATE AND LOCAL GOVERNMENTS (NON-GASB 34 EDITION)



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*A Financial Accounting and
Reporting Practice Aid*

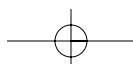
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for State and Local Governmental Units (Non-GASB 34
Edition)* has not been approved, disapproved, or
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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Note: Please refer to page 141 for the Table of Contents to the *Checklists and Illustrative Financial Statements for State and Local Governments (GASB 34 Edition)*.

FSP Section 13,000

Checklists and Illustrative Financial Statements for State and Local Governmental Units (Non-GASB 34 Edition)

.01 The checklists and illustrative financial statements included in this section have been developed by the AICPA Accounting and Auditing Publications Team as nonauthoritative technical practice aids for use in audits of financial statements of and federal financial assistance received by state and local governmental entities. The checklists do not address the specialized accounting and financial reporting standards of governmental special entities—colleges, universities, hospitals, and those entities using not-for-profit accounting and financial reporting standards. The checklists cover GAAP disclosures—whether in the financial statements, the notes to financial statements, or required supplementary information—applicable to General Purpose Financial Statements (GPFS) and do not address additional disclosures applicable only to a Comprehensive Annual Financial Report (CAFR). Users also should be aware of the following:

- The checklists and illustrative financial statements do not include all disclosures and presentation items promulgated. Pronouncements deemed remote for audits of state and local governments are not included in this document.
- The checklists and illustrative financial statements are “tools” and do not represent official positions or pronouncements of the AICPA.

Subject to the discussion in the following bullet, the checklists and illustrative financial statements consider relevant accounting and auditing pronouncements through:

- Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 150, *Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity*
- FASB Interpretation (FASBI) No. 46, *Consolidation of Variable Interest Entities—An Interpretation of ARB No. 51*
- FASB Technical Bulletin (FTB) No. 01-1, *Effective Date for Certain Financial Institutions of Certain Provisions of Statement 140 Related to the Isolation of Transferred Financial Assets*
- Governmental Accounting Standards Board (GASB) Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*
- GASB Interpretation (GASBI) No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*
- GASB Technical Bulletin (GTB) 03-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*
- 1994 revision to *Government Auditing Standards Amendment No. 3, Independence*, and its related *Government Auditing Standards: Answers to Independence Questions**

* In June 2003, the General Accounting Office (GAO) issued a comprehensive revision to *Government Auditing Standards*. The 2003 revision supersedes the 1994 revision, including its amendments. (Note that the content of the amendments are incorporated into the revision.) The 2003 revision to *Government Auditing Standards* is effective for financial audits of periods ending on or after January 1, 2004. This version of these checklists and illustrative financial statements has not been updated for the 2003 revision to *Government Auditing Standards*.

- AICPA Statement on Auditing Standards (SAS) No. 101, *Auditing Fair Value Measurements and Disclosures*
- Amendment to Auditing Interpretation No. 2 of SAS No. 31, *Evidential Matter* (AU sec. 326), titled “The Effect of an Inability to Obtain Evidential Matter Relating to Income Tax Accruals”
- Auditing Interpretation No. 16 of SAS No. 58, *Reports on Audited Financial Statements* (AU sec. 508), titled “Effect on Auditor’s Report of Omission of Schedule of Investments by Investment Partnerships That Are Exempt From Securities and Exchange Commission Registration Under the Investment Company Act of 1940”
- AICPA Statement of Position (SOP) No. 02-2, *Accounting for Derivative Instruments and Hedging Activities by Not-for-Profit Health Care Organizations, and Clarification of the Performance Indicator*
- AICPA Audit and Accounting Guide *Audits of State and Local Governmental Units (Non-GASB 34 Edition)* (with conforming changes as of May 1, 2003)

The checklists and illustrative financial statements should be modified, as appropriate, for subsequent pronouncements. In determining the applicability of a pronouncement, its effective date also should be considered.

- These checklists and illustrative financial statements do not incorporate the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended by GASB Statements No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*, and No. 41, GASB Interpretation No. 6, or the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*. They also do not incorporate the GASB Statement No. 34-related provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Users applying those GASB standards or that Guide should refer to the version of these checklists and illustrative financial statements that incorporates those provisions. GASB Statement No. 34, as amended, fundamentally changes the format and content of financial statements (the financial reporting model) for all governmental entities. Those GASB pronouncements become effective in three phases depending on an entity’s total annual revenues in the first fiscal year ending after June 15, 1999. The first implementation phase is for financial statements for periods beginning after June 15, 2001, the second implementation phase is for financial statements for periods beginning after June 15, 2002, and the third implementation phase is for financial statements for periods beginning after June 15, 2003. For all phases, earlier application is encouraged. Special transition provisions apply for component units, reporting general infrastructure assets, certain note disclosures, and certain budgetary comparison presentations. The Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, which addresses auditing and reporting on financial statements prepared in conformity with GASB Statement No. 34, as amended, is effective for audits of financial statements for the first fiscal period ending after June 15, 2003, in which a government does apply or is required to apply the provisions of Statement No. 34. Earlier application of that Guide is encouraged if a government issues financial statements that apply Statement No. 34 after the Guide is issued. For summaries of the provisions of the GASB pronouncements and the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, see the annual AICPA Audit Risk Alerts, *State and Local Governmental Developments*, for 2002 and 2003. Additional guidance concerning the implementation of GASB Statement No. 34, as amended, is provided in the GASB staff’s *Comprehensive Implementation Guide*, and an AICPA Practice Aid, *Understanding and Implementing GASB’s New Financial Reporting Model, A Question and Answer Guide for Preparers and Auditors of State and Local Governmental Financial Statements—Revised Edition* (product no. 022516). Practical guidance concerning the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, is in the AICPA Practice Aid *Auditing Governmental Financial Statements: Programs and Other Practice Aids* (product no. 006602).

- The checklists and illustrative financial statements and auditors' reports should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of generally accepted accounting principles and generally accepted auditing standards. A thorough knowledge of the provisions of the *Codification of Governmental Accounting and Financial Reporting Standards* and subsequent GASB pronouncements and the U.S. General Accounting Office's 1994 revision to *Government Auditing Standards*, as amended, is required for proper implementation of the checklists.
- The items (including Appendix A) in these checklists that are derived solely from private-sector standards (such as those issued by the Financial Accounting Standards Board and the Accounting Principles Board) may have limited applicability for governmental entities. To determine the applicability of these reporting requirements, the user should refer to SAS No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, as amended (AICPA, *Professional Standards*, vol. 1, AU sec. 411), and GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended by GASB Statement No. 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*.
- Appendix B represents required reporting if GASB Statement No. 38 is early implemented before GASB Statement No. 34. It also represents required reporting if GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, is early implemented.

.02 Users of the checklists and illustrative financial statements and auditors' reports are urged to refer directly to applicable authoritative pronouncements when appropriate. If you have further questions, call the AICPA Technical Hotline at 1-888-777-7077.

Note: This publication was extracted from sections 13,000 through 13,600 of the AICPA *Financial Statement Preparation Manual* (FSP).

FSP Section 13,100

Introduction

.01 Many state and local governments prepare financial statements in conformity with generally accepted accounting principles (GAAP), and obtain audits in accordance with generally accepted auditing standards (GAAS), generally accepted governmental auditing standards (GAS), and the Single Audit Act. The following discusses current developments for governmental entities in the areas of GAAP and Single Audits.

Accounting Standards

.02 Since its establishment in 1984, the Governmental Accounting Standards Board (GASB) has been the primary source of generally accepted accounting principles for governments. According to SAS No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, as amended (AICPA, *Professional Standards*, vol. 1, AU sec. 411), statements and interpretations issued by the GASB are recognized within category (a) as a source of established accounting principles. The GASB's first pronouncement, *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guides*, issued in June 1984, endorsed prior statements and interpretations of the National Council on Governmental Accounting (NCGA) and certain accounting standards in AICPA Statements of Position and the 1974 Audit and Accounting Guide *Audits of State and Local Governmental Units*. The GASB provides those previous standards as well as its own statements, interpretations, and technical bulletins in its *Codification of Governmental Accounting and Financial Reporting Standards*, updated as of June 30 each year.

.03 In 1999, the GASB issued a comprehensive revision of the governmental financial reporting model—GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Since 1999, the GASB has issued several related pronouncements to amend and interpret GASB Statement No. 34. FSP section 13,000.01 discusses the effective dates of GASB Statement No. 34 and its related pronouncements and the version of these checklists and illustrative financial statements that incorporates the provisions of those pronouncements.

Single Audits

.04 Single Audits are governed by the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Act and A-133 require a Single or Program-specific Audit for governments that expend \$300,000 or more of federal awards in a fiscal year. The OMB also issues an annual compliance supplement for conducting Single Audits under A-133.

.05 The AICPA's interpretive publication relating to audits in accordance with OMB Circular A-133 is the Audit Guide *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*. That Guide was first issued in 2003 to convert the guidance that previously had been in the SOP 98-3 of the same title from an SOP to a Guide. Like all Guides, the AICPA will update *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards* annually for conforming changes. The AICPA's Practice Aids and other guidance for those requirements are in the *Audit and Accounting Manual* (product no. 005133) and the Practice Aid *Auditing Recipients of Federal Awards: Practical Guidance for Applying OMB Circular A-133* (product no. 006607).

FSP Section 13,200*

Checklists—General

.01 Many auditors and accountants find it helpful to use checklists as practice aids to prepare financial statements and reports. Some firms have developed checklists in-house for internal use. Some commercial publishers also include checklists in certain of their publications. However, authoritative literature does not require the use of such checklists, nor does it prescribe their format or content.

.02 Checklists typically consist of a number of brief questions or statements that are accompanied by references to the accounting or auditing literature. The extent of detail included in checklists varies with the judgment of the preparers. Accordingly, checklists may serve as convenient memory aids but cannot be used as a substitute for direct reference to the authoritative literature.

.03 Checklists usually provide for checking off or initialing each question or point to show that it has been considered. The format used herein is a typical one; it provides for “yes,” “no,” and “not applicable” answers and presumes that remarks would be prepared on separate cross-referenced memorandums. Some preparers, however, prefer to include space for remarks in the body of the checklist while others prefer alternative checklist formats. For example, a checklist format may provide for the following set of answers: “not applicable,” “not material,” “in statements” and “in note” (with provisions for indicating a cross-reference to the specific statement caption or note). Another format may provide for only two answers, “disclosed” and “not applicable.” Firms and practitioners who develop their own checklists should adopt formats that suit their needs and preferences.

.04 Checklists are generally accompanied by caveats that include all of the following points:

- Use of the checklists requires the exercise of individual professional judgment and may likely require some modification based on the circumstances of individual engagements.
- The checklists are not all-inclusive and are not intended to present minimum requirements.
- Users need to modify the checklists for any pronouncements issued subsequent to those mentioned in the checklists.

.05 If widespread circulation is expected, the preparers also generally stress the nonauthoritative or unofficial status of the checklists and disclaim responsibility for the way they may be used.

* As discussed in FSP section 13,000.01, these checklists have not been updated for the provisions of GASB 34, as amended and interpreted, or the provisions of the AICPA Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*. Users applying those GASB standards or that Guide should refer to the version of these checklists and illustrative financial statements that incorporates those provisions.

FSP Section 13,300*

Financial Statements and Notes Checklist

.01 This checklist only includes pronouncements issued by the GASB, FASB, and AICPA that apply to the general purpose financial statements of state and local governmental entities. It does not include other presentations and disclosures that have become generally accepted through practice or that are required by other organizations or other disclosures that are required for a governmental entity's comprehensive annual financial report. The provisions of the referenced pronouncements need not be applied to immaterial items.

.02 This checklist is organized into the sections listed below. Carefully review the topics listed and consider whether they represent potential disclosure items for the governmental entity. Place a check mark by those topics or sections considered applicable. Place an N/A by those topics or sections considered not applicable; those sections need not be completed. For example, if the entity did not have any derivatives, place an N/A by General, Section E, "Derivatives," and skip that section when completing the checklist.

*Place ✓ by
Sections Applicable*

- General
 - A. Overview _____
 - B. Significant Accounting Policies _____
 - C. Accounting Changes _____
 - D. Comparative Financial Statements _____
 - E. Derivatives _____
 - F. Investments _____
 - G. Reverse Repurchase Agreements and Securities Lending Transactions _____
 - H. Nonexchange Transactions _____
 - I. Joint Costs That Include Fund Raising _____
 - J. Contingencies and Commitments _____
 - K. Subsequent Events _____
 - L. Related-Party Transactions _____
 - M. Component Units _____
 - N. Joint Ventures and Jointly Governed Organizations _____
 - O. Component Units and Related Organizations With Joint Venture Characteristics _____
 - P. Undivided Interests _____
 - Q. Defined Benefit Pension Plans _____
 - R. Defined Contribution Pension Plans _____
 - S. Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans _____
 - T. Employers' Accounting for Pensions _____
 - U. Postemployment Benefits Other Than Pensions _____
 - V. Deferred Compensation Plans _____
 - W. Risk Financing and Related Financing Issues—Public Entity Risk Pools _____
 - X. Risk Financing and Related Financing Issues—Entities Other Than Risk Pools _____
 - Y. Municipal Solid Waste Landfill Closure and Postclosure Care Costs _____
 - Z. External Investment Pools _____

* As discussed in FSP section 13,000.01, this checklist has not been updated for the provisions of GASB 34, as amended and interpreted. Users applying those GASB standards should refer to the version of these checklists and illustrative financial statements that incorporates those provisions.

*Place ✓ by
Sections Applicable*

- Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units
 - A. Content _____
 - B. Cash and Investments, Including Reverse Repurchase Agreements and Securities Lending Transactions _____
 - C. Notes and Accounts Receivable _____
 - D. Inventories _____
 - E. Fixed Assets _____
 - F. Lessors _____
 - G. Intangible Assets _____
 - H. Liabilities _____
 - I. Lessees _____
 - J. Fund Balance _____
 - K. Other _____

- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types, Similar Trust Funds, and Discretely Presented Component Units
 - A. General _____
 - B. Expenditures _____

- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types (and Similar Governmental Fund Types of the Primary Government for Which Annual Budgets Have Been Legally Adopted)
 - A. General _____

- Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
 - A. General _____
 - B. Extraordinary Items _____
 - C. Interest Costs to Acquire Certain Assets _____
 - D. Residual Equity and Operating Transfers _____
 - E. Depreciation _____
 - F. Futures Contracts _____
 - G. Foreign Currency Translation _____
 - H. Research and Development Costs _____
 - I. Inventories _____
 - J. Segment Information _____

- Combined Statement of Cash Flows—All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units
 - A. Title _____
 - B. Format and Policy _____
 - C. Classification of Cash Receipts and Cash Payments _____
 - D. Content and Form _____
 - E. Noncash Investing, Capital, and Financing Activities _____

- Appendix A: GASB 20—Proprietary Activities and Post-November 30, 1989 FASB and AICPA Pronouncements _____

- Appendix B: GASB 38 and GASB 40 _____

.03 Explanation of References:

- GASB = Governmental Accounting Standards Board Statement
- GASBI = Governmental Accounting Standards Board Interpretation
- GASB Cod. Sec. = *Codification of Governmental Accounting and Financial Reporting Standards (Non-GASB 34 Edition)*, by the Governmental Accounting Standards Board (as of June 30, 2002)
- GTB = Technical Bulletin issued by the staff of the GASB
- NCGA = National Council on Governmental Accounting Statement
- NCGAI = National Council on Governmental Accounting Interpretation
- AAG-SLG = AICPA Audit and Accounting Guide, *Audits of State and Local Governmental Units (Non-GASB 34 Edition)* (with conforming changes as of May 1, 2003)
- SAS = AICPA Statement on Auditing Standards
- AU = Reference to section number in AICPA *Professional Standards* (vol. 1)
- SFAS = FASB Statement of Financial Accounting Standards
- AC = FASB *Accounting Standards—Current Text* (as of June 1, 2002)
- FASBI = FASB Financial Accounting Standards Board Interpretation
- FTB = Technical Bulletin issued by the staff of the FASB
- APB = Accounting Principles Board Opinion
- ARB = Accounting Research Bulletin
- SOP = AICPA Statement of Position
- TPA = AICPA Technical Practice Aid

.04 Checklist Questionnaire:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
I. General			
A. Overview			
1. Are all financial statements titled properly? [NCGA 1, par. 143; GASB 9, par. 6; GASB 14, pars. 19, 44, and 50; GASB 27, par. 22 (GASB Cod. Sec. 2200.108 and .109)]	_____	_____	_____
2. If total columns are presented on the combined financial statements, are they captioned "Memorandum Only," and is there a note explaining:			
a. That the columns are presented for information only?	_____	_____	_____
b. If interfund balances and transactions have been eliminated?	_____	_____	_____
c. That those columns do not present consolidated information? [AAG-SLG, par. 18.10; NCGA 1, par. 145 (GASB Cod. Sec. 2200.112); GASB 14, par. 49 (GASB Cod. Sec. 2200.117)]	_____	_____	_____
3. If the entity provides a total column for the entity as a whole, is a total column for the primary government also presented? [GASB 14, par. 49 (GASB Cod. Sec. 2600.112)]	_____	_____	_____
4. Has the entity refrained from labeling the component unit column(s) in the combined financial statements as "memorandum only"? [GASB 14, par. 49 (GASB Cod. Sec. 2600.112)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Does each page of the general purpose financial statements (GPFS) refer to the notes to financial statements and, if the summary of significant accounting policies is shown as a stand-alone summary, also to that summary? [NCGAI 6, par. 8 (GASB Cod. Sec. 2300.110)]	_____	_____	_____
6. Do the fund types used conform to those described in GASB Cod. Sec. 1300.104? [NCGA 1, pars. 19, 20, and 26; GASB 6, pars. 13–15; GASB 31, pars. 17 and 18 (GASB Cod. Sec. 1300.104)]	_____	_____	_____
7. Has the entity included only one column for any generic fund type? [NCGA 1 (GASB Cod. Sec. 2200)]	_____	_____	_____

B. Significant Accounting Policies

1. Is a summary of significant accounting policies shown as the initial note to the financial statements or as a stand-alone summary? [NCGAI 6, pars. 7 and 8 (GASB Cod. Sec. 2300.109 and .110); APB 22, par. 15 (AC A10.108)]	_____	_____	_____
2. Does the summary of significant accounting policies address the following:			
a. A description of component units, their relationships to the primary government, how they are reported, the criteria for including component units, and how to obtain separate financial statements for component units? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); GASB 14, par. 61 (GASB Cod. Sec. 2600.124)]	_____	_____	_____
b. Basis of presentation—fund accounting, including fund categories/generic fund types, account groups, and the effects of component units with differing fiscal year-ends? [NCGAI 6, App. (GASB Cod. Sec. 2300.901)]	_____	_____	_____
c. A discussion of the measurement focus and basis of accounting for each fund type and recognition policies for material revenues and expenditures/expenses? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); AAG-SLG, par. 8.24. See also GASB Cod. Sec. 1600.105–.129]	_____	_____	_____
d. Method of encumbrance accounting and reporting? [*] [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, pars. 91 and 92 (GASB Cod. Sec. 1700.129 and .130)]	_____	_____	_____
e. Policy regarding the use of FASB pronouncements for proprietary activities? [GASB 20, pars. 6 and 7 (GASB Cod. Secs. P80.104, .105, and 2300.106a)]	_____	_____	_____
f. Definition of cash and cash equivalents used in the statement of cash flows? [GASB 9, pars. 9–11 (GASB Cod. Sec. 2450.106–.108 and GASB Cod. Sec. 2300.106a)]	_____	_____	_____

^{*} GASB 38, *Certain Financial Statement Note Disclosures*, rescinds this disclosure requirement. GASB 38 generally is effective at the same time as GASB 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, with early implementation encouraged. However, this disclosure can be omitted and the disclosures in Appendix B should be included in an entity’s notes to financial statements if GASB 38 is implemented before GASB 34 is implemented.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
g. Valuation bases for investments? [NCGAI 6, App. (GASB Cod. Sec. 2300.901); GASB 31, par. 15 (GASB Cod. Sec. 150.119); AAG-SLG, par. 14.15]	_____	_____	_____
h. Policy regarding reporting infrastructure assets? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, par. 40 (GASB Cod. Sec. 1400.109)]	_____	_____	_____
i. Policy regarding capitalization of interest costs incurred during construction of fixed assets? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, par. 48 (GASB Cod. Sec. 1400.111)]	_____	_____	_____
j. The extent to which fixed asset costs are estimated and the methods of estimation? [NCGA 1, par. 49 (GASB Cod. Sec. 1400.112); NCGAI 6, par. 5 (GASB Cod. Sec. 2300.107n)]	_____	_____	_____
k. Policy regarding expenditure recognition of inventories—purchase or consumption method? [NCGA 1, par. 73 (GASB Cod. Sec 1600.124)]	_____	_____	_____
l. Policy regarding vacation and sick leave? [NCGA 4 and GASB 16 (GASB Cod. Sec. C60); NCGAI 6, App. (GASB Cod. Sec. 2300.901)]	_____	_____	_____

C. Accounting Changes

1. Is the implementation of any new accounting standards presented as provided for in the implementation section of the standard? [Generally Accepted]	_____	_____	_____
2. For an accounting change, does disclosure in the period of the change include:			
a. Nature of the change?	_____	_____	_____
b. Justification for the change and a clear explanation of why the newly adopted principle is preferable?	_____	_____	_____
c. Effect on excess of revenues over (under) expenditures or on income before extraordinary items and net income? [APB 20, pars. 17 and 19 (AC A06.113 and .115)]	_____	_____	_____
3. If applicable, is the cumulative effect of an accounting change shown separately between the captions “extraordinary items” and “net income”? [APB 20, pars. 18–26 (AC A06.114–.122)]	_____	_____	_____
4. Are the effects of changes in accounting estimates disclosed? [APB 20, pars. 31–33 (AC A06.130–.132)]	_____	_____	_____
5. If a change in reporting entity occurs, are the disclosures made in accordance with APB 20, paragraphs 34 and 35? [APB 20, pars. 34 and 35 (AC A35.112 and .113)]	_____	_____	_____
6. Is the nature of an error in previously issued financial statements and the effect of its correction on the excess of revenues over (under) expenditures or on net income before extraordinary items and net income disclosed in the period in which the error is discovered and corrected? [APB 20, par. 37 (AC A35.105)]	_____	_____	_____
7. For prior-period adjustments:			
a. Are the resulting effects on the excess of revenues over (under) expenditures or net income of prior periods disclosed in the financial statements for the year in which the adjustments are made?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. For single-period statements, does the disclosure indicate the effects of such restatement on the balance of fund balance/retained earnings at the beginning of the period and on the excess of revenues over (under) expenditures or net income of the immediately preceding period?	_____	_____	_____
c. If financial statements for more than one period are presented, does disclosure include the effects for each of the periods presented in the statements? [APB 9, par. 26 (AC A35.107)]	_____	_____	_____
8. If the prior-period adjustments pertain to historical summaries of financial data, are the adjustments reflected therein with appropriate disclosure? [APB 9, par. 27 (AC A35.108)]	_____	_____	_____
9. If interim financial reports contain an adjustment related to prior interim periods of the current fiscal year, do disclosures include:			
a. The effect on excess (deficiency) from continuing operations and excess (deficiency) for each prior interim period of the current fiscal year?	_____	_____	_____
b. Excess (deficiency) from continuing operations and excess (deficiency) for each prior interim period restated? [SFAS 16, par. 15 (AC A35.111)]	_____	_____	_____
10. If the current-period financial statements will have to be restated in the future because a GASB or FASB pronouncement will require retroactive application of its provisions by prior period adjustment, are the impending change in principle and the resulting restatement disclosed if they are considered essential data? [Interpretation 3 of SAS 1, sec. 410 (AU 9410.13-.18)]	_____	_____	_____

D. Comparative Financial Statements

1. Were comparative statements considered? [ARB 43, Ch. 2A, pars. 1 and 2 (AC F43.101 and .102)]	_____	_____	_____
2. If comparative financial statements are presented, are the notes and other disclosures included in the financial statements of the preceding year(s) repeated, or at least referred to, to the extent that they continue to be of significance? [ARB 43, Ch. 2A, par. 2 (AC F43.102)]	_____	_____	_____
3. If comparative financial statements are presented and changes have occurred in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed? [ARB 43, Ch. 2A, par. 3 (AC F43.103)]	_____	_____	_____

E. Derivatives*

1. Are the following disclosures made for derivatives that are not reported at fair value on the balance sheet? (Disclosure information for similar derivative types may be aggregated.) [GTB 03-1, par. 5 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
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* GTB 03-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, supersedes GTB 94-1, *Disclosures about Derivatives and Similar Debt and Investment Transactions*, for financial statements for periods ending after June 15, 2003. GTB 03-1 adopts the definition of *derivative* from SFAS 133, par. 6, as amended. This checklist shows the section of the GASB *Codification* as of June 30, 2003, that will include the disclosure requirements of GTB 03-1.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The entity’s objective for entering into the derivative, the context needed to understand that objective, and its strategies for achieving the objective, indicating the types of derivatives used? [GTB 03-1, par. 6 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
b. The significant terms of the transaction, including notional, face, or contract amount; underlying indexes or interest rates, including terms such as caps, floors, or collars; options embedded in the derivatives; the date when the derivative became effective and when it is scheduled to terminate or mature; and the amount of cash paid or received when the derivative was initiated? [GTB 03-1, par. 7 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
c. The fair value of the derivative as of the balance sheet date and, if that fair value is based on other than quoted market prices, the method and significant assumptions used to estimate the fair value of the derivative unless the fair value is developed by a pricing service that considers the assumptions to be proprietary? [GTB 03-1, par. 8 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
d. If the derivative is entered into with the intention of effectively making the entity’s debt obligation carry a synthetic interest rate, the derivative’s net cash flow and the debt service requirements of the associated debt? [GTB 03-1, par. 9 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
e. Details about the entity’s exposure, where applicable, to credit risk, interest rate risk, basis risk, termination risk, rollover risk, and market-access risk as of the financial reporting date, as GTB 03-1, par. 10, defines those risks and discusses the required details? [GTB 03-1, par. 10 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
2. Have proprietary activities applied the requirements of the appropriate, applicable private-sector pronouncements? [GASB 20, pars. 6 and 7 (GASB Cod. Sec. P80.104 and .105)]	_____	_____	_____

F. Investments¹

1. Are investments in interest-earning investment contracts; external investment pools; open-end mutual funds; debt securities; and equity securities, (including unit investment trusts and closed-end mutual funds), option contracts, stock warrants, and stock rights that have readily determinable fair values measured at fair value, except as provided for in GASB Cod. Sec. I50.106, .107, and .110? [GASB 31, pars. 2 and 7 (GASB Cod. Sec. I50.101 and .105)]	_____	_____	_____
2. If an entity has purchased put option contracts or written call option contracts on securities and it has those same securities among its investments, has it considered those contracts in determining the fair value of those securities to the extent that it does not report those contracts at fair value? [GASB 31, par. 7 (GASB Cod. Sec. I50.105)]	_____	_____	_____

* See also Appendix A.

¹ These questions on investments do not apply to defined benefit pension plans or to governmental external investment pools. See the separate sections for those types of entities and funds. Questions 1 through 3, 12, and 13 apply to Internal Revenue Code Section 457 deferred compensation plans that are reported in a government’s financial statements.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. For investments that are reported using cost-based measures, have unrealized losses been properly recorded due to decreases in fair value when the decline in value is not due to a temporary condition? [GASB 10, par. 44, as amended by GASB 31, par. 6 (GASB Cod. Sec. Po20.142); AAG-SLG, par. 7.15]	_____	_____	_____
4. Is all investment income, including the change in the fair value of investments, reported as revenue in the operating statement (or other statement of activities)? [GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____
5. If identified separately as an element of investment income, is the change in the fair value of investments captioned “net increase (decrease) in the fair value of investments”? [GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____
6. Are realized gains and losses not displayed separately from the net increase (decrease) in the fair value of investments in the financial statements? [GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____
7. For investments reported at fair value, is interest income reported at the stated interest rate, without any premiums or discounts amortized? [GASB 31, fn. 7 (GASB Cod. Sec. I50, fn. 9)]	_____	_____	_____
8. Is the equity position of each fund or component unit in an internal investment pool reported as assets in those funds and component units, that is, as, for example, “equity in cash management pool,” “equity in internal investment pool,” “cash and cash equivalents,” or “investments”? [AAG-SLG, par. 7.14; GASB 31, par. 14 (GASB Cod. Sec. I50.112)]	_____	_____	_____
9. If income from investments associated with one fund is assigned to another fund because of legal or contractual provisions, is the accounting treatment based on the specific language of the legal or contractual provisions? ² [GASB 31, par. 14 and fn. 8 (GASB Cod. Sec. I50.112 and fn. 10)]	_____	_____	_____
10. If investment income is assigned to another fund for other than legal or contractual reasons—for example, management decision—is the income recognized in the fund that reports the investments, with the transfer of that income to the recipient fund reported as an operating transfer? [GASB 31, par. 14 (GASB Cod. Sec. I50.112)]	_____	_____	_____
11. If the entity provides individual investment accounts to other, legally separate entities that are not part of the same financial reporting entity, are those investments reported in one or more separate investment trust funds? [GASB 31, par. 20 (GASB Cod. Sec. I50.118)]	_____	_____	_____
a. Does the entity present for each of those investment trust funds a statement of net assets and a statement of changes in net assets? [GASB 31, par. 18 (GASB Cod. Sec. I50.116)]	_____	_____	_____

² Concerning Questions 9 and 10, colleges and universities that follow the AICPA College Guide model and entities that follow the AICPA Not-for-Profit model should follow the provisions of those models for assigning investment income, including changes in the fair value of investments, to funds. [GASB 31, par. 14 (GASB Cod. Sec. I50.112)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Does the entity make the following disclosures in the notes to the financial statements:			
a. The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices?	_____	_____	_____
b. The policy for determining which investments, if any, are reported at amortized cost?	_____	_____	_____
c. For any investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of the pool shares?	_____	_____	_____
d. Any involuntary participation in an external investment pool?	_____	_____	_____
e. If an entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate?	_____	_____	_____
f. Any income from investments associated with one fund that is assigned to another fund? [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____
13. If the entity discloses realized gains and losses in the notes to the financial statements for those investments that are reported at fair value:			
a. Is the amount computed as the difference between the proceeds of the sale and the original cost of the investments sold?	_____	_____	_____
b. Does the entity also disclose that the calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments and that realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year? [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____

G. Reverse Repurchase Agreements and Securities Lending Transactions

1. Is the interest cost of reverse repurchase and fixed coupon reverse repurchase agreements reported as interest expenditure/expense, and not netted with interest earned on any related investments? [GASB 3, par. 82 (GASB Cod. Sec. I55.115)]	_____	_____	_____
2. Are the income and costs arising from pooled reverse repurchase agreements reported in the operating statements of the funds in accordance with the provisions of GASBI 3, paragraph 4? [GASBI 3, par. 4 (GASB Cod. Sec. I55.117)]	_____	_____	_____
3. Are yield maintenance reverse repurchase agreements accounted for as sales and purchases of securities, with gains or losses recognized? [GASB 3, par. 83 (GASB Cod. Sec. I55.118)]	_____	_____	_____
4. Are the costs of securities lending transactions, including borrower rebates (which should be reported as interest expenditures or expenses) and agent fees, reported as expenditures or expenses in the operating statement, and not netted with interest revenue or income from the investment of cash collateral, any other related investments, or loan premiums or fees? [GASB 28, par. 8 (GASB Cod. Sec. I60.106)]	_____	_____	_____

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 5. Are the income and costs arising from pooled securities lending transactions reported in the operating statements of the funds in accordance with the provisions of GASB 28, paragraph 10?
[GASB 28, par. 10 (GASB Cod. Sec. I60.108)] | _____ | _____ | _____ |

H. Nonexchange Transactions

General

- | | | | |
|--|-------|-------|-------|
| 1. Is the accounting and financial reporting of nonexchange transactions appropriate for their class and characteristics (derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, or voluntary nonexchange transactions), as described in paragraph 7 of GASB 33, as well as for the basis of accounting of the fund in which they are reported?
[GASB 33, pars. 8, 11, 15–18, 21–27, 29, and 30; GASB 36, par. 2 (GASB Cod. Sec. N50.105, .108, .112–.115, .118–.127)] | _____ | _____ | _____ |
| 2. Are transactions that are not recognizable because they are not measurable disclosed?
[GASB 33, par. 11 (GASB Cod. Sec. N50.108)] | _____ | _____ | _____ |
| 3. Do recipients of resources that have purpose restrictions report the resulting net assets (or equity or fund balance, as appropriate) as restricted until the resources are used for the specified purpose or for as long as the provider requires the resources to be maintained intact (for example, endowment principal)? (In governmental funds, restrictions on resulting fund balance should be reported as a fund balance reservation.)
[GASB 33, par. 14 and 22 (GASB Cod. Sec. N50.111 and .119)] | _____ | _____ | _____ |
| 4. Are resources received before the revenue recognition criteria are met reported as deferred revenues? Are resources transmitted before the expense/expenditure recognition criteria are met reported as advances?
[GASB 33, pars. 15–16, 18–19, 21 (GASB Cod. Sec. N50.112–.113, .115–.116, .118)] | _____ | _____ | _____ |

Property Taxes

- | | | | |
|--|-------|-------|-------|
| 5. Are property tax receivables recognized when an enforceable legal claim to the taxes arises? (If the enforceable legal claim does not arise until the period after the period for which the taxes are levied, the receivables should be recognized in the same period that the revenues are recognized.)
[GASB 33, par. 17 (GASB Cod. Sec. N50.114)] | _____ | _____ | _____ |
| 6. In funds that recognize accrual-based revenues, are property tax revenues, net of estimated refunds and estimated uncollectible amounts, recognized in the period for which the taxes are levied, even if the enforceable legal claim arises or the due date for payment occurs in a different period?
[GASB 33, par. 18 (GASB Cod. Sec. N50.115)] | _____ | _____ | _____ |
| 7. In funds that recognize modified accrual-based revenues, are property tax revenues, net of estimated uncollectible amounts, recognized | | | |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
in the period for which the taxes are levied, provided that the amounts were collected within the current period or within 60 days thereafter? [NCGA 1, par. 65; NCGAI 3, pars. 6 and 8; GASBI 5, par. 4 (GASB Cod. Sec. P70.104 and .107)]	_____	_____	_____
8. If, because of unusual circumstances, the facts justify the collection period to exceed 60 days, does the entity disclose the period used and the facts that justify it? [NCGAI 3, par. 8 (GASB Cod. Sec. P70.104)]	_____	_____	_____
9. If the entity desires to exclude some property tax revenues from appropriation to protect cash liquidity, is this restricted revenue disclosed by a designation of fund balance and an appropriate note? [NCGAI 3, par. 10 (GASB Cod. Sec. P70.105)]	_____	_____	_____
10. If property taxes are received or property tax receivables are recognized before the revenue is recognized, are they recorded as deferred revenues? [NCGAI 3, par. 7 (GASB Cod. Sec. P70.108)]	_____	_____	_____
11. Are the details of the entity’s property tax calendar disclosed, including lien dates, levy dates, due dates, and collection dates? [NCGAI 3, par. 11 (GASB Cod. Sec. P70.109)]	_____	_____	_____
<i>Pass-Through Grants</i>			
12. Are all cash pass-through grants reported in the financial statements, generally as revenue and expenditures or expenses in a governmental, proprietary, or trust fund? (In those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund.) [GASB 24, par. 5 (GASB Cod. Sec. N50.128)]	_____	_____	_____
13. If there are two legally separate entities that are the parties to a transaction involving pass-through grants and they are part of the same governmental reporting entity, are revenue and expenditures or expenses relating to these intra-reporting entity transactions reclassified as operating transfers? [GASB 24, par. 14 (GASB Cod. Sec. N50.136)]	_____	_____	_____
<i>On-Behalf Payments for Fringe Benefits and Salaries</i>			
14. Are the amounts of revenues recognized for on-behalf payments for fringe benefits and salaries disclosed in the notes to the financial statements? [GASB 24, par. 12 (GASB Cod. Sec. N50.134)]	_____	_____	_____
15. For on-behalf payments that are contributions to a pension plan for which the employer government is not legally responsible, is the name of the plan that covers the government’s employees and the name of the entity that makes the contributions disclosed? [GASB 24, par. 12 (GASB Cod. Sec. N50.134)]	_____	_____	_____
16. Are the expenditures or expenses for the on-behalf payments that the paying government makes classified in the same manner that it classifies similar cash grants to other entities? [GASB 24, par. 13 (GASB Cod. Sec. N50.135)]	_____	_____	_____
17. If there are two legally separate entities that are the parties to a transaction involving on-behalf payments for fringe benefits and sala-	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ries and they are part of the same governmental reporting entity, are revenue and expenditures or expenses relating to these intra-reporting entity transactions reclassified as operating transfers, based on the amount recognized as revenue by the employer entity? [GASB 24, par. 14 (GASB Cod. Sec. N50.136)]	_____	_____	_____

Food Stamps

- | | | | |
|--|-------|-------|-------|
| 18. If the entity is a state government, does it recognize distributions of food stamp benefits as revenue and expenditures in the general or special revenue fund when the benefits are distributed to the individual recipients by the state government or its agents, measured based on the face value of the stamps?
[GASB 24, par. 6 and fn. 4 (GASB Cod. Sec. F60.101 and fn. 3)] | _____ | _____ | _____ |
| 19. Are food stamp balances held by a state government or by its agents at the balance-sheet date reported: | | | |
| a. As an asset offset by deferred revenue? | _____ | _____ | _____ |
| b. Measured based on face value? | _____ | _____ | _____ |
| c. Not reported as cash or cash equivalents?
[GASB 24, par. 6 and fn. 5 (GASB Cod. Sec. F60.101 and fn. 3)] | _____ | _____ | _____ |

I. Joint Costs That Include Fund Raising

- | | | | |
|--|-------|-------|-------|
| 1. If the entity allocates joint costs among fund raising and other functions, are the following disclosures made: | | | |
| a. The types of activities for which joint costs have been incurred? | _____ | _____ | _____ |
| b. A statement that such costs have been allocated? | _____ | _____ | _____ |
| c. The total amount allocated during the period and the portion allocated to each functional expense category? | _____ | _____ | _____ |
| d. The amount of joint costs for each kind of joint activity?
[SOP 98-2, pars. 18 and 19] | _____ | _____ | _____ |

J. Contingencies and Commitments *(See also Sections W, Risk Financing and Related Financing Issues—Public Entity Risk Pools, and X, Risk Financing and Related Financing Issues—Entities Other Than Risk Pools)*

- | | | | |
|--|-------|-------|-------|
| 1. Does the entity apply the criteria of SFAS 5 for recognizing a loss liability resulting from all claims that result from actions not included in the scope of GASB Cod. Sec. C50, including contractual actions (such as claims for delays or inadequate specifications on contracts guarantees of the indebtedness of others, property tax appeals, and unemployment compensation claims)?
[NCGA 4, pars. 9 and 14, as amended by GASB 10 (GASB Cod. Sec. C50.146)] | _____ | _____ | _____ |
| 2. For loss contingencies not accrued, do disclosures indicate: | | | |
| a. The nature of contingency? | _____ | _____ | _____ |
| b. An estimate of possible loss or range of loss, or a statement that such estimate cannot be made?
[GASB 10, par. 58 (GASB Cod. Sec. C50.115)] | _____ | _____ | _____ |
| 3. Are guarantees of the entity disclosed in the financial statements, even if the possibility of default is remote, including situations in | | | |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
which the entity is contingently liable for proprietary fund or trust fund indebtedness? [NCGA 1, par. 46, as amended by NCGA 4, par. 14, and GASB 10, par. 58 (GASB Cod. Sec. 1500.110); SFAS 5, par. 12 (AC C59.113); FASBI 34, pars. 2 and 3 (AC C59.114); FASBI 45, pars. 17 and 18*]	_____	_____	_____
4. Are any moral obligations assumed by the entity disclosed? [AAG-SLG, par. 11.32]	_____	_____	_____
5. Are the following disclosed for conduit debt obligations:			
a. A general description of the conduit debt transactions?	_____	_____	_____
b. The aggregate amount of all conduit debt obligations outstanding at the balance sheet date?	_____	_____	_____
c. A clear indication that the issuer has no obligation for the debt beyond the resources provided by related leases or loans? [GASBI 2, par. 3 (GASB Cod. Sec. C65.102)]	_____	_____	_____
6. For unconditional purchase obligations not recorded on the entity's balance sheet, are the following disclosed:			
a. The nature and term of the obligation(s)?	_____	_____	_____
b. The amount of the fixed and determinable portion of the obligation(s) as of the date of the latest balance sheet presented in the aggregate and, if determinable, for each of the five succeeding fiscal years?	_____	_____	_____
c. The nature of any variable components of the obligation?	_____	_____	_____
d. The amounts purchased under the obligation(s) (e.g., the take-or-pay or throughput contract) for each period for which a statement of revenue and expenditures is presented? [SFAS 47, par. 7 (AC C32.102)]	_____	_____	_____
7. Is disclosure made of conditions that raise a question about the entity's ability to continue in existence for a reasonable period of time, and viable plans to overcome these difficulties? [SAS 59, par. 10 (AU 341.10); AAG-SLG, par. 17.12]	_____	_____	_____
8. If appropriations lapse at year end, even if encumbered, and the governmental unit intends to honor them, are the outstanding encumbrances at year-end disclosed in the notes to the financial statements or by a reservation of fund balance? [NCGA 1, par. 91 (GASB Cod. Sec. 1700.129d)]	_____	_____	_____
9. Are gain contingencies adequately disclosed (with care to avoid any misleading implications about likelihood of realization)? [SFAS 5, par. 17 (AC C59.118)]	_____	_____	_____
10. Is disclosure made of unused letters of credit, assets pledged as security for loans, and commitments? [SFAS 5, pars. 18 and 19 (AC C59.120)]	_____	_____	_____

* Although FASBI 34 was superseded by FASBI 45, it is not superseded for a governmental entity's funds that are required to apply FASB pronouncements issued on or before November 30, 1989. Further, the provisions of FASBI 45, pars. 17 and 18, are substantially the same as those of FASBI 34, pars. 2 and 3. The provisions of FASBI 45 will be included in the June 1, 2003, edition of FASB *Accounting Standards—Current Text*.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. Is disclosure made of construction commitments? [NCGA 1, par. 158, NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106k)]	_____	_____	_____
12. If intergovernmental grant revenues are subject to adjustment (for example, if significant questioned costs may be identified in a grant compliance audit), has the entity considered whether a loss contingency exists and, if so, if a liability recorded or additional disclosure made? [AAG-SLG, par. 8.24]	_____	_____	_____
K. Subsequent Events			
1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provide additional evidence about conditions that existed at the balance-sheet date? [NCGA 4, pars. 9 and 14, as amended by GASB 10 (GASB Cod. Sec. C50.146); GASB 10, par. 53 (GASB Cod. Sec. C50.110); SFAS 5, par. 8 (AC C59.105); SAS 1, sec. 560.03, .04, and .07 (AU 560.03, .04, and .07)]	_____	_____	_____
2. Are subsequent events that provide evidence of conditions that did not exist at the balance-sheet date, but arose subsequent to that date, adequately disclosed? [NCGA 1, par. 158; NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106); SFAS 5, par. 11 (AC C59.112); SAS 1, sec. 560.05-.07 and .09 (AU 560.05-.07 and .09)]	_____	_____	_____
3. If disclosure is made for a contingency from a subsequent event, do the notes indicate the nature of the loss or loss contingency and give an estimate of the amount or range of loss or possible loss or state that such estimate cannot be made? [GASB 10, par. 80 (GASB Cod. Sec. C50.145)]	_____	_____	_____
L. Related-Party Transactions			
1. Are the nature and extent of any leasing transactions with related parties disclosed? [NCGA 5, par. 27 (GASB Cod. Sec. L20.129); SFAS 13, par. 29 (AC L10.125)]	_____	_____	_____
2. Are the following disclosures made of material related-party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business:			
a. The nature of the relationship(s)?	_____	_____	_____
b. A description of the transactions, including transactions to which no amounts or nominal amounts are ascribed, for each of the periods for which an operating statement is presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements?	_____	_____	_____
c. The dollar amount of transactions for each of the periods for which an operating statement is presented and the effects of any change in the method of establishing the terms from that used in the preceding period?	_____	_____	_____
d. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement? [NCGAI 6, par. 5 (GASB Cod. Sec. 2300.107g); SFAS 57, pars. 2-4 (AC R36.102-.104); SAS 45, par. 11 (AU 334.11 and .12); AAG-SLG, par. 17.06]	_____	_____	_____

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 3. Does the entity disclose the nature of its accountability for related organizations?
[GASB 14, par. 68 (GASB Cod. Sec. 2600.131)] | _____ | _____ | _____ |
| 4. If the entity is a related organization, does it disclose the primary government that is accountable for it and describe its relationship with that primary government?
[GASB 14, par. 68 (GASB Cod. Sec. 2600.131)] | _____ | _____ | _____ |

M. Component Units^{3,*}

- | | | | |
|---|-------|-------|-------|
| 1. Is a component unit included in the reporting entity’s financial statements using the blending method only if either of these circumstances is met: | | | |
| a. The component unit’s governing body is substantively the same as the governing body of the primary government? | _____ | _____ | _____ |
| b. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it?
[GASB 14, par. 53 (GASB Cod. Sec. 2600.116)] | _____ | _____ | _____ |
| 2. Has the entity used the discrete presentation method to present component units that do not meet the criteria for blending?
[GASB 14, par. 44 (GASB Cod. Sec. 2600.107)] | _____ | _____ | _____ |
| 3. If the intent of the primary government in obtaining a majority of the voting stock of a for-profit corporation is to directly enhance its ability to provide governmental services (rather than just as an investment), is the corporation presented as a component unit (rather than as an investment)?
[GASB 14, par. 55 (GASB Cod. Sec. 2600.118)] | _____ | _____ | _____ |
| 4. If component units are included in the financial reporting entity by discrete presentation, does the reporting entity’s combined balance sheet include one or more columns to display the combined balance sheets of the component units?
[GASB 14, par. 44 (GASB Cod. Sec. 2600.107)] | _____ | _____ | _____ |
| 5. Does the reporting entity’s combined statement of revenues, expenditures, and changes in fund balance—governmental funds include one or more columns to display the revenues, expenditures, and changes in fund balances for discretely presented component units that use governmental fund accounting?
[GASB 14, par. 45 (GASB Cod. Sec. 2600.108)] | _____ | _____ | _____ |
| 6. Does the reporting entity’s combined statement of revenues, expenses, and changes in retained earnings/fund balances or fund equity and combined statement of cash flows include one or more columns to display the activities of discretely presented component units that use proprietary fund accounting?
[GASB 14, par. 46 (GASB Cod. Sec. 2600.109)] | _____ | _____ | _____ |

³ The requirements discussed in this section should be applied in the separately issued financial statements of a governmental component unit as if it were a primary government. [GASB 14, par. 65 (GASB Cod. Sec. 2600.128)]

* GASB 39, *Determining Whether Certain Organizations Are Component Units*, establishes criteria for when a legally separate, tax-exempt organization should be reported as discretely presented a component unit of a reporting entity. GASB 39 is effective for financial statements for periods beginning after June 15, 2003.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Are the discrete column(s) located to the right of the financial data of the primary government, distinguishing between the financial data of the primary government and those of the discretely presented component units by providing descriptive column headings? [GASB 14, pars. 44–46 (GASB Cod. Sec. 2600.107–.109)]	_____	_____	_____
8. If a component unit that uses both governmental and proprietary methods uses a single operating statement approach (all operations are included in one statement), are the results of its operations using the other method of accounting reduced to a single amount and presented as a separate line item, such as “Net income from proprietary operations” or “Excess of revenues over expenditures from governmental operations”? [GASB 14, par. 47 (GASB Cod. Sec. 2600.110)]	_____	_____	_____
9. Do the reporting entity’s financial statements for discretely presented component units that use the AICPA Industry Audit Guide <i>Audits of Colleges and Universities</i> , include a statement of changes in fund balances and a statement of current funds revenues, expenditures, and other changes? [GASB 14, par. 48 (GASB Cod. Sec. 2600.111)]	_____	_____	_____
10. Are the legally adopted, appropriated budgets of the governmental funds of blended component units presented in the combined statement of revenues, expenditures, and changes in fund balances—budget and actual? [GASB 14, par. 56 (GASB Cod. Sec. 2600.119)]	_____	_____	_____
11. Is certain information disclosed about each major component unit included in the component units column(s) in the GPFS by either (a) including the required combining statements in the reporting entity’s GPFS or (b) by presenting condensed financial statements in the notes to the reporting entity’s financial statements? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
12. If the condensed financial statement disclosure approach is taken, are the following details separately presented for each major component unit and the aggregate of nonmajor component units:			
a. Condensed balance sheet:			
(1) Current assets (amounts due from the primary government and other component units should be separately identified)?	_____	_____	_____
(2) Property, plant, and equipment (including general fixed assets)?	_____	_____	_____
(3) Amounts to be provided (and available) for the retirement of general long-term debt?	_____	_____	_____
(4) Current liabilities (amounts due to the primary government and other component units should be separately identified)?	_____	_____	_____
(5) Bonds and other long-term liabilities outstanding (amounts due to the primary government and other component units should be separately identified)? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
b. Condensed statements of revenues, expenses, and changes in equity for component units that use proprietary fund accounting:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) Operating revenues (total revenues from sales of goods or services) (with sales to the primary government and other component units separately identified)?	_____	_____	_____
(2) Operating expenses (with depreciation, depletion, and amortization expense separately identified)?	_____	_____	_____
(3) Operating income or loss (operating revenues less operating expenses)?	_____	_____	_____
(4) Operating grants, entitlements, and shared revenues?	_____	_____	_____
(5) Transfers to/from the primary government and other component units?	_____	_____	_____
(6) Tax revenues?	_____	_____	_____
(7) Net income or loss (total revenues less total expenses)?	_____	_____	_____
(8) Current capital contributions? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
c. Condensed statements of revenues, expenditures, and changes in fund balances for component units that use governmental fund accounting:			
(1) Revenues?	_____	_____	_____
(2) Current expenditures?	_____	_____	_____
(3) Capital outlay expenditures?	_____	_____	_____
(4) Debt service expenditures?	_____	_____	_____
(5) Transfers to/from the primary government and other component units?	_____	_____	_____
(6) Excess (deficiency) of revenues and expenditures? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
13. Is the general fund of the reporting entity the general fund of the primary government? [GASB 14, par. 54 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
14. Is the general fund of a blended component reported as a special revenue fund? [GASB 14, par. 54 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
15. Are transfers between the primary government and its component units reported as required by GASB Cod. Sec. 1800.102-.107 for interfund transfers, except that transfers between the primary government and its discretely presented component units are reported separately from interfund transfers (for example, as transfers to/from component units)? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
16. Are receivables and payables between the primary government and its component units reported in the same manner as amounts due to and from other funds, except that receivables and payables between the primary government and its discretely presented component units are reported separately from interfund balances (for example, as due to/from component units)? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
17. Are lease arrangements between the primary government and blended component units (or between blended component units) eliminated as provided in GASB Cod. Sec. L20.125? [GASB 14, par. 58 (GASB Cod. Sec. 2600.121)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
18. Are capital lease arrangements between the primary government and discretely presented components reported as capital lease transactions?	_____	_____	_____
<i>a.</i> Are the capital lease-related receivables and payables reported separately from other amounts due to or from component units and separately from capital lease receivables and payables from organizations outside the reporting entity? [GASB 14, par. 58 (GASB Cod. Secs. 2600.121 and L20.126)]	_____	_____	_____
19. If a common fiscal year-end is impractical for the primary government and its component units, does the reporting entity (which reports using the primary government’s fiscal year) incorporate financial statements for the component unit’s fiscal year-end during the reporting entity’s fiscal year or within the first quarter of the reporting entity’s subsequent fiscal year? [GASB 14, par. 59 (GASB Cod. Sec. 2600.122)]	_____	_____	_____
20. If transactions between component units that have different fiscal year ends result in inconsistencies in amounts reported as due to or due from, transfer to or transfer from, and so forth, is the nature and amount of those transactions disclosed? [GASB 14, par. 60 (GASB Cod. Sec. 2600.123)]	_____	_____	_____
21. Is the fiscal year of the component units included in the reporting entity consistent from year to year, and changes in fiscal years disclosed? [GASB 14, par. 60 (GASB Cod. Sec. 2600.123)]	_____	_____	_____
22. Are note disclosures that are essential to the fair presentation of the reporting entity made for individual discretely presented component units considering both (a) the unit’s significance relative to the total discretely presented component units and (b) the nature and significance of the unit’s relationship to the primary government? [GASB 14, par. 63 (GASB Cod. Sec. 2600.126)]	_____	_____	_____
23. For separate financial statements for a component unit, do the notes acknowledge and describe the relationship of the component unit to the primary government? [GASB 14, par. 65 (GASB Cod. Sec. 2600.128)]	_____	_____	_____

N. Joint Ventures and Jointly Governed Organizations

1. For proprietary funds that participate in joint ventures in which there is an equity interest:			
<i>a.</i> Does the “investment in joint venture” account report the entity’s equity interest calculated in accordance with the joint venture agreement?	_____	_____	_____
<i>b.</i> Is the equity interest reported in the proprietary fund’s balance sheet as a single amount?	_____	_____	_____
<i>c.</i> Is the fund’s share of the joint venture’s net income or loss reported in its operating statement as a single amount? [GASB 14, par. 73 (GASB Cod. Sec. J50.106)]	_____	_____	_____
2. For governmental funds that participate in joint ventures in which there is an equity interest:			
<i>a.</i> Is all or a portion of the equity interest reported in the GFAAG, calculated in accordance with the joint venture agreement?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Is the amount reported in the GFAAG the total equity adjusted for any portion of the equity interest that is included in the balance sheet of the governmental fund?	_____	_____	_____
c. Do governmental fund operating statements report changes in joint venture equity only to the extent that the amounts received or receivable from the joint venture or the amounts paid or payable to the joint venture satisfy the revenue or expenditure recognition for governmental funds? [GASB 14, par. 74 (GASB Cod. Sec. J50.107)]	_____	_____	_____
3. For all joint ventures (regardless of whether there is an equity interest), does the entity disclose a general description, including:			
a. A description of the participating government’s ongoing financial interest (including its equity interest, if applicable) or ongoing financial responsibility?	_____	_____	_____
b. Enough information 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 or burden on the participating government in the future?	_____	_____	_____
c. Information about the availability of separate financial statements of the joint venture?	_____	_____	_____
d. Disclosure of any other information required for related-party transactions? [GASB 14, pars. 75 and 77 (GASB Cod. Sec. J50.108 and .110)]	_____	_____	_____
4. For jointly governed organizations, has the entity disclosed information required for related-party transactions? [GASB 14, par. 77 (GASB Cod. Sec. J50.110)]	_____	_____	_____
5. For joint building or finance authorities, if the capital assets are leased back to the participating government, does the government report its respective shares of the assets, liabilities, and operations of the joint venture by using capital lease accounting rather than by reporting a participant’s equity interest (if any) in the joint authority? [GASB 14, par. 76 (GASB Cod. Sec. J50.109)]	_____	_____	_____
O. Component Units and Related Organizations With Joint Venture Characteristics			
1. If another organization has joint venture characteristics but meets the component unit or related organization criteria, does the entity report that organization as a component unit or related organization in the entity’s financial statements?	_____	_____	_____
2. Does the other organization itself, when included as a component unit in the majority participant’s financial reporting entity, report any equity interests of the minority participants as fund balance or retained earnings “reserved for minority interests”?	_____	_____	_____
3. If the entity is a minority participant in an organization with joint venture characteristics, does it report its participation in the organization as provided in GASB Cod. Sec. J50.106–.110? [GASB 14, par. 78 (GASB Cod. Sec. J50.111)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
P. Undivided Interests			
1. Does a government that participates in an undivided interest (no entity or organization is created by the participants and two or more parties own property in which title is held individually to the extent of each party's interest) report its assets, liabilities, expenditures/ expenses, and revenues that are associated with the joint operation?	_____	_____	_____
2. If a separate organization is created but there is an undivided interest in specific assets and liabilities and equity interests in the other net resources of the organization (a hybrid arrangement), does the participant report its undivided interest as provided in Question 1 above and its equity interest in accordance with the provisions of GASB Cod. Sec. J50.106 and .107? [GASB 14, par. 80 (GASB Cod. Sec. J50.113)]	_____	_____	_____
Q. Defined Benefit Pension Plans⁴			
1. Does the financial report of a defined benefit pension plan include:			
a. A statement of plan net assets?	_____	_____	_____
b. A statement of changes in plan net assets?	_____	_____	_____
c. A schedule of funding progress?	_____	_____	_____
d. A schedule of employer contributions? [GASB 25, par. 19 (GASB Cod. Sec. Pe5.111)]	_____	_____	_____
2. Are plan assets subdivided into:			
a. The major categories of assets held (for example, cash and cash equivalents, receivables, investments, and assets used in plan operations)?	_____	_____	_____
b. The principal components of the receivables and investments categories? [GASB 25, par. 21 (GASB Cod. Sec. Pe5.113)]	_____	_____	_____
3. Are plan receivables for contributions from the employer(s), plan members, and other contributors include those due pursuant to formal commitments as well as statutory or contractual requirements, including those due more than one year after the reporting date pursuant to, for example, installment contracts? [GASB 25, pars. 22 and 23 (GASB Cod. Sec. Pe5.114 and .115)]	_____	_____	_____
4. Are plan investments reported as follows:			
a. At their fair value (excluding insurance contracts and certain interest-earning investment contracts)?	_____	_____	_____
b. Unallocated insurance contracts at contract value?	_____	_____	_____
c. Allocated insurance contracts excluded from plan assets? [GASB 25, par. 24; GASB 31, par. 4 (GASB Cod. Sec. Pe5.116)]	_____	_____	_____
5. If a plan has purchased put option contracts or written call option contracts on securities and it has those same securities among its investments, has it considered those contracts in determining the fair value of those securities to the extent that it does not report those contracts at fair value? [GASB 31, pars. 4 and 7 (GASB Cod. Sec. I50.103 and .105)]	_____	_____	_____

⁴ The provisions of this section apply separately to each defined benefit pension plan administered and apply at the aggregate plan level for each agent multiple-employer plan administered. See GASB 25, par. 16 (GASB Cod. Sec. Pe5.108), for determining whether there is more than one plan. [GASB 25, par. 15 (GASB Cod. Sec. Pe5.107)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Are plan assets used in plan operations reported at historical cost less accumulated depreciation or amortization? [GASB 25, par. 25 (GASB Cod. Sec. Pe5.117)]	_____	_____	_____
7. Are plan liabilities for benefits and refunds due to plan members and beneficiaries recognized when due and payable in accordance with the terms of the plan? [GASB 25, par. 26 (GASB Cod. Sec. Pe5.118)]	_____	_____	_____
8. Are benefits payable from contracts excluded from plan assets for which payments to the insurance company have been made excluded from plan liabilities? [GASB 25, par. 26 (GASB Cod. Sec. Pe5.118)]	_____	_____	_____
9. Is the difference between total plan assets and total plan liabilities at the reporting date:			
a. Captioned “net assets held in trust for pension benefits”? ⁵	_____	_____	_____
b. Followed by a parenthetical reference to the plan’s schedule of funding progress? [GASB 25, par. 27 (GASB Cod. Sec. Pe5.119)]	_____	_____	_____
10. Is the statement of changes in plan net assets presented in two principal sections—“additions” and “deductions”— and the difference between total additions and deductions reported as the “net increase (or decrease)” for the year in plan net assets? [GASB 25, par. 28 (GASB Cod. Sec. Pe5.120)]	_____	_____	_____
11. Does the additions section of the statement of changes in plan net assets include the information in these four categories, separately displayed:			
a. Contributions from the employer(s)?	_____	_____	_____
b. Contributions from plan members, including those transmitted by the employer(s)?	_____	_____	_____
c. Contributions from sources other than the employer(s) and plan members?	_____	_____	_____
d. Net investment income, including:			
(1) the net appreciation (depreciation) in the fair value of plan investments?	_____	_____	_____
(2) interest income, dividend income, and other income not included in (1)? ⁶	_____	_____	_____
(3) total investment expense, separately displayed, including investment management and custodial fees and all other significant investment-related costs? [GASB 25, par. 29 (GASB Cod. Sec. Pe5.121)]	_____	_____	_____
12. Does the deductions section of the statement of changes in plan net assets include through a separate display:			
a. Benefits and refunds paid to plan members and beneficiaries?	_____	_____	_____

⁵ When a plan’s financial statements are included in the financial report of the employer or sponsor, this amount should be captioned “fund balance reserved for employees’ pension benefits.” [GASB 25, fn. 9 (GASB Cod. Sec. Pe5, fn. 10)]

⁶ Components (1) and (2) of net investment income may be separately displayed or combined and reported as one amount. [GASB 25, fn. 11 (GASB Cod. Sec. Pe5, fn. 12)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Total administrative expense? [GASB 25, par. 30 (GASB Cod. Sec. Pe5.122)]	_____	_____	_____
13. Do benefits paid not include payments made by an insurance company in accordance with a contract that is excluded from plan assets? (Amounts paid by the plan to an insurance company pursuant to such a contract, including purchases of annuities with amounts allocated from existing investments with the insurance company, should be included in benefits paid.) [GASB 25, par. 31 (GASB Cod. Sec. Pe5.123)]	_____	_____	_____
14. Do the notes to the financial statements of a defined benefit pension plan include the following disclosures when the financial statements are presented in a stand-alone plan financial report or solely in the financial report of an employer (pension trust fund)?	_____	_____	_____
a. A plan description, including:			
(1) Identification of the plan as a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit pension plan and disclosure of the number of participating employers and other contributing entities?	_____	_____	_____
(2) Classes of employees covered (for example, general employees and public safety employees) and the current membership, including the number of retirees and beneficiaries currently receiving benefits, terminated members entitled to but not yet receiving benefits, and current active members? (If the plan is closed to new entrants, that fact should be disclosed.)	_____	_____	_____
(3) Brief description of benefit provisions, including the types of benefits, the provisions or policies with respect to automatic and ad hoc postretirement benefit increases, and the authority under which benefit provisions are established or may be amended?	_____	_____	_____
b. A summary of significant accounting policies, including:			
(1) Basis of accounting, including the policy with respect to the recognition in the financial statements of contributions, benefits paid, and refunds paid?	_____	_____	_____
(2) Brief description of how the fair value of investments is determined?	_____	_____	_____
c. Contributions and reserves, including:			
(1) Authority under which the obligations to contribute to the plan of the plan members, employer(s), and other contributing entities are established or may be amended?	_____	_____	_____
(2) Funding policy, including a brief description of how the contributions of the plan members, employer(s), and other contributing entities are determined (for example, by statute, through an actuarial valuation, or in some other manner) and how the costs of administering the plan are financed?	_____	_____	_____
(3) Required contribution rates of active plan members, in accordance with the funding policy?	_____	_____	_____
(4) A brief description of the terms of any long-term contracts for contributions to the plan and disclosure of the amounts outstanding at the reporting date?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(5) The balances in the plan’s legally required reserves at the reporting date? (Amounts of net assets designated by the plan’s board of trustees or other governing body for a specific purpose(s) also may be disclosed but should be captioned designations, rather than reserves.)	_____	_____	_____
(6) A brief description of the purpose of each reserve and designation disclosed and whether the reserve is fully funded?	_____	_____	_____
d. Identification of concentrations in investments (other than those issued or guaranteed by the U.S. government) in any one organization that represent 5 percent or more of plan net assets? [*] [GASB 25, par. 32 (GASB Cod. Sec. Pe5.124)]	_____	_____	_____
e. The investment disclosures required by GASB Cod. Sec. I50.119? ^{**} [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____
15. If realized gains and losses are disclosed in the notes to financial statements, do the amounts disclosed include all realized gains and losses for the year and does the disclosure state that (a) the calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments and (b) unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation (depreciation) reported in the prior year(s) and the current year? [GASB 25, fn. 10 (GASB Cod. Sec. Pe5, fn. 11)]	_____	_____	_____
16. If a plan’s financial statements are presented in both an employer’s report and a publicly available stand-alone plan financial report that complies with GASB 25, and limits its pension trust fund disclosures to those required by Questions 14a(1), 14b, 14c(4), and 14d above, is there disclosure information about how to obtain the stand-alone plan financial report? [GASB 25, par. 32 (GASB Cod. Sec. Pe5.124)]	_____	_____	_____
17. Except as provided in Questions 18–20 below, are the schedules of funding progress and employer contributions presented immediately after the notes to financial statements for all years required? ⁷ [GASB 25, par. 33 (GASB Cod. Sec. Pe5.125)]	_____	_____	_____
18. If the plan uses the aggregate actuarial cost method in accordance with the parameters in GASB 25 and thus exempt from presenting a schedule of funding progress, does it disclose that it uses the aggregate method? [GASB 25, fn. 17 (GASB Cod. Sec. Pe5, fn. 18)]	_____	_____	_____

^{*} GASB 40 supersedes GASB 25, par. 32d, to clarify that this disclosure requirement does not apply to investments in mutual funds, external investment pools, and other pooled investments. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

^{**} See also the questions in Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units, Section B, “Cash and Investments, Including Reverse Repurchase Agreements and Securities Lending Transactions.”

⁷ For the transition year and the following five years, the schedules should include information for the current year and as many of the prior years as information according to the parameters of paragraphs 35 and 36 of GASB 25 is available. The schedules should not include information that does not meet the parameters. Also, plans may elect to report the information specified for one or both of the required schedules in (a) a statement of funding progress and/or a statement of employer contributions presented in addition to and separate from the statement of plan net assets and statement of changes in plan net assets or (b) the notes to the financial statements. [GASB 25, par. 39 and fn. 18 (GASB Cod. Sec. Pe5.131 and fn. 19)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
19. If the financial statements of a cost-sharing or agent plan are included in the employer’s report, do the notes to financial statements disclose how to obtain the stand-alone plan financial report that includes the schedules of funding progress and employer contributions? ⁸ [GASB 25, par. 34 (GASB Cod. Sec. Pe5.126)]	_____	_____	_____
20. If the financial statements of a single-employer plan are included in the employer’s report, are the following disclosed: ⁹			
a. The availability of the stand-alone plan report?	_____	_____	_____
b. The information required for the schedule of funding progress for the three most recent actuarial valuations? [GASB 25, par. 34 (GASB Cod. Sec. Pe5.126)]	_____	_____	_____
21. Does the schedule of funding progress include the following information for each of the past six consecutive fiscal years of the plan:			
a. The actuarial valuation date?	_____	_____	_____
b. The actuarial value of plan assets?	_____	_____	_____
c. The actuarial accrued liability?	_____	_____	_____
d. The total unfunded actuarial liability?	_____	_____	_____
e. The actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio)?	_____	_____	_____
f. The annual covered payroll?	_____	_____	_____
g. The ratio of the unfunded actuarial liability to annual covered payroll? [GASB 25, par. 37 (GASB Cod. Sec. Pe5.129)]	_____	_____	_____
22. Is all information presented in the schedule of funding progress presented as of the actuarial valuation date? [GASB 25, par. 37 (GASB Cod. Sec. Pe5.129)]	_____	_____	_____
23. Does the schedule of employer contributions include the following information for each of the past six consecutive fiscal years of the plan:			
a. The dollar amount of the ARC applicable to that year?	_____	_____	_____
b. The percentage of that ARC that was recognized in the plan’s statement of changes in plan net assets for that year as contributions from the employer(s)? [GASB 25, par. 38 (GASB Cod. Sec. Pe5.130)]	_____	_____	_____
24. If the plan’s funding policy includes contributions from sources other than plan members and employer(s), are the required contributions of those other contributing entities and the percentage recognized included in the schedule, which is then appropriately titled to indicate that it includes contributions from non-employer entities? [GASB 25, par. 38 (GASB Cod. Sec. Pe5.130)]	_____	_____	_____
25. Do the following note disclosures accompany the schedules of required supplementary information:			
a. Identification of the actuarial methods and significant assumptions used for the most recent year reported in the required schedules, including:			

⁸ If these conditions are met, neither schedule is required to be presented in the employer’s report.

⁹ See footnote 8.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) The actuarial cost method?	_____	_____	_____
(2) The method(s) used to determine the actuarial value of assets?	_____	_____	_____
(3) The assumptions with respect to the inflation rate, investment return, projected salary increases, and postretirement benefit increases?	_____	_____	_____
(4) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open? (Plans that use the aggregate actuarial cost method should disclose that the method does not identify or separately amortize unfunded actuarial liabilities.)	_____	_____	_____
b. Factors that significantly affect the identification of trends in the amounts reported in the required schedules, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used? [GASB 25, par. 40 (GASB Cod. Sec. Pe5.132)]	_____	_____	_____

R. Defined Contribution Pension Plans

1. Do the notes to the financial statements of the plan include the following disclosures when the financial statements are presented in a stand-alone report or solely in the financial report of an employer:			
a. A plan description, including:			
(1) Identification of the plan as a defined contribution plan and disclosure of the number of participating employers and other contributing entities?	_____	_____	_____
(2) Classes of employees covered (for example, general employees, public safety employees) and the total current membership?	_____	_____	_____
(3) Brief description of plan provisions and the authority under which they are established or may be amended?	_____	_____	_____
(4) Contribution requirements (for example, the contribution rates in dollars or as a percentage of salary) of the plan members, employer(s), and other contributing entities and the authority under which the requirements are established or may be amended?	_____	_____	_____
b. A summary of significant accounting policies, including the basis of accounting, fair value of plan assets (unless plan assets are reported at fair value), and a brief description of how the fair value is determined?	_____	_____	_____
c. Identification of concentrations in investments (other than those issued or guaranteed by the U.S. government) in any one organization that represent 5 percent or more of plan net assets? [GASB 25, par. 41 (GASB Cod. Sec. Pe6.104)]	_____	_____	_____
2. When a plan's financial statements are presented in both an employer's report and a publicly available stand-alone plan financial report that			

* GASB 40 supersedes GASB 25, par. 41c, to clarify that this disclosure requirement does not apply to investments in mutual funds, external investment pools, and other pooled investments. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
includes all disclosures indicated in Question 1 above, and the employer limits its plan disclosures to those in Questions 1a(1), 1b, and 1c, has the employer disclosed information about how to obtain the stand-alone plan financial report? [GASB 25, par. 41 (GASB Cod. Sec. Pe6.104)]	_____	_____	_____

S. Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans

- | | | | |
|--|-------|-------|-------|
| 1. For a defined benefit pension plan that administers a postemployment healthcare plan, does the financial report of the defined benefit pension plan include the following prepared in accordance with the pension plan reporting standards of GASB 25: | | | |
| a. A statement of postemployment healthcare plan net assets? | _____ | _____ | _____ |
| b. A statement of changes in postemployment healthcare plan net assets? | _____ | _____ | _____ |
| c. Notes to the financial statements that also include a brief description of the eligibility requirements for postemployment healthcare benefits and the required contribution rate(s) of the employer(s)?
[GASB 26, par. 7 (GASB Cod. Sec. Po50.105)] | _____ | _____ | _____ |
| 2. Is all required financial statement information for pensions and healthcare presented in separate columns of combining financial statements? ¹⁰
[GASB 26, par. 7 (GASB Cod. Sec. Po50.105)] | _____ | _____ | _____ |
| 3. Although not required, if supplementary information (the schedules of funding progress and employer contributions and the related note disclosures) is reported for the postemployment healthcare plan, does it include all information that is required for the pension plan and is it presented separately either in separate healthcare schedules or in separate columns of combining pension and healthcare schedules?
[GASB 26, par. 8 (GASB Cod. Sec. Po50.106)] | _____ | _____ | _____ |
| a. Does the plan disclose the methods and assumptions used in preparing the supplementary information? | _____ | _____ | _____ |
| b. Does the plan disclose the healthcare inflation assumption for the most recent year reported in the supplementary schedules?
[GASB 26, par. 9 (GASB Cod. Sec. Po50.107)] | _____ | _____ | _____ |

T. Employers' Accounting for Pensions¹¹

Single Employer and Agent Multiple Employer Defined Benefit Pension Plans

1. Is the annual required contributions of the employer (ARC) reported for the current year for each plan based on the results of an actuarial

¹⁰ When the defined benefit pension plan is included in the financial reporting entity of the sponsor or employer (pension trust fund), combining statements of pension plan net assets and postemployment healthcare plan net assets are not required. However, the fund balance of the combined statement for the pension trust fund should be subdivided and reported as, respectively, fund balance reserved for employees' pension benefits and fund balance reserved for employees' postemployment healthcare benefits. The net increase or decrease for the year in net assets should be similarly subdivided in the combined statement of changes in plan net assets. [GASB 26, fn. 4 (GASB Cod. Sec. Po50, fn. 4)]

¹¹ Some governmental entities are legally responsible for contributions to pension plans that cover the employees of another governmental entity or entities. In those cases, the entity that is legally responsible for the contributions should comply with all applicable provisions of GASB 27 for measurement and recognition of expenditures/expense, liabilities, assets, note disclosures, and required supplementary information. If the plan is a defined benefit pension plan and the entity with legal responsibility for contributions is the only contributing entity, the requirements of GASB 27 for single employer defined benefit pension plans apply, regardless of the number of entities whose employees are covered by the plan. [GASB 27, par. 28 (GASB Cod. Sec. P20.125)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
valuation performed in accordance with the parameters as of a date not more than 24 months before the beginning of the employer’s fiscal year (first fiscal year, if actuarial valuations are biennial)? ¹² [GASB 27, par. 9 (GASB Cod. Sec. P20.106)]	_____	_____	_____
2. Are the actuarial methods and assumptions applied for employer financial reporting the same methods and assumptions applied in determining the plan’s funding requirements, unless compliance with GASB 27, paragraph 10, requires the use of different methods or assumptions? [GASB 27, par. 10 (GASB Cod. Sec. P20.107)]	_____	_____	_____
3. Are pension expenditures from governmental and expendable trust funds recognized on the modified accrual basis? [GASB 27, par. 16 (GASB Cod. Sec. P20.113)]	_____	_____	_____
4. If the amount of pension expenditures recognized for the year in relation to the ARC is less than (greater than) annual pension cost, is the difference added to (deducted from) the NPO, with a positive year-end balance in the NPO reported in the GLTDAG as the year-end liability in relation to the ARC and a negative year-end balance reducing a previously reported liability to zero? [GASB 27, par. 16 (GASB Cod. Sec. P20.113)]	_____	_____	_____
5. Are pension expenses of proprietary and similar trust funds and all other entities that apply proprietary fund accounting recognized on the accrual basis, equal to annual pension cost, with the NPO adjusted for any difference between contributions made and pension expense and a positive (negative) year-end balance in the NPO recognized as the year-end liability (asset) in relation to the ARC? [GASB 27, par. 17 (GASB Cod. Sec. P20.114)]	_____	_____	_____
6. For colleges and universities that apply the AICPA College Guide model, are pension expenditures and related pension liabilities (assets) recognized on the accrual basis, consistent with Question 5, and generally charged to the unrestricted current fund? [GASB 27, par. 18 (GASB Cod. Sec. P20.115)]	_____	_____	_____
7. Is the following information included in the notes to the financial statements for each plan: ^{13, 14}			
a. A plan description, including:			
(1) Name of the plan, identification of the public employee retirement system or other entity that administers the plan, and identification of the plan as a single-employer or agent multiple-employer defined benefit pension plan?	_____	_____	_____

¹² Even if the valuation is not more than 24 months old, a new valuation should be performed if significant changes have occurred since the previous valuation in benefit provisions, the size or composition of the population covered by the plan, or other factors that affect the results of the valuation. [GASB 27, par. 9 (GASB Cod. Sec. P20.106)]

¹³ Disclosures for more than one plan should be combined in a manner that avoids unnecessary duplication. [GASB 27, par. 20 (GASB Cod. Sec. P20.117)]

¹⁴ GASB 25 includes the requirements for the notes to the financial statements (and schedules of required supplementary information, if applicable) of pension trust funds included in the employer’s financial reports. When similar information is required by GASB 27 and GASB 25, the employer should present the disclosures in a manner that avoids unnecessary duplication. [GASB 27, fn. 15 (GASB Cod. Sec. P20, fn.15)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Brief description of the types of benefits and the authority under which benefit provisions are established or may be amended?	_____	_____	_____
(3) Whether the pension plan issues a stand-alone financial report, or is included in the report of a public employee retirement system or another entity, and, if so, how to obtain the report?	_____	_____	_____
<i>b.</i> The funding policy:			
(1) Authority under which the obligations to contribute to the plan of the plan members, employer(s), and other contributing entities (for example, state contributions to local government plans) are established or may be amended?	_____	_____	_____
(2) Required contribution rate(s) of active plan members?	_____	_____	_____
(3) Required contribution rate(s) of the employer in accordance with the funding policy, in dollars or as a percentage of current-year covered payroll? (If the rate differs significantly from the ARC, disclose how the rate is determined—for example, by statute or contract, or the plan is financed on a pay-as-you-go basis.)	_____	_____	_____
<i>c.</i> For the current year, annual pension cost and the dollar amount of contributions made?	_____	_____	_____
<i>d.</i> If the employer has an NPO, the components of annual pension cost (ARC, interest on the NPO, and adjustment to the ARC), the increase or decrease in the NPO, and the NPO at the end of the year?	_____	_____	_____
<i>e.</i> For the current year and each of the two preceding years, annual pension cost, percentage of annual pension cost contributed that year, and NPO at the end of the year?	_____	_____	_____
<i>f.</i> Date of the actuarial valuation and identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the most current information in the required supplementary information in Question 8 below, including the actuarial cost method, the method(s) used to determine the actuarial value of assets, and the assumptions with respect to the inflation rate, investment return, projected salary increases, and postretirement benefit increases as well as the amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open? ¹⁵ [GASB 27, pars. 20 and 21 (GASB Cod. Sec. P20.117 and .118)]	_____	_____	_____
8. Does the employer present as required supplementary information the following for the most recent actuarial valuation and the two preceding valuations, unless the aggregate actuarial cost method was used: ¹⁶			
<i>a.</i> The actuarial valuation date, the actuarial value of plan assets, the actuarial accrued liability, the total unfunded actuarial liability (or			

¹⁵ If the aggregate actuarial cost method is used, the employer should disclose that the method does not identify or separately amortize unfunded actuarial liabilities. [GASB 27, par. 21 (GASB Cod. Sec. P20.118)]

¹⁶ Until three actuarial valuations have been performed in accordance with the parameters, the required information should be presented for as many years as it is available. [GASB 27, par. 22 (GASB Cod. Sec. P20.119)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll?</p>	_____	_____	_____
<p>b. Factors that significantly affect the identification of trends in the amount reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used? [GASB 27, par. 22 (GASB Cod. Sec. P20.119)]</p>	_____	_____	_____
<i>Cost-Sharing Defined Benefit Pension Plans</i>			
<p>9. Is the employer’s annual pension expenditures/expense equal to its contractually required contributions to the plan, with the amount recognized on the modified accrual or accrual basis (whichever applies for the type of employer or for the fund type(s) used to report the employer’s contributions) and pension liabilities and assets reported for the difference between contributions required and contributions made to each plan? [GASB 27, par. 19 (GASB Cod. Sec. P20.116)]</p>	_____	_____	_____
<p>10. Is the following information included in the notes to the financial statements for each plan:</p>			
<p>a. Disclosures provided in Questions 7a, 7b(1), and 7b(2), above?</p>	_____	_____	_____
<p>b. The required employer contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years? [GASB 27, par. 20 (GASB Cod. Sec. P20.117)]</p>	_____	_____	_____
<i>Insured Defined Benefit Pension Plans</i>			
<p>11. Does the employer disclose the following:</p>			
<p>a. A brief description of the insured plan, including the benefit provisions and the authority under which benefit provisions are established or may be amended?</p>	_____	_____	_____
<p>b. The fact that the obligation for the payment of benefits has been effectively transferred from the employer to one or more insurance companies and whether the employer has guaranteed benefits in the event of the insurance company’s insolvency?</p>	_____	_____	_____
<p>c. The current-year pension expenditures/expense and contributions or premiums paid? [GASB 27, par. 23 (GASB Cod. Sec. P20.120)]</p>	_____	_____	_____
<i>Defined Contribution Pension Plans</i>			
<p>12. Is the employer’s annual pension expenditures/expense equal to its required contributions to the plan, in accordance to the terms of the plan, with the amount recognized on the modified accrual or accrual basis (whichever applies for the type of employer or for the fund type(s) used to report the employer’s contributions) and pension liabilities and assets reported for the difference between contributions required and contributions made to each plan? [GASB 27, par. 25 (GASB Cod. Sec. P20.121)]</p>	_____	_____	_____
<p>13. Is the following information disclosed for each defined contribution plan to which the employer is required to contribute:</p>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Name of the plan?	_____	_____	_____
b. Identification of the public employee retirement system or other entity that administers the plan?	_____	_____	_____
c. Identification of the plan as a defined contribution plan?	_____	_____	_____
d. Brief description of the plan provisions and the authority under which they are established or may be amended?	_____	_____	_____
e. Contribution requirements of the plan members, employer, and other contributing entities and the authority under which the requirements are established or may be amended?	_____	_____	_____
f. The contributions actually made by plan members and the employer? [GASB 27, par. 27 (GASB Cod. Sec. P20.123)]	_____	_____	_____

U. Postemployment Benefits Other Than Pensions

1. If the employer has elected to apply the measurement and recognition requirements of GASB 27 to postemployment healthcare benefits in a single employer or agent multiple employer plan, has it complied with the following requirements:			
a. Provide the notes to financial statements required by GASB 27 instead of the note disclosures required by GASB 12?	_____	_____	_____
b. Disclose the healthcare inflation assumption?	_____	_____	_____
c. Disclose all information provided on postemployment healthcare benefits separately from information on pension benefits?	_____	_____	_____
d. If the postemployment healthcare benefits are administered through a defined benefit pension plan and both the plan and the employer provide the supplementary information about funded status and funding progress for postemployment healthcare assets and benefits as described in Question 3 in the previous section on Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans, is the information measured in the same manner by both entities? [GASB 27, par. 24 (GASB Cod. Sec. P50.106)]	_____	_____	_____
2. Except as addressed in Question 1, does an employer that provides other postemployment benefits (OPEB) disclose, at a minimum, the following information, either separately for one or more types of benefits or in the aggregate for all OPEB:			
a. A description of the OPEB provided; employee groups covered; eligibility requirements; and the employer and participant obligations to contribute, quantified in some manner (such as the approximate percentage of the total obligation to contribute that is borne by the employer and the participants respectively, or the dollar or percentage contribution rates)?	_____	_____	_____
b. A description of the statutory, contractual, or other authority under which OPEB provisions and obligations to contribute are established?	_____	_____	_____
c. A description of the accounting and financing or funding policies followed (such as a statement that the employer’s contributions are financed on a pay-as-you-go basis or are advance-funded on an actuarially determined basis)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. If OPEB are advance-funded on an actuarially determined basis:			
(1) The actuarial cost method and significant actuarial assumptions (including the interest rate and, if applicable, the projected salary increase assumption and the health inflation assumption) used to determine funding requirements?	_____	_____	_____
(2) The method used to value plan assets?	_____	_____	_____
e. The following expenditures/expenses information, depending on how OPEB are financed:			
(1) If OPEB are financed on a pay-as-you-go basis or if the employer sets aside assets for future OPEB payments but does not advance-fund OPEB on an actuarially determined basis:			
(a) The amount of OPEB expenditures/expenses recognized during the period by the employer (net of participant contributions)?	_____	_____	_____
(b) The number of participants currently eligible to receive benefits?	_____	_____	_____
(c) If expenditures/expenses for OPEB cannot readily be separated from expenditures/expenses for similar types of benefits provided to active employees and their dependents, are reasonable methods to approximate OPEB expenditures/expenses used?	_____	_____	_____
(d) If a reasonable approximation cannot be made, disclosure that expenditures/expenses cannot be reasonably estimated?	_____	_____	_____
(e) Any net assets set aside for future benefit payments?	_____	_____	_____
(2) If OPEB are advance-funded on an actuarially determined basis:			
(a) The number of active plan participants?	_____	_____	_____
(b) The employer's actuarially required and actual contributions for the period (net of participant contributions)?	_____	_____	_____
(c) The amount of net assets available for OPEB?	_____	_____	_____
(d) The actuarially accrued liability and unfunded actuarially accrued liability for OPEB according to the actuarial cost method in use?	_____	_____	_____
f. A description (and the dollar effect, if measurable) of any significant matters that affect the comparability of the disclosures in this step with those for the previous period (such as a change in benefit provisions)?	_____	_____	_____
g. Any additional information that the employer believes will help users assess the nature and magnitude of the cost of the employer's commitment to provide OPEB? [GASB 12, par. 10 and fn. 4 (GASB Cod. Sec. P50.105 and fn. 4)]	_____	_____	_____

V. Deferred Compensation Plans

1. If the entity's IRC Section 457 deferred compensation plan meets the criteria in NCGAS 1, par. 26(3)(8), for inclusion in the fiduciary funds of the entity, is it reported as an expendable trust fund? [GASB 32, par. 4 (GASB Cod. Sec. D25.101)]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are all investments generally reported at fair value, as provided for in GASB Cod. Sec. 150? (See the separate section on investments.) [GASB 32, par. 5 (GASB Cod. Sec. D25.102)]	_____	_____	_____
3. If it is impractical to obtain investment valuation information from the plan administrator as of the entity’s balance sheet date, are the investments valued using the most recent report, adjusted for interim contributions and withdrawals? [GASB 32, par. 6 (GASB Cod. Sec. I50.105, fn. 4)]	_____	_____	_____

W. Risk Financing and Related Financing Issues—Public Entity Risk Pools¹⁷

1. Is the public entity risk pool accounted for in an enterprise fund regardless of whether there is a transfer or pooling (sharing) of risk? [GASB 10, par. 18 (GASB Cod. Sec. Po20.114)]	_____	_____	_____
2. If a portion of premiums is specifically identified as being collected for future catastrophe losses, is that amount separately identified as a reservation of pool equity if it is contractually restricted for that specific future use or if it is legally restricted for that specific use by an organization or individual outside the entity? [GASB 10, par. 21 (GASB Cod. Sec. Po20.117)]	_____	_____	_____
3. Are claims liabilities associated with structured settlements discounted if they represent contractual obligations to pay specific amounts on fixed or determinable dates? [GASB 10, par. 24 (GASB Cod. Sec. Po20.120)]	_____	_____	_____
4. For annuity contracts purchased in the claimant’s name to satisfy a claim liability and for which the likelihood that the pool will be required to make future payments on the claim is remote, are the contracts not reported in, and the related liability removed from, the pool’s balance sheet? [GASB 10, par. 26 (GASB Cod. Sec. Po20.122)]	_____	_____	_____
5. If no accrual is made for an insured event, or if an exposure to loss exists in excess of the accrual, is a loss contingency disclosed if there is at least a reasonable possibility that a loss or an additional loss may occur? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
6. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
7. If it is considered probable that an unreported claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable, is disclosure of the possible claim made? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
8. Are unamortized policy or participation contract acquisition costs classified as an asset? [GASB 10, par. 29 (GASB Cod. Sec. Po20.125)]	_____	_____	_____

¹⁷ If a public entity risk pool does not involve any transfer or pooling of risk among pool participants but is acting only as a claims servicer rather than as an insurer, the requirements shown in this section do not apply. Instead, the operating statement of this type of pool should report claims-servicing revenue and administrative costs and amounts collected or due from pool participants, including capitalization contributions, and paid or to be paid to settle claims should be netted and reported as an asset or a liability on an accrual basis, as appropriate. [GASB 10, par. 51, GASBI 4, par. 13 (GASB Cod. Sec. Po20.148)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
9. Are policyholder dividends that are used to reduce premiums reported as dividend expense and premium income? [GASB 10, par. 32 (GASB Cod. Sec. Po20.128)]	_____	_____	_____
10. If experience refund arrangements exist under experience-rated contracts, is a separate liability accrued for those amounts, with those amounts reducing revenue? [GASB 10, par. 33 (GASB Cod. Sec. Po20.129)]	_____	_____	_____
11. Are premium deficiencies in excess of unamortized acquisition costs reported as a premium deficiency liability and as a premium deficiency expense? [GASB 30, par. 5 (GASB Cod. Sec. Po20.132)]	_____	_____	_____
12. Are premium deficiencies resulting from risk-sharing pool participation contracts reported as revenue and assessments receivable? [GASB 30, par. 5 (GASB Cod. Sec. Po20.132)]	_____	_____	_____
13. Are amounts that are recoverable from reinsurers or excess insurers and that relate to paid claims and claim adjustment expenses classified as assets (with an allowance for estimated uncollectible amounts) and as reductions of expenses? [GASB 10, par. 37 (GASB Cod. Sec. Po20.133)]	_____	_____	_____
14. Are estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claim adjustment expenses deducted from those liabilities rather than reported as assets? [GASB 10, par. 37 (GASB Cod. Sec. Po20.133)]	_____	_____	_____
15. Are unearned premiums on contracts ceded to a reinsurer by a pool netted with related premiums paid to but not yet earned by the reinsurer? [GASB 10, par. 37 (GASB Cod. Sec. Po20.133)]	_____	_____	_____
16. Are receivables and payables from the same reinsurer, including amounts withheld, netted? [GASB 10, par. 37 (GASB Cod. Sec. Po20.133)]	_____	_____	_____
17. To the extent that a reinsurance or excess insurance contract does not, despite its form, provide for indemnification of the pool by the reinsurer against loss or liability, is the premium paid less the premium to be retained by the reinsurer accounted for as a deposit by the pool, with a net credit resulting from the contract reported as a liability by the pool? [GASB 10, par. 39 (GASB Cod. Sec. Po20.135)]	_____	_____	_____
18. Does the pool report capitalization contributions to another public entity risk pool as provided in GASB Cod. Sec. C50.130-.132? (See the following section on Risk Financing and Related Financing Issues—Entities Other Than Risk Pools) [GASBI 4, par. 10 (GASB Cod. Sec. Po20.136)]	_____	_____	_____
19. Are capitalization contributions received reported as a liability or as unearned premiums, depending on the probability that the contributions will be returned? [GASBI 4, pars. 11 and 12 (GASB Cod. Sec. Po20.137 and .138)]	_____	_____	_____
20. Is all investment income, including changes in the fair value of investments (except those that are accounted for as foreign currency or futures contract hedges), reported in the operating statement as a component of other income? [GASB 10, par. 46 (GASB Cod. Sec. Po20.144); GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
21. Are the following matters related to public entity risk pools disclosed:			
a. A description of the risk transfer or pooling agreement, including the rights and responsibilities of the pool participants?	_____	_____	_____
b. A brief description of the number and types of entities participating in the pool?	_____	_____	_____
c. The basis for estimating the liabilities for unpaid claims and claim adjustment expenses?	_____	_____	_____
d. A statement that the liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors?	_____	_____	_____
e. The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period?	_____	_____	_____
f. The face amount and carrying amount of liabilities for unpaid claims and claim adjustment expenses that are presented at present value in the financial statements and the range of annual interest rates used to discount those liabilities?	_____	_____	_____
g. Whether the pool considers anticipated investment income in determining if a premium deficiency exists?	_____	_____	_____
h. The nature and significance of excess insurance or reinsurance transactions to the pool's operations, including the type of coverage, reinsurance premiums ceded, and estimated amounts that are recoverable from excess insurers and reinsurers and that reduce the liabilities as of the balance-sheet date for unpaid claims and claim adjustment expenses?	_____	_____	_____
i. A reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior fiscal year in the following tabular format:			
(1) Amount of liabilities for unpaid claims and claim adjustment expenses at the beginning of each fiscal year?	_____	_____	_____
(2) Incurred claims and claim adjustment expenses?	_____	_____	_____
(a) Provision for insured events of the current fiscal year?	_____	_____	_____
(b) Increase (decrease) in the provision for insured events of prior fiscal years?	_____	_____	_____
(3) For payments:			
(a) Claims and claim adjustment expenses attributable to insured events of the current fiscal year?	_____	_____	_____
(b) Claims and claim adjustment expenses attributable to insured events of prior fiscal years?	_____	_____	_____
(4) Other items and explanations of each material item?	_____	_____	_____
(5) Amount of liabilities for unpaid claims and claim adjustment expenses at the end of each fiscal year?	_____	_____	_____
j. The aggregate outstanding amount of liabilities for which annuity contracts are purchased from third parties in the claimants' names and the related liabilities that are removed from the balance sheet? ¹⁸ [GASB 10, par. 49, as amended by GASB 30, par. 6 (GASB Cod. Sec. Po20.146)]	_____	_____	_____

¹⁸ This disclosure should not include annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
22. Is the following required supplementary information provided: ¹⁹			
<i>a.</i> A table that presents the following information:			
(1) Amount of gross premium (or required contribution) revenue and reported investment revenue, amount of premium (or required contribution) revenue ceded, and amount of net reported premium (or required contribution) revenue (net of excess insurance or reinsurance) and reported investment revenue for each of the past ten fiscal years including the latest fiscal year?	_____	_____	_____
(2) Amount of reported unallocated claim adjustment expenses and reported other costs for each of the past ten fiscal years including the latest fiscal year?	_____	_____	_____
(3) Total gross amount of incurred claims and allocated claim adjustment expenses (both paid and accrued before the effect of loss assumed by excess insurers or reinsurers), loss assumed by excess insurers or reinsurers (both paid and accrued), and total net amount of incurred claims and allocated claim adjustment expenses (both paid and accrued)?	_____	_____	_____
(4) The cumulative net amount paid as of the end of the accident year, report year, or policy year (as appropriate) and each succeeding year for each of the incurred claims and allocated expense amounts presented in Question (3) above?	_____	_____	_____
(5) The reestimated amount for loss assumed by excess insurers or reinsurers as of the end of the current year for each of the accident years, report years, or policy years (as appropriate) presented in Question (3) above?	_____	_____	_____
(6) The reestimated amount for net incurred claims and claim adjustment expenses as of the end of each succeeding year for each of the accident years, report years, or policy years (as appropriate) presented in Question (3) above?	_____	_____	_____
(7) The change in net incurred claims and claim adjustment expenses from the original estimate, based on the difference between the latest reestimated amount presented in Question (6) above for each of the accident years, report years, or policy years (as appropriate) and the original net incurred claims and claim adjustment amounts reported in Question (3) above?	_____	_____	_____
<i>b.</i> A reconciliation of claims liabilities by type of contract, including an analysis of changes in liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year, in the same tabular format required by Question 21 <i>i</i> above? [GASB 30, par. 7 (GASB Cod. Sec. Po20.147)]	_____	_____	_____

X. Risk Financing and Related Financing Issues—Entities Other Than Risk Pools

1. Are risk financing activities (claims and judgments) recognized as expenditures in governmental and similar trust funds using the modified

¹⁹ This required supplementary information should be presented immediately after the notes to financial statements in separate pool financial reports. Pools that are included as part of a combined general government reporting entity and that do not issue separate financial reports also should present the required supplementary information after the notes to the reporting entity’s financial statements. However, if the reporting entity issues a comprehensive annual financial report, those pools may present the required supplementary information as statistical information. [GASB 30, par. 7 (GASB Cod. Sec. P20.147 and fn. 10)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
accrual basis of accounting (that is, to the extent that the amounts are payable with expendable available financial resources) with any remaining accrued liabilities reported in the GLTDAG, with the total amount disclosed in the notes to financial statements or by parenthetical display on the operating statement? [GASB 17, par. 6 (GASB Cod. Sec. C50, fn. 3)]	_____	_____	_____
2. If no accrual is made for a loss contingency, or if an exposure to loss exists in excess of the accrual, is a loss contingency disclosed if there is at least a reasonable possibility that a loss or an additional loss may occur? [GASB 10, par. 58 (GASB Cod. Sec. C50.115)]	_____	_____	_____
3. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made? [GASB 10, par. 58 (GASB Cod. Sec. C50.115)]	_____	_____	_____
4. If it is considered probable that an unreported claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable, is disclosure of the possible claim made? [GASB 10, par. 58 (GASB Cod. Sec. C50.115)]	_____	_____	_____
5. If a single fund is used to account for an entity's risk financing activities, is that fund either the general fund or an internal service fund? [GASB 10, par. 63 (GASB Cod. Sec. C50.120)]	_____	_____	_____
6. Are claims liabilities reduced by amounts expected to be recovered through excess insurance? [GASB 10, pars. 64 and 65 (GASB Cod. Secs. C50.121 and .122)]	_____	_____	_____
7. If the entity uses the general fund to account for its risk financing activities, allocates loss expenditures/expenses to the other funds of the entity, and the total amounts charged to the other funds (including the general fund itself) exceeds total expenditures and liabilities determined in accordance with Cod. Sec. C50.110-.114, are the excess amounts reported as operating transfers? [GASB 10, par. 64 (GASB Cod. Sec. C50.121)]	_____	_____	_____
8. If the entity uses an internal service fund to account for its risk financing activities:			
a. Are charges made by the internal service fund to the other funds calculated in accordance with the provisions of GASB Cod. Sec. C50.123 recognized as revenue by the internal service fund and as expenditures/expenses by the other funds of the entity?	_____	_____	_____
b. Is the excess of charges greater than the amount resulting from the application of GASB Cod. Sec. C50.123 reported in both the internal service fund and the other funds as an operating transfer?	_____	_____	_____
c. If the charges by the internal service fund to the other funds fails to recover the full cost of claims over a reasonable period of time, is any deficit fund balance in the internal service fund charged back to the other funds and reported as an expenditure/expense of those funds?	_____	_____	_____
d. Is a deficit fund balance of the internal service fund disclosed in the notes to financial statements?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>e. Are retained earnings in the internal service fund resulting from a charge by the internal service fund to the other funds for a reasonable provision for expected future catastrophe losses reported as equity designated for future catastrophe losses in the notes to the financial statements? [GASB 10, pars. 67 and 68 (GASB Cod. Sec. C50.124 and .125)]</p>	_____	_____	_____
<p>9. For governmental colleges and universities that use the AICPA College Guide model, if a single fund is used to account for risk financing activities, is that fund reported as an unrestricted current fund?</p>	_____	_____	_____
<p>a. If the total amount charged to other funds (including charges to unrestricted current funds) exceeds claims expenditures determined in accordance with Cod. Sec. C50.110-.114, are the excess amounts reported as nonmandatory transfers? [GASB 10, par. 64, GASB 19, par. 4 (GASB Cod. Sec. C50.127)]</p>	_____	_____	_____
<p>10. If a governmental entity participates in a pool in which there is a transfer or pooling (sharing) of risks among the participants of that pool, does the entity report its premium or required contribution as insurance expenditure/expense?</p>	_____	_____	_____
<p>a. If the pooling agreement permits the pool to make additional assessments to its members, does the entity consider the likelihood of additional assessments and report an additional expenditure/expense and liability if an assessment is probable and can be reasonably estimated?</p>	_____	_____	_____
<p>b. Does the entity disclose assessment amounts that are probable but not reasonably estimable as well as those that are reasonably possible? [GASB 10, par. 69 (GASB Cod. Sec. C50.128)]</p>	_____	_____	_____
<p>c. If the pooling agreement does not provide for additional member assessments and it is probable that the entity will be required to pay its own obligations if the pool fails, are the amount of those obligations reported as an expenditure/expense and as a liability if they can be reasonably estimated? [GASB 10, par. 70 (GASB Cod. Sec. C50.129)]</p>	_____	_____	_____
<p>d. Are capitalization contributions reported as a deposit if it is probable that the contribution will be returned to the entity upon either the dissolution of or the approved withdrawal from the pool?</p>	_____	_____	_____
<p>e. In governmental funds, is fund balance reserved to indicate that the deposit is not appropriable for expenditure? [GASBI 4, par. 4 (GASB Cod. Sec. C50.130)]</p>	_____	_____	_____
<p>f. If it is not probable that a capitalization contribution will be returned:</p>			
<p>(1) In proprietary funds and in the unrestricted current funds of colleges and universities that apply the AICPA College Guide model, is the contribution reported initially as prepaid insurance (an asset), with expenses allocated and recognized over the periods for which the pool is expected to provide coverage? [GASBI 4, pars. 6 and 8 (GASB Cod. Sec. C50.132 and .134)]</p>	_____	_____	_____
<p>(2) In governmental funds, is the entire amount of the capitalization contribution recognized as an expenditure in the period of the contribution, or is the contribution reported initially as prepaid insurance (an asset), with expenditures allocated and recognized over the periods for which the pool is expected to provide coverage and fund balance reserved to indicate that the amount is not appropriable for expenditure? [GASBI 4, par. 7 (GASB Cod. Sec. C50.133)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. If a capitalization contribution to a public entity risk pool without transfer or pooling of risk reported as a deposit or a reduction of claims liabilities? [GASBI 4, par. 9 (GASB Cod. Sec. C50.135)]	_____	_____	_____
12. If the entity is insured under a retrospectively rated insurance policy, does it disclose (a) that fact and (b) that premiums are accrued based on the ultimate cost of the experience to date of a group of entities? [GASB 10, par. 74 (GASB Cod. Sec. C50.138)]	_____	_____	_____
13. If an entity receives or is entitled to receive a policyholder dividend or return of contribution related to its insurance or pool participation contract, is that dividend recognized as a reduction of expenditures/expenses at the time the dividend is declared? [GASB 10, par. 75 (GASB Cod. Sec. C50.139)]	_____	_____	_____
14. Are the following disclosed, including for component units that participate in their primary government's risk management internal service fund:			
a. A description of the risks of loss to which the entity is exposed and the way(s) in which those risks of loss are handled (for example, purchase of commercial insurance, participation in a public entity risk pool, risk retention)?	_____	_____	_____
b. A description of significant reductions in insurance coverage from coverage in the prior year by major categories of risk, and an indication whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years?	_____	_____	_____
c. If the entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibilities of both the entity and the pool? [GASB 10, par. 77, as amended by GASB 30, par. 10; GASB 10, par. 79, as amended by GASB 14, par. 65 (GASB Cod. Sec. C50.141 and .144)]	_____	_____	_____
15. If an entity retains the risk of loss, does it disclose:			
a. The basis for estimating the liabilities for unpaid claims, including the effects of specific, incremental claim adjustment expenditures/expenses salvage, and subrogation, and whether other allocated or unallocated claim adjustment expenditures/expenses are included?	_____	_____	_____
b. The carrying amount of liabilities for unpaid claims that are presented at present value in the financial statements and the range of discount rates used to discount those liabilities?	_____	_____	_____
c. The aggregate outstanding amount of claims liabilities for which annuity contracts are purchased in the claimants' names and for which the related liabilities are removed from the balance sheet (annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure)?	_____	_____	_____
d. A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year, in the following tabular format:			
(1) Amount of claims liabilities at the beginning of each fiscal year?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Incurred claims, representing the total of a provision for events of the current fiscal year and any change (increase or decrease) in the provision for events of prior fiscal years?	_____	_____	_____
(3) Payments on claims attributable to events of both the current fiscal year and prior fiscal years?	_____	_____	_____
(4) Other items and explanations of each material item?	_____	_____	_____
(5) Amount of claims liabilities at the end of each fiscal year? [GASB 10, par. 77, as amended by GASB 30, par. 10 (GASB Cod. Sec. C50.141)]	_____	_____	_____

Y. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

1. For municipal solid waste landfill closure and postclosure care costs reported using governmental fund and account group accounting and reporting, is the total cost determined for the year in accordance with GASB Cod. Sec. L10.106 disclosed in the notes to financial statements or through parenthetical display on the operating statement? [GASB 18, par. 10 (GASB Cod. Sec. L10.109)]	_____	_____	_____
2. Do the notes to the financial statements disclose:			
<i>a.</i> The nature and source of landfill closure and postclosure care requirements?	_____	_____	_____
<i>b.</i> That recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date?	_____	_____	_____
<i>c.</i> The reported liability for closure and postclosure care at the balance-sheet date (if not apparent from the financial statements) and the estimated total current cost of closure and postclosure care remaining to be recognized?	_____	_____	_____
<i>d.</i> The percentage of landfill capacity used to date and estimated remaining landfill life in years?	_____	_____	_____
<i>e.</i> How closure and postclosure care financial assurance requirements, if any, are being met and any assets restricted for payment of closure and postclosure care costs (if not apparent from the financial statements)?	_____	_____	_____
<i>f.</i> The nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulation? [GASB 18, par. 17 (GASB Cod. Sec. L10.116)]	_____	_____	_____

Z. External Investments Pools

1. Unless the pool is a 2a7-like pool, does it report all investments at fair value (<i>a</i>) except for nonparticipating interest-earning investment contracts (see GASB Cod. Sec. I50.106) and (<i>b</i>) unless it has elected to report short-term debt investments with remaining maturities of up to ninety days at the date of the financial statements at amortized cost? [GASB 31, par. 16 (GASB Cod. Sec. In5.102)]	_____	_____	_____
2. If the pool has elected to report short-term debt investments with remaining maturities of up to ninety days at the date of the financial statements at amortized cost:			
<i>a.</i> Is the cost-based value of those investments adjusted if they are significantly affected by the impairment of the credit standing of the issuer or by other factors?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Is the investment’s fair value on the day it becomes a short-term investment the basis for purposes of applying amortized cost? [GASB 31, par. 16 (GASB Cod. Sec. In5.102)]	_____	_____	_____
3. If a separate or stand-alone annual financial reports for the pool is presented:			
a. Do they include a statement of net assets and a statement of changes in net assets prepared on the economic resources measurement focus and the accrual basis of accounting (a statement of cash flows is not required to be presented)?	_____	_____	_____
b. Are all applicable GASB pronouncements applied in the report?*[GASB 31, par. 17 (GASB Cod. Sec. In5.103)]	_____	_____	_____
4. If a separate or stand-alone annual financial report for the pool is presented, does the report disclose:			
a. The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices?	_____	_____	_____
b. The policy for determining which investments, if any, are reported at amortized cost?	_____	_____	_____
c. For any investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of the pool shares?	_____	_____	_____
d. Any involuntary participation in an external investment pool?	_____	_____	_____
e. If the entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate?	_____	_____	_____
f. Any income from investments associated with one fund that is assigned to another fund?	_____	_____	_____
g. A brief description of any regulatory oversight (including whether the pool is registered with the SEC as an investment company)?	_____	_____	_____
h. The frequency of determining the fair value of investments?	_____	_____	_____
i. The method used to determine participants shares sold and redeemed and whether that method differs from the method used to report investments?	_____	_____	_____
j. Whether the pool sponsor has provided or obtained any legally binding guarantees during the period to support the value of shares?	_____	_____	_____
k. The extent of involuntary participation in the pool, if any?	_____	_____	_____
l. A summary of the fair value, the carrying amount (if different from fair value), the number of shares or the principal amount, ranges of interest rates, and maturity dates of each major investment classification?	_____	_____	_____
m. If the financial report distinguishes among different components of investment income (for example, interest, dividend, and other income versus the net increase or decrease in the fair value of investments), the accounting policy for defining each of the components it reports? [GASB 31, pars. 15 and 17 (GASB Cod. Secs. I50.119 and In5.103)]	_____	_____	_____

* See in particular the questions in Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units, Section B, “Cash and Investments, Including Reverse Repurchase Agreements and Securities Lending Transactions.”

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Does the pool report all investment income, including change in the fair value of investments, as revenue in the statement of changes in net assets? [GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____
6. For investments reported at fair value, is interest income reported at the stated interest rate, without any premiums or discounts amortized? [GASB 31, fn. 7 (GASB Cod. Sec. I50, fn. 9)]	_____	_____	_____
7. If identified separately as an element of investment income, is the change in the fair value of investments captioned "net increase (decrease) in the fair value of investments"? [GASB 31, par. 13 (GASB Cod. Sec. I50.111)]	_____	_____	_____
8. If the pool elects to report realized gains and losses for investments reported at fair value in the statement of net assets or the notes to financial statements:			
a. Does it measure the amount as the difference between the proceeds of the sale and the original cost of the investments sold?	_____	_____	_____
b. Does it disclose (1) that the calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments and (2) that realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year? [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____
9. If external investment pools are sponsored by the entity:			
a. Is the external portion of each pool reported as a separate investment trust fund (a fiduciary fund)?	_____	_____	_____
b. Are transactions and balances reported using the economic resources measurement focus and the accrual basis of accounting?	_____	_____	_____
c. Are the internal portions of each external investment pool reported as provided in Cod. Sec. I50.112 for the equity in internal investment pools?	_____	_____	_____
d. Is a statement of net assets and a statement of changes in net assets presented for each pool?	_____	_____	_____
e. Is the difference between the external pool assets and liabilities captioned "net assets held in trust for pool participants"?	_____	_____	_____
f. In the combined financial statements, are investment trust funds presented in the balance sheet with trust and agency funds?	_____	_____	_____
g. In the combined financial statements, is a separate statement of changes in net assets presented for the combined investment trust funds (although that statement may be presented with similar trust funds, such as pension trust funds)? [GASB 31, par. 18 (GASB Cod. Sec. I50. 116)]	_____	_____	_____
10. If an external investment pool issues a separate report, does the annual financial report of the sponsoring government describe in the notes to the financial statements how to obtain that report? [GASB 31, par. 19 (GASB Cod. Sec. I50.117)]	_____	_____	_____
11. If an external investment pool does not issue a separate report, does the annual financial report of the sponsoring government include the following in the notes to the financial statements for each pool:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The additional disclosures required in GASB Cod. Sec. In5.103?	_____	_____	_____
b. The disclosures required by Cod. Secs. C20, I50, and I60 as well as other cash and investment standards?	_____	_____	_____
c. Condensed statements of net assets and changes in net assets (if a pool includes both internal and external investors, those condensed financial statements should include, in total, the net assets held in trust for all pool participants, and the equity of participants should distinguish between internal and external portions)? [GASB 31, par. 19 (GASB Cod. Sec. I50.117)]	_____	_____	_____

II. Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units

A. Content

1. Is a combined balance sheet presented for all fund types, account groups, and discretely presented component units? [NCGA 1, par. 139, as amended by GASB 14, par. 19 (GASB Cod. Sec. 2200.108)]	_____	_____	_____
2. Does the combined balance sheet have separate columns for each fund type and account group of the primary government (including its blended component units) as well as one or more columns to display the combined balance sheets of the discretely presented component units? [NCGA 1, par. 145, as amended by GASB 14, pars. 19 and 44 (GASB Cod. Sec. 2200.111)]	_____	_____	_____
3. Do the financial statements report only one general fund? [NCGAI 9, par. 10 (GASB Cod. Sec. 1300.106)]	_____	_____	_____

B. Cash and Investments, Including Reverse Repurchase Agreements and Securities Lending Transactions

1. Are cash and investments segregated into individual funds? [AAG-SLG, par. 7.14]	_____	_____	_____
2. Are restrictions on cash and investments disclosed? [SFAS 5, pars. 18 and 19 (AC C59.120)]	_____	_____	_____
3. Pooled Accounts			
a. If cash and investments are maintained in pooled accounts and a particular fund overdraws its share, is the overdraft reported as an interfund payable or receivable?	_____	_____	_____
b. If a pooled cash account for a governmental entity is overdrawn in total, is the balance classified as a fund liability? [AAG-SLG, par. 7.07]	_____	_____	_____
4. For deposits with financial institutions and investments (including repurchase agreements), do disclosures include:*			
a. The types of investments authorized by legal or contractual provisions? [GASB 3, par. 65 (GASB Cod. Sec. I50.122)]	_____	_____	_____

* GASB 40 supersedes and rescinds certain of the disclosure requirements of GASB 3. Specifically, it supersedes the level of note disclosure requirement in par. 64 and the custodial credit risk disclosure requirements in pars. 67–69. In addition, it rescinds the provisions of pars. 70, 71, 73, and 74. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The difference in authorized investment types, if the types of investments authorized for different funds, fund types, blended component units, or discretely presented component units differ significantly from those authorized for the primary government, and those funds, fund types, or component units have material investment activity? [GASB 3, par. 65, as amended by GASB 14 (GASB Cod. Sec. I50.122)]	_____	_____	_____
c. Significant violations during the period of legal or contractual provisions for deposits and investments? [GASB 3, par. 66 (GASB Cod. Sec. I50.123)]	_____	_____	_____
d. If so, a statement that bank balances of deposits as of the balance-sheet date are entirely insured or collateralized with securities held by the entity or by its agent in the entity's name? [GASB 3, par. 67 (GASB Cod. Sec. I50.124)]	_____	_____	_____
e. For bank balances of deposits as of the balance-sheet date that are not entirely insured or collateralized with securities held by the entity or by its agent in the entity's name:			
(1) Reported amount of total deposits if not separately displayed on the balance sheet?	_____	_____	_____
(2) The total bank balance classified in these three categories of credit risk: ²⁰			
(a) Insured or collateralized with securities held by the entity or by its agent in the entity's name?	_____	_____	_____
(b) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name?	_____	_____	_____
(c) Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name)? [GASB 3, par. 67, as amended by GASB 31 (GASB Cod. Sec. I50.124)]	_____	_____	_____
f. The reported amount and fair value of investments (including repurchase agreements) as of the balance-sheet date in total and for each type of investment? [GASB 3, par. 68, as amended by GASB 31, par. 6 (GASB Cod. Sec. I50.125)]	_____	_____	_____
g. The reported amount of each type of investment disclosed in the following three categories of credit risk except as discussed in Step <i>h</i> below: ²¹			
(1) Insured or registered or securities held by the entity or its agent in the entity's name?	_____	_____	_____

²⁰ If the credit risk to the primary government is not apparent because (a) the deposit or investment balances of blended component units, pension trust funds, investment trust funds, or other funds of the primary government are significant and (b) the mix of credit risk categories for those units or funds is significantly different from that of other funds or blended component units of the primary government, additional or separate disclosures concerning credit risk categories should be made for those units or funds. [GASB 3, par. 70, as amended by GASB 14; GASB 31, par. 18 (GASB Cod. Sec. I50.127)]

²¹ If the government has invested in a pool managed by another government, no disclosure of the individual deposits and investments of the pool is required unless the entity owns specific, identifiable investment securities of the pool. Instead, the investment in the pool should be treated as a type of investment. [GASB 3, fn. 11, as amended by GASB 31, par. 6 (GASB Cod. Sec. I50, fn. 16)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name?	_____	_____	_____
(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name? [GASB 3, par. 68, as amended by GASB 31, par. 6 (GASB Cod. Sec. 150.125)]	_____	_____	_____
<i>h.</i> Are the categories in Question <i>g</i> above not applied to all types of investments, such as (1) investments in external investment pools and in open-end mutual funds and (2) securities underlying reverse repurchase agreements? [GASB 3, par. 69 (GASB Cod. Sec. 150.126)]	_____	_____	_____
<i>i.</i> If unrealized investment losses on investments reported using cost-based measures in one or more component units or funds are not apparent because of such unrealized investment gains in the remaining funds, the reported amounts and fair value of that unit's or fund's total investments? [GASB 3, par. 71, as amended by GASB 14 and GASB 31, par. 6 (GASB Cod. Sec. 150.128)]	_____	_____	_____
<i>j.</i> If there are outstanding commitments as of the balance-sheet date to resell securities under yield maintenance repurchase agreements, the fair value and reported amount as of the balance-sheet date, as well as a description of the terms of the agreement? [GASB 3, par. 72, as amended by GASB 31, par. 6 (GASB Cod. Sec. 150.129)]	_____	_____	_____
<i>k.</i> If uncollateralized deposits or uninsured, unregistered securities held by the counterparty, or by the trust department or agent not in the entity's name during the period significantly exceed the amounts in those categories as of the balance-sheet date, that fact and the causes? [GASB 3, par. 73 (GASB Cod. Sec. 150.130)]	_____	_____	_____
<i>l.</i> The types of investments made during the period but not owned as of the balance-sheet date? [GASB 3, par. 74 (GASB Cod. Sec. 150.131)]	_____	_____	_____
<i>m.</i> Losses recognized during the period resulting from default by counterparties to deposit or investment transactions and amounts recovered from prior-period losses if these are not shown separately on the operating statements? [GASB 3, par. 75 (GASB Cod. Sec. 150.132)]	_____	_____	_____
5. Do disclosures applicable to the equity method of accounting for investments in common stock include:			
<i>a.</i> The name of each investee and percentage of ownership or other manifestation of significant influence?	_____	_____	_____
<i>b.</i> Accounting policies of the entity relative to equity method investments?	_____	_____	_____
<i>c.</i> Difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets and the accounting treatment of the difference?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The aggregate market value of each identified investment for which a market value is available? [APB 18, par. 20 (AC I82.110)]	_____	_____	_____
e. Are equity method investments shown in the balance sheet as a single amount, and the entity's share of operating results of the investee shown in the operating statement as a single amount (except for extraordinary items, prior-period adjustments, etc.)? [APB 18, par. 19c and d (AC I82.109c and d)]	_____	_____	_____
6. In connection with reverse repurchase agreements:			
a. Are the assets and liabilities arising from reverse repurchase and fixed coupon reverse repurchase agreements not netted on the balance sheet, with the agreements reported as a fund liability captioned "Obligations under reverse repurchase agreements," and the underlying securities reported as "Investments"? [GASB 3, par. 81 (GASB Cod. Sec. I55.114)]	_____	_____	_____
b. If the entity pools moneys from several funds for investment purposes, and the pool, rather than the individual funds, has reverse repurchase agreements, has the entity reported the assets and liabilities in the balance sheets of the funds that have the risk of loss on those assets? [GASBI 3, par. 3 (GASB Cod. Sec. I55.116)]	_____	_____	_____
c. Are the following disclosures made:			
(1) If reverse repurchase agreements were used during the period, the source of legal or contractual authorization for the use of those agreements? [GASB 3, par. 76 (GASB Cod. Sec. I55.108)]	_____	_____	_____
(2) Significant violations during the period of legal or contractual provisions for reverse repurchase agreements? [GASB 3, par. 77 (GASB Cod. Sec. I55.109)]	_____	_____	_____
(3) For reverse repurchase agreements other than yield maintenance agreements that are outstanding as of the balance-sheet date, credit risk related to the agreements? [GASB 3, par. 78, as amended by GASB 31, par. 6 (GASB Cod. Sec. I55.110)]	_____	_____	_____
(4) Commitments as of the balance-sheet date to repurchase securities under yield maintenance agreements, including the fair value as of the balance-sheet date of the securities to be repurchased and a description of the terms of the agreements? [GASB 3, par. 79, as amended by GASB 31, par. 6 (GASB Cod. Sec. I55.111)]	_____	_____	_____
(5) Losses recognized during the period due to default by counterparties to reverse repurchase agreements and amounts recovered from prior-period losses if not shown separately on the operating statement? [GASB 3, par. 80 (GASB Cod. Sec. I55.112)]	_____	_____	_____
(6) Whether the maturities of the investments made with the proceeds of reverse repurchase and fixed-coupon reverse repurchase agreements generally are matched to the maturities of the agreements, as well as the extent of such matching at the balance sheet date? [GASBI 3, par. 6 (GASB Cod. Sec. I55.113)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. In connection with securities lending transactions (SLTs):			
<i>a.</i> Are the following items reported in the balance sheet:			
(1) Securities lent?	_____	_____	_____
(2) Cash received as collateral and investments made with that cash?	_____	_____	_____
(3) Securities received as collateral if the entity has the ability to pledge or sell them without a borrower default?	_____	_____	_____
(4) Liabilities resulting from these transactions? [GASB 28, pars. 5 and 6 (GASB Cod. Sec. I60.103 and .104)]	_____	_____	_____
<i>b.</i> Are SLTs collateralized by letters of credit or by securities that the government does not have the ability to pledge or sell unless the borrower defaults not reported as assets or liabilities? [GASB 28, par. 7 (GASB Cod. Sec. I60.105)]	_____	_____	_____
<i>c.</i> If a government pools money from several funds for investment purposes and the pool, rather than the individual funds, has SLTs, are the assets and liabilities arising from the SLTs in the balance sheets of the funds that have the risk of loss on the collateral assets? [GASB 28, par. 9 (GASB Cod. Sec. I60.107)]	_____	_____	_____
<i>d.</i> Are the following disclosures made:			
(1) The source of legal or contractual authorization for the use of SLTs?	_____	_____	_____
(2) Any significant violations of those provisions occurring during the reporting period?	_____	_____	_____
(3) A general description of the SLTs during the period including:			
<i>(a)</i> The types of securities loaned?	_____	_____	_____
<i>(b)</i> The types of collateral received?	_____	_____	_____
<i>(c)</i> Whether the government has the ability to pledge or sell collateral securities without a borrower default?	_____	_____	_____
<i>(d)</i> The amount by which the value of the collateral provided is required to exceed the value of the underlying securities?	_____	_____	_____
<i>(e)</i> Any restriction on the amount of the loans that can be made?	_____	_____	_____
<i>(f)</i> Any loss indemnification provided to the entity by its securities lending agents?	_____	_____	_____
<i>(g)</i> The reported amount and fair values (if different) of underlying securities?	_____	_____	_____
(4) Whether the maturities of the investments made with cash collateral generally match the maturities of their securities loans, as well as the extent of such matching?	_____	_____	_____
(5) The amount of credit risk related to the SLTs?	_____	_____	_____
(6) The amount of any losses on SLTs during the period resulting from the default of a borrower or lending agent and amounts recovered from prior-period losses, if not separately displayed in the operating statement?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(7) Disclosures required by GASB Cod. Sec. I50 for securities lending collateral that is reported in the balance sheet and for the underlying securities, including the reported amounts and fair values of these investments by type of investment? [GASB 28, pars. 11–16, as amended by GASB 31, par. 6 (GASB Cod. Secs. I60.109–.114)]	_____	_____	_____

C. Notes and Accounts Receivable

1. Are balances between the primary government and its discretely presented component units reported separately from interfund balances and transfers? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
2. If a note is noninterest-bearing or has an inappropriate stated interest rate:			
a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?	_____	_____	_____
b. Does the disclosure include the effective interest rate and face amount of the note?	_____	_____	_____
c. Is amortization of discount or premium reported as interest expense in the operating statement?	_____	_____	_____
d. Are issue costs reported in the balance sheet as deferred charges? [APB 21, par. 16 (AC I69.109)]	_____	_____	_____
3. Are the amounts due to a fund from other funds, as well as the amounts owed to other funds, reflected in the fund accounts and in fund financial statements and not offset (except for current amounts due from and due to the same funds)? [NCGA 1, par. 22 and fn. 5 (GASB Cod. Sec. 1300.110)]	_____	_____	_____
4. Are the amounts of interfund receivables and payables disclosed by fund? [AAG-SLG, par. 8.25]	_____	_____	_____
5. Are allowances for uncollectible receivables presented in the “Assets” section of the balance sheet, disclosed parenthetically in the balance sheet, or disclosed in the notes to the financial statements? [NCGA 1, App. A, Ex. 1 Explanations (GASB Cod. Sec. 2200.903)]	_____	_____	_____
6. Are long-term loans receivable reported in governmental funds offset by a fund balance reserve? [NCGA 1, App. A, Ex. 1 (GASB Cod. Sec. 2200.903)]	_____	_____	_____

D. Inventories

1. Are significant amounts of inventory reported on the balance sheet? [NCGA 1, par. 73 (GASB Cod. Sec. 1600.124)]	_____	_____	_____
2. For inventories reported in governmental funds, is a fund balance reservation reported to indicate the portion of fund balance represented by inventories that is not available for appropriation and expenditure at a balance sheet date? [NCGA 1, par. 118 (GASB Cod. Sec. 1800.125)]	_____	_____	_____

* GASB 40 supersedes the custodial credit risk disclosure requirements of GASB 28, par. 16. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Is the basis for stating inventories disclosed, including the method of determining cost? [ARB 43, Ch. 3A, par. 9 (AC I78.120)]	_____	_____	_____
E. Fixed Assets			
1. Are fixed assets, other than those accounted for in the proprietary or trust funds, accounted for in the General Fixed Assets Account Group (GFAAG) rather than in the governmental funds? [NCGA 1, par. 38 (GASB Cod. Sec. 1400.106)]	_____	_____	_____
2. Are fixed assets that are reported in the GFAAG offset by "other credit" accounts showing the sources by which such assets were financed? [NCGA 1, par. 41 (GASB Cod. Sec. 1400.110)]	_____	_____	_____
3. Do fixed assets include not only those purchased or constructed, but also those donated to the entity, measured at the fair value of the asset on the date donated? [NCGA 1, par. 50, as amended by GASB 33 (GASB Cod. Sec. 1400.113)]	_____	_____	_____
4. Are purchased fixed assets stated at estimated or actual historical cost? [NCGA 1, pars. 48 and 49 (GASB Cod. Sec. 1400.111 and .112)]	_____	_____	_____
5. Is the extent to which fixed asset costs have been estimated, and the methods of estimation, disclosed? [NCGA 1, par. 49 (GASB Cod. Sec. 1400.112)]	_____	_____	_____
6. If recording accumulated depreciation in the GFAAG is elected, is the accumulated depreciation account(s) increased and investment in general fixed assets account(s) decreased? [NCGA 1, par. 56 (GASB Cod. Sec. 1400.118)]	_____	_____	_____
7. For assets capitalized in the GFAAG, are the following disclosures made in the financial statements or the notes:			
a. Details of general fixed assets, such as land, buildings, and equipment?	_____	_____	_____
b. The basis for valuing assets in the GFAAG (such as cost or estimated cost)?	_____	_____	_____
c. Whether infrastructure assets are included or excluded?	_____	_____	_____
d. Whether accumulated depreciation is reported in the GFAAG and, if so, the depreciable lives and methods of depreciation?	_____	_____	_____
e. A reconciliation of changes in the GFAAG during the year?	_____	_____	_____
f. Capitalization of interest, if any, during construction?	_____	_____	_____
g. Commitments under long-term construction projects?	_____	_____	_____
h. Pertinent data regarding capital and operating leases? [AAG-SLG, pars. 10.20 and 10.21]	_____	_____	_____
8. For assets capitalized in the proprietary and trust funds, are the following disclosures made in the financial statements or the notes:			
a. Depreciation expense for the period?	_____	_____	_____
b. Balance of major classes of depreciable assets, by nature or function at the balance-sheet date?	_____	_____	_____
c. Accumulated depreciation, either by major classes of depreciable assets or in total at the balance-sheet date?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. A general description of the method or methods used in computing depreciation with respect to major classes of depreciable assets? [APB 12, par. 5 (AC D40.105)]	_____	_____	_____
F. Lessors²²			
1. For sales-type and direct financing leases, do disclosures include:			
a. Appropriate components of the net investment in the leases as of the date of each balance sheet presented?	_____	_____	_____
b. Future minimum lease payments to be received for each of the five succeeding fiscal years as of the date of the latest balance sheet presented?	_____	_____	_____
c. Total contingent rentals included in operations for each period for which an operating statement is presented? [SFAS 13, par. 23; SFAS 91, par. 25 (AC L10.119a); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
2. For operating leases, do disclosures include:			
a. Cost and carrying amount of property on lease or held for leasing by major classes and the amount of accumulated depreciation as of the date of the latest balance sheet presented?	_____	_____	_____
b. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
c. Total contingent rentals included in operations for each period for which an operating statement is presented? [SFAS 13, par. 23 (AC L10.119b); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
3. For all leases, do disclosures include a general description of the lessor's leasing arrangements? [SFAS 13, par. 23 (AC L10.119c); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
4. Are leveraged leases disclosed as provided for in SFAS 13, paragraph 47? [SFAS 13, par. 47 (AC L10.149); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
5. For operating leases with scheduled rent increases in governmental and similar trust funds, are accrued receivables reported in the funds and offset by deferred revenue for the portion not yet recognized as revenue? [GASB 13, par. 9 (GASB Cod. Sec. L20.112)]	_____	_____	_____
G. Intangible Assets			
1. Is the method and period of amortization for intangible assets disclosed? [APB 17, par. 30 (AC I60.111); APB 22, par. 13 (AC A10.106)]	_____	_____	_____

²² Disclosures required by SFAS 13 are required when leasing, exclusive of leveraged leasing, is a significant part of the lessor's business activities in terms of revenue, net income, or assets. They may be provided either in the financial statements or the notes. [SFAS 13, par. 23 (AC L10.119); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
H. Liabilities			
1. Do governmental fund balance sheets generally reflect only the current portion of the liabilities for claims, judgments, and compensated absences left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources, with the remainder of the liability reported in the General Long-term debt Account Group (GLTDAG)? [NCGA 4, pars. 16 and 17; GASB 16, par. 13; GASB 17, par. 6 (GASB Cod. Sec. 1600.118)]	_____	_____	_____
2. Are bonds, notes, and other long-term liabilities (such as for capital leases, pensions, claims and judgments, compensated absences, special termination benefits, landfill closure and postclosure care and similar commitments) directly related to and expected to be paid from proprietary funds and (certain) trust funds included in the accounts of such funds? [NCGA 1, par. 42, as amended by NCGA 4, par. 14; NCGAI 9, par. 12; GASB 6, pars. 13 and 23; GASBI 1, par. 13; GASB 13, par. 7; GASB 10, par. 53; GASB 16, par. 6; GASB 18, par. 7; GASB 27, par. 17; NCGAI 8, par. 12 (GASB Cod. Sec. 1500.102)]	_____	_____	_____
3. Are other unmaturing general long-term liabilities of the governmental unit accounted for through the GLTDAG? [NCGA 1, par. 43, as amended by NCGA 4, par. 14, NCGAI 8, pars. 11 and 12, NCGAI 9, par. 12, GASB 6, par. 17, GASB 13, par. 9, GASB 16, par. 13, GASB 17, par. 6, GASB 18, par. 10, GASB 27, par. 16, and GASBI 1, pars. 10 and 12 (GASB Cod. Sec. 1500.103)]	_____	_____	_____
4. Is general long-term debt that is reported in the GLTDAG offset by "other debit" accounts showing the amount available in debt service funds for debt principal payment and the amount that must be provided in future years for payment of debt principal? [NCGA 1, par. 45 (GASB Cod. Sec. 1500.105)]	_____	_____	_____
5. Are the individual components of general long-term debt classified appropriately as term bonds, serial bonds, and other general long-term liabilities? [NCGA 1, par. 45 (GASB Cod. Sec. 1500.105)]	_____	_____	_____
6. Do financial statements disclose the nature of any restrictions on assets related to outstanding indebtedness? [AAG-SLG, par. 11.31]	_____	_____	_____
7. Are the following disclosures made related to liabilities:			
a. The maturity, interest rates, and annual debt service requirements to maturity for the short-term and long-term issues of outstanding indebtedness?	_____	_____	_____
b. The issuance and payment of debt for the period?	_____	_____	_____
c. Details of capital leases?	_____	_____	_____
d. Amounts of authorized but unissued debt?	_____	_____	_____
e. The existence of any significant bond covenants and liquidity agreements?	_____	_____	_____
f. Violations of bond covenants?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
g. Nature and amount of contingent and moral obligations, no-commitment debt, and any actions by the government to extend an obligation to pay?	_____	_____	_____
h. The amount of unpaid debt that has been defeased?	_____	_____	_____
i. The refunding of debt, including the difference between the cash flows to service the old debt and the cash flows to service the new debt, and the economic gain or loss resulting from the transaction?	_____	_____	_____
j. Debt issued subsequent to the balance-sheet date but before the financial statements are issued?	_____	_____	_____
k. An existing or anticipated inability to pay debt when due?	_____	_____	_____
l. Information on derivatives and similar debt transactions as required by GASB Cod. Sec. 2300.601?	_____	_____	_____
m. Short-term debt instruments and liquidity?	_____	_____	_____
n. Changes in general long-term debt? [NCGA 1, par. 158; NCGAI 6, par. 4, as amended; NCGAI 6, par. 5, as amended (GASB Cod. Sec. 2300.106 and .107); AAG-SLG, par. 11.31]	_____	_____	_____
8. Are amounts payable from restricted assets separately presented in the financial statements, including:			
a. Construction contracts?	_____	_____	_____
b. Revenue bonds?	_____	_____	_____
c. Fiscal agent?	_____	_____	_____
d. Deposits?	_____	_____	_____
e. Accrued interest? [NCGA 1, App. A, Ex. 1 (GASB Cod. Sec. 2200.903)]	_____	_____	_____
9. If fund liabilities for which the entity is contingently liable are in default—or where for other reasons it appears probable that they will not be paid on a timely basis from the resources of these funds and default is imminent—are the liabilities reported separately from other liabilities in the fund balance sheet? [NCGA 1, par. 46, as amended by NCGAI 6 (GASB Cod. Sec. 1500.110)]	_____	_____	_____
10. If the government is obligated in some manner for special assessment debt, do the notes to financial statements disclose:			
a. The information required in GASB Cod. Sec. 2300 as it applies to long-term debt?	_____	_____	_____
b. The nature of the government’s obligation, including an identification and description of any guarantee, reserve or sinking fund established to cover defaults by property owners?	_____	_____	_____
c. The amount of special assessment receivables that are delinquent, if not separately displayed on the face of the financial statements? [GASB 6, par. 20 (GASB Cod. Sec. S40.120)]	_____	_____	_____
11. If the government is not obligated in any manner for special assessment debt, do the notes disclose the amount of the debt and the fact that the government is in no way liable for repayment but is only acting as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate? [GASB 6, par. 21 (GASB Cod. Sec. S40.121)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Do current liabilities of proprietary funds exclude short-term obligations that the entity intends to refinance on a long-term basis provided the entity has demonstrated the ability to consummate the long-term financing? [SFAS 6, pars. 9–14 (AC B05.113–.116); FASBI 8, pars. 2–4 (AC B05.117, .138, and .139); FTB 79-3 (AC B05.501–.503); NCGAI 9, par. 12 (GASB Cod. Sec. B50.101)]	_____	_____	_____
13. For governmental funds, if all legal steps are taken to refinance bond anticipation notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in accordance with SFAS 6, are they shown as part of the GLTDAG? [NCGAI 9, par. 12 (GASB Cod. Sec. B50.101)]	_____	_____	_____
14. If a short-term obligation is excluded from current liabilities of proprietary funds or reported in the GLTDAG, do disclosures include:			
a. General description of the financing agreement?	_____	_____	_____
b. Terms of any new obligation incurred or expected to be incurred, as a result of the refinancing? [NCGAI 9, fn. 5 (GASB Cod. Sec. B50, fn. 2); SFAS 6, par. 15 (AC B05.118)]	_____	_____	_____
15. Are demand bonds reported as general long-term debt or excluded from current liabilities of proprietary funds if the following conditions are met:			
a. Before the financial statements are issued, the issuer enters into an arm’s-length financing (take out) agreement to convert bonds “put” but not resold into some other form of long-term obligation?	_____	_____	_____
b. The take out agreement does not expire within one year from the date of the issuer’s balance sheet?	_____	_____	_____
c. The take out agreement is not cancelable by the lender or the prospective lender during that year, and obligations incurred under the take out agreement are not callable by the lender during that year?	_____	_____	_____
d. The lender or the prospective lender or investor is expected to be financially capable of honoring the take out agreement? [GASBI 1, par. 10 (GASB Cod. Sec. D30.108)]	_____	_____	_____
16. If the conditions in Question 15 above are not met, are the demand bonds reported as fund liabilities or, for proprietary funds, as current liabilities? [GASBI 1, par. 10 (GASB Cod. Sec. D30.108)]	_____	_____	_____
17. In addition to debt disclosures required by GASB Cod. Sec. 2300.105 and .106, are the following disclosures made for demand bonds outstanding:			
a. A general description of the demand bond program?	_____	_____	_____
b. Terms of any letters of credit or other standby liquidity agreements outstanding, commitment fees to obtain the letters of credit, and any amounts drawn on them outstanding as of the balance-sheet date?	_____	_____	_____
c. A description of the take out agreement, including its expiration date, commitment fees to obtain the agreement, and the terms of any new obligations under the take out agreement?	_____	_____	_____
d. The debt service requirements that would result if the take out agreement were to be exercised? [GASBI 1, par. 11 (GASB Cod. Sec. D30.109)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
18. If a take out agreement is exercised converting demand bonds to an installment loan, is the installment loan reported as general long-term debt and the payment schedule under the installment loan included as part of the schedule of debt service requirements to maturity, as required by GASB Cod. Sec. 2300, paragraph 106i? [GASBI 1, par. 12 (GASB Cod. Sec. D30.110)]	_____	_____	_____
19. If the conditions of Question 15 above are not met at the time a demand bond is issued (or prior to issuance of the financial statements for that year), is the liability for demand bonds reported as a liability of the fund used to account for the proceeds of the bond issue? [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____
20. If, because a take out agreement expires, it is necessary to report a fund liability for demand bonds previously reported as general long-term debt, is the liability recorded as a liability of the fund in which the proceeds of the issue were initially recorded with a corresponding debit to "other financing uses"? [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____
21. If the answer to Questions 19 or 20 above is "yes," are debt redemptions reported as expenditures of the fund from which debt service is normally paid and the liability (represented by the demand bonds) reduced simultaneously by a credit to "other financing sources"? [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____
22. For periods after a troubled debt restructuring, do disclosures include:			
a. Extent to which amounts contingently payable are included in the carrying amount of restructured payables?	_____	_____	_____
b. Total amounts contingently payable, if applicable, and conditions under which those amounts would become payable or forgiven? [SFAS 15, par. 26 (AC D22.122)]	_____	_____	_____
23. Is debt considered to be defeased for financial reporting purposes only if one of the following conditions is met?	_____	_____	_____
a. The debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid?	_____	_____	_____
b. The debtor irrevocably places cash or other assets in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt and the possibility that the debtor will be required to make future payments with respect to that debt is remote (an <i>in-substance defeasance</i>)? [GASB 7, pars. 3 and 4; GASB 23, fn. 1 (GASB Cod. Sec. D20.102 and .103)]	_____	_____	_____
24. If debt is considered to be extinguished (an in-substance defeasance), is the amount of that debt at the end of the period disclosed so long as that debt remains outstanding? [GASB 7, par. 14 (GASB Cod. Sec. D20.114)]	_____	_____	_____
25. In an advance refunding resulting in a defeasance of debt for governmental fund types:			
a. Are the proceeds of the new debt reported as an "other financing source—proceeds of refunding bonds" in the fund receiving the proceeds?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Are payments to the escrow agent from resources provided by the new debt reported as an "other financing use—payment to re-funded bond escrow agent"?	_____	_____	_____
c. Are payments to the escrow agent made from other resources of the entity reported as debt service expenditures? [GASB 7, par. 8 (GASB Cod. Sec. D20.106)]	_____	_____	_____
26. For advance refundings resulting in defeasance of general long-term debt, is the GLTDAG adjusted for the increase or decrease in the amount of that debt? [GASB 7, par. 9 (GASB Cod. Sec. D20.107)]	_____	_____	_____
27. For a defeasance of debt through an advance refunding, are the following disclosed:			
a. A general description of the transaction?	_____	_____	_____
b. The difference between the cash flows required to service the new debt and complete the refunding?	_____	_____	_____
c. The economic gain or loss resulting from the transaction? [GASB 7, par. 11 (GASB Cod. Sec. D20.111)]	_____	_____	_____
28. Are long-term obligations that are or will be callable by the creditor (because the debtor's violation of the debt agreement at the balance-sheet date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable) classified as current unless one of the following conditions is met:			
a. The creditor waives or subsequently loses the right to demand repayment for more than one year (or operating cycle, if longer) from the balance-sheet date?	_____	_____	_____
b. For long-term obligations containing a grace period within which the debtor may cure the violation, is it probable that the violation will be cured within that period, thus preventing the violation from becoming callable? [SFAS 78, par. 5 (AC B05.109A)]	_____	_____	_____
29. If an obligation as discussed in Question 28 above is classified as a long-term liability, are the circumstances disclosed? [SFAS 78, par. 5 (B05.118)]	_____	_____	_____
30. For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, is the deferred amount (the difference between the reacquisition price and the net carrying amount of the old debt) reported as a deduction from or as an addition to the new debt liability? [GASB 23, par. 4 (GASB Cod. Sec. D20.109)]	_____	_____	_____
I. Lessees*			
1. For capital leases, are the obligations separately identified in the balance sheet and subject to the same considerations as other obligations in classifying them with current and noncurrent liabilities in classified balance sheets? [SFAS 13, par. 13 (AC L10.112a (5)); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____

* GASB 38 provides additional disclosures about lease obligations. See Appendix B.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. For capital leases, do disclosures include:			
a. Gross amounts of assets and the accumulated amortization recorded by major classes as of the date of each balance sheet presented?	_____	_____	_____
b. Future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years, with separate deductions for executory costs and imputed interest?	_____	_____	_____
c. Total of future minimum sublease rentals under noncancelable subleases as of the date of the latest balance sheet presented?	_____	_____	_____
d. Total contingent rentals incurred for each period for which an operating statement is presented?	_____	_____	_____
e. Assets recorded under capital leases and the accumulated amortization thereon, unless separately identified in the balance sheet?	_____	_____	_____
f. The amortization charge on assets recorded under capital leases, unless the charge is included with depreciation expense (with the fact that it is so included is disclosed) or unless it is separately identified in the financial statement? [SFAS 13, pars. 13 and 16 (AC L10.112a); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
3. For operating leases that have initial or remaining noncancelable lease terms in excess of one year, do disclosures include:			
a. Future minimum rental payments required as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
b. Total of future minimum rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16 (AC L10.112b); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
4. For all operating leases, do disclosures include rental expense for each period for which an operating statement is presented with separate amounts for minimum rentals, contingent rentals, and sublease rentals? [SFAS 13, par. 16 (AC L10.112c); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
5. For all leases, a general description of the lessee's leasing arrangements including, but not limited to:			
a. Basis for determination of contingent rentals?	_____	_____	_____
b. Terms of any renewal or purchase options or escalation clauses?	_____	_____	_____
c. Restrictive covenants? [SFAS 13, par. 16 (AC L10.112d); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
6. For operating leases with scheduled rent increases, do lessees report the total amount calculated for the year in accordance with the measurement criteria in GASB 13, pars. 5 and 6, through disclosure in the notes to financial statements or parenthetical display on the operating statement? [GASB 13, par. 9 (GASB Cod. Sec. L20.112)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. For operating leases with scheduled rent increases, in governmental and similar trust funds, are accrued liabilities in excess of that payable with expendable available financial resources reported in the GLTDAG? [GASB 13, par. 9 (GASB Cod. Sec. L20.112)]	_____	_____	_____
J. Fund Balance			
1. Is disclosure made of any deficit fund balance or deficit retained earnings of individual funds and identification of how it will be liquidated? [NCGA 1, par. 158; NCGAI 6, par. 4, as amended (GASB Cod. Sec. 2300.106); GASB 10, par. 67 (GASB Cod. Sec. C50.124); AAG-SLG, par. 12.20]	_____	_____	_____
2. Is the label "fund balance" only used in appropriate fund types (e.g., General, Special Revenue, Debt Service, Capital Projects, and Trust Fund types)? [NCGA 1, par. 145, as amended (GASB Cod. Sec. 2200.111)]	_____	_____	_____
3. Are the fund balances of governmental funds classified as either reserved or unreserved? [NCGA 1, par. 121 (GASB Cod. Sec. 1800.128)]	_____	_____	_____
4. Are designations of the fund balances of governmental funds reported in the unreserved fund balance section of the balance sheet or disclosed parenthetically or in the notes to the financial statements? [NCGA 1, par. 120 (GASB Cod. Sec. 1800.127)]	_____	_____	_____
5. Are designated or reserved fund balances not evident in the financial statements presented in the notes? [AAG-SLG, par. 12.20]	_____	_____	_____
6. Are any differences between opening fund balances and those previously reported disclosed? [APB 9, par. 26 (AC A35.107); NCGA 1, par. 152 (GASB Cod. Sec. 2200.126)]	_____	_____	_____
7. Are amounts reported as retained earnings and contributed capital only in the proprietary fund types? [NCGA 2, par. 16 (GASB Cod. Sec. 1800.123)]	_____	_____	_____
8. Are reserves shown in proprietary funds limited to reserves of retained earnings? [NCGA 1, par. 122, as amended by GASB 20, pars. 6 and 7 (GASB Cod. Sec. 1800.129); NCGA 1, App. A, Ex. 1 (GASB Cod. Sec. 2200.903)]	_____	_____	_____
K. Other			
1. Is disclosure made of any material violations of legal and contractual provisions? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106h)]	_____	_____	_____
2. Is escheat property reported as follows:			
a. In either an expendable trust fund or the fund to which the property ultimately escheats?	_____	_____	_____
b. In an agency fund or in the fund in which escheat property is otherwise reported for escheat property held for another governmental entity? [GASB 21, par. 4 (GASB Cod. Sec. E70.102)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Is escheat revenue reduced and a fund liability reported to the extent that it is probable that escheat property will be reclaimed and paid to claimants? [GASB 21, par. 5 (GASB Cod. Sec. E70.103)]	_____	_____	_____
4. If escheat property is initially reported in an expendable trust fund, are amounts transferred to the ultimate fund reported as an operating transfer, except as provided in Question 5 below? [GASB 21, par. 6 (GASB Cod. Sec. E70.104)]	_____	_____	_____
5. If the assets of an escheat expendable trust fund are less than the liabilities of that fund, is difference reported as an “advance to” (an asset) in the expendable trust fund and an “advance from” (a liability) in the ultimate fund? [GASB 21, par. 6 (GASB Cod. Sec. E70.104)]	_____	_____	_____

III. Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types, Similar Trust Funds, and Discretely Presented Component Units

A. General

1. Is a combined statement that is titled as shown above (adjusted as appropriate for the funds and units included) presented? [NCGA 1, par. 139, as amended by GASB 14, pars. 19 and 50 (GASB Cod. Sec. 1900.116); NCGA 1, par. 147, as amended by GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
2. Does the statement use an all-inclusive approach to present all changes in fund balance during the period? [NCGA 1, par. 146, as amended by GASB 14 (GASB Cod. Sec. 2200.113)]	_____	_____	_____
3. Are revenues classified by fund and source, such as taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits, and miscellaneous? [NCGA 1, par. 110 (GASB Cod. Sec. 1800.115)]	_____	_____	_____
4. Is a separate column used for each governmental fund type, discretely presented component unit, and similar trust fund used that shows the combined data for all such funds? [NCGA 1, par. 147, as amended by GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
5. Are expenditures classified by function or program and further by character (such as current capital outlays and debt service)? [NCGA 1, pars. 111–116 (GASB Cod. Secs. 1800.116–.121)]	_____	_____	_____
6. Are interfund operating transfers, proceeds of long-term debt, including capital leases, and certain payments related to advance refundings and demand bonds classified separately from fund revenues and expenditures as “Other Financing Sources” and “Other Financing Use”? [NCGA 1, par. 100 (GASB Cod. Sec. 1800.101); NCGA 1, par. 105; SOP 77-2, par. 4; GASB 10, par. 68; GASB 21, par. 6; NCGA 1, par. 106, fns. 18 and 19; NCGA 1, par. 107, as amended by GASB 6, par. 13; NCGAI 1, par. 108, as amended by GASB 6, par. 19; GASB 7, par. 8; GASBI 1, pars. 10 and 13; NCGA 5, par. 14 (GASB Cod. Secs. 1800.106–.113)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Are residual equity transfers reported as additions to or deductions from beginning fund balance? [NCGA 1, par. 106, fns. 18 and 19 (GASB Cod. Sec. 1800.107)]	_____	_____	_____
8. Does the statement reconcile either beginning and ending total fund balances or beginning and ending unreserved fund balances? [NCGA 1, App. A, Ex. 2 (GASB Cod. Sec. 2200.904)]	_____	_____	_____
9. If the statement presents changes in total fund balance, are material changes in each reserve and designation disclosed in notes to the financial statements? [AAG-SLG, par. 12.19]	_____	_____	_____
10. Are the revenues and expenditures of expendable trust funds accounted for using the modified accrual basis of accounting? [NCGA 1, par. 57 (GASB Cod. Sec. 1600, Statement of Principle)]	_____	_____	_____

B. Expenditures

1. Are inventory items (materials and supplies) considered expenditures, either when purchased (purchase method) or when used (consumption method)? [NCGA 1, par. 73 (GASB Cod. Sec. 1600.124)]	_____	_____	_____
2. Is the method of accounting for expenditures for insurance and similar services that extend over more than one accounting period disclosed? [NCGA 1, par. 73 (GASB Cod. Sec. 1600.124)]	_____	_____	_____
3. Is the policy of not recording depreciation expense followed in all governmental funds? [NCGA 1, par. 54 (GASB Cod. Sec. 1400.116)]	_____	_____	_____

IV. Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types (and Similar Governmental Fund Types of the Primary Government for Which Annual Budgets Have Been Legally Adopted)

A. General

1. Is a combined statement that is titled as shown above (adjusted as appropriate for the funds included) presented for the general fund, all special revenue funds, and other governmental fund types for which annual budgets are legally adopted? [NCGA 1, par. 153; GASB 14, par. 56 (GASB Cod. Sec. 2400.102)]	_____	_____	_____
2. Is a separate column used for each governmental fund type presented showing combined results for all funds of that type? [GASB 14, par. 56 (GASB Cod. Secs. 2200.128 and 2400.103)]	_____	_____	_____
3. Is the budget data in this statement presented based on the appropriated budgets for those funds, as amended? [GASB 14, par. 56 (GASB Cod. Secs. 2200.128 and 2400.103)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Is the actual data in this statement presented using the legally prescribed budgetary basis, even if that basis differs from GAAP? [NCGA 1, par. 154, as amended by GASB 14 (GASB Cod. Sec. 2400.104)]	_____	_____	_____
5. Are differences between the budgetary basis and GAAP (as well as other differences) explained in the notes to financial statements? [NCGA 1, par. 154, as amended by GASB 14 and NCGAI 10, pars. 15–25 (GASB Cod. Sec. 2400.104 and .113–.123)]	_____	_____	_____
6. Do the notes to financial statements disclose the degree to which the reporting entity’s financial operations are subject to a comprehensive “appropriated budget,” “nonappropriated budget,” or are non-budgeted financial activities? [NCGAI 10, par. 13 (GASB Cod. Sec. 2400.111)]	_____	_____	_____
7. If a separate budgetary report is prepared, do the notes to the general purpose financial statements make reference to that report? [NCGAI 10, par. 14 (GASB Cod. Sec. 2400.112)]	_____	_____	_____
8. Does the entity disclose the excess of expenditures over appropriations in individual funds, if any, and explanations for those excesses, including remedial action planned by or required of the issuer? [NCGA 1, par. 158 and NCGAI 6, par. 4 and App. (GASB Cod. Sec. 2300.106 and .901)]	_____	_____	_____

V. Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units

A. General

1. Is a combined statement that is titled as shown above (adjusted as appropriate for the funds and units included) presented? [NCGA 1, par. 139, as amended by GASB 14 (GASB Cod. Sec. 2200.108)]	_____	_____	_____
2. Is a separate column used for each proprietary fund type, similar trust fund, and discretely presented component unit showing combined results for all funds of that type? [NCGA 1, par. 147; GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
3. Are the revenue and expenses of proprietary funds classified in essentially the same manner as similar business organizations, trusts, or activities? [NCGA 1, par. 117, as amended by GASB 20, pars. 6 and 7 (GASB Cod. Sec. 1800.122)]	_____	_____	_____
4. Are the revenue and expenses of proprietary funds recognized in essentially the same manner as in commercial accounting? [NCGA 1, par. 74, as amended by GASB 20, pars. 6 and 7 (GASB Cod. Sec. 1600.127)]	_____	_____	_____
5. Are proprietary fund grants, entitlements, and shared revenues received for operating purposes, or that may be used for either operations or capital expenditures at the discretion of the recipient government, reported as “nonoperating” revenues? [NCGA 2, par. 12 (GASB Cod. Sec. 1800.124)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Are the revenues and expenses of nonexpendable trust funds accounted for using the accrual basis of accounting? [NCGA 1, par. 57 (GASB Cod. Sec. 1600, Statement of Principle)]	_____	_____	_____
7. Does the statement reconcile either beginning and ending total fund equity or beginning and ending unreserved retained earnings/fund balances? [NCGA 1, App. A, Ex. 4 (GASB Cod. Sec. 2200.906)]	_____	_____	_____
8. If the statement presents changes in unreserved retained earnings/fund balances, are changes in the reserves during the year presented in a separate section after net income? [NCGA 1, App. A, Ex. 4 (GASB Cod. Sec. 2200.906)]	_____	_____	_____
9. If depreciation on assets acquired or constructed through capital grants is closed to contributed capital, is that amount (a) included in depreciation expense and (b) added back in the operating statement after net income but before changes in fund equity? [NCGA 2, par. 18, as amended by GASB 33, fn. 18 (GASB Cod. Sec. 1800.124)]	_____	_____	_____
B. Extraordinary Items			
1. Is gain or loss resulting from an involuntary conversion of a nonmonetary asset to a monetary asset classified as either an extraordinary item or as an unusual or infrequent item, whichever is applicable? [FASBI 30, par. 4 (AC N35.118)]	_____	_____	_____
2. Are the following disclosures considered:			
a. Material events or transactions that do not meet the criteria for classification as an extraordinary item, reported as a separate component of income from continuing operations?	_____	_____	_____
b. The nature and financial effect of each transaction or event? [APB 30, par. 26 (AC I22.101)]	_____	_____	_____
3. Do disclosures include descriptions of an extraordinary event or transaction and the principal items entering into the determination of extraordinary gain or loss? [APB 30, par. 11 (AC I17.102)]	_____	_____	_____
4. Are all extraordinary items segregated from results of ordinary operations? [APB 30, par. 11 (AC I17.102)]	_____	_____	_____
5. For an adjustment of an extraordinary item reported in a prior period:			
a. Is the adjustment classified separately as an extraordinary item in the current period?	_____	_____	_____
b. Are the nature, year of origin, and amount of the item disclosed? [SFAS 16, par. 16(c) (AC I17.119)]	_____	_____	_____
C. Interest Costs to Acquire Certain Assets			
1. Is the following information with respect to interest cost disclosed:			
a. If no interest cost is capitalized, the amount of interest cost incurred and charged to expense during the period?	_____	_____	_____
b. If some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that is capitalized? [SFAS 34, par. 21 (AC I67.118)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
D. Residual Equity and Operating Transfers			
1. Are residual fund transfers reported as additions to contributed capital or as reductions of retained earnings or contributed capital as appropriate in the circumstances?	_____	_____	_____
2. Are operating transfers reported in the "Operating Transfers Section" of the statement? [NCGA 1, par. 106, fns. 18 and 19 (GASB Cod. Sec. 1800.107)]	_____	_____	_____
E. Depreciation			
1. Are the following disclosures about depreciation made in the financial statements or in the notes:			
a. Depreciation expense for the period?	_____	_____	_____
b. A general description of the method or methods used in computing depreciation with respect to major classes of depreciable assets? [APB 12, par. 5 (AC D40.105)]	_____	_____	_____
F. Futures Contracts			
1. If the enterprise enters into futures contracts that are accounted for as hedges, are the following disclosed:			
a. The nature of the assets, liabilities, firm commitments, or anticipated transactions that are hedged with futures contracts?	_____	_____	_____
b. Method of accounting for the futures contracts, including a description of the events or transactions that result in recognition in income of changes in value of the futures contracts? [SFAS 80, par. 12;* GTB 94-1, par. 7 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
G. Foreign Currency Translation			
1. Are the following disclosures made in the financial statements or the notes thereto:			
a. The aggregate transaction gain or loss included in determining net income for the period?	_____	_____	_____
b. Rate changes that occur after the date of the enterprise's financial statements and their effects on unsettled balances pertaining to foreign currency transactions, if significant?	_____	_____	_____
c. An analysis and discussion of the effects of rate changes on the reported results of operations? [SFAS 52, pars. 30, 32, 143, and 144 (AC F60.140, .142, and .143); GTB 94-1, par. 7 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
H. Research and Development Costs			
1. Is disclosure made in the financial statements of the total research and development costs charged to expense in each period for which an income statement is presented? [SFAS 2, par. 13 (AC R50.109)]	_____	_____	_____

* Although SFAS 80 was superseded by SFAS 133, as amended, it is not superseded for those governmental entities that apply FASB pronouncements issued on or before November 30, 1989.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
I. Inventories			
1. If substantial and unusual losses result from writing-down inventories to market values, are these disclosed separately from other expenses (for example, cost of goods sold) in the operating statement? [ARB 43, Ch. 4, par. 14 (AC I78.117)]	_____	_____	_____
J. Segment Information			
1. Are segment disclosures made if (a) the enterprise fund has material long-term liabilities outstanding, (b) the disclosures are essential to assure the GPFS are not misleading, ²³ or (c) the disclosures are necessary to assure interperiod comparability? [NCGAI 2, pars. 3, 4, and 6 (GASB Cod. Sec. 2500.102)]	_____	_____	_____
2. Are the following disclosures made for each enterprise fund identified in Question 1 above and in the aggregate for all other enterprise funds:			
a. Types of goods or services provided?	_____	_____	_____
b. Operating revenues (total revenues from sales of goods or services) (sales to other funds of the governmental unit, if material, should be separately disclosed)?	_____	_____	_____
c. Depreciation, depletion and amortization expenses?	_____	_____	_____
d. Operating income or loss (operating revenues less operating expenses)?	_____	_____	_____
e. Operating grants, entitlements, and shared revenues?	_____	_____	_____
f. Operating interfund transfers in and out?	_____	_____	_____
g. Tax revenues?	_____	_____	_____
h. Net income or loss (total revenues less total expenses)?	_____	_____	_____
i. Current capital contributions and transfers?	_____	_____	_____
j. Property, plant, and equipment additions and deletions?	_____	_____	_____
k. Net working capital (current assets less current liabilities)?	_____	_____	_____
l. Total assets?	_____	_____	_____
m. Bonds and other material long-term liabilities outstanding (amounts payable solely from operating revenues should be disclosed separately from amounts also potentially payable from other sources)?	_____	_____	_____
n. Total equity?	_____	_____	_____
o. Any other material facts necessary to make the GPFS not misleading? [NCGAI 2, par. 7 (GASB Cod. Sec. 2500.107)]	_____	_____	_____

²³ Circumstances under which segment information is necessary to make the GPFS not misleading include, but are not necessarily limited to (a) material intergovernmental operating subsidies to an enterprise fund, (b) material intragovernmental operating subsidies to or from an enterprise fund, (c) material enterprise fund tax revenues, (d) a material enterprise fund operating income or loss, and (e) a material enterprise fund net income or loss. For purposes of identifying reportable segment information, materiality should generally be evaluated in the context of individual enterprise funds, not in the context of the enterprise fund type taken as a whole. [NCGAI 2, par. 5 (GASB Cod. Sec. 2500.105)]

Yes No N/A

VI. Combined Statement of Cash Flows—All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

A. Title

- 1. Is a combined statement that is titled as shown above (adjusted as appropriate for the funds and units included) presented? [NCGA 1, par. 156; GASB 9, pars. 6 and 36; GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.116)] _____
- 2. Does the statement not include pension and investment trust funds, unless, for pension trust funds, the statement is considered useful? [GASB 9, par. 5; GASB 31, par. 17 (GASB Cod. Sec. 2450.102)] _____

B. Format and Policy

- 1. Is a statement of cash flows presented for each period for which results of operations are presented? [GASB 9, par. 6 (GASB Cod. Sec. 2450.103)] _____
- 2. Is operating income (or net income if operating income is not separately identified on the operating statement) reconciled to net cash flow from operating activities? [GASB 9, par. 7 (GASB Cod. Sec. 2450.104)] _____
- 3. Are changes in cash and cash equivalents, regardless of whether there are restrictions on their use, disclosed? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)] _____
- 4. Does the statement use a descriptive term, such as “cash” or “cash and cash equivalents,” rather than the term “funds”? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)] _____
- 5. Are the total amounts of cash and cash equivalents at the beginning and end of the period shown in the statement of cash flows easily traceable to similarly titled line items or subtotals shown in the statement of financial position as of those dates? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)] _____
- 6. If there is a change in the entity’s policy on which short-term investments are cash equivalents, are prior-year financial statements restated? [GASB 9, par. 11 (GASB Cod. Sec. 2450.108)] _____
- 7. Generally, is information about cash receipts and cash payments presented as gross amounts rather than as net amounts? [GASB 9, pars. 12–14 (GASB Cod. Secs. 2450.109–.111)] _____

C. Classification of Cash Receipts and Cash Payments

- 1. Are cash receipts and cash payments for the following transactions classified as cash flows from operating activities:
 - a. Cash inflows from sales of goods or services, including receipts from collection of accounts receivable and both short- and long-term notes receivable from customers arising from those sales? _____
 - b. Cash receipts from quasi-external operating transactions with other funds? _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Cash receipts from grants for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
d. Cash receipts from other funds for reimbursement of operating transactions?	_____	_____	_____
e. Cash payments to acquire materials for providing services and manufacturing goods for resale, including principal payments on accounts payable and both short- and long-term notes payable to suppliers for those materials or goods?	_____	_____	_____
f. Cash payments to other suppliers for other goods or services?	_____	_____	_____
g. Cash payments to employees for services?	_____	_____	_____
h. Cash payments for grants to other governments or organizations for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
i. Cash payments for taxes, duties, fines, and other fees or penalties?	_____	_____	_____
j. Cash payments for quasi-external operating transactions with other funds, including payments in lieu of taxes?	_____	_____	_____
k. All other cash receipts and payments that do not result from transactions defined as capital and related financing, noncapital financing, or investing activities? [GASB 9, pars. 17 and 18 (GASB Cod. Sec. 2450.114 and .115)]	_____	_____	_____
2. Are transactions of loan programs undertaken to fulfill a governmental responsibility classified as transactions from operating activities? [GASB 9, par. 19 (GASB Cod. Sec. 2450.116)]	_____	_____	_____
3. Are cash receipts and payments for the following transactions classified as cash flows from noncapital financing activities:			
a. Proceeds from issuing bonds, notes, and other short- or long-term borrowing not clearly attributable to acquisition, construction, or improvement of capital assets, including borrowings to finance loan programs that are undertaken to fulfill a governmental responsibility (<i>program loans</i>)?	_____	_____	_____
b. Cash receipts from grants or subsidies, except those specifically restricted for capital purposes and those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
c. Cash received from other funds except those amounts that are clearly attributable to acquisition, construction, or improvement of capital assets, quasi-external operating transactions, and reimbursement for operating transactions?	_____	_____	_____
d. Cash received from property and other taxes collected for the governmental enterprise and not specifically restricted for capital purposes?	_____	_____	_____
e. Repayments of amounts borrowed for purposes other than acquiring, constructing, or improving capital assets?	_____	_____	_____
f. Interest payments to lenders and other creditors on amounts borrowed or credit extended for purposes other than acquiring, constructing, or improving capital assets, including borrowings to finance program loans?	_____	_____	_____
g. Cash paid as grants or subsidies to other governments or organizations, except those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>h.</i> Cash paid to other funds, except for quasi-external operating transactions? [GASB 9, pars. 19, 21 and, 22 (GASB Cod. Sec. 2450.116, .118, and .119)]</p>	_____	_____	_____
<p>4. Are cash receipts and cash payments for the following transactions classified as cash flows from capital and related financing activities:</p>			
<p><i>a.</i> Proceeds from issuing or refunding bonds, mortgages, notes, and other short- or long-term borrowing clearly attributable to the acquisition, construction, or improvement of capital assets?</p>	_____	_____	_____
<p><i>b.</i> Receipts from capital grants awarded to the governmental enterprise?</p>	_____	_____	_____
<p><i>c.</i> Receipts from contributions made by other funds, other governments, and other organizations or individuals for the specific purpose of defraying the cost of acquiring, constructing, or improving capital assets?</p>	_____	_____	_____
<p><i>d.</i> Receipts from sales of capital assets; also, proceeds from insurance on capital assets that are stolen or destroyed?</p>	_____	_____	_____
<p><i>e.</i> Receipts from special assessments or property and other taxes levied specifically to finance the construction, acquisition, or improvement of capital assets?</p>	_____	_____	_____
<p><i>f.</i> Payments to acquire, construct, or improve capital assets?</p>	_____	_____	_____
<p><i>g.</i> Repayments or refundings of amounts borrowed specifically to acquire, construct, or improve capital assets?</p>	_____	_____	_____
<p><i>h.</i> Other principal payments to vendors who have extended credit to the governmental enterprise directly for purposes of acquiring, constructing, or improving capital assets?</p>	_____	_____	_____
<p><i>i.</i> Cash payments to lenders and other creditors for interest directly related to acquiring, constructing, or improving capital assets? [GASB 9, pars. 24 and 25 (GASB Cod. Sec. 2450.121 and .122)]</p>	_____	_____	_____
<p>5. Are cash receipts and cash payments for the following transactions classified as cash flows from investing activities:</p>			
<p><i>a.</i> Receipts from collections of loans (except program loans) made by the governmental enterprise and sales of other entities' debt instruments (other than cash equivalents) that are purchased by the governmental enterprise?</p>	_____	_____	_____
<p><i>b.</i> Receipts from sales of equity instruments and from returns of investment in those instruments?</p>	_____	_____	_____
<p><i>c.</i> Interest and dividends received as returns on loans (except program loans), debt instruments of other entities, equity securities, and cash management of investment pools?</p>	_____	_____	_____
<p><i>d.</i> Withdrawals from investment pools that the governmental enterprise is not using as demand accounts?</p>	_____	_____	_____
<p><i>e.</i> Disbursements for loans (except program loans) made by the governmental enterprise and payments to acquire debt instruments of other entities (other than cash equivalents)?</p>	_____	_____	_____
<p><i>f.</i> Payments to acquire equity instruments?</p>	_____	_____	_____
<p><i>g.</i> Deposits into investment pools that the governmental enterprise is not using as demand accounts? [GASB 9, pars. 27 and 28 (GASB Cod. Sec. 2450.124 and .125)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
D. Content and Form			
1. Does the statement of cash flows report net cash provided or used in each of the four categories, as well as the net effect of those flows on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? [GASB 9, par. 30 (GASB Cod. Sec. 2450.127)]	_____	_____	_____
2. If net cash flows from operating activities are reported using the direct method, are the following classes of operating cash receipts and payments separately reported:			
a. Cash receipts from customers?	_____	_____	_____
b. Cash receipts from quasi-external operating transactions with other funds?	_____	_____	_____
c. Other operating cash receipts, if any?	_____	_____	_____
d. Cash payments to employees for services?	_____	_____	_____
e. Cash payments to other suppliers of goods or services?	_____	_____	_____
f. Cash payments for quasi-external operating transactions with other funds, including payments in lieu of taxes?	_____	_____	_____
g. Other operating cash payments, if any? [GASB 9, par. 31 (GASB Cod. Sec. 2450.128)]	_____	_____	_____
3. Are net cash flows from operating activities reported indirectly by adjusting operating income (or net income if operating income is not separately identified on the operating statement) to reconcile it to net cash flow from operating activities? [GASB 9, par. 32 (GASB Cod. Sec. 2450.129)]	_____	_____	_____
a. If answer is "yes":			
(1) Is operating income adjusted to remove the effects of depreciation, amortization, and other deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred revenue, and the like, and all accruals of expected future operating and cash receipts and payments, such as changes during the period in receivables and payables?	_____	_____	_____
(2) If the reconciliation is to net income rather than operating income, are the effects of all items whose cash effects were capital and related financing, noncapital financing, or investing cash flows removed? [GASB 9, par. 32 (GASB Cod. Sec. 2450.129)]	_____	_____	_____
4. Is a reconciliation of operating income (or net income if operating income is not separately identified on the operating statement) to net cash flow from operating activities provided regardless of whether the direct or indirect method of reporting net cash flow from operating activities is used? [GASB 9, par. 33 (GASB Cod. Sec. 2450.130)]	_____	_____	_____
5. Does the reconciliation separately report all major classes of reconciling items, at a minimum, changes during the period in receivables pertaining to operating activities, in inventory, and in payables pertaining to operating activities? [GASB 9, par. 33 (GASB Cod. Sec. 2450.130)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. If the direct method is used, is the reconciliation of operating income (or net income if operating income is not separately identified on the operating statement) to net cash flow from operating activities provided in a separate schedule? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____
7. If the indirect method is used, is the reconciliation reported within the operating activities section of the statement of cash flows or provided in a separate schedule? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____
8. If the reconciliation is presented within the operating activities section of the statement of cash flows, are all the adjustments to operating income (or net income if operating income is not separately identified on the operating statement) to determine cash flow from operating activities clearly identified as reconciling items? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____
9. Is only one method (direct or indirect) used in the combined statement of cash flows? [GASB 9, par. 36 (GASB Cod. Sec. 2450.133)]	_____	_____	_____

E. Noncash Investing, Capital, and Financing Activities

1. Is information about all investing, capital, and financing activities of a governmental enterprise during a period that affected recognized assets or liabilities but did not result in cash receipts or cash payments for the period reported? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____
2. Is the information presented in a separate schedule (narrative or tabular)? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____
3. Does it clearly describe the cash and noncash aspects of transactions involving similar items? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____

Appendix A: GASB 20—Proprietary Activities and Post-November 30, 1989 FASB and AICPA Pronouncements

GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides guidance on the applicability of FASB pronouncements to those funds and entities—called “proprietary activities.” It provides that all proprietary activities should apply FASB pronouncements issued on or before November 30, 1989, provided that they do not conflict with or contradict GASB pronouncements. GASB 20, paragraph 7, also provides that proprietary activities may elect to apply *all* FASB pronouncements issued after November 30, 1989, *except for* those that conflict with or contradict GASB pronouncements. The following chart lists FASB pronouncements issued between December 1989 and June 2001 and indicates their applicability to proprietary activities that apply paragraph 7 of GASB 20. This chart is adapted from the nonauthoritative chart that is available on the GASB Web site at www.gasb.org, which is periodically updated for new FASB pronouncements. Check the GASB Web site for information about the applicability of FASB pronouncements issued after May 2001 as well as for any changes to the following guidance.

Applicability of FASB Pronouncements under GASB 20, paragraph 7

FASB Statements	Apply?
SFAS 103, <i>Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96</i>	Not applicable to governments.
SFAS 104, <i>Statement of Cash Flows—Net Reporting of Certain Cash Receipts and Cash Payments and Classification of Cash Flows From Hedging Transactions</i>	Yes—See par. 74 of GASB 9.
SFAS 105, <i>Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk</i>	No—Superseded by SFAS 133.
SFAS 106, <i>Employers’ Accounting for Postretirement Benefits Other Than Pensions</i>	Optional based on GASB 12. Entities may apply the provisions of GASB 27.
SFAS 107, <i>Disclosures About Fair Value of Financial Instruments</i>	Yes. However, many investments would be reported at fair value based on GASB 31.
SFAS 108, <i>Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96, and SFAS 109, Accounting for Income Taxes</i>	Not applicable to governments.
SFAS 110, <i>Reporting by Defined Benefit Pension Plans of Investment Contracts</i>	No—Apply GASB 25.
SFAS 111, <i>Rescission of FASB Statement No. 32 and Technical Corrections</i>	Yes
SFAS 112, <i>Employers’ Accounting for Postemployment Benefits</i>	Optional based on GASB 12.
SFAS 113, <i>Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts</i>	No—Apply GASB 10.
SFAS 114, <i>Accounting by Creditors for Impairment of a Loan</i>	Yes
SFAS 115, <i>Accounting for Certain Investments in Debt and Equity Securities</i>	No—Apply GASB 31.
SFAS 116, <i>Accounting for Contributions Received and Contributions Made</i>	No ²⁴
SFAS 117, <i>Financial Statements of Not-for-Profit Organizations</i>	No ²⁵
SFAS 118, <i>Accounting for Creditors for Impairment of a Loan—Income Recognition and Disclosures</i>	Yes
SFAS 119, <i>Disclosures About Derivative Financial Instruments and Fair Value of Financial Instruments</i>	No—Superseded by SFAS 133.
SFAS 120, <i>Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts</i>	Yes
SFAS 121, <i>Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of</i>	Yes
SFAS 122, <i>Accounting for Mortgage Servicing Rights</i>	No—Superseded by SFAS 125.

²⁴ GASB 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*, provides that proprietary activities should apply only those FASB Statements and Interpretations issued after November 30, 1989, that are developed for business enterprises. They should not apply FASB Statements and Interpretations whose provisions are limited to not-for-profit organizations, such as SFAS 117 and SFAS 124, or address issues concerning primarily such organizations, such as SFAS 116.

²⁵ See footnote 24.

FASB Statements	Apply?
SFAS 123, <i>Accounting for Stock-Based Compensation</i>	Not applicable to governments.
SFAS 124, <i>Accounting for Certain Investments Held by Not-for-Profit Organizations</i>	No ²⁶
SFAS 125, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>	No—Superseded by SFAS 140.
SFAS 126, <i>Exemption From Certain Required Disclosures About Financial Instruments for Certain Nonpublic Entities (An Amendment of FASB Statement No. 107)</i>	Decision on whether to discontinue application of SFAS 107 should be based on the prevalent practice in the reporting entity's industry (such as healthcare, power utility, and so forth).
SFAS 127, <i>Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125</i>	No—Superseded by SFAS 140.
SFAS 128, <i>Earnings per Share</i>	Not applicable to government.
SFAS 129, <i>Disclosure of Information About Capital Structure</i>	Yes—Par. 4 applies to debt issued by all entities.
SFAS 130, <i>Reporting Comprehensive Income</i>	Gains and losses recognized in other comprehensive income are limited to foreign currency translation adjustments (SFAS 130, par. 17 and SFAS 52, par. 18) and certain cash flow hedge gains and losses (SFAS 133, pars. 18c and 30).
SFAS 131, <i>Financial Reporting for Segments of a Business Enterprise</i>	No—NCGAI 2 establishes segment reporting requirements for governments.
SFAS 132, <i>Employers' Disclosures About Pensions and Other Postretirement Benefits</i>	Yes—But only for provisions that amend disclosures required by SFAS 106, which is optional for entities that adopt par. 7 of GASB 20. (See above.) Disclosures related to SFAS 87 and 88 do not apply.
SFAS 133, <i>Accounting for Derivative Instruments and Hedging Activities</i>	In Part—The for-profit guidance of SFAS 133 applies to the extent it does not conflict with GASB pronouncements such as GASB 31 (see the SFAS 130 discussion for guidance on reporting other comprehensive income).
SFAS 134, <i>Accounting for Mortgage-Backed Securities Retained After the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise</i>	No—Relates to classifications of securities under SFAS 115. See SFAS 115 above.
SFAS 135, <i>Rescission of FASB Statement No. 75 and Technical Corrections</i>	Yes—To the extent that it corrects currently applicable FASB pronouncements, including those issued after November 30, 1989, and amends SFAS 35 and rescinds SFAS 75.

(continued)

²⁶ See footnote 24.

FASB Statements	Apply?
SFAS 136, <i>Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others</i>	No ²⁷
SFAS 137, <i>Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133</i>	Yes—See SFAS 133 above.
SFAS 138, <i>Accounting for Certain Derivative Instruments and Certain Hedging Activities</i>	Yes—See SFAS 133 above.
SFAS 139, <i>Rescission of FASB Statement No. 53 and Amendments to FASB Statements No. 63, 89, and 121</i>	Yes
SFAS 140, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>	In Part—Portions pertaining to reverse repurchase agreements, securities lending transactions, measurement of investments, and extinguishments of debt should not be applied. See GASB 3, 7, 23, 28, and 31.
SFAS 141, <i>Business Combinations</i>	No
SFAS 142, <i>Goodwill and Other Intangible Assets</i>	No
SFAS 143, <i>Accounting for Asset Retirement Obligations</i>	In Part—Does not apply to municipal solid waste closure and post-closure care costs. See GASB 18.

FASB Interpretations	Apply?
FASBI 39, <i>Offsetting of Amounts Related to Certain Contracts</i>	Yes ²⁸
FASBI 40, <i>Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises</i>	Yes—However, the GASB is aware of only one governmental entity that is a mutual life insurance entity.
FASBI 41, <i>Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements</i>	No—Provisions of GASB 3, par. 81, apply.
FASBI 42, <i>Accounting for Transfers of Assets In Which a Not-for-Profit Organization is Granted Variance Power</i>	No ²⁹
FASBI 43, <i>Real Estate Sales</i>	Yes
FASBI 44, <i>Accounting for Certain Transactions Involving Stock Compensation</i>	Not applicable to government.

²⁷ See footnote 24.

²⁸ This Interpretation does not apply to reinsurance transactions of public entity risk pools, however, which are addressed in GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

²⁹ See footnote 24.

FASB Technical Bulletins ³⁰	Apply?
FTB 94-1, <i>Application of Statement 115 to Debt Securities Restructured in a Troubled Debt Restructuring</i>	No—See SFAS 115.
FTB 97-1, <i>Accounting Under Statement 123 for Certain Employee Stock Purchase Plans With a Look-Back Option</i>	No—See SFAS 123.

Applicability of AICPA Pronouncements under GASB 20, paragraph 7

Paragraph 33 in the Basis for Conclusions of GASB 20 also provides that AICPA pronouncements issued after November 30, 1989, and not specifically made applicable to governmental entities should be applied using the same logic used in the application of FASB pronouncements. Many of the AICPA pronouncements issued after November 30, 1989, provide guidance on specialized industries. However, preparers should note these AICPA pronouncements in particular:

- Audit and Accounting Guide, *Audits of Credit Unions*
- Audit and Accounting Guide, *Audits of Savings Institutions*
- Statement of Position (SOP) 93-7, *Reporting on Advertising Costs*
- SOP 94-6, *Disclosure of Certain Risks and Uncertainties*
- SOP 96-1, *Environmental Remediation Liabilities*
- SOP 97-1, *Accounting by Participating Mortgage Loan Borrowers*
- SOP 97-3, *Accounting by Insurance and Other Enterprises for Insurance-Related Assessments*
- SOP 98-1, *Accounting for Computer Software Developed or Obtained for Internal Use*
- SOP 98-5, *Reporting on the Costs of Start-Up Activities*

The Audit and Accounting Guides, *Audits of Property and Liability Insurance Companies* and *Audits of Providers of Health Care Services*, and SOP 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising*, were cleared by the GASB and include governmental entities in their scope. For this reason, these Guides constitute level b guidance in the hierarchy of generally accepted accounting principles for all proprietary activities regardless of the provisions of GASB 20.

Appendix B: GASB 38 and GASB 40

GASB 38, *Certain Financial Statement Note Disclosures*, generally is effective at the same time as GASB 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, with early implementation encouraged. The disclosures in this appendix should be included in an entity’s notes to financial statements if GASB 38 is implemented before GASB 34 is implemented. In addition, GASB 38, par. 8,

³⁰ GASB and FASB Technical Bulletins are issued by the GASB and FASB staff. In the hierarchy of generally accepted accounting principles (GAAP), Technical Bulletins constitute level b GAAP guidance, after Statements and Interpretations. Technical Bulletins may be issued if a majority of the Board does not object to their issuance.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
rescinds the requirement in NCGA 1, par. 92, to disclose the accounting policy for encumbrances. Note that these disclosure requirements are not included in the Non-GASB 34 Edition of the GASB <i>Codification</i> .			
1. Does the summary of significant accounting policies disclose the length of time used to define <i>available</i> for purposes of revenue recognition in the governmental fund financial statements? [GASB 38, par. 7]	_____	_____	_____
2. Does the disclosure of significant violations of finance-related legal or contractual provisions identify actions taken to address such violations? [GASB 38, par. 9]	_____	_____	_____
3. Do the notes disclose the following details of debt service requirements to maturity:			
a. Principal and interest requirements to maturity, presented separately, for each of the five subsequent fiscal years and in five-year increments thereafter? (Interest requirements for variable-rate debt should be determined using the rate in effect at the financial statement date.)	_____	_____	_____
b. The terms by which interest rates change for variable-rate debt? [GASB 38, par. 10]	_____	_____	_____
4. Do the notes disclose the future minimum payments for each of the five subsequent fiscal years and in five-year increments thereafter for its obligations under capital and noncancelable operating leases? [GASB 38, par. 11]	_____	_____	_____
5. Do the notes disclose details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end, including the following:			
a. A schedule of changes in short-term debt, disclosing beginning- and end-of-year balances, increases, and decreases?	_____	_____	_____
b. The purpose for which the short-term debt was issued? [GASB 38, par. 12]	_____	_____	_____
6. Do the notes provide details about balances of receivables and payable when significant components of those accounts have been obscured by the aggregation of those accounts in the financial position statements? [GASB 38, par. 13]	_____	_____	_____
7. Do the notes disclose significant receivable balances not expected to be collected within one year of the date of the financial statements? [GASB 38, par. 13]	_____	_____	_____

GASB 40, *Deposit and Investment Risk Disclosures*, is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. The disclosures in this appendix should be included in an entity’s notes to the financial statements if GASB 40 is early implemented. In addition, GASB 40 rescinds or supersedes certain disclosure requirements of GASB 3, *Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB 28, *Accounting and Financial Reporting for Securities Lending Transactions*, as noted earlier in this checklist. Note that the disclosure requirements below are not included in the non-GASB 34 Edition of the GASB *Codification*.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>GASB 40, par. 5, changes the level of detail at which governments should make disclosures about deposit and investment risks by superseding GASB 3, par. 64. The guidance in GASB 40, par. 5, is written in terms of the reporting model required by GASB 34. That guidance should be applied within the context of the pre-GASB 34 financial reporting model, although GASB 40 does not give specific direction about how that should be done. This checklist recommends that the disclosures be made for the primary government, including its blended component units, with the risk disclosures also made for individual fund types when the risk exposures are significantly greater than the deposit and investment risks of the primary government.</p>			
1. Are the investment disclosures organized by investment type, unless otherwise required? [GASB 40, par. 4]	_____	_____	_____
2. Do the notes briefly describe the entity’s deposit and investment policies related to the risks that GASB 40 requires to be disclosed? [GASB 40, par. 6]	_____	_____	_____
3. Are the following disclosures made:			
a. The credit quality ratings of investments in debt securities (including investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed income securities) as described by rating agencies as of the financial statement date? (In general, obligations of the U.S. government and obligations explicitly guaranteed by the U.S. government do not require this disclosure. In addition, if a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.) [GASB 40, par. 7]	_____	_____	_____
b. If the entity has deposits as of the financial statement date that are exposed to custodial credit risk as defined by GASB 40, par. 8, the amount of the bank balances, the fact those balances are uninsured, and the basis on which the balances are exposed to custodial credit risk? [GASB 40, par. 8]	_____	_____	_____
c. If the entity has investment securities (including securities underlying repurchase agreements) as of the financial statement date that are exposed to custodial credit risk as defined by GASB 40, par. 9, the investments’ type, the reported amount, and how the securities are held? (Investments in external investment pools, investments in open-end mutual funds, and securities underlying reverse repurchase agreements do not require this disclosure.) [GASB 40, par. 9]	_____	_____	_____
d. Custodial credit risk for collateral and underlying securities for securities lending transactions as provided by GASB 40, par. 10? [GASB 40, par. 10]	_____	_____	_____
e. The amount and issuer when investments in any one issuer represents 5 percent or more of total investments based on the level of detail described in GASB 40, par. 5? (Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments do not require this disclosure.) [GASB 40, pars. 11–13]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
f. Information about the interest rate risk of debt investments using a disclosure method described in GASB 40, par. 15, with information about assumptions regarding cash flows, interest rate factors, and other factors that affect interest rate risk? [GASB 40, pars. 14 and 15]	_____	_____	_____
g. The terms of investments with fair values that are highly sensitive to changes in interest rates? [GASB 40, pars. 14 and 16]	_____	_____	_____
h. U.S. dollar balances of deposits and investments that are exposed to foreign currency risk, organized by currency denomination and, if applicable, investment type? [GASB 40, par. 17]	_____	_____	_____

FSP Section 13,400*

Auditors' Reports Checklist

.01 This checklist has been developed by the staff of the Accounting and Auditing Publications Team of the AICPA as a nonauthoritative practice aid. This checklist contains the basic requirements for reporting on an audit of the financial statements in accordance with GAAS report and not for all reports required to be issued in a GAS or single audit.

.02 Illustrative auditor's reports on financial statements are in the AICPA Audit and Accounting Guide *Audits of State and Local Governmental Units (Non-GASB 34 Edition)*, Appendix A.

.03 Explanation of References:

GASB =	Governmental Accounting Standards Board Statement
NCGA =	National Council on Governmental Accounting Statement
SAS =	AICPA Statements on Auditing Standards
AU =	Section number in AICPA <i>Professional Standards</i> (vol. 1)
GASB Cod. Sec. =	<i>Codification of Governmental Accounting and Financial Reporting Standards (Non-GASB 34 Edition)</i> , by the Governmental Accounting Standards Board (as of June 30, 2002)
AAG-SLG =	AICPA Audit and Accounting Guide <i>Audits of State and Local Governmental Units (Non-GASB 34 Edition)</i> (with conforming changes as of May 1, 2003)

.04 Checklist Questionnaire:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Does the auditors' report include the appropriate:			
a. Addressee? [SAS 58, par. 9 (AU 508.09)]	_____	_____	_____
b. Date (or dual dates) of the report? [SAS 1, sec. 530, par. 3, as amended (AU 530.05); SAS 58, pars. 8j and 28, as amended (AU 508.08j and .28)]	_____	_____	_____
c. A title that includes the word "independent"? [SAS 58, par. 8a (AU 508.08a)]	_____	_____	_____
2. If the auditor is not independent, is a disclaimer of opinion expressed? [SAS 26, par. 9 (AU 504.09)]	_____	_____	_____
3. Does the reporting language conform with the auditor's standard report on:			
a. Financial statements of a single year or period?	_____	_____	_____
b. Comparative financial statements? [SAS 58, par. 8, as amended (AU 508.08)]	_____	_____	_____

* As discussed in FSP section 13,000.01, this checklist does not incorporate the provisions of the AICPA Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, which addresses auditing and reporting on financial statements prepared in conformity with GASB 34, as amended and interpreted. Users applying that Guide should refer to the version of these checklists and illustrative financial statements that incorporates those provisions.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. An identification of the United States of America as the country of origin of the generally accepted auditing standards and generally accepted accounting principles referred to in the report? [SAS 58, par. 8, as amended (AU 508.08 <i>d</i> and <i>h</i>)]	_____	_____	_____
4. Does the report include appropriate language for the following situations:			
a. Only one basic financial statement is presented and there are no scope limitations? [SAS 58, pars. 33 and 34, as amended (AU 508.33 and .34)]	_____	_____	_____
b. Audited and unaudited financial statements are presented in comparative form? [SAS 26, pars. 15–17 (AU 504.15–.17)]	_____	_____	_____
c. The financial statements are presented on a comparative basis? [SAS 58, pars. 67 and 74, as amended (AU 508.67 and .74)]	_____	_____	_____
5. Does the auditor’s report precede the basic financial statements? [NCGA 1, pars. 136 and 166, as amended by GASB 14 (GASB Cod. Sec. 2200.104)]	_____	_____	_____
6. Does the report specifically identify in the introductory paragraph each financial statement audited? [SAS 58, par. 6 (AU 508.06)]	_____	_____	_____
7. If applicable, does the report indicate the division of responsibility between the principal and other auditors and the magnitude of the portion of the financial statements audited by other auditors? [SAS 58, pars. 12 and 13 (AU 508.12 and .13); SAS 1, sec. 543, pars. 3 and 7 (AU 543.03 and .07)]	_____	_____	_____
a. If reference is made to the other auditors, does disclosure of the magnitude of the financial statements audited by the other auditors include an identification of the fund types, account groups, or discretely presented component unit columns in which the amounts are included? [SAS 1, sec. 543, pars. 3 and 7 (AU 543.03 and .07); SAS 58, pars. 12 and 13 (AU 508.12 and .13); AAG-SLG, par. 3.09]	_____	_____	_____
8. Is explanatory language added to the standard auditor’s report if:			
a. The financial statements contain a departure from an accounting principle promulgated by bodies designated by the AICPA Council to establish such principles? [SAS 58, pars. 14 and 15 (AU 508.14 and .15)]	_____	_____	_____
b. The auditor concludes that there is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time, and is that conclusion expressed through the use of the phrase “substantial doubt about its (the entity’s) ability to continue as a going concern”? ¹ [SAS 59, pars. 12 and 13, as amended (AU 341.12 and .13)]	_____	_____	_____
c. There is a material change between periods in accounting principles or in the method of their application? [SAS 58, pars. 16–18, as amended (AU 508.16–.18)]	_____	_____	_____

¹ If the auditor concludes that the entity’s disclosures with respect to the entity’s ability to continue as a going concern for a reasonable period of time are inadequate, a departure from generally accepted accounting principles exists. This may result in either a qualified (except for) or an adverse opinion. Reporting guidance for such situations is provided in AU 508. [SAS 59, par. 14 (AU 341.14)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. In an updated report on comparative financial statements, the opinion on the prior period is different from the one previously expressed? [SAS 58, pars. 68 and 69, as amended (AU 508.68 and .69)]	_____	_____	_____
e. Supplementary information required by GAAP is omitted; the presentation of such information departs materially from GAAP guidelines; the auditor is unable to complete prescribed procedures with respect to such information; or the auditor is unable to remove substantial doubts about whether the supplementary information conforms to GAAP guidelines? [SAS 52, par. 8, as amended (AU 558.08)]	_____	_____	_____
f. Other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements? (See also Question 13.) [SAS 8, par. 4 (AU 550.04); SAS 29, par. 9 (AU 551.09)]	_____	_____	_____
g. A matter regarding the financial statements needs to be emphasized? [SAS 58, par. 19, as amended (AU 508.19); Interpretation 3 of SAS 1, sec. 410 (AU 9410.17 and .18); Interpretation 1 of SAS 57 (AU 9342.03)]	_____	_____	_____
h. The auditor uses the work of a specialist in performing an audit and the auditor decides to add an explanatory paragraph? [SAS 73, par. 16 (AU 336.16)]	_____	_____	_____
9. If the financial statements of a prior period are audited by a predecessor auditor whose report is not presented, does the successor auditor's report indicate in the introductory paragraph:			
a. The financial statements of the prior period are audited by another auditor?	_____	_____	_____
b. The date of the predecessor's report?	_____	_____	_____
c. The type of report issued by the predecessor auditor?	_____	_____	_____
d. If the report is other than a standard report, the substantive reasons therefor?	_____	_____	_____
e. If the prior year's financial statements are restated, a statement that a predecessor auditor reported on the financial statements of the prior period before restatement?	_____	_____	_____
(1) If a successor auditor applies sufficient procedures to satisfy himself or herself as to the appropriateness of the restatement adjustments, does he or she report on it in accordance with AU 508.74? [SAS 58, par. 74, as amended (AU 508.74)]	_____	_____	_____
10. Is a qualified opinion or disclaimer of opinion considered if scope limitations preclude application of one or more auditing procedures considered necessary in the circumstances? [SAS 31, par. 25, as amended (AU 326.25); SAS 58, pars. 22–34, as amended (AU 508.22–.34)]	_____	_____	_____

Note: Consult the AU Topical Index to the AICPA *Professional Standards*, under "Scope of Audit—Limitations" for additional references to specific types of scope limitations that could result in either a qualified or disclaimer of opinion.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. If a modified report is issued due to a scope limitation: ²			
<i>a.</i> Does the report include an explanatory paragraph that precedes the opinion paragraph and is the explanatory paragraph referred to in both the scope and opinion paragraphs? [SAS 58, par. 25, as amended (AU 508.25)]	_____	_____	_____
<i>b.</i> Does the opinion paragraph indicate that the qualification pertains to the possible effects on the financial statements and not to the scope limitation itself (for example, that the qualification is because the auditor is unable to reach a conclusion on one or more matters material to the financial statements, rather than because his or her procedures are restricted)? [SAS 58, par. 26, as amended (AU 508.26)]	_____	_____	_____
12. If the auditor is engaged to audit the combining and individual fund and account group financial statements in addition to a General Purpose Financial Statement (GPFS), does the auditor’s opinion address each presentation as a primary statement? [AAG-SLG, par. 18.43]	_____	_____	_____
13. If additional information, including statistical data or supplementary information required by GAAP, accompanies the GPFS either in an auditor-submitted document or in a client-prepared document for which the auditor is engaged or chooses to report on the information, does the report on the accompanying or supplementary information:			
<i>a.</i> State that the audit has been performed for the purpose of forming an opinion on the GPFS taken as a whole?	_____	_____	_____
<i>b.</i> Specifically identify the accompanying information?	_____	_____	_____
<i>c.</i> State that the accompanying information is presented for purposes of additional analysis and is not a required part of the GPFS?	_____	_____	_____
<i>d.</i> State whether the accompanying information has been subjected to the auditing procedures applied in the audit of the GPFS and make the appropriate expression of opinion or disclaimer?	_____	_____	_____
<i>e.</i> Consider the effect of any modifications in the report on the basic financial statements? [SAS 8, par. 7, as amended (AU 550.07); SAS 29, pars. 6–15, as amended (AU 551.06–.15); SAS 52, pars. 9 and 10 (AU 558.09 and .10); AAG-SLG, fn. * to par. 18.36 and pars. 18.37, 18.38, 18.42, and 18.43]	_____	_____	_____
14. Is a qualified opinion or adverse opinion expressed if the following circumstances are present:			
<i>a.</i> The financial statements contain a material departure from GAAP (including inadequate disclosure)? ³ [SAS 32, par. 3 (AU 431.03); SAS 58, pars. 35–57, as amended (AU 508.35–.57)]	_____	_____	_____

² This includes when the auditor is unable to obtain sufficient, evidential matter to support management’s assertions about the nature of a matter involving an uncertainty and its presentation or disclosure in the financial statements. [SAS 58, par. 31, as amended (AU 508.31)]

³ The auditor should express a qualified or an adverse opinion if the auditor concludes that (a) a matter involving a risk or an uncertainty is not adequately disclosed in conformity with GAAP, (b) the accounting principles used cause the financial statements to be materially misstated when the inability to make a reasonable estimate raises questions about the appropriateness of the accounting principles used, and (c) management’s estimate is unreasonable and that its effect is to cause the financial statements to be materially misstated. [SAS 58, pars. 46–49, as amended (AU 508.46–.49)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Essential data concerning an impending change in GAAP and the future resulting restatement are not disclosed? [Interpretation 3 of SAS 1, sec. 410 (AU 9410.15)]	_____	_____	_____
c. The auditor concludes that an illegal act has a material effect on the financial statements, and the act has not been properly accounted for or disclosed? [SAS 54, par. 18 (AU 317.18)]	_____	_____	_____
d. In a reaudit engagement, the auditor, as a successor auditor, is unable to obtain sufficient competent evidential matter to express an opinion on the financial statements? [SAS 84, par. 18 (AU 315.18)]	_____	_____	_____
e. The reporting entity includes some, but not all, component units in the reporting entity financial statements? [AAG-SLG, par. 18.45]	_____	_____	_____
f. Financial statements for funds, fund types, or account groups that should be included in the GPFS (such as the general fixed assets account group or an enterprise fund) are omitted?	_____	_____	_____
(1) Does the qualified or adverse auditor's report include an explanatory paragraph that describes the omitted fund, fund type, or account group?	_____	_____	_____
(2) Does the explanatory paragraph disclose the effects on the financial statements, if reasonably determinable? [AAG-SLG, par. 18.46]	_____	_____	_____

Note: Consult the AU Topical Index to the AICPA *Professional Standards*, under "Departures from Established Principles," "Adverse Opinions," and "Qualified Opinions" for additional references to specific types of GAAP departures that could result in either a qualified or adverse opinion.

15. If the auditor is engaged to audit financial statements of a primary government that omit the financial data of each component unit, does the auditors' report:			
a. Indicate that the financial statements are those of the primary government and not of the financial reporting entity?	_____	_____	_____
b. Define the term primary government?	_____	_____	_____
c. Give an appropriate opinion on the primary government financial statements?	_____	_____	_____
d. Opine that the primary government financial statements do not fairly present financial position and results of operations of the financial reporting entity in conformity with GAAP? [AAG-SLG, par. 18.44]	_____	_____	_____
16. If the auditor is engaged to audit financial statements of only a specified fund or group of funds that are not intended to fairly present financial position, results of operations, or changes in financial position of either the reporting entity or component unit in conformity with GAAP, does the auditor's report include a paragraph stating that the financial statements are not intended to present financial position and results of operations of the reporting entity or component unit? [AAG-SLG, par. 18.47]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
17. If the auditor is engaged to audit financial statements that include an unaudited component unit, has the auditor considered a qualification or disclaimer of opinion, depending on the materiality of the unaudited component unit to the governmental unit’s financial statements? [AAG-SLG, par. 18.48]	_____	_____	_____
18. If the auditor is engaged to audit financial statements of a department or agency that constitutes less than a fund, does the auditor’s report include a paragraph that indicates that the statements present information for only a portion of the financial reporting entity? [AAG-SLG, par. 18.49]	_____	_____	_____
19. In the situation of a joint audit, for example, with a minority or smaller CPA firm, is the report on the audit signed by the principal auditor if the principle auditor has been able to satisfy himself/herself as to the performance of the other auditor as provided in SAS 1, section 543? [AAG-SLG, pars. 18.54 and 18.55; SAS 1, sec. 543, par. 4 (AU 543.04)]	_____	_____	_____
20. If a qualified opinion, adverse opinion, or disclaimer of opinion is expressed, are all the substantive reasons for the qualification or disclaimer disclosed and is the reporting language appropriately modified? [SAS 58, pars. 21, 59, 61, and 62, as amended (AU 508.21, .59, .61, and .62)]	_____	_____	_____

Note: Consult the AU Topical Index to the AICPA *Professional Standards*, under “Departures from Standard Report” for additional references to specific auditor’s report modifications.

21. Is the reporting form and content of SAS 60, paragraphs 9–19, followed when communicating internal control-related matters noted in an audit? ⁴ [SAS 60, pars. 9–19, as amended (AU 325.09–.19)]	_____	_____	_____
22. If during a GAAS audit of the financial statements the auditor becomes aware that the entity is subject to an audit requirement not encompassed in the terms of the engagement, did the auditor consider the client’s actions in response to such communication including the potential effect on the financial statements and auditor’s report? [SAS 74, pars. 22 and 23 (AU 801.22 and .23)]	_____	_____	_____
23. Is the reporting form and content of SAS 61, as amended, followed when communicating certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process? [SAS 61, pars. 3 and 6–16, as amended (AU 380.03 and .06–.16)]	_____	_____	_____
24. If the auditor has determined that there is evidence that fraud may exist, has the auditor complied with the reporting requirements of SAS 99, paragraphs 79–82? [SAS 99, pars. 79–82 (AU 316.79–.82)]	_____	_____	_____

⁴ Reportable conditions in internal control must be communicated, preferably in writing, to the audit committee or to individuals with a level of authority and responsibility equivalent to an audit committee in organizations that do not have one. The auditor may also identify matters that, in his judgment, are not reportable conditions; however, the auditor may choose to communicate such matters for the benefit of management (and other recipients, as appropriate). [SAS 60, pars. 1–3 and 9 (AU 325.01–.03 and .09)]

FSP Section 13,500

Auditors' Reports on Audits Performed Under Government Auditing Standards and OMB Circular A-133 Checklist

.01 This checklist has been developed by the staff of the Accounting and Auditing Publications Team of the AICPA as a nonauthoritative practice aid.

.02 This checklist has two parts: Part I is for auditors' reports on financial audits performed under *Government Auditing Standards* (GAS, which is also known as the *Yellow Book*). (This checklist does not address the performance auditing standards of GAS.) Part II contains the additional requirements for auditors' reports on audits performed under the Single Audit Act Amendments of 1996 in accordance with OMB Circular A-133. For audits performed under Circular A-133, both Parts I and II of this checklist must be completed. Illustrative auditor's reports on financial audits performed under *Government Auditing Standards* are in the AICPA Audit and Accounting Guide *Audits of State and Local Governmental Units* (Non-GASB 34 Edition), Appendix A. Illustrative auditor's reports and an illustrative schedule of findings and questioned costs for OMB Circular A-133 audits are in the AICPA Audit Guide, *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*, Appendixes D and E.

.03 Explanation of References:

A-133 =	Office of Management and Budget (OMB) Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> (June 1997 Revision)
GAS =	General Accounting Office 1994 revision to <i>Government Auditing Standards</i> , as amended through Amendment No. 3, <i>Independence</i> *
SAS =	AICPA Statement on Auditing Standards
AU =	Reference to section number in AICPA <i>Professional Standards</i> (vol. 1)
AAG-SLG =	AICPA Audit and Accounting Guide <i>Audits of State and Local Governmental Units</i> (Non-GASB 34 Edition) (with conforming changes as of May 1, 2003)
AAG-SLA =	AICPA Audit Guide <i>Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards</i> (with conforming changes as of May 1, 2003)

.04 Checklist Questionnaire:

Yes No N/A

Part I—Reports on Audits Performed in Accordance with *Government Auditing Standards*

1. In a financial audit performed in accordance with GAS, are the following reports issued:

* In June 2003, the General Accounting Office (GAO) issued a comprehensive revision to *Government Auditing Standards*. The 2003 revision supersedes the 1994 revision, including its amendments. (Note that the content of the amendments are incorporated into the revision.) The 2003 revision to *Government Auditing Standards* is effective for financial audits of periods ending on or after January 1, 2004. This version of these checklists and illustrative financial statements has not been updated for the 2003 revision to *Government Auditing Standards*.

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| a. A report on the entity’s financial statements? ¹ | _____ | _____ | _____ |
| b. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with GAS?
[GAS, Ch. 5, pars. 2 and 15; AAG-SLA, par. 10.15] | _____ | _____ | _____ |

Report on the Financial Statements

- | | | | |
|---|-------|-------|-------|
| 2. Does the auditor’s report on the financial statements: | | | |
| a. Contain a statement that the audit was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards) and with the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States? ^{2,*}
[GAS, Ch. 5, par. 11; AAG-SLA, pars. 10.16a and 10.35] | _____ | _____ | _____ |
| b. Either describe the scope of the auditors’ testing of compliance with laws and regulations and internal controls and present the results of these tests or refer to separate reports containing that information?
[GAS, Ch. 5, par. 15; AAG-SLA, pars. 10.16b and 10.35] | _____ | _____ | _____ |
| 3. If a material component unit or fund of the reporting entity is not required to have a GAS audit, has the scope paragraph of the report on the financial statements been modified to indicate the portion of the reporting entity that was not audited in accordance with GAS?
[AAG-SLA, par. 10.32] | _____ | _____ | _____ |

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With GAS

- | | | | |
|---|-------|-------|-------|
| 4. Does the report on compliance and on internal control over financial reporting conform to the standard reports illustrated in Examples 2 and 2a in AAG-SLA?
[AAG-SLA, App. D] | _____ | _____ | _____ |
| 5. Does the report contain the following elements: | | | |
| a. A statement that the auditor has audited the financial statements of the auditee and a reference to the auditor’s report on the financial statements, including a description of any departure from the standard report (for example, a qualified opinion, a modification as to consistency because of a change in accounting principle, or a reference to the report of other auditors)?
[AAG-SLA, par. 10.39 and App. D, Ex. 2, fn. 23] | _____ | _____ | _____ |
| b. A statement that the audit was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards) and with the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States? [*] | _____ | _____ | _____ |

¹ See the checklist for auditor’s reports on the financial statements at section 13,400.

² GAS must be referenced when the report on the financial statements is submitted to comply with a legal, regulatory, or contractual requirement for an audit in accordance with GAS.

^{*} *Government Auditing Standards* Amendment No. 3, *Independence*, par. 3.13, states that when personal, external, or organizational independence is impaired, a government auditor who cannot decline to perform the work because of a legislative requirement or other reasons should report the impairment in the scope section of the auditor’s report. Amendment No. 3, as affected by *Government Auditing Standards: Answers to Independence Questions*, applies to all audits of financial statements performed in accordance with GAS for periods beginning on or after January 1, 2003. GAO encourages early implementation of the provisions of the amendment.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A statement that as part of obtaining reasonable assurance about whether the auditee's financial statements are free of material misstatement, the auditor performed tests of the auditee's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts?	_____	_____	_____
d. A statement that providing an opinion on compliance with those provisions was not an objective of the audit and that, accordingly, the auditor does not express such an opinion?	_____	_____	_____
e. A statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under GAS and, if they are, describes the instances of noncompliance or refers to the schedule of findings and questioned costs in which they are described? ³	_____	_____	_____
f. If applicable, a statement that certain immaterial instances of noncompliance were communicated to management in a separate letter?	_____	_____	_____
g. A statement that in planning and performing the audit, the auditor considered the auditee's internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting?	_____	_____	_____
h. If applicable, a statement that reportable conditions were noted and the definition of a reportable condition?	_____	_____	_____
i. If no reportable conditions are noted, a statement that the auditor's consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses; if reportable conditions are noted, a statement that the auditor's consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses?	_____	_____	_____
j. If applicable, a description of reportable conditions noted or a reference to the schedule of findings and questioned costs in which the reportable conditions are described? ⁴	_____	_____	_____
k. The definition of a material weakness?	_____	_____	_____
l. If applicable, a statement about whether the auditor believes any of the reportable conditions noted are material weaknesses, and, if they are, describes the material weaknesses noted or refers to the schedule of findings and questioned costs in which they are described? ⁵ (If there are no reportable conditions, a statement should be made that no material weaknesses were noted.)	_____	_____	_____

³ For an audit that is not subject to Circular A-133 (that is, in accordance with GAS only), any reportable instances of noncompliance, reportable conditions, and material weaknesses can either be described in the body of the report or the report can refer to a separate schedule that summarizes the findings noted. This statement should be modified accordingly. For an audit in accordance with Circular A-133, all findings, including those required to be reported under GAS, must be included in the schedule of findings and questioned costs. [AAG-SLA, par. 10.39e, fn. 22]

⁴ See footnote 3.

⁵ See footnote 3.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>m.</i> If applicable, a statement that other matters involving the internal control over financial reporting were communicated to management in a separate letter?	_____	_____	_____
<i>n.</i> A separate paragraph at the end of the report stating that the report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies, and (if applicable) pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. ^{6,7}	_____	_____	_____
<i>o.</i> The manual or printed signature of the auditor’s firm?	_____	_____	_____
<i>p.</i> The date of the auditor’s report? [AAG-SLA, par. 10.39]	_____	_____	_____
6. If a material component unit or fund of the reporting entity is not required to have a GAS audit, has the scope paragraph of the report on compliance and on internal control over financial reporting been modified to indicate the portion of the reporting entity that was not audited in accordance with GAS? [AAG-SLA, par. 10.33]	_____	_____	_____
7. Do the reported instances of noncompliance include all instances of fraud and illegal acts (unless clearly inconsequential) and other non-compliance that is material to the financial statements? [GAS, Ch. 5, par. 18; AAG-SLA, par. 10.21]	_____	_____	_____
8. If the report contains material instances of noncompliance or fraud and illegal acts that are not clearly inconsequential, is the effect of such instances on the auditor’s report on the financial statements considered? [AAG-SLG, pars. 5.39–5.41]	_____	_____	_____
9. Do the findings presented in or referred to from the report include all essential elements, including information to place the finding in proper perspective, condition, cause, criteria, effect, and the views of responsible officials? [GAS, Ch. 5, par. 19 and fn. 5; AAG-SLA, pars. 10.58–10.61]	_____	_____	_____
10. Does the report disclose the status of uncorrected material findings and recommendations from prior audits that affect the current financial statement audit? [GAS, Ch. 4, par. 10; AAG-SLA, par. 10.62]	_____	_____	_____
11. Does the report carry the same date as the report on the financial statements? [AAG-SLA, par. 10.50]	_____	_____	_____
Other Matters			
12. Are instances of fraud and illegal acts communicated directly to outside parties if such reporting is required by law or regulation or involves financial assistance received directly or indirectly from a government agency? [GAS, Ch. 5, pars. 21–25; AAG-SLA, pars. 10.23–10.25]	_____	_____	_____

⁶ For an audit that is not subject to Circular A-133 (that is, in accordance with GAS only), the reference to federal awarding agencies and pass-through entities should be deleted. [AAG-SLA, par. 10.39n, fn. 27]

⁷ This paragraph conforms to SAS 87, *Restricting the Use of an Auditor’s Report* (AU 532). See SAS 87 for additional guidance on restricted-use reports.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
13. If the audit disclosed immaterial instances of noncompliance or deficiencies in internal control were not considered reportable conditions (referred to as "nonreportable conditions"), are those matters communicated to the entity in writing or orally, and included in the audit documentation? [GAS, Ch. 5, pars. 20 and 28; AAG-SLA, pars. 10.22 and 10.29]	_____	_____	_____
14. Has the auditor communicated the following information—in writing or orally, and included in the audit documentation—to the organization or entity being audited (the auditee), the individuals contracting for or requesting audit services, and the audit committee during the planning stages of an audit:			
<i>a.</i> The auditor's responsibilities in a financial statement audit, including his or her responsibilities for testing and reporting on compliance with laws and regulations and internal control over financial reporting?	_____	_____	_____
<i>b.</i> The nature of any additional testing of compliance and internal control required by laws and regulations or otherwise requested, and whether the auditor is planning or providing an opinion with laws and regulations and internal control over financial reporting?	_____	_____	_____
<i>c.</i> A contrasting of the information in Questions <i>a</i> and <i>b</i> above with other financial related audits of compliance and controls? [GAS, Ch. 4, pars. 4.6.3–4.6.7; AAG-SLA, pars. 3.18 and 3.19]	_____	_____	_____

Part II—Reports on Audits Performed Under OMB Circular A-133

1. If the entity is subject to the requirements of Circular A-133, are the following reports (in addition to those in Part I of this checklist) issued:			
<i>a.</i> A report on the supplementary schedule of federal financial assistance?	_____	_____	_____
<i>b.</i> A report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133?	_____	_____	_____
<i>c.</i> A schedule of findings and questioned costs? [AAG-SLA, par. 10.08]	_____	_____	_____

Report on the Supplementary Schedule of Expenditures of Federal Awards ("Schedule")

2. Is the report on the Schedule (<i>a</i>) included in the auditors' report on the financial statements, (<i>b</i>) included in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133, or (<i>c</i>) issued as a stand-alone report? [AAG-SLA, pars. 10.36, 10.47, and 10.52]	_____	_____	_____
3. If the report on the financial statements refers to the work of other auditors, has the auditor considered the need to refer to the major federal programs audited by other auditors in the report on the Schedule? [AAG-SLA, par. 3.51]	_____	_____	_____
4. If the report on the Schedule is issued as a stand-alone report, is the guidance of SAS 58 (AU 508) followed in issuing that report? [AAG-SLA, par. 10.52]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. If the report on the Schedule is included in the auditors' report on the financial statements or in the report on compliance and on internal control over compliance, does it:			
a. Conform to the standard reports illustrated in Example 1a, Example 3 (footnote 43), or Example 3a (footnote 48) of AAG-SLA? [AAG-SLA, pars. 10.36 and 10.37 and App. D]	_____	_____	_____
b. Contain a statement that the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements?	_____	_____	_____
c. Contain an opinion on whether the Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole? [AAG-SLA, par. 10.35]	_____	_____	_____
d. Carry the same date as the report on the financial statements, even if that requires a dual date on the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133? [AAG-SLA, pars. 10.50 and 10.52]	_____	_____	_____

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With Circular A-133

6. Does the report conform to the standard reports illustrated in Examples 3–5 of AAG-SLA? [AAG-SLA, App. D]	_____	_____	_____
7. Does the report contain the following elements:			
a. A statement that the auditor has audited the compliance of the auditee with the types of compliance requirements described in the <i>OMB Circular A-133 Compliance Supplement</i> that are applicable to each of its major programs?	_____	_____	_____
b. A statement that the auditee's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs?	_____	_____	_____
c. A statement that compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the auditee's major federal programs is the responsibility of the auditee's management, and that the auditor's responsibility is to express an opinion on the auditee's compliance based on the audit?	_____	_____	_____
d. A statement that the audit of compliance was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards), the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, and A-133?	_____	_____	_____
e. A statement that those standards and A-133 require that the auditor plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
f. A statement that an audit includes the examining, on a test basis, evidence about the auditee's compliance with those requirements and performing such other procedures as the auditor considered necessary in the circumstances?	_____	_____	_____
g. A statement that the auditor believes that the audit provides a reasonable basis for the auditor's opinion?	_____	_____	_____
h. A statement that the audit does not provide a legal determination on the auditee's compliance with those requirements?	_____	_____	_____
i. If instances of noncompliance are noted that result in an opinion modification, a reference to a description in the accompanying schedule of findings and questioned costs, including:			
(1) The reference number(s) of the finding(s)?	_____	_____	_____
(2) An identification of the type(s) of compliance requirements and related major program(s)?	_____	_____	_____
(3) A statement that compliance with such requirements is necessary, in the auditor's opinion, for the auditee to comply with requirements applicable to the program(s)?	_____	_____	_____
j. An opinion on whether the auditee complied, in all material respects, with the types of compliance requirements that are applicable to each of its major federal programs?	_____	_____	_____
k. If applicable, a statement that the results of the auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with A-133 and a reference to the schedule of findings and questioned costs in which they are described?	_____	_____	_____
l. A statement that the auditee's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs?	_____	_____	_____
m. A statement that in planning and performing the audit, the auditor considered the auditee's internal control over compliance with requirements that could have a direct and material effect on a major federal program, to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with A-133?	_____	_____	_____
n. If applicable, a statement that reportable conditions were noted and the definition of a reportable condition?	_____	_____	_____
o. If applicable, a reference to a description of reportable conditions noted in the accompanying schedule of findings and questioned costs, including the reference number of the finding(s)?	_____	_____	_____
p. If no reportable conditions are noted, a statement that the auditor's consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses; if reportable conditions are noted, a statement that the auditor's consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
q. The definition of a material weakness?	_____	_____	_____
r. If applicable, a statement about whether the auditor believes any of the reportable conditions noted are material weaknesses and, if they are, a reference to a description of the material weaknesses in the schedule of findings and questioned costs, including the reference number of the finding(s). If there are no reportable conditions, a statement is made that no material weaknesses were noted?	_____	_____	_____
s. A separate paragraph at the end of the report stating that the report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies, and (if applicable) pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.*	_____	_____	_____
t. The manual or printed signature of the auditor’s firm?	_____	_____	_____
u. The date of the auditor’s report? [AAG-SLA, par. 10.46]	_____	_____	_____
8. If the audit of the entity’s compliance with requirements applicable to major programs detects material instances of noncompliance with those requirements, does the auditors’ report express a qualified or adverse opinion? [AAG-SLA, par. 10.42]	_____	_____	_____
9. Have scope limitations on the auditor’s testing of an auditee’s compliance with laws, regulations, and the provisions of contracts or grant agreements been considered in the opinion on compliance with requirements applicable to each major program? [AAG-SLA, pars. 10.43–10.45]	_____	_____	_____
10. Have the cumulative effects of all instances of noncompliance with federal programs and scope limitations been considered in the opinion on the financial statements? [AAG-SLA, pars. 10.42 and 10.43]	_____	_____	_____
11. Does the report <i>not</i> refer to a management letter with findings that are not required to be reported in the schedule of findings and questioned costs? [AAG-SLA, par. 10.48]	_____	_____	_____
12. Is the report dated the same as or later than the date of the auditors’ report on the financial statements?	_____	_____	_____
13. If the report is dated later than the date of the auditors’ reports on the financial statements, have appropriate subsequent events procedures been performed? [AAG-SLA, par. 10.51]	_____	_____	_____
14. If the audit of federal awards did not encompass the entirety of the auditee’s operations expending federal awards, are the operations that are not included identified in a separate paragraph following the first paragraph of the report? [AAG-SLA, par. 10.54]	_____	_____	_____

* This paragraph conforms to SAS 87, *Restricting the Use of an Auditor’s Report* (AU 532). See SAS 87 for additional guidance on restricted-use reports.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. If the report on the financial statements refers to the work of other auditors, has the auditor considered the need to refer to the major federal programs audited by other auditors in this report on compliance and on internal control over compliance? [AAG-SLA, par. 3.51]	_____	_____	_____

Schedule of Findings and Questioned Costs

16. Does the report conform to the standard report illustrated in Appendix E of AAG-SLA? [AAG-SLA, App. E]	_____	_____	_____
17. Is the report presented even if there are no findings to report? [AAG-SLA, par. 10.66]	_____	_____	_____
18. Does the report contain the following three sections:			
<i>a.</i> A summary of the auditor's results?	_____	_____	_____
<i>b.</i> Findings related to the financial statements that are required to be reported in accordance with GAS?	_____	_____	_____
<i>c.</i> Findings and questioned costs for federal awards? [AAG-SLA, par. 10.55]	_____	_____	_____
19. Does the summary of auditor's result include:			
<i>a.</i> The type of report the auditor issued on the financial statements (that is, unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion)?	_____	_____	_____
<i>b.</i> Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses?	_____	_____	_____
<i>c.</i> A statement on whether the audit disclosed any noncompliance that is material to the financial statements?	_____	_____	_____
<i>d.</i> Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses relative to internal control over major programs?	_____	_____	_____
<i>e.</i> The type of report the auditor issued on compliance for major programs (that is, unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion)?	_____	_____	_____
<i>f.</i> A statement as to whether the audit disclosed any audit findings that the auditor is required to report under A-133? (See Question 23 below.)	_____	_____	_____
<i>g.</i> An identification of major programs?	_____	_____	_____
<i>h.</i> The dollar threshold used to distinguish between Type A and Type B programs?	_____	_____	_____
<i>i.</i> A statement as to whether the auditee qualified as a low-risk auditee? [AAG-SLA, par. 10.56 <i>a</i>]	_____	_____	_____
20. Are audit findings that relate to the same issue presented as a single audit finding?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
21. If audit findings relate to both the financial statements and the federal awards, are they reported in both sections of the schedule (one in summary form with a reference to the detailed finding in the other section)? [AAG-SLA, par. 10.56c]	_____	_____	_____
22. Are the following reported as audit findings related to federal awards: including:			
a. Reportable conditions and material weaknesses in internal control over major programs?	_____	_____	_____
b. Material noncompliance relating to a major program?	_____	_____	_____
c. Known and likely questioned costs that are greater than \$10,000 for a type of compliance requirement for a major program?	_____	_____	_____
d. Known questioned costs that are greater than \$10,000 for a federal program that is not audited as a major program?	_____	_____	_____
e. The circumstances concerning why the report on compliance for major programs is other than an unqualified opinion?	_____	_____	_____
f. Known fraud affecting a federal award? (An audit finding is not required if the fraud was reported outside the entity as required by GAS.)	_____	_____	_____
g. Instances of material misrepresentation by the auditee of the status of any prior audit findings? [AAG-SLA, par. 10.63]	_____	_____	_____
23. Does the audit finding detail include, as applicable:			
a. A reference number?	_____	_____	_____
b. Identification of the federal program and award, including CFDA title and number, federal award number and year, name of federal agency, and name of pass-through entity? ⁸	_____	_____	_____
c. The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or other citation?	_____	_____	_____
d. The condition found, including facts that support the deficiency identified?	_____	_____	_____
e. Identification of questioned costs and how they were computed?	_____	_____	_____
f. Information to put the finding in proper perspective for judging the prevalence and consequences of audit findings? ⁹	_____	_____	_____
g. The possible asserted effect of the condition?	_____	_____	_____
h. Recommendations to prevent future occurrence of the deficiency?	_____	_____	_____
i. Views of responsible officials of the auditee when there is disagreement with the audit finding, to the extent practical? ¹⁰	_____	_____	_____
j. If the auditor disagrees with the auditees position concerning a finding, a statement of his or her reasons for rejecting it? [AAG-SLA, pars. 10.64 and 10.65]	_____	_____	_____

⁸ When information such as the CFDA title and number or federal award number is not available, the auditor should provide the best information available to describe the federal award. [AAG-SLA, par. 10.64a]

⁹ Where appropriate the instances identified should be related to the universe and the number of cases examined and be quantified in terms of the dollar value. [AAG-SLA, par. 10.64e]

¹⁰ If the auditee’s corrective action plan is available and contains the views of the responsible officials, the auditor can indicate in the finding that the auditee disagreed with the finding and refer to the details of the auditee’s position in the plan. [AAG-SLA, par. 10.64h]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Data Collection Form¹¹			
24. Has the auditor completed the appropriate parts of the data collection form?	_____	_____	_____
25. Has the auditor signed the form and dated it as of the date on which he or she completes and signs the form? [AAG-SLA, par. 10.72]	_____	_____	_____
26. Does the information on the data collection form agree to the information in the auditor's reports and the summary of auditor's results in the schedule of findings and questioned costs? [Federal Audit Clearinghouse, Data Collection Form, No. SF-SAC]	_____	_____	_____
Program-Specific Audits			
27. In a program-specific audit performed in accordance with A-133, are the following reports issued: ¹²			
<i>a.</i> A report on the financial statement(s) of the federal program?	_____	_____	_____
<i>b.</i> A report on compliance with requirements applicable to the federal program and on the internal control over compliance in accordance with the program-specific audit option under Circular A-133?	_____	_____	_____
<i>c.</i> A schedule of findings and questions costs for the federal program? [AAG-SLA, pars. 11.08 and 11.09]	_____	_____	_____
28. Do the reports on the financial statements and on compliance and on internal control over compliance for a program-specific audit conform to the standard reports illustrated in Examples 6 and 6a in AAG-SLA? [AAG-SLA, par. 11.10 and App. D]	_____	_____	_____

¹¹ The Federal Audit Clearinghouse accepts on-line submissions of all data collection forms at <http://harvester.census.gov/sac>. The data collection form and related instructions can be obtained from the Clearinghouse's Web site or by calling (888) 222-9907.

¹² If the financial statement(s) of the program only present the activity of the federal program, the auditor is not required to issue a separate report to meet the financial reporting requirements of GAS. This is because, in many cases, by definition the financial statements of the program consist only of the schedule of expenditures of federal awards. See the further discussion in paragraph 11.10 of AAG-SLA.

FSP Section 13,600*

Illustrative Financial Statements

.01 The following illustrative financial statements, including notes to the financial statements, do not address all possible financial statement presentation and disclosure issues. Many of these financial statements have been adapted from financial statements presented in the *Codification of Governmental Accounting and Financial Reporting (Non-GASB 34 Edition)*, as of June 30, 2002.

.02 According to the *Codification* (primarily GASB Cod. Sec. 2200.138), the following items are necessary for a government's general purpose financial statements (GPFS) to be presented fairly in conformity with generally accepted accounting principles (GAAP). In addition, GASB Cod. Sec. 2200.132 states that required supplementary information should be presented with, but is not part of, the GPFS of a governmental entity.

- Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units
- Combined Statement of Revenues, Expenditures, and Changes in Fund Equity—All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types (and similar governmental fund types for which annual budgets have been legally adopted)
- Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
- Combined Statement of Cash Flows—All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units
- Notes to the financial statements

.03 In addition, GAAP require certain pension plan financial statements. GAAP also permit component unit financial statements to be presented in the GPFS in lieu of certain note disclosures. Such component unit financial statements are illustrated in the following GPFS.

.04 If a government presents a Comprehensive Annual Financial Report (CAFR), additional individual fund and combining financial statements are required. The illustrative financial statements that follow the note disclosures include some such statements, but they are not a complete presentation of the financial statements required for a CAFR.

* As discussed in FSP section 13,000.01, these illustrative financial statements do not incorporate the provisions of GASB 34, as amended and interpreted. Users applying those GASB standards should refer to the version of these checklists and illustrative financial statements that incorporates those provisions. In addition, the notes to financial statements in this section do not illustrate the early implementation of GASB 38 before the entity implements GASB 34. See Appendix B to FSP section 13,300.

**Combined Balance Sheet—All Fund Types and Account Groups and Discretely Presented Component Units
December 31, 20X1**

	Governmental Fund Types							Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Component Units	Reporting Entity	Totals (Memorandum Only)					
													General	Primary Government				
Assets																		
Cash and cash equivalents	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XX,XXX	\$ XXX,XXX	\$ —	\$ —	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Cash with fiscal agent	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments	XX,XXX	XX,XXX	XX,XXX	—	—	—	X,XXX,XXX	—	—	—	—	—	—	—	—	—	—	—
Receivables (net of allowances for uncollectibles):																		
Taxes	XX,XXX	X,XXX	X,XXX	—	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—
Accounts	X,XXX	X,XXX	—	XXX	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Special assessments	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Notes	—	—	—	—	X,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans	—	—	—	—	—	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—
Accrued interest	XX	XX	X,XXX	—	—	—	X,XXX	—	—	—	—	—	—	—	—	—	—	—
Lease receivable from primary government	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Due from other funds	X,XXX	—	—	—	X,XXX	XX,XXX	XX,XXX	—	—	—	—	—	—	—	—	—	—	—
Due from component units	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Due from other governments	XX,XXX	XX,XXX	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advance to internal service fund	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Inventory of supplies, at cost	X,XXX	X,XXX	—	—	XX,XXX	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	X,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—

(continued)

Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 20X1

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long-Term Debt	Primary Government	Component Units	Reporting Entity		
														General	
Restricted assets:															
Cash and cash equivalents	—	—	—	—	XXX,XXX	—	—	—	—	—	XXX,XXX	—	—	XXX,XXX	XXX,XXX
Investments	—	—	—	—	XXX,XXX	—	—	—	—	—	XXX,XXX	—	—	XXX,XXX	XXX,XXX
Investment in joint venture	—	—	—	—	X,XXX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Land	—	—	—	—	XXX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Buildings	—	—	—	—	XXX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	—	—	—	—	(XX,XXX)	—	—	—	—	—	(XX,XXX)	—	—	(XX,XXX)	(X,XXX,XXX)
Improvements other than buildings	—	—	—	—	X,XXX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	—	—	—	—	(XXX,XXX)	—	—	—	—	—	(XXX,XXX)	—	—	(XXX,XXX)	(X,XXX,XXX)
Machinery and equipment	—	—	—	—	X,XXX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	—	—	—	—	(XXX,XXX)	—	—	—	—	—	(XXX,XXX)	—	—	(XXX,XXX)	(X,XXX,XXX)
Construction in progress	—	—	—	—	XX,XXX	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	X,XXX,XXX
Amount available in debt service funds	—	—	—	—	—	—	—	—	—	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX
Amount to be provided for retirement of general long-term debt	—	—	—	—	—	—	—	—	—	X,XXX,XXX	—	—	—	X,XXX,XXX	X,XXX,XXX
Amount to be provided from special assessments	—	—	—	—	—	—	—	—	—	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX
Total assets	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX

(continued)

**Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 20X1**

	Governmental Fund Types							Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General		Primary Government	Component Units	Reporting Entity						
								Fixed Assets	Long-Term Debt									
Liabilities and Fund Equity																		
Liabilities:																		
Vouchers payable	\$XXX,XXX	\$XX,XXX	\$ —	\$ XX,XXX	\$ XXX,XXX	\$XX,XXX	\$ X,XXX	\$ —	\$ —	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Contracts payable	XX,XXX	XX,XXX	—	XX,XXX	X,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Judgments payable	—	X,XXX	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued liabilities	—	—	—	XX,XXX	XX,XXX	—	X,XXX	—	XX,XXX	—	—	—	—	—	—	—	—	—
Obligations under reverse repurchase agreements	—	—	—	—	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—
Payable from restricted assets:																		
Construction contracts	—	—	—	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Fiscal agent	—	—	—	—	XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Revenue bonds	—	—	—	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—
Due to other taxing units	—	—	—	—	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	—	—
Due to other funds	XX,XXX	X,XXX	—	X,XXX	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Due to primary government	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Due to student groups	—	—	—	—	—	—	X,XXX	—	—	—	—	—	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advance from general fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Matured bonds payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Matured interest payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lease payable to component unit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
General obligation bonds payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Special assessment debt with governmental commitment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Revenue bonds payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	\$XXX,XXX	\$XX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$XX,XXX	\$XX,XXX	\$ —	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX

(continued)

Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 20X1

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Component Units	Totals (Memorandum Only)			
												Reporting Entity	Reporting Entity		
Fund Equity															
Investment in general fixed assets	—	—	—	—	—	—	—	X,XXX,XXX	—	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Contributed capital	—	—	—	—	X,XXX,XXX	XX,XXX	—	—	—	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Retained earnings:															
Reserved for revenue bond retirement	—	—	—	—	XXX,XXX	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Unreserved	—	—	—	—	X,XXX,XXX	X,XXX	—	—	—	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Fund balances:															
Reserved for encumbrances	XX,XXX	XX,XXX	—	X,XXX,XXX	—	—	—	—	—	—	—	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Reserved for inventory of supplies	X,XXX	X,XXX	—	—	—	—	—	—	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Reserved for advance to internal service funds	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Reserved for loans	—	—	—	—	—	—	XX,XXX	—	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Reserved for endowments	—	—	—	—	—	—	XXX,XXX	—	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Reserved for employees' pension benefits (A schedule of funding progress is in paragraph .17)	—	—	—	—	—	—	—	—	X,XXX,XXX	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Unreserved:															
Designated for debt service	—	—	XXX,XXX	—	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Designated for subsequent years' expenditures	XX,XXX	—	—	—	—	—	—	—	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Undesignated	XXX,XXX	XXX,XXX	—	X,XXX	—	—	(XXX,XXX)	—	—	—	—	—	XX,XXX	XXX,XXX	XXX,XXX
Total fund equity	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	—	—	—	—	XX,XXX,XXX	XX,XXX,XXX	XX,XXX,XXX
Total liabilities and fund equity	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX

The notes to the financial statements are an integral part of this statement. [Adapted from NCGA 1, App. A, Example 1, as amended by GASB 14; GASB 6, par. 13]

NAME OF GOVERNMENT
Combined Statement of Revenues, Expenditures, and
Changes in Fund Equity—All Governmental Fund Types, Expendable
Trust Funds, and Discretely Presented Component Units
Year Ended December 31, 20X1

	Governmental Fund Types					Fiduciary Fund Types Expendable Trust	Totals (Memorandum Only)		Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects			Primary Government	Component Units	
Revenues:									
Taxes	\$ XXX,XXX	\$ XXX,XXX	\$ XX,XXX	\$ —	\$ —	\$X,XXX,XXX	\$ XXX,XXX	\$X,XXX,XXX	XXX,XXX
Special assessments	—	—	XX,XXX	—	—	XX,XXX	—	XX,XXX	XX,XXX
Licenses and permits	XXX,XXX	—	—	—	—	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Intergovernmental revenues	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Charges for services	XX,XXX	XX,XXX	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Fines and forfeits	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Miscellaneous revenues	XX,XXX	XX,XXX	XX,XXX	X,XXX	XXX	XX,XXX	—	XX,XXX	XX,XXX
Total revenues	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Expenditures:									
Current:									
General government	XXX,XXX	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Public safety	XXX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX	XXX,XXX
Highways and streets	XX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX	XXX,XXX
Sanitation	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Health	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Welfare	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Culture and recreation	XX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX	XXX,XXX
Education	XXX,XXX	—	—	—	X,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Capital outlay	—	—	—	X,XXX,XXX	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Debt service:									
Principal retirement	—	—	XXX,XXX	—	—	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Interest and fiscal charges	—	—	XX,XXX	—	—	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total expenditures	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Excess of Revenues over (under) Expenditures	XXX,XXX	XX,XXX	XX,XXX	(XXX,XXX)	(X,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)

(continued)

NAME OF GOVERNMENT
Combined Statement of Revenues, Expenditures, and Changes in Fund Equity—
All Governmental Fund Types, Expendable Trust Funds, and
Discretely Presented Component Units—continued
Year Ended December 31, 20X1

	Governmental Fund Types				Fiduciary Fund Types Expendable Trust	Totals (Memorandum Only)		Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects		Primary Government	Component Units	
Other financing sources (uses):								
Proceeds of general obligation bonds	—	—	—	X,XXX,XXX	—	X,XXX,XXX	—	X,XXX,XXX
Proceeds of special assessment debt	—	—	—	XXX,XXX	—	XXX,XXX	—	XXX,XXX
Operating transfers in	—	—	—	XX,XXX	X,XXX	XX,XXX	—	XX,XXX
Operating transfers out	(XX,XXX)	—	—	—	—	(XX,XXX)	—	(XX,XXX)
Operating transfers from primary government	—	—	—	—	—	—	XXX,XXX	XXX,XXX
Operating transfers to component units	—	—	—	(XX,XXX)	—	(XX,XXX)	—	(XX,XXX)
Total Other Financing Sources (Uses)	(XX,XXX)	—	—	X,XXX,XXX	X,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	XX,XXX	XX,XXX	XX,XXX	XXX,XXX	XXX	XXX,XXX	(XX,XXX)	XXX,XXX
Net Income from Golf Course Operations	—	—	—	—	—	—	X,XXX	X,XXX
Fund Equity—January 1	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Fund Equity—December 31	XXX,XXX	XXX,XXX	XXX,XXX	\$X,XXX,XXX	\$XX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX

The notes to the financial statements are an integral part of this statement. [Adapted from NCGA 1, App. A, Example 2, as amended by GASB 14; GASB 6, par. 13]

NAME OF GOVERNMENT
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General and Special Revenue Fund Types
Year Ended December 31, 20X1

	General Fund			Special Revenue Fund Types			Totals (Memorandum Only)		
	Budget	Actual	Variance— favorable (unfavorable)	Budget	Actual	Variance— favorable (unfavorable)	Budget	Actual	Variance— favorable (unfavorable)
Revenues:									
Taxes	\$ XXX,XXX	\$ XXX,XXX	\$ (X,XXX)	\$ XXX,XXX	\$ XXX,XXX	\$ (XXX)	\$X,XXX,XXX	\$X,XXX,XXX	\$ (X,XXX)
Licenses and permits	XXX,XXX	XXX,XXX	(XX,XXX)	—	—	—	XXX,XXX	XXX,XXX	(XX,XXX)
Intergovernmental revenues	XXX,XXX	XXX,XXX	(XX,XXX)	XXX,XXX	XXX,XXX	(X,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)
Charges for services	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX
Fines and forfeits	XX,XXX	XX,XXX	XXX	—	—	—	XX,XXX	XX,XXX	XXX
Miscellaneous revenues	XX,XXX	XX,XXX	—	XX,XXX	XX,XXX	(X,XXX)	XX,XXX	XX,XXX	(X,XXX)
Total revenues	X,XXX,XXX	X,XXX,XXX	(XX,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)
Expenditures:									
Current:									
General government	XXX,XXX	XXX,XXX	X,XXX	—	—	—	XXX,XXX	XXX,XXX	X,XXX
Public safety	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Highways and streets	XX,XXX	XX,XXX	(XXX)	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Sanitation	XX,XXX	XX,XXX	(X,XXX)	—	—	—	XX,XXX	XX,XXX	(X,XXX)
Health	XX,XXX	XX,XXX	X,XXX	—	—	—	XX,XXX	XX,XXX	X,XXX
Welfare	XX,XXX	XX,XXX	X,XXX	—	—	—	XX,XXX	XX,XXX	X,XXX
Culture and recreation	XX,XXX	XX,XXX	X,XXX	XXX,XXX	XXX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Education	XX,XXX	XX,XXX	XX,XXX	—	—	—	XX,XXX	XX,XXX	XX,XXX
Total expenditures	X,XXX,XXX	X,XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX
Excess of Revenues over (under) Expenditures	XXX,XXX	XXX,XXX	XX,XXX	(XX,XXX)	XX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Other Financing Sources (Uses):									
Operating transfers out	(XX,XXX)	(XX,XXX)	—	—	—	—	(XX,XXX)	(XX,XXX)	—
Excess of Revenues over (under) Expenditures and Other Uses	XX,XXX	XX,XXX	XX,XXX	(XX,XXX)	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Fund Balances—January 1	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	—
Fund Balances—December 31	\$ XXX,XXX	\$ XXX,XXX	\$XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$XX,XXX

The notes to the financial statements are an integral part of this statement. [Adapted from NCGA 1, App. A, Example 3, as amended by GASB 14]

NAME OF GOVERNMENT
Combined Statement of Revenues, Expenses, and Changes in Fund Equity—
All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
For the Fiscal Year Ended December 31, 20X1

	Proprietary Fund Types		Fiduciary Fund Types Nonexpendable Trust	Totals (Memorandum Only)		Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service		Primary Government	Component Units	
Operating revenues:						
Charge for services	\$XXX,XXX	\$XX,XXX	\$ —	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Investment income	—	—	X,XXX	XX,XXX	—	XX,XXX
Gifts	—	—	XX,XXX	XX,XXX	—	XX,XXX
Total operating revenues	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Operating expenses:						
Personal services	XXX,XXX	XX,XXX	—	XXX,XXX	XXX,XXX	XXX,XXX
Contractual services	XX,XXX	XX	—	XX,XXX	XX,XXX	XX,XXX
Supplies	XX,XXX	X,XXX	—	XX,XXX	XX,XXX	XX,XXX
Materials	XX,XXX	XX,XXX	—	XX,XXX	XX,XXX	XX,XXX
Heat, light, and power	XX,XXX	X,XXX	—	XX,XXX	XX,XXX	XX,XXX
Depreciation	XXX,XXX	X,XXX	—	XXX,XXX	XXX,XXX	XXX,XXX
Total Operating Expenses	XXX,XXX	XX,XXX	—	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Operating Income (Loss)	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	(XX,XXX)	(XX,XXX)

(continued)

NAME OF GOVERNMENT
Combined Statement of Revenues, Expenses, and Changes in Fund Equity—
All Proprietary Fund Types, Similar Trust Funds,
and Discretely Presented Component Units—continued
For the Fiscal Year Ended December 31, 20X1

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)		Component Units	Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Primary Government	Reporting Entity		
Nonoperating Revenues (Expenses):								
Operating grants	XX,XXX	—	—	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Net income from joint venture	XXX,XXX	—	—	XXX,XXX	XXX,XXX	—	—	XXX,XXX
Investment income	X,XXX	—	—	X,XXX	X,XXX	XX,XXX	XX,XXX	XX,XXX
Rent	X,XXX	—	—	X,XXX	X,XXX	—	—	X,XXX
Interest expense and fiscal charges	(XX,XXX)	—	—	(XX,XXX)	(XX,XXX)	(XX,XXX)	(XX,XXX)	(XX,XXX)
Tax revenues	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	—
Total Nonoperating Revenues	XXX,XXX	—	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Income (Loss) before Operating Transfers	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	XXX,XXX	(XX,XXX)	(XX,XXX)	XXX,XXX
Operating Transfers In (Out)	—	—	(X,XXX)	(X,XXX)	(X,XXX)	—	—	(X,XXX)
Operating Transfers from primary government	—	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Net income	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Fund Equity—January 1	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX,XXX
Fund Equity—December 31	\$X,XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$ X,XXX,XXX

The notes to the financial statements are an integral part of this statement. [Adapted from NCGA 1, App. A, Example 4, as amended by GASB 14, GASB 20, and GASB 25, par. 28]

NAME OF GOVERNMENT
Combined Statement of Cash Flows
All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
For the Fiscal Year Ended December 31, 20X1

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)		Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Totals (Memorandum Only)	
Cash flows from operating activities:							
Operating income (loss)	\$XXX,XXX	\$X,XXX	\$XX,XXX	\$XXX,XXX	\$ (XXX,XXX)	\$ (XXX,XXX)	\$ (XXX,XXX)
Adjustments to reconcile operating income to net cash provided by operating income							
Depreciation expense	XXX,XXX	X,XXX	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Interest income	—	—	(X,XXX)	(X,XXX)	—	—	—
Unfunded pension costs	(XXX)	—	—	(XXX)	—	(XXX)	(XXX)
Provision for uncollectible accounts	XXX	—	—	XXX	X,XXX	XXX	XXX
Interest on lease receivable	—	—	—	—	(X,XXX)	—	—
Rent receipts	X,XXX	—	—	X,XXX	—	X,XXX	X,XXX
Cash receipts on joint venture net income	XX,XXX	—	—	XX,XXX	—	XX,XXX	XX,XXX
(Increase) decrease in assets:							
Receivables	(XXX)	—	—	(XXX)	XXX	XX	XX
Due from other funds	XXX	(XXX)	—	XX	—	XX	XX
Inventory	(XXX)	XXX	—	(XX)	—	(XX)	(XX)
Prepaid expenses	XXX	—	—	XXX	—	XXX	XXX
Increase (decrease) in liabilities:							
Vouchers payable	(XX,XXX)	X,XXX	—	(XX,XXX)	(XXX)	(XX,XXX)	(XX,XXX)
Contracts payable (including from restricted assets)	X,XXX	—	—	X,XXX	—	X,XXX	X,XXX
Accrued liabilities	X,XXX	—	—	X,XXX	—	X,XXX	X,XXX
Deposits payable	(X,XXX)	—	—	(X,XXX)	—	(X,XXX)	(X,XXX)
Net cash provided by operating activities	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX

(continued)

NAME OF GOVERNMENT
Combined Statement of Cash Flows
All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units—continued
For the Fiscal Year Ended December 31, 20X1

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)		Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Component Units		
Cash flows from noncapital financing activities:							
Operating grants received	XX,XXX	—	—	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Payment on advance from general fund	—	(X,XXX)	—	(X,XXX)	—	(X,XXX)	(X,XXX)
Tax receipts	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Operating transfers out	—	—	(X,XXX)	(X,XXX)	—	(X,XXX)	(X,XXX)
Operating transfers from primary government	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Payment of amount due to primary government	—	—	—	—	(X,XXX)	(X,XXX)	(X,XXX)
Net cash provided by (used for) noncapital financing activities	XX,XXX	(X,XXX)	(X,XXX)	XX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Cash flows from capital and related financing activities:							
Principal paid on bond debt	(XXX,XXX)	—	—	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)
Interest and fiscal changes paid on bond debt	(XX,XXX)	—	—	(XX,XXX)	(XX,XXX)	(XX,XXX)	(XX,XXX)
Payments to acquire, construct, or improve capital assets	(XXX,XXX)	(XX,XXX)	—	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)
Proceeds from sale of fixed assets	XX,XXX	—	—	XX,XXX	X,XXX	XX,XXX	XX,XXX
Capital lease payments received	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Bond proceeds	X,XXX,XXX	—	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX
Net cash provided by (used for) capital and related financing activities	XXX,XXX	(XX,XXX)	—	XXX,XXX	(XX,XXX)	XXX,XXX	XXX,XXX
Cash flows from investing activities:							
Interest on cash and cash equivalents	XX,XXX	X,XXX	X,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Interest and dividends on investments	XX,XXX	—	—	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Proceeds from sales and maturities of investments	XXX,XXX	—	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Purchases of investments	(XXX,XXX)	—	—	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)
Net cash provided by investing activities	XX,XXX	X,XXX	X,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Net increase (decrease) in cash and cash equivalents	XXX,XXX	(XX,XXX)	XX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Cash and cash equivalents, January 1	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Cash and cash equivalents, December 31	\$ XXX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX

The notes to the financial statements are an integral part of this statement.

.11

NAME OF GOVERNMENT
Statement of Changes in Plan Net Assets
Pension Trust Fund
Year Ended December 31, 20X1

Additions	
Contributions	
Employer	\$ XXX,XXX
Plan members	XX,XXX
Total contributions	XXX,XXX
Investment income	
Net appreciation in fair value of investments	XX,XXX
Interest	XX,XXX
Dividends	XX,XXX
Reverse repurchase agreement income	XX,XXX
	XXX,XXX
Less:	
Investment expense	XX,XXX
Reverse repurchase agreement expenses	XX,XXX
Net investment income	XX,XXX
Total additions	XXX,XXX
Deductions	
Benefits	XX,XXX
Refunds of contributions	XX,XXX
Total deductions	XX,XXX
Net increase	XXX,XXX
Net assets held in trust for pension benefits	
(A schedule of funding progress is in paragraph .17)	
January 1	X,XXX,XXX
December 31	\$X,XXX,XXX

The notes to the financial statements are an integral part of this statement.

NAME OF GOVERNMENT
Combining Balance Sheet—Component Units
December 31, 20X1

	School District	Parks and Recreation Commission	Transit Authority	Airport Authority	Convention Center Authority	Totals
Assets:						
Cash and cash equivalents	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XX,XXX	\$ XXX,XXX	\$ X,XXX,XXX
Investments	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Receivables (net allowance for uncollectibles):						
Taxes	XX,XXX	X,XXX	—	—	—	XX,XXX
Accounts	—	—	X,XXX	XX,XXX	XX,XXX	XX,XXX
Lease receivable from primary government	—	—	—	XXX,XXX	—	XXX,XXX
Land	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Buildings	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Improvements other than buildings	X,XXX,XXX	—	—	XXX,XXX	XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	—	—	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Machinery and equipment	X,XXX,XXX	XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Amounts to be provided	XXX,XXX	XX,XXX	—	—	—	XXX,XXX
Total assets	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$XX,XXX,XXX</u>
Liabilities:						
Vouchers payable	XXX,XXX	XXX,XXX	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Contracts payable	—	XX,XXX	—	—	—	XX,XXX
Due to primary government	—	—	XX,XXX	—	—	XX,XXX
General obligation bonds payable	XXX,XXX	XX,XXX	—	—	—	XXX,XXX
Revenue bonds payable	—	—	—	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Total liabilities	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Equity:						
Investment in general fixed assets	X,XXX,XXX	X,XXX,XXX	—	—	—	X,XXX,XXX
Contributed capital	—	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Retained earnings	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Fund balances:						
Reserved for encumbrances	XXX,XXX	XX,XXX	—	—	—	XXX,XXX
Unreserved	XXX,XXX	XXX,XXX	—	—	—	XXX,XXX
Total equity	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>XX,XXX,XXX</u>
Total liabilities and equity	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$XX,XXX,XXX</u>

[Adapted from GASB 14, par. 156]

.13

NAME OF GOVERNMENT
Combining Statement of Revenues, Expenditures
and Changes in Fund Equity—Component Units
For the Fiscal Year Ended December 31, 20X1

	<i>School District</i>	<i>Parks and Recreation Commission</i>	<i>Totals</i>
Revenues:			
Taxes	\$XXX,XXX	\$XXX,XXX	\$ XXX,XXX
Intergovernmental	XXX,XXX	XX,XXX	XXX,XXX
Licenses and permits	—	XX,XXX	XX,XXX
Total revenues	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Expenditures:			
Current:			
General government	—	XXX,XXX	XXX,XXX
Public safety	—	—	—
Highways and streets	—	—	—
Education	XXX,XXX	—	XXX,XXX
Capital outlay	XX,XXX	XX,XXX	XXX,XXX
Debt service—Principal	XX,XXX	XX,XXX	XX,XXX
Interest	XX,XXX	X,XXX	XX,XXX
Total expenditures	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Other Financing Sources (Uses):			
Operating transfers from primary government	—	XXX,XXX	XXX,XXX
Total other financing sources (uses)	<u>—</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Excess of revenues and other sources over (under) expenditures and other uses	(XX,XXX)	XX,XXX	(XX,XXX)
Net income from golf course	—	X,XXX	X,XXX
Fund equity—Beginning	XXX,XXX	XXX,XXX	X,XXX,XXX
Fund equity—Ending	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>

[Adapted from GASB 14, par. 156]

.14

NAME OF GOVERNMENT
Combining Statement of Revenues, Expenses and Changes
in Fund Equity—Component Units
For the Fiscal Year Ended December 31, 20X1

	<i>Transit Authority</i>	<i>Airport Authority</i>	<i>Convention Center Authority</i>	<i>Totals</i>
Operating Revenues:				
Charges for services	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$X,XXX,XXX
Total operating revenues	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Operating Expenses:				
Personal services	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Contractual services	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Supplies	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Materials	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Heat, light, and power	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Depreciation	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Total operating expenses	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>
Operating income (loss)	<u>(XXX,XXX)</u>	<u>(XX,XXX)</u>	<u>(XX,XXX)</u>	<u>(XXX,XXX)</u>
Nonoperating Revenues (Expenses):				
Operating grants	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Investment income	XX,XXX	XX,XXX	X,XXX	XX,XXX
Interest expense and fiscal charges	—	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Tax revenues	—	—	XXX,XXX	XXX,XXX
Total nonoperating revenues (expenses)	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>
Income (loss) before operating transfers	<u>(XXX,XXX)</u>	<u>X,XXX</u>	<u>X,XXX</u>	<u>(XXX,XXX)</u>
Operating transfers from primary government	<u>XXX,XXX</u>	<u>—</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>
Net income	XX,XXX	X,XXX	XX,XXX	XX,XXX
Fund equity—Beginning	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Fund equity—Ending	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>

[Adapted from GASB 14, par. 156]

NAME OF GOVERNMENT
Combining Statement of Cash Flows—Component Units
For the Fiscal Year Ended December 31, 20X1

	Transit Authority	Airport Authority	Convention Center Authority	Totals
Cash flows from operating activities:				
Operating income (loss)	\$(XXX,XXX)	\$ (XX,XXX)	\$ (XX,XXX)	\$(XXX,XXX)
Adjustments to reconcile operating income to net cash provided by operating income				
Depreciation expense	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Provision for uncollectible accounts	—	X,XXX	X,XXX	X,XXX
Interest on lease receivable	—	(X,XXX)	—	(X,XXX)
(Increase) decrease in receivables	XXX	(X,XXX)	X,XXX	XXX
Increase (decrease) in vouchers payable	X,XXX	(XXX)	(XXX)	XXX
Net cash provided by operating activities	X,XXX	XX,XXX	X,XXX	XX,XXX
Cash flows from noncapital financing activities:				
Operating grants received	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Tax receipts	—	—	XXX,XXX	XXX,XXX
Operating transfers from primary government	XXX,XXX	—	XX,XXX	XXX,XXX
Payment of amount due to primary government	(X,XXX)	—	—	(X,XXX)
Net cash provided by noncapital financing activities	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Cash flows from capital and related financing activities:				
Principal paid on bond debt	—	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Interest and fiscal changes paid on bond debt	—	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Payments to acquire, construct, or improve capital assets	(XX,XXX)	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Proceeds from sale of fixed assets	—	X,XXX	—	X,XXX
Capital lease payments received (including \$X,XXX interest)	—	XX,XXX	—	XX,XXX
Net cash used for capital and related financing activities	(XX,XXX)	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Cash flows from investing activities:				
Interest on cash and cash equivalents	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Interest and dividends on investments	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Proceeds from sales and maturities of investments	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Purchases of investments	(XX,XXX)	(XX,XXX)	(XX,XXX)	(XX,XXX)
Net cash provided by investing activities	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Net increase in cash and cash equivalents	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Cash and cash equivalents, January 1	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Cash and cash equivalents, December 31	<u>\$ XXX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>

The notes to the financial statements are an integral part of this statement.

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NAME OF GOVERNMENT
Illustrative Notes to Financial Statements
December 31, 20X1

1. Summary of Significant Accounting Policies

The Name of Government was organized in 18XX and operates as a second class city. The City has a population of approximately 70,000 residents, covers an area of fifteen square miles, and operates under a council/manager form of government. Major services provided by the City and by its component units, as discussed below, include police and fire protection, street maintenance, garbage collection, welfare programs for low-income individuals and families, parks, elementary and secondary education, water and sewer services, bus transportation, regional airport services, and regional convention facilities.

The general purpose financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

A. Reporting Entity

This report includes all of the services provided by the City to residents and businesses within its boundaries. In evaluating the City's reporting entity in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, management has included all organizations that make up the City's legal entity and all component units. Consistent with applicable guidance, the criteria used by the City to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The City includes organizations as component units under the following financial accountability criteria:

1. Organizations for which the City Council appoints a voting majority of the organizations' governing body and for which (a) the City is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.
2. Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the City.

Following is a brief description of the component units meeting the above criteria that are included in the City's financial reporting entity. These component units are included in the financial reporting entity by discrete presentation, which emphasizes that they are legally separate from the City. Discrete presentation entails reporting component unit financial data in one or more columns separate from the financial data of the City's legal entity. All these component units have a December 31 year-end. Except for the Name of Government's School District (NGSD), the governing bodies of all of these component units are appointed by the City Council. The NGSD's board is elected by the voters of the City.

1. The NGSD operates the elementary and secondary schools in the City. The NGSD may not issue debt without the City's approval, and its property tax levy request is subject to City Council approval. The district's taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy.
2. The Parks and Recreation Commission operates and maintains the three public golf courses and the public parks in the City. The City provides a material subsidy to the commission, primarily to finance the operations of the public parks.

3. The Transit Authority provides mass transit services to the citizens of the City. The City annually provides significant operating subsidies to the authority.
4. The Airport Authority operates the City’s noncommercial airport facility. The authority’s operating budget is subject to the approval of the City Council. The City Council also is required to approve proposed capital improvements or additions to the Authority’s facilities.
5. The Convention Center Authority operates the City’s Convention Center. The City levies and collects a special 1 percent hotel and amusement tax to subsidize the center’s operations and is secondarily liable for the Convention Center bonds.

Complete financial statements of the individual component units can be obtained from their respective administrative offices in Name of Government or from the City clerk’s office at City Hall at 123 Main Street in Name of Government.

Name of Government School District	1112 Education Street
Name of Government Parks and Recreation Commission	789 Parks Drive
Name of Government Transit Authority	123 Trolley Avenue
Name of Government Airport Authority	10 Airport Road
Name of Government Convention Center Authority	456 Stadium Drive

B. Fund Types and Account Groups

The City uses several funds and account groups to account for its financial position and results of operations. A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific activity. The City maintains the following fund types and account groups.

Governmental fund types are used to account for the City’s general government activities. These fund types include the general fund, special revenue funds, debt service fund, and the capital projects fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (except for major capital projects). The City maintains five special revenue funds—the parks fund, the state gasoline tax fund, the motor vehicle license fund, the parking meter fund, and the juvenile rehabilitation fund. The debt service fund accounts for the servicing of general long-term debt. The capital projects fund accounts for the acquisition, construction, or improvement of major capital facilities and infrastructure. Separate capital projects are not reported as separate funds, even though the City maintains discrete accounting for the financing of each project.

Proprietary fund types are used to account for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises. These funds provide services to the City (the motor pool internal service fund) and the public (the water and sewer enterprise fund).

Fiduciary funds (trust and agency funds) are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains an expendable trust fund, which accounts for assets where both the principal and interest may be spent, and a nonexpendable trust fund, which accounts for assets where only the interest may be spent. The City also maintains a pension trust fund to account for the assets of the City employees’ pension plan and three agency funds—the special payroll fund, the property tax fund, and the student activity fund.

The *general fixed assets account group* is used to account for the property and equipment acquired for general government purposes. The *general long-term debt account group* accounts for the principal amount of long-term debt and other long-term obligations of the governmental funds.

The School District uses governmental fund accounting; the Transit, Airport, and Convention Center Authorities use proprietary fund accounting; and the Parks and Recreation Commission uses governmental funds to account for most of its transactions and balances except for its golf course operations, which are accounted for in an enterprise fund. The component units are presented in a single column on the combined balance sheet, operating statements, and statement of cash flows. The Parks and Recreation Commission's golf course operations are reduced to a single net amount and reported as a separate line item on the combined and combining statements of revenues, expenditures, and changes in fund equity. In addition, combining statements for the component units are presented in the general purpose financial statements. The component units apply all applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, in accounting and reporting for their proprietary funds.

C. Measurement Focus and Basis of Accounting

The City's governmental funds are accounted for using the current financial resources measurement focus. Accordingly, only current assets and liabilities are included on the balance sheets and the fund balances report only spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net assets. These funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are available and measurable and expenditures are recorded when the fund liability is incurred, if measurable. Revenues that are accrued include federal and state grants, property taxes, transient occupancy taxes, sales taxes, interest, and charges for services. All other revenue items are considered to be measurable and available only when cash is received by the City. Other financing sources for bond proceeds are recognized when the debt is issued.

The City's proprietary funds are accounted for using the economic resources measurement focus. Accordingly, these funds report all assets and liabilities on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund operating statements use the accrual basis of accounting. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. The City applies all applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, in accounting and reporting for its proprietary funds. The water and sewer enterprise fund bills for services on a staggered, bimonthly basis and accounts for that revenue when billed. This billing method does not capture all amounts receivable by the City at the end of each fiscal year. The unbilled amounts and the variance between such amounts at December 31, 20X1 and 20X0 are not material and have not been recorded.

The expendable trust fund is accounted for in essentially the same manner as the governmental funds, using the same measurement focus and basis of accounting. The nonexpendable and pension trust funds are accounted for in essentially the same manner as the proprietary funds. The agency funds are custodial in nature and do not present results of operations or have a measurement focus. The assets of the agency funds are accounted for on the modified accrual basis of accounting, and funds' liabilities equal their assets.

The two account groups are only concerned with the measurement of financial position and do not have a measurement focus. Fixed assets and long-term liabilities are recorded in the account groups as discussed below.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by the fund's measurement focus.

Fixed assets used in governmental fund operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the funds. Fixed assets used in proprietary fund operations are accounted for in those funds. There are no fixed assets associated with the trust funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized with other general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

No depreciation has been provided on general fixed assets. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years

Long-term debt expected to be financed from governmental funds are accounted for at face value in the general long-term debt account group, not in the governmental funds. Debt proceeds are reported in a governmental fund as an other financing source, net of any premium or discount and issuance costs. Expenditures for the payment of principal and interest on general long-term debt are recognized in the debt service fund when the payments are due. Certain other governmental fund obligations not expected to be financed with current available financial resources also are reported in the account group.

Long-term liabilities associated with the proprietary funds are accounted for in those funds. Bond premiums and discounts and issuance costs are deferred and amortized over the life of the bonds on a straight-line basis, which does not differ materially from the use of the effective interest method.

E. Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

F. Investments

Investments are reported at fair value. Securities owned by the City and the component units are traded on a national exchange and valued at the last reported sales price at current exchange rates.

G. Receivables and Payables

All receivables are shown net of an allowance for uncollectible amounts. The property tax receivable allowance is equal to three percent of outstanding taxes at December 31, 20X1.

Noncurrent portions of long-term interfund loans receivable (reported in “Advance to” asset accounts) are equally offset in the governmental funds by a fund balance reserve account indicating that they do not constitute “available spendable resources.” Current portions of long-term interfund loans receivable (reported in “Due from” asset accounts) are considered “available spendable resources” in the governmental funds and thus not offset by a reserve.

Noncurrent portions of other long-term receivables due to governmental funds are reported on their balance sheets. However, those long-term amounts are offset by “Deferred revenue,”

which is reported in the liability section of the balance sheet, until the amounts become current and are recognized as revenue.

H. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption. They are valued at cost (first-in, first-out), which is less than the current market value. In the governmental funds, the cost of inventories is recorded as an expenditure when individual items are purchased. Reported inventories in those funds are equally offset by a fund balance reserve to indicate that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future periods. In the governmental funds, the cost of prepaid items is recorded as an expenditure when the payments are made. In the proprietary funds, these items are recorded as prepaid items. Prepaid items in the water and sewer enterprise fund also represent a negative net pension obligation, as discussed in Note 3G.

I. Restricted Assets

Certain assets of the enterprise fund are classified as restricted assets because their use is restricted by bond indentures.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Such benefits must be used during employment; payments for the benefits are not made when the employees leave service. Accumulated vacation benefits are reported as accrued liabilities to the extent they are expected to be paid during an employee's service. These amounts are reported as expenses and liabilities in the proprietary funds. These amounts are not reported as expenditures in the governmental funds because they are not expected to be paid with available financial resources. Instead, the liability is reported in the general long-term debt account group as accrued liabilities.

K. Fund Equity

Fund balance reserves represent amounts that are not appropriable or that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represents equity acquired through capital grants and capital contributions from developers and customers through December 31, 20X0 and capital contributions from other City funds through year end.

L. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue funds, and capital projects fund. Encumbrances outstanding at year end are reported as reservations of fund balances because they do not constitute expenditures or liabilities.

M. Total (Memorandum Only) Columns

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

2. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

An operating budget is adopted each year for the general fund and all special revenue funds. Budgetary control for the debt service fund is maintained through the provisions of related bond indentures and budgetary control for the capital projects fund is maintained through multi-year project budgets.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Before September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at locations throughout the City to obtain taxpayer comments.
3. Before November 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted on a basis consistent with GAAP.
7. Excess appropriations at the end of the fiscal year lapse unless they are encumbered by year-end and spent by March 31 of the following year.

Budgeted amounts reported in the financial statements are as originally adopted, or as amended by the City Council on June 27, 20X1. Individual amendments were not material in relation to the original appropriations that were amended.

B. Excess of Expenditures Over Appropriations and Deficit Fund Equity

There was no excess of expenditures over appropriations in individual budgeted funds for the year ended December 31, 20X1. There was no deficit fund equity in any individual fund at December 31, 20X1.

3. Detailed Notes on All Funds and Account Groups

A. Deposits, Investments, and Reverse Repurchase Agreements

State statutes, City ordinances, and the policies of the Boards of the component units permit the City and the component units to invest their moneys as follows:

1. Deposit accounts with insured financial institutions, provided those accounts are entirely insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with government securities that have a fair value exceeding the deposit amount.
2. The State Treasurer's Local Government Investment Pool (LGIP).
3. U.S. Treasury obligations with terms-to-maturity of three years or less.
4. Commercial paper, bankers' acceptances, and repurchase agreements with terms-to-maturity of 180 days or less.

In addition, City ordinance permits the pension trust fund to invest in U.S. government treasury and agency obligations with terms-to-maturity of ten years or less, corporate notes with terms-to-maturity of five years or less, and certain financial options. That trust fund also may enter into reverse repurchase agreements.

The City pools the moneys of its various funds, except those of the pension trust fund and the restricted assets of the enterprise fund, for investment purposes. Investment income is allocated among the various funds in the pool based on the funds' average monthly balances.

The bank balances of the City's and component units' deposits with financial institutions are entirely insured by the FDIC, or collateralized with U.S. government securities whose fair values exceed the amount of the bank balance of the deposit and that are held by an independent third-party agent of the City in the City's name.

The following table presents the City's and component units' investments, either classified into one of the following categories of custodial credit risk or unclassified because they do not represent investment positions that are represented by securities:

- Category 1: Insured or registered or securities held by the City or by the City's agent in the City's name
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

	<i>Category</i>			<i>Total</i>
	1	2	3	
U.S. treasuries	\$ XX,XXX	\$ XX,XXX	\$XXX,XXX	\$ XXX,XXX
U.S. agencies	—	XXX,XXX	XX,XXX	XXX,XXX
Bankers' acceptances	—	XX,XXX	—	XX,XXX
Commercial paper	—	XXX,XXX	—	XXX,XXX
Repurchase agreements	XXX,XXX	—	XXX,XXX	XXX,XXX
Corporate notes	—	XXX,XXX	XXX,XXX	XXX,XXX
	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>
LGIP				XXX,XXX
				<u>\$X,XXX,XXX</u>

The City had significantly higher amounts of investment securities in category 3 during the year while investing property tax receipts in repurchase agreements.

A reconciliation of cash and cash equivalents and investments as shown on the balance sheet and the deposits and investments disclosed in this note are as follows:

Balance sheet	
Cash and cash equivalents	\$X,XXX,XXX
Cash with fiscal agent	XXX,XXX
Investments	X,XXX,XXX
Restricted cash and cash equivalents	XXX,XXX
Restricted investments	XXX,XXX
Total	<u>\$X,XXX,XXX</u>
Note disclosure	
Cash on hand	\$ XX,XXX
Carrying amount of deposits	XXX,XXX
Investments	X,XXX,XXX
Total	<u>\$X,XXX,XXX</u>

On December 31, the City entered into a reverse repurchase agreement with a broker-dealer. In this agreement, the City sold the broker a \$XXX,XXX U.S. Treasury security owned by the pension trust fund for \$XXX,XXX. The City will repurchase the Treasury security on January 30, 20X2, for the same amount, plus interest of 6.5 percent. The City used the proceeds of this

reverse repurchase agreement to purchase \$XXX,XXX of commercial paper with an interest rate of 6.8 percent, which matures on January 30, 20X2.

B. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on March 1 and payable in two installments on June 1 and September 1. The City bills and collects its own property taxes as well as those of the Name of Government School District. Collections of the school district taxes and remittance of them to the District are accounted for in the property tax agency fund. The City has an enforceable legal claim to property taxes on the January 1 lien date, and records property tax receivables, net of estimated uncollectible amounts, in the general and debt service funds as of that date. Property taxes are recognized as revenue in the period for which levied, which is the fiscal year during which tax payments are due, provided the taxes are received within sixty days after year-end. The remaining net receivables are reported as deferred revenue.

The City is permitted by the Municipal Finance Law of the state to levy taxes up to \$5.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of long-term debt for the year ended December 31, 20X1, was \$3.74 per \$100 of assessed valuation. Therefore, the City has a tax margin of \$1.26 per \$100 and could raise up to an additional \$XXX,XXX a year from the present assessed valuation of \$XX,XXX,XXX before the limit is reached.

The tax rate to finance the payment of long-term debt for the year ended December 31, 20X1, was \$1.25 per \$100 of assessed valuation.

C. Due From Other Governments

Amounts due from other governments include \$XXX,XXX due from the County in connection with the construction of a new bridge on Ennis Boulevard over the Maxwell River. The total cost of the bridge is estimated at \$X,XXX,XXX, with \$X,XXX,XXX to be financed through a grant from the County (\$XXX,XXX of this amount was paid during 20X1). The \$XXX,XXX still due from the County is expected to be received on or about April 1, 20X2, when the project is fifty percent complete. Completion of the project is expected by November 1, 20X2.

The allowances for uncollectible receivables are as follows:

Taxes	\$X,XXX
Accounts	X,XXX
Special assessments	X,XXX

Delinquent special assessment receivables in the debt service fund are \$X,XXX.

D. Interfund Receivables

The composition of amounts due to and from other funds as of December 31, 20X1, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Parks	\$ X,XXX
Enterprise	General	X,XXX
Internal service	General	X,XXX
	Capital projects	X,XXX
Pension trust fund	General	XX,XXX
Total		<u>\$XX,XXX</u>

The composition of advances between funds and amounts due to the primary government from the component units are apparent in the general purpose financial statements.

E. Fixed Assets

A summary of changes in general fixed assets follows:

	<i>Balance</i> <u>January 1, 20X1</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>December 31, 20X1</u>
Land	\$X,XXX,XXX	\$ XX,XXX	\$ —	\$X,XXX,XXX
Buildings	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Improvements other than buildings	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX
Machinery and equipment	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Construction in progress	XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Total	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>

Construction in progress for general fixed assets is composed of the following:

	<i>Project</i> <u>Authorization</u>	<i>Expended to</i> <u>December 31, 20X1</u>	<i>Committed</i>	<i>Required</i> <i>Financing</i>
Ennis Street Bridge	\$X,XXX,XXX	\$XXX,XXX	\$XXX,XXX	None
City Hall improvements	XXX,XXX	XXX,XXX	XX,XXX	None
Improvement District No. 80	XXX,XXX	XXX,XXX	XX,XXX	None
Total	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	

Proprietary fund type fixed assets and accumulated depreciation are presented by asset class in the balance sheet.

F. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to finance the acquisition and construction of major capital facilities, both for general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. The Name of Government School District and Parks and Recreation Commission also have issued general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the issuing entity. These bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding at December 31, 20X1, are as follows:

<i>Description</i>	<i>Final</i> <i>Maturity Date</i>	<i>Interest</i> <i>Rates</i>	<i>Accounted for in</i>	<i>Outstanding</i> <i>Amount (in</i> <i>thousands)</i>
19X5 Street, Bridge, and Drainage Improvements bonds	December 1, 20X5	3%	General long-term debt account group	\$ XXX
20X1 Street, Bridge, and Drainage Improvements bonds	July 1, 20Z1	4%	General long-term debt account group	X,XXX
19X5 Waterworks bonds	January 31, 20X5	4%	Water and sewer enterprise fund	XXX
19Y5 School Facilities bonds	December 1, 20Y5	4%	School District component unit	XXX
19Y5 Richard Craddock Memorial Recreation Center bonds	July 1, 20Y5	5%	Parks and Recreation Commission component unit	XX

The annual debt service requirements to maturity for general obligation bonds, including interest of \$XXX,XXX are as follows:

<i>Year Ending December 31</i>	<i>General Long- Term Debt Account Group</i>	<i>Enterprise Fund</i>	<i>Component Units</i>
20X2	\$XXX,XXX	\$XX,XXX	\$XX,XXX
20X3	XXX,XXX	XX,XXX	XX,XXX
20X4	XXX,XXX	XX,XXX	XX,XXX
20X5	XXX,XXX	XX,XXX	XX,XXX
20X6	XXX,XXX	—	XXX,XXX
Thereafter	X,XXX,XXX	—	XXX,XXX

Revenue Bonds

The City and the component units also issue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. These bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year. Revenue bonds outstanding at December 31, 20X1, are as follows:

<i>Description</i>	<i>Final Maturity Date</i>	<i>Interest Rates</i>	<i>Accounted for in</i>	<i>Outstanding Amount (in thousands)</i>
19Y1 Water and Sewer bonds	December 1, 20Y1	3.5%	Water and sewer enterprise fund	\$X,XXX
19Y6 Airport Construction bonds	July 1, 20Y6	4%	Airport Authority component unit	XXX
19Y8 Civic Center bonds	December 1, 20Y8	4%	Convention Center Authority compo- nent unit	X,XXX

The annual debt service requirements to maturity for revenue bonds, including interest of \$XXX,XXX are as follows:

<i>Year Ending December 31</i>	<i>Enterprise Fund</i>	<i>Component Units</i>
20X2	\$XX,XXX	\$XX,XXX
20X3	XX,XXX	XX,XXX
20X4	XX,XXX	XX,XXX
20X5	XX,XXX	XX,XXX
20X6	XX,XXX	XXX,XXX
Thereafter	XXX,XXX	XXX,XXX

Special Assessment Debt

The City issued \$XXX,XXX of special assessment bonds in 20X1 to finance the construction of roads and street lighting in a new residential development. The 10-year serial bonds have a stated interest rate of 5 percent. The special assessment bonds have a general obligation backing and, thus, the City reports the face amount of the bonds in the general long-term account group.

The annual debt service requirements to maturity for the special assessment bonds, including interest of \$XX,XXX are as follows:

<i>Year Ending December 31</i>	<i>Amount</i>
20X2	\$XX,XXX
20X3	XX,XXX
20X4	XX,XXX
20X5	XX,XXX
20X6	XX,XXX
Thereafter	XXX,XXX

Capital Leases

The City has leased used fire suppression equipment, including pumper and ladder trucks, from the Name of Government Airport Authority. These lease agreements qualify as capital leases for accounting purposes and, thus, have been recorded at the present value of the future minimum lease payments at the inception of the lease in the general long-term debt account group.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 20X1, are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
20X2	\$ XX,XXX
20X3	XX,XXX
20X4	XX,XXX
Total minimum lease payments	XXX,XXX
Less: amount representing interest	XX,XXX
Present value of minimum lease payments	<u>\$XXX,XXX</u>

Changes in General Long-term Liabilities

The following represent changes during the year ended December 31, 20X1, in general long-term obligations:

	<u>Balance</u> <u>January 1, 20X1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 20X1</u>
Compensated absences, reported in the balance sheet as accrued liabilities	\$ XX,XXX	\$ X,XXX	\$ (X,XXX)	\$ XX,XXX
Lease payable to component unit	XXX,XXX	—	(XX,XXX)	XXX,XXX
General obligation bonds	XXX,XXX	X,XXX,XXX	(XX,XXX)	X,XXX,XXX
Special assessment debt	—	XXX,XXX	—	XXX,XXX
Totals	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$(XX,XXX)</u>	<u>\$X,XXX,XXX</u>

G. Pension Plans

Name of Government Pension Plan

Plan Description. The City is required by the Home Rule Charter to maintain an actuarially sound pension plan, as a single-employer defined benefit pension plan, to cover all officers and employees of the City. That Charter assigns the authority to establish and amend benefit provisions of the Name of Government Pension Plan (NGPP) to the City Council. The NGPP does not issue a separate financial report.

NGPP provides retirement, disability, and death benefits to plan members and beneficiaries. Retirement benefits vest after 10 years of credited service. NGPP refunds a member’s accumulated contribution upon termination of a nonvested member’s employment. Cost-of-living adjustments are provided to retirees and beneficiaries at the discretion of the City Council. Employees who retire are entitled to an annual retirement benefit, payable monthly for life.

- a. Uniformed Personnel (Police and Fire) who retire at or after age 45 are eligible to receive a service pension equal to 2½ percent of the employee’s average final compensation (as defined in the City Code) multiplied by his or her years of credited service, subject to a maximum of 100 percent of average final compensation.
- b. Municipal employees who retire at or after age 55 are eligible to receive a service pension equal to the sum of 2½ percent of the employee’s average final compensation multiplied by his or her years of credited service to a maximum of 20 years; plus 2

percent of the employee's average final compensation (as defined in the City Code) multiplied by his or her years of credited service in excess of 20; limited to 80 percent of the employee's average final compensation.

At January 1, 20X1, NGPP membership consisted of:

Retirees and beneficiaries currently receiving benefits	XXX
Terminated employees entitled to benefits but not yet receiving them	XXX
Active employees	
Vested	XXX
Nonvested	XXX
Total membership	<u>X,XXX</u>

Summary of Significant Accounting Policies. NGPP financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Securities owned by NGPP are traded on a national exchange and valued at the last reported sales price at current exchange rates.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. Plan members are required to contribute 3¾ percent of their annual compensation up to the social security taxable wage base and 6 percent of any remaining covered salary. The City is required to contribute at an actuarially determined rate; the rate during 20X1 was 12 percent of annual covered payroll. All administrative functions are provided for by the City's general fund.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to NGPP for the current year were as follows:

Annual required contribution (ARC)	\$ XXX,XXX
Interest on net pension obligation (NPO)	(XX,XXX)
Adjustment to ARC	<u>XX,XXX</u>
Annual pension cost	XXX,XXX
Contribution made	<u>(XXX,XXX)</u>
Change in NPO	X,XXX
NPO, December 31, 20X0	<u>(XX,XXX)</u>
NPO, December 31, 20X1	<u>\$ (XX,XXX)</u>

As of December 31, 20X1, \$XXX of the negative net pension obligation is recorded in the water and sewer enterprise fund as a prepaid expense. The remaining \$XX,XXX of the negative net pension obligation is associated with pension expenditures of the governmental funds and is not displayed in the balance sheet.

The annual required contribution for the current year was determined as part of the January 1, 20X1, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return and (b) projected salary increases ranging from 5.5 percent to 9.5 percent per year. Both (a) and (b) included an inflation component of 5.5 percent. The assumptions did not include postretirement benefit increases, which are funded by separate City appropriations when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 20X1, was 15 years.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/19Y9	\$XXX,XXX	XX%	\$(XX,XXX)
12/31/20X0	XXX,XXX	XX%	(XX,XXX)
12/31/20X1	XXX,XXX	XX%	(XX,XXX)

Schedules of required supplementary information for the NGPP are presented after these note to the financial statements.

Component Unit Pension Plans

Except for the Name of Government School District (NGSD), all employees of the City’s component units are covered by defined contribution pension plans. These plans, which are established under the authority of state law, are all administered by the Supreme Investment Company. They are governed by trust documents that can be amended by the individual component unit governing boards. Because the component units have no fiduciary responsibility for these plans, the assets of the plans are not reported in these financial statements.

Employer and plan member contributions are invested in various Supreme mutual funds selected by the plan participants from a selection of funds made available by the employers. Employer contributions vest after ten years of credited service. Employees can select from one of several annuity income options upon retirement and after age sixty.

Contribution requirements and contributions actually made for the year ended December 31, 20X1 are as follows:

	<u>Employer Contribution</u>		<u>Plan Member Contribution</u>	
	<u>Required</u>	<u>Made</u>	<u>Required</u>	<u>Made</u>
Parks and Recreation Commission	X% of salary	\$XX,XXX	X% of salary	\$XX,XXX
Transit Authority	X% of salary	XX,XXX	X% of salary	XX,XXX
Airport Authority	X% of salary	XX,XXX	X% of salary	XX,XXX
Convention Center Authority	X% of salary	XX,XXX	X% of salary	XX,XXX

Substantially all full-time and part-time employees of the NGSD participate in a statewide cost-sharing multiple employer defined benefit pension plan administered by the Public School Employees Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the PSERS Code (the Code) and may be amended by an act of the State Legislature. The plan provides retirement, disability, and death benefits, as well as legislatively mandated ad hoc cost-of-living adjustments to qualifying plan members and beneficiaries. It also provides for refunds of a nonvested member’s accumulated contribution upon termination from employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to PSERS, P.O. Box 111, State Capitol, State 00000-0111.

The contribution policy for PSERS is set by the Code and requires contributions by active employees and by participating employers. Plan members are required to contribute 6.25 percent of their covered payroll. The contributions required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. The NGSD’s contributions to PSERS for the years ending June 30, 20X1, 20X0, and 19Y9 were \$XXX,XXX, \$XXX,XXX, and \$XXX,XXX, respectively. Those amounts are equal to the required contribution for each year.

The NGSD recognizes annual pension expenditures or expenses equal to its contractually required contributions, subject to the modified accrual basis of accounting in its governmental funds.

H. Postemployment Benefits Other Than Pensions

The City provides certain healthcare and life insurance benefits to retired employees. All full-time employees are eligible for benefits if actively employed by the City immediately before retirement. As of December 31, 20X1, there were XX retirees receiving these benefits. The benefits are provided in accordance with City Code and labor agreements and require no contributions from the retirees. The City finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. The premiums for these benefits totaled \$XX,XXX in 20X1.

I. Joint Venture

The City participates with two other local cities in the Mid-State Power Authority, a joint venture that sells hydroelectric power to power companies. The Authority is governed by a six-member board, two members of which are appointed by each of the participating cities. The City has an equity interest in the net assets of the Authority proportional to its net contributions to the Authority for capital facilities and operations since it was organized. The City also has an obligation to finance one-third of the net losses of the Authority; it also has the right to receive one-third of the Authority’s income. The City’s net investment and its share of the operating results of the Authority are reported in the water and sewer enterprise fund. The Authority’s annual financial statements for the year ended December 31, 20X1, are available from the Authority’s administrative office at 456 Water Street in Name of Government.

J. Intergovernmental Revenue—Debt Service Funds

Under the provisions of state law, the state reimburses the City for a portion of the financing costs of various approved projects. Payments totaling \$XXX,XXX have been received through December 31, 20X1, including \$XX,XXX in 20X1 for projects financed by the proceeds of the 19X5 Street, Bridge and Drainage Improvement bonds. These amounts must be used to abate a portion of the tax levied for principal and interest payments due on the approved project bonds. These reimbursements represent approximately 45 percent of the debt service on the 19X5 Street, Bridge and Drainage Improvement bonds and are expected to average approximately \$XX,XXX annually until the bonds mature.

K. Commitments

Commitments under operating lease agreements for facilities and equipment provide for minimum annual rental payments as follows:

	<i>Facilities</i>	<i>Equipment</i>	<i>Total</i>
20X2	\$ XX,XXX	\$XX,XXX	\$ XX,XXX
20X3	XX,XXX	XX,XXX	XX,XXX
20X4	XX,XXX	XX,XXX	XX,XXX
20X5	XX,XXX	XX,XXX	XX,XXX
20X6	XX,XXX	XX,XXX	XX,XXX
Thereafter	XXX,XXX	—	XXX,XXX

The 20X1 operating lease costs were \$XX,XXX. Commitments under construction contracts are described in Note IIIC.

L. Risk Financing

The City and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

M. Contingent Liabilities

The City participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. The audits of these programs for or including the year ended December 31, 20X1, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City Council and the City are defendants in litigation seeking damages of \$XXX,XXX for violation of civil rights in a zoning decision. The suit alleges that the defendants conspired to down-zone property and refused to accept an application for a building permit by the plaintiff resulting in a violation of his civil rights. Outside counsel for the City is of the opinion that the defendants will prevail.

There are several other pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

N. Subsequent Event

On February 13, 20X2, the City Council was notified that its application for a construction grant from the Environmental Protection Agency (EPA) was approved. Under the grant, the City is to construct a wastewater treatment plant at a total cost of approximately \$X,XXX,XXX. EPA will finance 75 percent of the total cost, approximately \$X,XXX,XXX, with the City financing the balance of \$XXX,XXX by issuing water and sewer revenue bonds. Construction is expected to commence in late 20X2 with completion currently scheduled for mid-20X8.

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NAME OF GOVERNMENT
Required Supplementary Information
Schedules of Funding Progress and Employer Contributions
December 31, 20X1

Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL)— Entry Age (b)</i>	<i>Unfunded AAL (UAAL) (b - a)</i>	<i>Funded Ratio (a / b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b - a) / c)</i>
(1) 1/1/19Y6	\$X,XXX,XXX	\$X,XXX,XXX	\$XX,XXX	XXX.XX%	\$X,XXX,XXX	XX.XX%
1/1/19Y7	X,XXX,XXX	X,XXX,XXX	XX,XXX	XXX.XX%	X,XXX,XXX	XX.XX%
(2) 1/1/19Y8	X,XXX,XXX	X,XXX,XXX	XX,XXX	XXX.XX%	X,XXX,XXX	XX.XX%
1/1/19Y9	X,XXX,XXX	X,XXX,XXX	XX,XXX	XXX.XX%	X,XXX,XXX	XX.XX%
1/1/20X0	X,XXX,XXX	X,XXX,XXX	XX,XXX	XXX.XX%	X,XXX,XXX	XX.XX%
1/1/20X1	X,XXX,XXX	X,XXX,XXX	XX,XXX	XXX.XX%	X,XXX,XXX	XX.XX%

- (1) Change in benefit provisions.
- (2) Change in economic and actuarial assumptions.

Employer Contributions

<i>Year Ending</i>	<i>Annual Required Contributions</i>	<i>Percentage Contributed</i>
12/31/19Y6	\$X,XXX,XXX	XXX.XX%
12/31/19Y7	X,XXX,XXX	XX.XX%
12/31/19Y8	X,XXX,XXX	XXX.XX%
12/31/19Y9	X,XXX,XXX	XX.XX%
12/31/20X0	X,XXX,XXX	XX.XX%
12/31/20X1	X,XXX,XXX	XX.XX%

The accompanying notes to supplementary schedules are an integral part of these schedules.

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NAME OF GOVERNMENT

Notes to Required Supplementary Information

December 31, 20X1

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	1/1/20X1
Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period	15 years
Asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return*	7.50%
Projected salary increases*	5.5% to 9.5%
*Includes inflation at	5.50%
Cost of living adjustments	None

NAME OF GOVERNMENT
Combining Balance Sheet—All Special Revenue Funds
December 31, 20X1

	<i>Totals Year Ended</i>					
	<i>Parks</i>	<i>State Gasoline Tax</i>	<i>Motor Vehicle License</i>	<i>Parking Meter</i>	<i>Juvenile Rehabilitation</i>	<i>December 31, 20X0</i>
Assets						
Cash	\$XX,XXX	\$XX,XXX	\$ X,XXX	\$XX,XXX	\$XX,XXX	\$ XX,XXX
Investments	XX,XXX	—	—	XX,XXX	X,XXX	XX,XXX
Receivables:						
Taxes receivable—delinquent (net of allowances for uncollectibles of \$XXX)	X,XXX	—	—	—	—	—
Accounts receivable (net of allowance for uncollectibles of \$XXX)	X,XXX	—	—	—	—	X,XXX
Accrued interest	XX	—	—	—	—	XX
Due from state government	—	XX,XXX	XX,XXX	—	—	XX,XXX
Inventory of supplies, at cost	X,XXX	XXX	XXX	X,XXX	X,XXX	X,XXX
Total Assets	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX
Liabilities and Fund Balances						
Liabilities:						
Vouchers payable	\$XX,XXX	\$XX,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ XX,XXX
Contracts payable	XX,XXX	X,XXX	—	X,XXX	—	XX,XXX
Judgments payable	X,XXX	—	—	—	—	—
Due to General Fund	X,XXX	—	—	—	—	—
Total Liabilities	XX,XXX	XX,XXX	X,XXX	X,XXX	X,XXX	XX,XXX
Fund Balances:						
Reserved for encumbrances	XX,XXX	XX,XXX	XX,XXX	XXX	X,XXX	XX,XXX
Reserved for inventory of supplies	X,XXX	XXX	XXX	X,XXX	X,XXX	X,XXX
Unreserved	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total Fund Balances	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Total Liabilities and Fund Balances	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX	\$XX,XXX

[Adapted from NCGA 1, App. B, Example 6] (continued)

NAME OF GOVERNMENT
Statement of Revenues, Expenditures, and Changes in Fund Balances—All Special Revenue Funds
December 31, 20X1

	<i>Totals Year Ended</i>						
	<i>Parks</i>	<i>State Gasoline Tax</i>	<i>Motor Vehicle License</i>	<i>Parking Meter</i>	<i>Juvenile Rehabilitation</i>	<i>December 31, 20X1</i>	<i>December 31, 20X0</i>
Revenues:							
Taxes	\$XXX,XXX	\$ —	\$ —	\$ —	\$ —	\$ XXX,XXX	\$ XXX,XXX
Intergovernmental revenues	—	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	XXX,XXX
Charges for services	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Miscellaneous revenues	XX,XXX	—	—	XXX	XXX	XX,XXX	XX,XXX
Total Revenues	XXX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Expenditures:							
Public Safety	—	—	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Highways and streets	—	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX
Culture and recreation	XXX,XXX	—	—	—	—	XXX,XXX	XXX,XXX
Total Expenditures	XXX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Excess of Revenues over (under) Expenditures	X,XXX	X,XXX	X,XXX	(X,XXX)	X,XXX	XX,XXX	XX,XXX
Fund Equity—January 1	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XXX,XXX	XX,XXX
Fund Equity—December 31	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX

[Adapted from NCGA 1, App. B, Example 7, as amended by GASB 14]

NAME OF GOVERNMENT
Statement of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—Parks Fund
For the Fiscal Years Ended December 31, 20X1 and 20X0

	20X1		20X0		Variance— Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Taxes:					
Current	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$(X,XXX)
Penalties and interest on delinquent taxes	XXX	XXX	XXX	XXX	(XXX)
Total Taxes	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	(X,XXX)
Miscellaneous Revenues:					
Rents and royalties	XX,XXX	XX,XXX	XX,XXX	XX,XXX	X,XXX
Interest revenue	XXX	XXX	XXX	XXX	—
Total Miscellaneous Revenues	XX,XXX	XX,XXX	XX,XXX	XX,XXX	X,XXX
Total Revenues	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX
Expenditures:					
Culture and Recreation:					
Supervision of parks	XX,XXX	XX,XXX	XX,XXX	XX,XXX	(XXX)
Parkways and boulevards	XX,XXX	XX,XXX	XX,XXX	XX,XXX	(X,XXX)
Park areas	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	(X,XXX)
Park lighting	XX,XXX	XX,XXX	XX,XXX	XX,XXX	X,XXX
Park policing	XX,XXX	XX,XXX	XX,XXX	XX,XXX	(X,XXX)
Forestry and nursery	XX,XXX	XX,XXX	XX,XXX	XX,XXX	X,XXX
Total Expenditures	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	(X,XXX)
Excess or Revenues over (under) Expenditures	(X,XXX)	X,XXX	—	(X,XXX)	(X,XXX)
Fund Balance—January 1	XX,XXX	XX,XXX	XX,XXX	XX,XXX	—
Fund Balance—December 31	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX	\$(X,XXX)

[Adapted from NCGA 1, App. A, Example 8]

NAME OF GOVERNMENT
Statement of Changes in Assets and Liabilities—All Agency Funds
For the Fiscal Year Ended December 31, 20X1

	<i>Balance January 1</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance December 31</i>
SPECIAL PAYROLL FUND				
Assets				
Cash	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
Liabilities				
Vouchers payable	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
PROPERTY TAX FUND				
Assets				
Cash	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$XXX,XXX
Taxes receivable (net of allowances for uncollectibles)	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Total Assets	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XXX,XXX
Liabilities				
Due to Other Taxing Units:				
County	\$XXX,XXX	\$X,XXX,XXX	\$ XXX,XXX	\$XXX,XXX
Special district	XX,XXX	XXX,XXX	XX,XXX	XX,XXX
Total Liabilities	\$XXX,XXX	\$X,XXX,XXX	\$ XXX,XXX	\$XXX,XXX
STUDENT ACTIVITY FUND				
Assets				
Cash	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX
Liabilities				
Due to student groups	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX
TOTALS—ALL AGENCY FUNDS				
Assets				
Cash	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$XXX,XXX
Taxes receivable (net of allowances for uncollectibles)	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Total Assets	\$XX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XXX,XXX
Liabilities				
Vouchers payable	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
Due to other taxing units	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Due to student groups	X,XXX	X,XXX	X,XXX	X,XXX
Total Liabilities	\$XX,XXX	\$X,XXX,XXX	\$ XXX,XXX	\$XXX,XXX

[Adapted from NCGA 1, App. B, Example 9]

August 2003 Edition

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS FOR STATE AND LOCAL GOVERNMENTAL UNITS (GASB 34 EDITION)

*A Financial Accounting and
Reporting Practice Aid*

Prepared By
Venita M. Wood, CPA CGFM
Edited By: **Lori A. West, CPA**
Technical Manager,
Accounting and Auditing Publications

*Checklists and Illustrative Financial Statements
for State and Local Governmental Units (GASB 34
Edition)* has not been approved, disapproved, or
otherwise acted upon by any senior technical commit-
tees of the American Institute of Certified Public
Accountants or the Financial Accounting Standards
Board and has no official or authoritative status.

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FSP Section 13,000A

Checklists and Illustrative Financial Statements for State and Local Governments (GASB 34 Edition)

Introduction

.01 This publication includes the following information, extracted from sections 13,000A through 13,400A of the *Financial Statement Preparation Manual* (FSP):

- **Financial Statements and Notes Checklist (FSP section 13,100A)**—This checklist can be used by preparers of governmental financial statements prepared in conformity with generally accepted accounting principles (GAAP) and by practitioners who audit, review, or compile those financial statements as they evaluate the adequacy of disclosures made in the basic financial statements, notes to the financial statements, and required supplementary information (RSI).
- **Auditors' Reports Checklist (FSP section 13,200A)**—This checklist can be used by auditors in reporting on audits of financial statements in accordance with generally accepted auditing standards (GAAS).
- **Auditors' Reports on Audits Performed Under *Government Auditing Standards* and OMB Circular A-133 Checklist (FSP section 13,300A)**—This checklist can be used by auditors in reporting on financial audits of financial statements in accordance with the General Accounting Office's (GAO's) *Government Auditing Standards** (also referred to as the Yellow Book), issued by the Comptroller General of the United States, and on audits performed under the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (June 1997 Revision).
- **References to Illustrative Financial Statements (FSP section 13,400A)**—This section refers users to the various Governmental Accounting Standards Board (GASB) publications that illustrate the basic financial statements, notes to the financial statements, and RSI.

.02 These checklists consider relevant standards through those in the following listing. Users should modify the checklists, as appropriate, for subsequent standards. In determining the applicability of a standard, its effective date also should be considered.

- Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 150, *Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity*
- FASB Interpretation (FASBI) No. 46, *Consolidation of Variable Interest Entities—An Interpretation of ARB No. 51*
- FASB Technical Bulletin (FTB) No. 01-1, *Effective Date for Certain Financial Institutions of Certain Provisions of Statement 140 Related to the Isolation of Transferred Financial Assets*

* In June 2003, the Comptroller General of the United States issued a comprehensive revision to *Government Auditing Standards*. The 2003 revision supersedes the 1994 revision, including its amendments. (Note that the content of the amendments are incorporated into the revision.) The 2003 revision to *Government Auditing Standards* is effective for financial audits of periods ending on or after January 1, 2004. These checklists and illustrative financial statements will be updated in the future for the 2003 revision to *Government Auditing Standards*.

- Governmental Accounting Standards Board (GASB) Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*
- GASB Interpretation (GASBI) No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*
- GASB Technical Bulletin (GTB) 03-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*
- GASB staff’s *Comprehensive Implementation Guide—2003*
- 1994 revision to *Government Auditing Standards* Amendment No. 3, *Independence*, and its related *Government Auditing Standards: Answers to Independence Questions*
- AICPA Statement on Auditing Standards (SAS) No. 101, *Auditing Fair Value Measurements and Disclosures*
- Amendment to Auditing Interpretation No. 2 of SAS No. 31, *Evidential Matter* (AU sec. 326), titled “The Effect of an Inability to Obtain Evidential Matter Relating to Income Tax Accruals”
- Auditing Interpretation No. 16 of SAS No. 58, *Reports on Audited Financial Statements* (AU sec. 508), titled “Effect on Auditor’s Report of Omission of Schedule of Investments by Investment Partnerships That Are Exempt From Securities and Exchange Commission Registration Under the Investment Company Act of 1940”
- AICPA Statement of Position (SOP) No. 02-2, *Accounting for Derivative Instruments and Hedging Activities by Not-for-Profit Health Care Organizations, and Clarification of the Performance Indicator*
- AICPA Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)* (with conforming changes as of May 1, 2003)
- AICPA Audit Guide *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards* (with conforming changes as of May 1, 2003)

.03 The AICPA Accounting and Auditing Publications Staff has prepared these checklists as practice aids for preparers and auditors to use for the financial statements of and federal financial assistance received by state and local governments. The Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)* defines those entities that are state and local governments. This publication is an *Other Auditing Publication* as defined in SAS No. 95, *Generally Accepted Auditing Standards*, as amended (AICPA, *Professional Standards*, vol. 1, AU sec. 150). Other Auditing Publications have no authoritative status; however, they may help the auditor understand and apply SASs.

- The financial statements and notes checklist includes disclosures—whether in the basic financial statements, the notes to the financial statements, or RSI—that preparers and auditors should consider in governmental financial statements prepared in accordance with GAAP.¹ The provisions of accounting and financial reporting standards, including disclosure provisions, need not be applied to immaterial items. The checklist does not include recognition and measurement issues relating to preparing governmental financial statements. It also does not address additional disclosures applicable only to a Comprehensive Annual Financial Report (CAFR), specialized disclosure requirements for governmental health care organizations and public entity risk pools contained in the Audit and Accounting Guides *Health Care Organizations* and *Audits of Property and Liability Insurance Companies*, or disclosures required by pronouncements that are deemed remote for governmental financial statements. The items (including

¹ SAS No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, as amended (AICPA, *Professional Standards*, vol. 1, AU sec. 411.12 and .13), contains the hierarchy of GAAP for state and local governments. This publication is *Other Accounting Literature* under that hierarchy.

Appendix A) in the checklist that are derived solely from private-sector standards (such as those promulgated by the FASB and the Accounting Principles Board [APB]) may have limited applicability for governmental financial statements. To determine the applicability of private-sector pronouncements to governmental financial statements, see SAS No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, as amended (AICPA, *Professional Standards*, vol. 1, AU sec. 411), and GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended by GASB Statements No. 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*, and No. 34.

- The auditors' report checklist addresses those requirements most likely to be encountered when reporting on GAAS audits of governmental financial statements prepared in conformity with GAAP. It does not include reporting requirements relating to other matters, such as agreed-upon procedures.

.04 These checklists reflect the disclosure requirements of the governmental financial reporting model promulgated in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and its related pronouncements—GASB Statements No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and No. 41, GASB Interpretation No. 6. They also reflect the requirements of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, some of which are related to GASB Statement No. 34, and the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*. Users who are not applying GASB Statement No. 34 and its related pronouncements or the GASB 34 Edition of the Guide should refer to the version of these checklists and illustrative financial statements that do not incorporate those provisions.

- GASB Statement No. 34 and its related pronouncements become effective in three phases depending on an entity's total annual revenues (as defined in GASB Statements No. 34 and No. 35) in the first fiscal year ending after June 15, 1999, as shown in the following chart. For all phases, earlier application is encouraged. Special transition provisions apply for component units, reporting general infrastructure assets, certain note disclosures, and certain budgetary comparison presentations.

Phase	Total Annual Revenues in the First Fiscal Year Ending After June 15, 1999	Implementation Required for First Period Beginning After June 15
1	\$100 million or more	2001
2	\$10 million to \$100 million	2002
3	Less than \$10 million	2003

For summaries of the provisions of GASB Statement No. 34, and its related pronouncements, and the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, see the annual AICPA Audit Risk Alerts, *State and Local Governmental Developments*, for 2002 and 2003. Additional guidance concerning the implementation of GASB Statement No. 34, as amended, is provided in the GASB staff's *Comprehensive Implementation Guide* and an AICPA Practice Aid, *Understanding and Implementing GASB's New Financial Reporting Model, A Question and Answer Guide for Preparers and Auditors of State and Local Governmental Financial Statements—Revised Edition* (product no. 022516). Practical guidance concerning the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, is in the soon-to-be-issued AICPA Practice Aid *Auditing Governmental Financial Statements: Programs and Other Practice Aids* (product no. 006602).

- The provisions of GASB Statement No. 38 become effective when the requirements of GASB Statement No. 34 are required to be implemented. However, because the provisions of GASB Statement No. 38 are not required to be implemented simultaneously with the provisions of GASB Statement No. 34, a government could early implement GASB Statement No. 34 without early implementing GASB Statement No. 38. Although the financial statements and notes checklist in this publication reflect provisions

from GASB Statement No. 38, they alert the user to disclosure requirements if the entity is not yet implementing GASB Statement No. 38.

- The Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, which addresses auditing and reporting on financial statements prepared in conformity with the new financial reporting model, is effective for audits of financial statements for the first fiscal period ending after June 15, 2003, in which a government does apply or is required to apply the provisions of GASB Statement No. 34. Earlier application of that Guide is encouraged if a government issues financial statements that apply GASB Statement No. 34 after the Guide is issued.

.05 These checklists sometimes uses the term *financial position statements* in a generic manner to refer to one or more of the following—the government-wide statement of net assets, the governmental funds balance sheet, the proprietary funds statement of fund net assets or balance sheet, and the fiduciary funds statement of fiduciary net assets. These checklists also sometimes uses the term *activity statements* in a generic manner to refer to one or more of the following—the government-wide statement of activities; the governmental funds statement of revenues, expenditures, and changes in fund balances; the proprietary funds statement of revenues, expenses, and changes in fund net assets or fund equity; and the fiduciary funds statement of changes in fiduciary net assets.

.06 These checklists contain references to authoritative accounting and auditing standards using the following abbreviations and acronyms:

GASB =	Governmental Accounting Standards Board Statement
GASBI =	Governmental Accounting Standards Board Interpretation
GASB Cod. Sec. =	<i>Codification of Governmental Accounting and Financial Reporting Standards (GASB 34 Edition)</i> , by the Governmental Accounting Standards Board (as of June 30, 2002)
GTB =	Technical Bulletin issued by the staff of the GASB
Q&A =	GASB staff's <i>Comprehensive Implementation Guide</i>
NCGA =	National Council on Governmental Accounting Statement
NCGAI =	National Council on Governmental Accounting Interpretation
SFAS =	FASB Statement of Financial Accounting Standards
AC =	FASB <i>Accounting Standards—Current Text</i> (as of June 1, 2002)
FASBI =	Financial Accounting Standards Board Interpretation
APB =	Accounting Principles Board Opinion
ARB =	Accounting Research Bulletin
AAG-SLA =	AICPA Audit Guide <i>Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards</i>
AAG-SLV =	Audit and Accounting Guide <i>Audit of State and Local Governments (GASB 34 Edition)</i>
SAS =	AICPA Statement on Auditing Standards
AU =	Reference to section number in AICPA <i>Professional Standards</i> (vol. 1)
SOP =	AICPA Statement of Position
A-133 =	Office of Management and Budget (OMB) Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> (June 1997 Revision)
GAS =	<i>Government Auditing Standards</i> (also referred to as the Yellow Book), issued by the Comptroller General of the United States

.07 The checklists provide spaces for checking off or initialing each item to indicate that it has been considered. Users should check or initial—

- *Yes*—If the item is required and has been made appropriately.
- *No*—If the item is required but not made.
- *N/A*—If the item is not required.

.08 Users may find it helpful to include references to the location in the financial report where each item marked “Yes” can be found. It also may be helpful to include on the checklists or elsewhere the reasons that items marked “N/A” do not apply. It is important that any items in the financial statements and notes checklist marked “No” be considered in the auditor’s report on the financial statements. A “No” response to a required disclosure that is material may warrant the issuance of a qualified or adverse opinion on the financial statements of the affected opinion unit² or an explanatory paragraph on RSI. For each item with a “No” response, users should consider noting why the disclosure was not made (for example, because the item was not considered material to the financial statements of the affected opinion unit) and the effect on the auditor’s report.

.09 The use of these or any other checklists requires the exercise of individual professional judgment and should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of GAAP, GAAS, and other applicable standards and requirements. These checklists are not substitutes for original authoritative standards and requirements. Users of these checklists are urged to refer directly to applicable standards and requirements when appropriate. The checklists are not all-inclusive and are not intended to present minimum requirements. Users of the checklists are encouraged to tailor them as required to meet specific circumstances of each particular engagement. Users who have further questions may call the AICPA Technical Hotline at 1-888-777-7077.

Note: This publication was extracted from sections 13,000A through 13,400A of the AICPA *Financial Statement Preparation Manual* (FSP).

² See the discussion of opinion units in chapters 4 and 14 of the Audit and Accounting Guide *Audits of State and Local Governments* (GASB 34 Edition).

FSP Section 13,100A

Financial Statements and Notes Checklist

.01 This checklist can be used by preparers of governmental financial statements prepared in conformity with generally accepted accounting principles (GAAP) and by practitioners who audit, review, or compile those financial statements as they evaluate the adequacy of disclosures. This checklist is organized into the sections listed below. Carefully review the topics listed and consider whether they represent potential disclosure items for the government. Place a checkmark by those topics or sections considered applicable. Place an N/A by those sections considered not applicable; those sections need not be completed. For example, if the entity does not use the modified approach for infrastructure assets, place an N/A by item C, "Modified Approach for Eligible Infrastructure Assets" in the section titled "Required Supplementary Information."

*Place ✓ by
Sections Applicable*

- General Reporting
 - A. Overview _____
 - B. Comparative Financial Information _____
 - C. Accounting Changes _____
 - D. Prior-Period Adjustments _____

- Government-Wide Financial Statements
 - A. Overview _____
 - B. Statement of Net Assets _____
 - C. Statement of Activities _____

- Fund Financial Statements
 - A. Overview _____
 - B. Governmental Funds _____
 - C. Proprietary Funds _____
 - D. Fiduciary Funds _____
 - E. Interfund Activity and Balances _____

- Assets, Liabilities, and Equity
 - A. Cash, Investments, and Investment-Related Activity _____
 - B. Nonexchange Transactions _____
 - C. Inventories _____
 - D. Capital Assets _____
 - E. Clearing Account Assets _____
 - F. Liabilities, Including Debt _____
 - G. Equity _____

- Revenues and Expenses/Expenditures
 - A. Income on Investments and Investment-Related Activity _____
 - B. Nonexchange Transactions _____
 - C. Capital Asset-Related Revenues and Expenses/Expenditures _____

- Note Disclosures
 - A. Focus of Note Disclosures _____
 - B. Summary of Significant Accounting Policies _____
 - C. Cash, Investments, and Investment-Related Activity _____
 - D. Nonexchange Transactions _____

*Place ✓ by
Sections Applicable*

- E. Capital Assets _____
- F. Liabilities, Including Debt _____
- G. Contingencies and Commitments _____
- H. Joint Costs That Include Fund Raising _____
- I. Segment Disclosures _____
- J. Subsequent Events _____
- K. Related Parties, Including Component Units _____
- L. Other Disclosures _____

- Specialized Topics
 - A. Organizational Relationships, Including Component Units and Joint Ventures _____
 - B. Derivatives _____
 - C. Escheat Property _____
 - D. Governmental External Investment Pools _____
 - E. Landfill Closure and Postclosure Care Costs _____
 - F. Leases _____
 - G. Noninterest-Bearing Receivables and Payables _____
 - H. Pension Plans _____
 - I. Pensions—Employer Reporting _____
 - J. Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans—Sponsor and Employer Reporting _____
 - K. Postemployment Benefits Other Than Pensions—Employer Reporting _____
 - L. Public Entity Risk Pools _____
 - M. Risk Financing and Related Financing Issues—Entities Other Than Risk Pools _____
 - N. Special Assessments _____

- Required Supplementary Information
 - A. Management’s Discussion and Analysis _____
 - B. Budgetary Comparison Schedules _____
 - C. Modified Approach for Eligible Infrastructure Assets _____
 - D. Pension Plans (Defined Benefit) _____
 - E. Pensions—Employer Reporting _____
 - F. Public Entity Risk Pools _____

- Appendix A: Applying Post-November 30, 1989 FASB and AICPA Pronouncements to Enterprise Funds and Business-Type Activities _____
- Appendix B: GASB 40 _____

.02 Checklist questionnaire:

Yes No N/A

I. General Reporting

A. Overview

1. Does the entity’s financial report consist of, at a minimum, a management’s discussion and analysis (MD&A), basic financial statements (including the notes thereto), and applicable required supplementary information (RSI) other than MD&A? _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Except for certain entities as discussed in Questions 3 through 5 below, do the entity’s basic financial statements present both government-wide financial statements (GWFS) and fund financial statements? [GASB 34, par. 6 (GASB Cod. Sec. 2200.102)]	_____	_____	_____
3. If the entity is a special-purpose government engaged in a single governmental program, has it chosen to combine the fund financial statements and the GWFS using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule? (Alternatively, a single-program government may present separate government-wide and fund financial statements and may present its government-wide statement of activities using a different format—for example, by presenting a single column that reports expenses first followed by revenues (by major sources), with the resulting net revenue (expense) followed by contributions to permanent and term endowments, special and extraordinary items, transfers, and beginning and ending net assets.) [GASB 34, pars. 136 and 137 (GASB Cod. Sec. Sp20.105 and .106)]	_____	_____	_____
4. If the entity is a special-purpose government engaged only in business-type activities, does it present only the financial statements required for enterprise funds? (Note that entities that reported as of June 30, 1999, using SOP 78-10, <i>Accounting Principles and Reporting Practices for Certain Nonprofit Organizations</i> , or <i>Industry Audit Guide Audits of Voluntary Health and Welfare Organizations</i> , but that do not meet the criteria for reporting using enterprise funds may nevertheless choose to report as special-purpose governments engaged only in business-type activities.) [GASB 29, par. 5, as amended by GASB 34, par. 147 (GASB Cod. Sec. Sp20.111); GASB 34, par. 138 (GASB Cod. Sec. Sp20.107)]	_____	_____	_____
5. If the entity is a special-purpose government engaged only in fiduciary activities, does it present only the financial statements required for fiduciary funds? [GASB 34, par. 139 (GASB Cod. Sec. SP20.108)]	_____	_____	_____
6. Is each financial statement properly titled? [Generally Accepted]	_____	_____	_____
7. Is each page of the basic financial statements referenced to the notes to the financial statements (and to the summary of significant accounting policies, if presented as a stand-alone summary)? [NCGAI 6, par. 8, as amended by GASB 34, par. 6 (GASB Cod. Sec. 2300.110)]	_____	_____	_____

B. Comparative Financial Information

1. If comparative financial statements are presented, are the notes and other disclosures included in the financial statement of the preceding year(s) repeated, or at least referred to, to the extent that they continue to be of significance? [ARB 43, Ch. 2A, par. 2 (AC F43.102)]	_____	_____	_____
2. If changes occurred in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed? [ARB 43, Ch. 2A, par. 3 (AC F43.103)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. If prior-period financial information is presented in a partial or summarized manner and does not include the minimum information required by GAAP, is the nature of the prior-period information described by the use of appropriate titles on the face of the financial statements and in a note to the financial statements? [AAG-SLV, par. 2.51]	_____	_____	_____
C. Accounting Changes			
1. Is the implementation of any new GASB standard reported as provided in the transition section of the standard? [Generally Accepted]	_____	_____	_____
2. Are changes in accounting principles, addressed in APB 20, <i>Accounting Changes</i> , as amended, reported as restatements of beginning net assets/fund equity, not as a separately identified cumulative effect in the current-period statement of activities or proprietary fund statement of revenues, expenses, and changes in fund net assets? [GASB 34, fn. 13 (GASB Cod. Sec. 1600, fn. 3)]	_____	_____	_____
3. For an accounting change, does disclosure in the period of the change include:			
a. Nature of the change?	_____	_____	_____
b. Justification for the change and a clear explanation of why the newly adopted principle is preferable?	_____	_____	_____
c. Amount of the change? [APB 20, pars. 17, 19, 28, and 35 (AC A06.113, .115, and .124, and AC A35.113)]	_____	_____	_____
4. Are changes in the entity's policy for determining which items are treated as cash equivalents in the statement of cash flows reported by restating financial statements for earlier years presented for comparative purposes? [GASB 9, par. 11 (GASB Cod. Sec. 2450.108)]	_____	_____	_____
5. Are the effects of changes in accounting estimates disclosed? [APB 20, pars. 31–33 (AC A06.130–.132)]	_____	_____	_____
a. Is a change to depreciation from the modified approach for eligible infrastructure assets (and visa versa) reported as a change in accounting estimate? [GASB 34, fn. 21 (GASB Cod. Sec. 1400, fn. 7); GASB 37, par. 8 (GASB Cod. Sec. 1400, fn. 6)]	_____	_____	_____
6. For accounting changes that are corrections of errors in previously issued financial statements, is the nature and effect on current-period amounts disclosed? [APB 20, par. 37 (AC A35.105)]	_____	_____	_____
D. Prior-Period Adjustments			
1. For prior-period adjustments:			
a. For single-period statements, does the disclosure indicate the effects of such restatement on net assets/fund equity at the beginning of the period and on the results of operations of the immediately preceding period?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If financial statements for more than one period are presented, does disclosure include the effects for each of the periods presented in the statements? [APB 9, par. 26 (AC A35.107)]	_____	_____	_____
2. If the prior-period adjustments pertain to historical summaries of financial data, are the adjustments reflected therein with appropriate disclosure? [APB 9, par. 27 (AC A35.108)]	_____	_____	_____
3. If the current-period financial statements will have to be restated in the future because a GASB or FASB pronouncement will require retroactive application of its provisions by prior period adjustment, are the impending change in principle and the resulting restatement disclosed if they are considered essential data? [Interpretation 3 of SAS 1, sec. 410, pars. 13–16 (AU 9410.13–.16)]	_____	_____	_____
4. For an adjustment of an extraordinary item reported in a prior period:			
a. Is the adjustment classified separately as an extraordinary item in the current period?	_____	_____	_____
b. Are the nature, year of origin, and amount of the item disclosed? [SFAS 16, par. 16(c) (AC I17.119)]	_____	_____	_____

II. Government-Wide Financial Statements

A. Overview

1. Do the GWFS:			
a. Consist of a statement of net assets and a statement of activities? [GASB 34, par. 12 (GASB Cod. Sec. 2200.110)]	_____	_____	_____
b. Display information about the reporting government as a whole, including the primary government and its component units,* except for the fiduciary funds of the primary government and component units that are fiduciary in nature? [GASB 34, par. 13 (GASB Cod. Sec. 2200.111)]	_____	_____	_____
c. Include the activity and balances of blended component units that are reported in the governmental and proprietary funds as if they were part of the primary government? [GASB 14, par. 52, and GASB 34, par. 6 (GASB Cod. Sec. 2600.112)]	_____	_____	_____
d. Use separate rows and columns to distinguish between the total primary government and its discretely presented component units and between the governmental and business-type activities of the primary government? [GASB 34, pars. 12, 14, and 15 (GASB Cod. Secs. 2100.110, 2200.112 and .113, and 2600.101)]	_____	_____	_____
e. Present a total column for the primary government? [GASB 34, par. 14 (GASB Cod. Sec. 2200.112)]	_____	_____	_____
f. Include one or more columns to display the combined data of the discretely presented component units, located to the right of the total column of the primary government and using a descriptive column heading? [GASB 14, par. 44 (GASB Cod. Sec. 2600.107)]	_____	_____	_____

* GASB 39, *Determining Whether Certain Organizations Are Component Units*, establishes criteria for when a legally separate, tax-exempt organization should be reported as discretely presented a component unit of a reporting entity. GASB 39 is effective for financial statements for periods beginning after June 15, 2003.

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 2. Is the reporting for governmental and business-type activities based on all applicable GASB pronouncements, as well as FASB Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements?
[GASB 34, par. 17 (GASB Cod. Sec. 1600.104)] | _____ | _____ | _____ |
| 3. Is the use of all noncontradictory, nonconflicting FASB Statements and Interpretations issued after November 30, 1989, for business-type activities based on the application of those pronouncements in the underlying enterprise funds?
[GASB 34, par. 17 (GASB Cod. Sec. 1600.104; Q&A, item 7.30)] | _____ | _____ | _____ |

B. Statement of Net Assets

- | | | | |
|--|-------|-------|-------|
| 1. Does the statement report all financial and capital resources? | _____ | _____ | _____ |
| 2. Is the statement presented either in a format that displays assets less liabilities equal net assets (encouraged) or uses the traditional balance sheet format (assets equal liabilities plus net assets)?
[GASB 34, par. 30 (GASB Cod. Sec. 2200.115)] | _____ | _____ | _____ |
| 3. Are assets and liabilities presented either in order of their relative liquidity (encouraged) or classified between current and long-term (including presentation of restricted assets) using the provisions of Chapter 3 of ARB 43, <i>Restatement and Revision of Accounting Research Bulletins</i> and GASB 34, par. 99?
[GASB 34, pars. 31, 97, 99, and fn. 23 (GASB Cod. Sec. 2200.116, .163, and .165 and fn. 12)] | _____ | _____ | _____ |
| <i>a.</i> If making a liquidity presentation, are liabilities whose average maturities are greater than one year reported in two components—the amount due within one year and the amount due in more than one year?
[GASB 34, par. 31 (GASB Cod. Sec. 2200.116)] | _____ | _____ | _____ |
| 4. Concerning internal balances: | | | |
| <i>a.</i> Are amounts reported in the funds as interfund receivables and payables (including amounts owing between the primary government and blended component units) eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which should be presented as internal balances? | _____ | _____ | _____ |
| <i>b.</i> Are amounts reported in the funds as receivable from or payable to fiduciary funds included in the statement of net assets as receivable from and payable to external parties (consistent with the nature of fiduciary funds), rather than as internal balances? | _____ | _____ | _____ |
| <i>c.</i> Are all internal balances eliminated in the total primary government column?
[GASB 34, par. 58 (GASB Cod. Secs. 1800.103 and 2200.143); GASB 34, par. 61 (GASB Cod. Secs. 1800.106 and 2200.146)] | _____ | _____ | _____ |
| 5. Are amounts payable and receivable between the primary government and its discretely presented component units or between those components reported on a separate line?
[GASB 34, par. 61 (GASB Cod. Secs. 1800.106 and 2200.146)] | _____ | _____ | _____ |

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 6. Are internal service fund asset and liability balances that are not eliminated in the statement of net assets reported in the governmental activities column unless enterprise funds are the predominant or only participants in an internal service fund? (If enterprise funds are the predominant or only participants in an internal service fund, in which case, that internal service fund’s residual assets and liabilities should be reported within the business-type activities column.)
[GASB 34, par. 62 (GASB Cod. Secs. 1800.107 and 2200.147)] | _____ | _____ | _____ |
| 7. Is the difference between assets and liabilities reported as “net assets”?
[GASB 34, par. 30 (GASB Cod. Sec. 2200.115)] | _____ | _____ | _____ |
| 8. Are net assets displayed in three components—invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted?
[GASB 34, par. 32 (GASB Cod. Secs. 1800.132 and 2200.117)] | _____ | _____ | _____ |
| a. When permanent endowments or permanent fund principal amounts are included, is “restricted net assets” displayed in two additional components—expendable and nonexpendable?
[GASB 34, par. 35 (GASB Cod. Secs. 1800.135 and 2200.120)] | _____ | _____ | _____ |
| 9. Are designations of net assets not reported on the face of the statement?
[GASB 34, par. 37 (GASB Cod. Secs. 1800.137 and 2200.122)] | _____ | _____ | _____ |

C. Statement of Activities

- | | | | |
|---|-------|-------|-------|
| 1. Does the statement present activities accounted for in governmental funds by function and activities accounted for in enterprise funds by different identifiable activities? (Hereinafter, this checklist uses the term <i>function</i> to refer to the minimum required level of detail for both governmental and business-type activities in the statement of activities.)
[GASB 37, par. 10 (GASB Cod. Secs. 1800.123 and 2200.124)] | _____ | _____ | _____ |
| 2. Is the statement presented in a format that presents expenses before program revenues, thereby reporting the net (expense) revenue of its individual functions?
[GASB 34, par. 38 (GASB Cod. Sec. 2200.123)] | _____ | _____ | _____ |
| 3. Are general revenues, contributions to term and permanent endowments, contributions to permanent fund principal, special items, extraordinary items, and transfers reported separately after the total net expenses of the government’s functions, ultimately arriving at the “change in net assets” for the period?
[GASB 34, par. 38 (GASB Cod. Sec. 2200.123); GASB 34, par. 52 (GASB Cod. Secs. 1800.127 and 2200.137); GASB 34, par. 53 (GASB Cod. Secs. 1800.128 and 2200.138); GASB 34, par. 55 (GASB Cod. Secs. 1800.129 and 2200.140)] | _____ | _____ | _____ |
| a. Are special items reported before extraordinary items?
[GASB 34, par. 56 (GASB Cod. Secs. 1800.130 and 2200.141)] | _____ | _____ | _____ |
| 4. Are all expenses reported by function, except for those that are special or extraordinary items?
[GASB 34, par. 41 (GASB Cod. Secs. 1800.125 and 2200.126)] | _____ | _____ | _____ |
| 5. At a minimum, does the entity report direct expenses for each function?
[GASB 34, par. 41 (GASB Cod. Secs. 1800.125 and 2200.126)] | _____ | _____ | _____ |
| 6. If the entity allocates some or all of its indirect expenses among functions, are direct and indirect expenses presented in separate columns?
[GASB 34, par. 42 (GASB Cod. Sec. 2200.127)] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Except as provided in GASB 34, par. 46, is interest on general long-term liabilities reported as a separate line item that clearly indicates that it excludes direct interest expenses, if any, reported in other functions, with the amount excluded disclosed in the notes or presented on the face of the statement? [GASB 34, par. 46 (GASB Cod. Sec. 2200.131)]	_____	_____	_____
8. Are program revenues separately reported in three categories—charges for services; program-specific operating grants and contributions; and program-specific capital grants and contributions? [GASB 34, par. 48 (GASB Cod. Secs. 1800.126 and 2200.133)]	_____	_____	_____
9. Are all taxes, which are general revenues, reported by type of tax? [GASB 34, par. 52 (GASB Cod. Secs. 1800.127 and 2200.137)]	_____	_____	_____
10. Concerning internal activity:			
a. Are resource flows between the primary government and blended component units reclassified as internal activity? [GASB 34, par. 61 (GASB Cod. Secs. 1800.106 and 2200.146)]	_____	_____	_____
b. Are eliminations made in the statement of activities to remove the “doubling-up” effect of internal service fund activity and similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function? [GASB 34, par. 59 (GASB Cod. Secs. 1800.104 and 2200.144)]	_____	_____	_____
c. Is the effect of interfund services provided and used between functions not eliminated in the statement of activities? [GASB 34, par. 60 (GASB Cod. Secs. 1800.105 and 2200.145)]	_____	_____	_____
11. Are resource flows (except those that affect the statement of net assets only, such as loans and repayments) between a primary government and its discretely presented component units reported as if they were external transactions—that is, as revenues and expenses? [GASB 34, par. 61 (GASB Cod. Secs. 1800.106 and 2200.146)]	_____	_____	_____

III. Fund Financial Statements

A. Overview

1. Does the entity report governmental, proprietary, and fiduciary funds to the extent that it has activities that meet the criteria for using those funds? [GASB 34, par. 63 (GASB Cod. Sec. 1300.102)]	_____	_____	_____
2. Are separate financial statements presented for the three fund categories—governmental, proprietary, and fiduciary—after the government-wide financial statements? [GASB 34, pars. 6b(2) and 74 (GASB Cod. Sec. 2200.102b(2) and .148)]	_____	_____	_____

B. Governmental Funds

1. Is the general fund used to account for all financial resources except those required to be reported in another fund? [NCGA 1, par. 26 (GASB Cod. Sec. 1300.104)]	_____	_____	_____
a. Are resources that are provided for administrative costs and fees of a state’s unemployment programs accounted for in the general fund unless legal requirements exist that require the resources be reported in another fund? [NCGAI 9, par. 9 (GASB Cod. Sec. U50.101)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> If an employer government reports using more than one fund and a single fund is used to report on-behalf payments for fringe benefits and salaries, is that fund the general fund unless the on-behalf payments relate entirely to another fund? [GASB 24, par. 11 and fn. 8 (GASB Cod. Sec. N50.133 and fn. 19)]</p>	_____	_____	_____
<p>2. Does the entity report only one general fund? [NCGAI 9, par. 10 (GASB Cod. Sec. 1300.116)]</p>	_____	_____	_____
<p>3. Is the primary government’s general fund the only general fund for the reporting entity? [GASB 14, par. 54 (GASB Cod. Secs. 1300.116 and 2600.114)]</p>	_____	_____	_____
<p>4. Are special revenues funds used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes? (Resources restricted to expenditure for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied; and use of special revenue funds is not required unless they are legally mandated.) [NCGA 1, par. 26, as amended, and par. 30 (GASB Cod. Sec. 1300.105); NCGA 1, par. 30 (GASB Cod. Sec. 1300.117)]</p>	_____	_____	_____
<p><i>a.</i> Is the general fund of a blended component unit reported as a special revenue fund? [GASB 14, par. 54 (GASB Cod. Secs. 1300.105 and .116 and 2600.114)]</p>	_____	_____	_____
<p>5. Are capital projects funds used to account for financial resources to be used for the acquisition or construction of major capital facilities, including those financed by general obligation bond proceeds (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments)? [NCGA 1, par. 10 and par. 26, as amended by GASB 34, par. 69 (GASB Cod. Sec. 1300.106)]</p>	_____	_____	_____
<p>6. Are debt service funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest? (Debt service funds are required if they are legally mandated or if financial resources are being accumulated for principal and interest payments maturing in future years.) [NCGA 1, pars. 26 and 30 (GASB Cod. Sec. 1300.107); NCGA 1, par. 30 (GASB Cod. Sec. 1300.117)]</p>	_____	_____	_____
<p>7. Are permanent funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the entity’s programs—that is, for the benefit of the government or its citizenry? (An example is a cemetery perpetual-care fund that provides resources for the ongoing maintenance of a public cemetery.) [GASB 34, par. 65 and fn. 32 (GASB Cod. Sec. 1300.108 and fn. 3)]</p>	_____	_____	_____
<p>8. Do the governmental fund financial statements:</p>			
<p><i>a.</i> Consist of a balance sheet (displaying assets equal liabilities plus fund balances) and a statement of revenues, expenditures, and changes in fund balances? [GASB 34, par. 78 (GASB Cod. Secs. 1300.102a and 2200.152); GASB 34, par. 83 (GASB Cod. Sec. 2200.153)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Include the governmental funds of blended component units and blended component units that are governmental in nature? [GASB 14, pars. 52 and 54 (GASB Cod. Sec. 2600.112 and .114); GASB 34, par. 125 (GASB Cod. Secs. 2100.110 and 2600.101)]	_____	_____	_____
c. Present the financial information of the entity’s main operating fund (the general fund or its equivalent) and each other major governmental fund in a separate column? [GASB 34, pars. 75, 76, 83, and 86 (GASB Cod. Sec. 2200.149, .150, .153, and .156)]	_____	_____	_____
d. Display the aggregate nonmajor governmental funds in a single column, regardless of fund type? [GASB 34, pars. 75, 83, and 86 (GASB Cod. Sec. 2200.149, .153, and .156)]	_____	_____	_____
e. Display a total column for all governmental funds? [GASB 34, pars. 83 and 86 (GASB Cod. Sec. 2200.153 and .156)]	_____	_____	_____
f. Present summary reconciliations to the GWFS on the face of the financial statements or in accompanying schedules? [GASB 34, pars. 77, 85, and 90 (GASB Cod. Sec. 2200.151, .155, and .160); Q&A, item 7.294]	_____	_____	_____
9. Are the governmental fund financial statements presented using the current financial resources measurement focus and the modified accrual basis of accounting? [GASB 34, par. 79 (GASB Cod. Sec. 1300.102a)]	_____	_____	_____
10. Does the balance sheet:			
a. Not report asset valuation accounts or deferred revenues as reserves? [NCGA 1, par. 119 (GASB Cod. Sec. 1800.140)]	_____	_____	_____
b. Report accumulated earmarked net assets for eventual payment of unmatured general long-term indebtedness as a part of fund balance—for example, as unreserved, designated fund balance, if appropriate. [GASBI 6, par. 16 (GASB Cod. Sec. 1600.124)]	_____	_____	_____
c. Segregate fund balances into reserved and unreserved amounts? [NCGA 1, pars. 118 and 121 (GASB Cod. Sec. 1800.139 and .142); GASB 34, par. 84 (GASB Cod. Sec. 2200.154)]	_____	_____	_____
d. Report fund balance reserves:			
(1) For encumbrances outstanding at year-end? [NCGA 1, par. 91 (GASB Cod. Sec. 1700.128)]	_____	_____	_____
(2) For inventories, to indicate the portion of fund balance that is not available for appropriation and expenditure at the financial statement date? [NCGA 1, par. 118 (GASB Cod. Sec. 1800.139)]	_____	_____	_____
(3) For contractual commitments to third parties that are not liabilities at the financial statement date?	_____	_____	_____
(4) For prepaid items?	_____	_____	_____
(5) For noncurrent receivables that are not offset by deferred revenue?	_____	_____	_____
(6) For the noncurrent portion of interfund receivables? [AAG-SLV, par. 10.10]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Display reserved fund balances of the combined nonmajor funds in sufficient detail to disclose the purposes of the reservations (for example, reserved for debt service or reserved for encumbrances)?	_____	_____	_____
f. Display unreserved fund balances of nonmajor funds by fund type? [GASB 34, par. 84 (GASB Cod. Secs. 1800.143 and 2200.154)]	_____	_____	_____
g. Display or parenthetically disclose fund balance designations as part of unreserved fund balances? (Alternatively, designations may be disclosed in the notes to the financial statements.) [NCGA 1, par. 120 (GASB Cod. Sec. 1800.141)]	_____	_____	_____
(1) Do the display of fund balance designations not result in reporting negative undesignated balances at year-end? [AAG-SLV, par. 10.17]	_____	_____	_____
11. Does the statement of revenues, expenditures, and changes in fund balances:			
a. Present the following information, in the following sequence:			
(1) Revenues (detailed)?	_____	_____	_____
(2) Expenditures (detailed)?	_____	_____	_____
(3) Excess (deficiency) of revenues over expenditures?	_____	_____	_____
(4) Other financing sources and uses, including transfers (detailed)?	_____	_____	_____
(5) Special and extraordinary items (detailed)?	_____	_____	_____
(6) Net change in fund balances?	_____	_____	_____
(7) Fund balances (both reserved and unreserved)—beginning of period?	_____	_____	_____
(8) Fund balances—end of period? [GASB 34, pars. 86 and 89 and fn. 38 (GASB Cod. Sec. 2200.156 and .159, and fn. 27)]	_____	_____	_____
b. Classify revenues by major source? [NCGA 1, par. 110 (GASB Cod. Sec. 1800.115); GASB 34, par. 87 (GASB Cod. Sec. 2200.157)]	_____	_____	_____
c. Classify expenditures at a minimum by function? [NCGA 1, par. 112 (GASB Cod. Sec. 1800.117); GASB 34, par. 87 (GASB Cod. Sec. 2200.157)]	_____	_____	_____
d. Classify debt issue costs, both those paid out of debt proceeds and those paid from existing resources, as expenditures? [GASB 34, par. 87 (GASB Cod. Secs. 1800.110 and 2200.157)]	_____	_____	_____
e. Classify the following as other financing sources and uses:			
(1) The face amount of long-term debt not recorded as fund liabilities, in captions such as “Bonds Issued” or “Long-Term Notes Issued” (except for the proceeds of special assessment debt for which the government is not obligated in any manner)? [NCGA 1, par. 108, as amended (GASB Cod. Secs. 1500.110 and 1800.108); GASB 6, par. 19 (GASB Cod. Sec. S40.119); GASB 7, par. 8, as amended (GASB Cod. Sec. 1800.109); GASB 34, par. 88, as amended (GASB Cod. Secs. 1500.110, 1800.108, and 2200.158)]	_____	_____	_____
(2) Issuance premium or discount? [GASB 34, par. 88 (GASB Cod. Secs. 1800.108 and 2200.158)]	_____	_____	_____
(3) Payments to escrow agents for bond refundings from resources provided by the new debt? [GASB 7, par. 8 (GASB Cod. Sec. 1800.109); GASB 34, par. 88 (GASB Cod. Secs. 1800.108 and 2200.158)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(4) Transfers? [GASB 34, par. 88 (GASB Cod. Sec. 2200.158); GASB 34, par. 112b(1) (GASB Cod. Sec. 1800.102b(1))]	_____	_____	_____
(5) Sales of capital assets (unless the sale meets the criteria for reporting as a special item)? [GASB 34, par. 88 (GASB Cod. Secs. 1800.113 and 2200.158)]	_____	_____	_____
f. Report special and extraordinary items separately within a “special and extraordinary items” classification if both occur during the same period?	_____	_____	_____
g. Separately identify significant transactions or other events that are either unusual or infrequent but are not within the control of management within the appropriate revenue or expenditure category? (Alternatively, these items may be disclosed in the notes to the financial statements.)	_____	_____	_____
h. Not report debt refundings as extraordinary items? [GASB 34, par. 89 (GASB Cod. Sec. 1800.131 and .159)]	_____	_____	_____

C. Proprietary Funds

1. Are enterprise funds used to report:			
a. Only activities for which a fee is charged to external users for goods or services?	_____	_____	_____
b. Activities that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges to external users for the activity?	_____	_____	_____
c. Activities for which laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges to external users?	_____	_____	_____
d. Activities with pricing policies that establishes fees and charges to external users designed to recover its costs, including capital costs? [GASB 34, par. 67 (GASB Cod. Sec. 1300.109)]	_____	_____	_____
e. A state’s unemployment compensation benefit plan? [NCGAI9, par. 9 (GASB Cod. Sec. U50.101); GASB 34, fn. 34 (GASB Cod. Sec. 1300, fn. 5)]	_____	_____	_____
2. Are internal service funds only used to report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis and for which the reporting government is the predominant participant in the activity? [GASB 34, par. 68 (GASB Cod. Sec. 1300.110)]	_____	_____	_____
3. Do the proprietary fund financial statements:			
a. Consist of a statement of net assets or balance sheet; a statement of revenues, expenses, and changes in fund net assets or fund equity; and a statement of cash flows? (Hereinafter, this checklist uses the terms <i>statement of net assets</i> and <i>statement of revenues, expenses, and changes in fund net assets</i> when referring specifically to the proprietary fund financial statements.) [GASB 34, par. 91 (GASB Cod. Secs. 1300.102b, 2200.161, and P80.106)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Include the proprietary funds of blended component units and blended component units that are proprietary in nature? [GASB 14, pars. 52 and 54 (GASB Cod. Sec. 2600.112 and .114); GASB 34, par. 125 (GASB Cod. Secs. 2100.110 and 2600.101)]	_____	_____	_____
c. Present the financial information of each major enterprise fund in a separate column?	_____	_____	_____
d. Display aggregate nonmajor enterprise funds in a single column? [GASB 34, par. 75 (GASB Cod. Secs. 2200.149 and P80.107); GASB 34, par. 96 (GASB Cod. Secs. 2200.162 and P80.111)]	_____	_____	_____
e. Display a total column for all enterprise funds? [GASB 34, par. 96 (GASB Cod. Secs. 2200.162 and P80.111)]	_____	_____	_____
f. Display the aggregate internal service funds in a single column to the right of the total enterprise funds column? [GASB 34, par. 96 (GASB Cod. Secs. 2200.162 and P80.111); GASB 34, fn. 35 (GASB Cod. Secs. 2200, fn. 24, and P80, fn. 5)]	_____	_____	_____
g. Present summary reconciliations to the GWFS, if there are reconciling differences, on the face of the financial statements or in accompanying schedules? [GASB 34, par. 77 (GASB Cod. Secs. 2200.151 and P80.109); GASB 34, par. 104 (GASB Cod. Secs. 2200.170 and P80.110); Q&A, item 7.294]	_____	_____	_____
4. Are the proprietary fund financial statements presented using the economic resources measurement focus and the accrual basis of accounting? [GASB 34, par. 92 (GASB Cod. Sec. 1300.102b)]	_____	_____	_____
5. Are proprietary funds reported based on all applicable GASB pronouncements, as well as FASB Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements? [GASB 1, par. 8, and GASB 20, par. 6, as amended by GASB 34, par. 93 (GASB Cod. Sec. P80.102)]	_____	_____	_____
6. Do enterprise funds that apply the provisions of all noncontradictory, nonconflicting FASB Statements and Interpretations issued after November 30, 1989, apply only those post-November 30, 1989 FASB Statements and Interpretations that are developed for business enterprises? (See Appendix A.) [GASB 29, par. 7, as amended by GASB 34, par. 94 (GASB Cod. Sec. P80.103)]	_____	_____	_____
7. Is the statement of net assets presented either in a format that displays assets less liabilities equal net assets or using a balance sheet format (assets equal liabilities plus net assets)? [GASB 34, par. 98 (GASB Cod. Secs. 2200.164 and P80.113)]	_____	_____	_____
8. Does the statement of net assets:			
a. Present assets and liabilities in a classified format to distinguish between current and long-term (including presentation of restricted assets) as discussed in Chapter 3 of ARB 43 and GASB 34, par. 99? [GASB 34, par. 97 (GASB Cod. Secs. 2200.163 and P80.112); GASB 34, par. 99 (GASB Cod. Secs. 2200.165 and P80.114)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Display net assets in three components—invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted? [GASB 34, par. 98 (GASB Cod. Secs. 1800.138, 2200.164, and P80.113)]	_____	_____	_____
(1) When permanent endowments are included, is “restricted net assets” displayed in two additional components—expendable and nonexpendable? [GASB 34, par. 103 (GASB Cod. Secs. 2200.169 and P80.119)]	_____	_____	_____
c. Not display capital contributions as a separate component of net assets?	_____	_____	_____
d. Not display designations of net assets? [GASB 34, par. 98 (GASB Cod. Secs. 1800.138, 2200.164, and P80.113)]	_____	_____	_____
9. Does the statement of revenues, expenses, and changes in fund net assets:			
a. Distinguish between operating and nonoperating revenues and expenses? [GASB 34, par. 100 (GASB Cod. Secs. 1800.122, 2200.166, and P80.115)]	_____	_____	_____
b. Present the following information, in the following sequence:			
(1) Operating revenues (detailed)?	_____	_____	_____
(2) Total operating revenues?	_____	_____	_____
(3) Operating expenses (detailed)?	_____	_____	_____
(4) Total operating expenses?	_____	_____	_____
(5) Operating income (loss)?	_____	_____	_____
(6) Nonoperating revenues and expenses (detailed)?	_____	_____	_____
(7) Income before other revenues, expenses, gains, losses, and transfers?	_____	_____	_____
(8) Capital contributions (grant, developer, and other), additions to permanent and term endowments, special and extraordinary items (detailed), and transfers?	_____	_____	_____
(9) Increase (decrease) in net assets?	_____	_____	_____
(10) Net assets—beginning of period?	_____	_____	_____
(11) Net assets—end of period? [GASB 34, par. 100 (GASB Cod. Secs. 1800.131, 2200.166, and P80.115); GASB 34, par. 101 (GASB Cod. Secs. 2200.167 and P80.116); GASB 34, par. 103 (GASB Cod. Secs. 2200.169 and P80.119)]	_____	_____	_____
c. Classify revenues and expenses in a manner essentially like those of similar business organizations, trusts, or activities, unless that classification conflicts with or contradicts GASB pronouncements? [NCGA 1, par. 117, as amended by GASB 20, par. 6 (GASB Cod. Secs. 1800.122 and P80.117)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Report revenues by major source? [GASB 34, par. 100 (GASB Cod. Secs. 1800.122, 2200.166, and P80.115)]	_____	_____	_____
e. Either report revenues net of discounts and allowances with the discount or allowance amount parenthetically disclosed on the face of the statement or in a note to the financial statements, or report revenues gross with the related discounts and allowances reported directly beneath the revenue amount? [GASB 34, fn. 41 (GASB Cod. Secs. 2200, fn. 30, and P80, fn. 8)]	_____	_____	_____
f. Identify revenues used as security for revenue bond? [GASB 34, par. 100 (GASB Cod. Secs. 2200.166 and P80.115)]	_____	_____	_____
10. Does the statement of cash flows:			
a. Report the net cash provided or used by the fund’s operating, noncapital financing, capital and related financing, and investing activities, and the net effect of those flows on cash and cash equivalents during the period, including restricted cash and cash equivalents, in a manner that reconciles beginning and ending cash and cash equivalents? [GASB 9, pars. 7, 8, 15, and 30 (GASB Cod. Sec. 2450.104, .105, .112, and .127)]	_____	_____	_____
b. Use a descriptive term, such as <i>cash</i> or <i>cash and cash equivalents</i> , rather than the term <i>funds</i> ? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)]	_____	_____	_____
c. Show an amount of cash and cash equivalents at the beginning and end of the period that is easily traceable to similarly titled line items or subtotals in the fund’s statement of net assets as of those dates? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)]	_____	_____	_____
d. Present information about cash receipts and payments as gross amounts rather than as net amounts, except for items in the investing and financing categories whose turnover is quick, amounts are large, and maturities are short and, in certain situations, the purchases and sales of highly liquid investments? [GASB 9, pars. 12–14 and 35 (GASB Cod. Sec. 2450.109–.111 and .130)]	_____	_____	_____
e. Use the direct method of presenting cash flows from operating activities, which reports major classes of gross cash receipts and gross cash payments and their arithmetic sum? [GASB 34, par. 105 (GASB Cod. Secs. 2200.171 and 2450.128)]	_____	_____	_____
f. At a minimum, separately report these classes of operating cash receipts and payments:			
(1) Cash receipts from customers?	_____	_____	_____
(2) Cash receipts from interfund services provided?	_____	_____	_____
(3) Other operating cash receipts, if any?	_____	_____	_____
(4) Cash payments to employees for services?	_____	_____	_____
(5) Cash payments to other suppliers of goods or services?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(6) Cash payments for interfund services used, including payments in lieu of taxes that are payments for, and reasonably equivalent in value to, services provided?	_____	_____	_____
(7) Other operating cash payments, if any? [GASB 9, par. 31, as amended by GASB 34, pars. 105 and 112 (GASB Cod. Sec. 2450.128)]	_____	_____	_____
g. Provide in an accompanying schedule a reconciliation of operating cash flows to operating income? [GASB 9, par. 34, as amended by GASB 34, pars. 100 and 105 (GASB Cod. Secs. 2200.171 and 2450.129)]	_____	_____	_____
(1) Does the reconciliation report the same amount for net cash flow from operating activities indirectly by adjusting operating income to remove the effects of depreciation, amortization, and other deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred revenue, and the like, and all accruals of expected future operating cash receipts and payments, such as changes during the period in receivables and payables?	_____	_____	_____
(2) Does the reconciliation separately report all major classes of reconciling items, including, at a minimum, changes during the period in receivables pertaining to operating activities, in inventory, and in payables pertaining to operating activities? [GASB 9, pars. 32 and 33, as amended by GASB 34, pars. 100 and 105 (GASB Cod. Sec. 2450.129)]	_____	_____	_____
h. Classify cash receipts and payments from the following activities as cash flows from noncapital financing activities:			
(1) Proceeds from issuing bonds, notes, and other short- or long-term borrowing not clearly attributable to acquisition, construction, or improvement of capital assets, including borrowings to finance loan programs that are undertaken to fulfill a governmental responsibility (<i>program loans</i>)?	_____	_____	_____
(2) Cash receipts from grants or subsidies except those specifically restricted for capital purposes and those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
(3) Cash received from other funds except those amounts that are clearly attributable to acquisition, construction, or improvement of capital assets; interfund services provided; and interfund reimbursements?	_____	_____	_____
(4) Cash received from property and other taxes collected for the governmental enterprise and not specifically restricted for capital purposes?	_____	_____	_____
(5) Repayments of amounts borrowed for purposes other than acquiring, constructing, or improving capital assets, including borrowings to finance program loans?	_____	_____	_____
(6) Interest payments to lenders and other creditors on amounts borrowed or credit extended for purposes other than acquiring, constructing, or improving capital assets, including interest payments on borrowings to finance program loans?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(7) Cash paid as grants or subsidies to other governments or organizations, except those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
(8) Cash paid to other funds, except for interfund services used? [GASB 9, pars. 19 and 20 (GASB Cod. Sec. 2450.116 and .117); GASB 9, pars. 21 and 22, as amended by GASB 34, par. 112 (GASB Cod. Sec. 2450.118)]	_____	_____	_____
<i>i.</i> Classify cash receipts and payments from the following activities as cash flows from capital and related financing activities:			
(1) Proceeds from issuing or refunding bonds, mortgages, notes, and other short- or long-term borrowing clearly attributable to the acquisition, construction, or improvement of capital assets?	_____	_____	_____
(2) Receipts from capital grants awarded to the governmental enterprise?	_____	_____	_____
(3) Receipts from contributions made by other funds, other governments, and other organizations or individuals for the specific purpose of defraying the cost of acquiring, constructing, or improving capital assets?	_____	_____	_____
(4) Receipts from sales of capital assets as well as proceeds from insurance on capital assets that are stolen or destroyed?	_____	_____	_____
(5) Receipts from special assessments or property and other taxes levied specifically to finance the construction, acquisition, or improvement of capital assets?	_____	_____	_____
(6) Payments to acquire, construct, or improve capital assets?	_____	_____	_____
(7) Repayments or refundings of amounts borrowed specifically to acquire, construct, or improve capital assets?	_____	_____	_____
(8) Other principal payments to vendors who have extended credit to the governmental enterprise directly for purposes of acquiring, constructing, or improving capital assets?	_____	_____	_____
(9) Cash payments to lenders and other creditors for interest directly related to acquiring, constructing, or improving capital assets? [GASB 9, pars. 23–25 (GASB Cod. Sec. 2450.120–.122)]	_____	_____	_____
<i>j.</i> Classify cash receipts and payments from the following activities as cash flows from investing activities:			
(1) Receipts from collections of loans (except program loans) made by the governmental enterprise and sales of other entities' debt instruments (other than cash equivalents) that were purchased by the governmental enterprise?	_____	_____	_____
(2) Receipts from sales of equity instruments and from returns of investment in those instruments?	_____	_____	_____
(3) Interest and dividends received as returns on loans (except program loans), debt instruments of other entities, equity securities, and cash management or investment pools?	_____	_____	_____
(4) Withdrawals from investment pools that the governmental enterprise is not using as demand accounts?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(5) Disbursements for loans (except program loans) made by the governmental enterprise and payments to acquire debt instruments of other entities (other than cash equivalents)?	_____	_____	_____
(6) Payments to acquire equity instruments?	_____	_____	_____
(7) Deposits into investment pools that the governmental enterprise is not using as demand accounts? [GASB 9, pars. 26–28 (GASB Cod. Sec. 2450.123–.125)]	_____	_____	_____
k. Report in a separate schedule (in narrative or tabular form) information about all investing, capital, and financing activities of a governmental enterprise during a period that affect recognized assets or liabilities but do not result in cash receipts or cash payments in the period?	_____	_____	_____
(1) Does the information clearly describe the cash and noncash aspects of transactions involving similar items? [GASB 9, par. 37 (GASB Cod. Sec. 2450.132)]	_____	_____	_____

D. Fiduciary Funds

1. Are pension (and other employee benefit) trust funds used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, and other employee benefit plans? [GASB 34, par. 70 (GASB Cod. Sec. 1300.111)]	_____	_____	_____
a. Do pension (and other employee benefit) trust funds include Internal Revenue Code Section 457 deferred compensation plans that meet the criteria for reporting in that manner? [GASB 32, par. 4, as amended by GASB 34, par. 70 (GASB Cod. Sec. D25.101)]	_____	_____	_____
2. Are investment trust funds used to report the external portion of investment pools reported by the sponsoring government? [GASB 34, par. 71 (GASB Cod. Sec. 1300.112)]	_____	_____	_____
a. If the entity provides individual investment accounts to other, legally separate entities that are not part of the same financial reporting entity, does it report those investments in one or more separate investment trust funds? [GASB 31, par. 20 (GASB Cod. Sec. I50.118)]	_____	_____	_____
b. If individual accounts are offered as an alternative to a pooled position, are the individual accounts reported in a different investment trust from the pool? [GASB 31, fn. 11 (GASB Cod. Sec. I50, fn. 11)]	_____	_____	_____
3. Are private-purpose trust funds used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments? [GASB 34, par. 72 (GASB Cod. Sec. 1300.113)]	_____	_____	_____
4. Are agency funds used to report resources held by the reporting government in a purely custodial capacity? (Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.) [GASB 34, par. 73 (GASB Cod. Sec. 1300.114)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>a.</i> Are agency funds used to report cash pass-through grants only in those infrequent cases in which the recipient government serves only as a cash conduit? [GASB 24, par. 5 (GASB Cod. Sec. N50.128)]</p>	_____	_____	_____
<p>5. Are the fiduciary fund financial statements reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans? [GASB 34, par. 107 (GASB Cod. Sec. 1300.102c)]</p>	_____	_____	_____
<p>6. Do the fiduciary fund financial statements:</p>			
<p><i>a.</i> Consist of a statement of fiduciary net assets and statement of changes in fiduciary net assets? (For defined benefit pension plans, the statement of fiduciary net assets and statement of changes in fiduciary net assets are equivalent to the statement of plan net assets and statement of changes in plan net assets, respectively, required by GASB 25.) [GASB 34, par. 106 (GASB Cod. Secs. 1300.102c and 2200.172); GASB 34, fn. 43 (GASB Cod. Secs. 1300, fn. 1, and 2200, fn. 32)]</p>	_____	_____	_____
<p>(1) Does the statement of changes in fiduciary net assets report additions and deductions rather than revenues and expenses? [GASB 34, par. 109 (GASB Cod. Sec. 2200.174)]</p>	_____	_____	_____
<p><i>b.</i> Include information about all fiduciary funds of the primary government, as well as component units that are fiduciary in nature? [GASB 34, par. 106 (GASB Cod. Secs. 1300.102c and 2200.172); GASB 34, par. 125, (GASB Cod. Secs. 2100.110 and 2600.101)]</p>	_____	_____	_____
<p><i>c.</i> Include organizations that do not meet the definition for inclusion in the financial reporting entity if the primary government has a fiduciary responsibility for them? [GASB 14, par. 19 (GASB Cod. Secs. 2100.118 and 2600.104)]</p>	_____	_____	_____
<p><i>d.</i> Provide a separate column for each fund type—pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts, agency funds? [GASB 34, par. 106 (GASB Cod. Sec. 2200.172)]</p>	_____	_____	_____
<p><i>e.</i> Apply the detailed display requirements of GASB Cod. Secs. Pe5 and Po50 to the financial statements of employee benefit trust funds other than pension trust funds? [GASB 34, pars. 108 and 109 (GASB Cod. Sec. 2200.173 and .174)]</p>	_____	_____	_____
<p><i>f.</i> Report agency fund assets equal to agency fund liabilities? [GASB 34, par. 110 (GASB Cod. Sec. 2200.175)]</p>	_____	_____	_____
<p>(1) If an agency fund has a negative cash balance because more cash has been paid out than received or if it has incurred more liabilities than there is cash to pay them, has the entity reported an interfund receivable in the agency fund to reflect the amount of its liability to cover the shortage? [AAG-SLV, par. 5.28]</p>	_____	_____	_____
<p><i>g.</i> Not report agency funds in the statement of changes in fiduciary net assets? [GASB 34, par. 110 (GASB Cod. Sec. 2200.175)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
E. Interfund Activity and Balances¹			
1. Are amounts due from and due to other funds, including long-term amounts, reported in the fund financial statements? (Current amounts due from and due to the same funds may be offset and the net amounts shown in the respective fund financial position statements.) [NCGA 1, par. 22, as amended by GASB 34, pars. 81 and 112 (GASB Cod. Sec. 1300.120); NCGA 1, fn. 5 (GASB Cod. Sec. 1300.120); GASB 34, par. 81 (GASB Cod. Sec. 1500.102)]	_____	_____	_____
2. Are interfund loans reported as interfund receivables in lender funds and interfund payables in borrower funds (and not as other financing sources or uses)?	_____	_____	_____
a. If repayment of interfund loans is not expected within a reasonable time, is the interfund balances reduced and the amount that is not expected to be repaid reported as a transfer from the fund that made the loan to the fund that received the loan? [GASB 34, par. 112a(1) (GASB Cod. Sec. 1800.102a(1))]	_____	_____	_____
3. Are interfund services provided and used reported as revenues in seller funds and expenditures or expenses in purchaser funds (except when the general fund is used to account for risk-financing activities), with unpaid amounts reported as interfund receivables and payables in the fund financial position statements? [GASB 34, par. 112a(2) and fn. 45 (GASB Cod. Sec. 1800.102a(2) and fn. 1)]	_____	_____	_____
4. Are transfers reported as:			
a. Other financing uses in the governmental funds making transfers?	_____	_____	_____
b. Other financing sources in the governmental funds receiving transfers?	_____	_____	_____
c. After nonoperating revenues and expenses in proprietary funds? [GASB 34, par. 112b(1) (GASB Cod. Sec. 1800.102b(1))]	_____	_____	_____
5. Are reimbursements not displayed in the financial statements? [GASB 34, par. 112b(2) (GASB Cod. Sec. 1800.102b(2))]	_____	_____	_____
6. If the entity moves capital assets from one fund or activity to another:			
a. Is the movement accounted for at the asset's book value, with no gain or loss reported?	_____	_____	_____
b. Are movements of general capital assets to a proprietary or fiduciary fund not reported in governmental funds?	_____	_____	_____
c. Are movements of general capital assets to a proprietary fund (or visa versa) reported in the government-wide financial statements as internal activity between the governmental and business-type activities? [AAG-SLV, par. 7.45]	_____	_____	_____
7. Are any interfund and similar eliminations made in the fund financial statements apparent from the headings or disclosed in the notes to the financial statements? [NCGA 1, pars. 145, 147, and 156, as amended by GASB 34, par. 6 (GASB Cod. Sec. 2200, fn. 5)]	_____	_____	_____

¹ This section applies not only to activity between the funds of a legal entity but also to activity between a primary government and its blended component units. Resource flows between a primary government and its discretely presented component units (except those that affect the financial position statement only, such as loans and repayments) are reported as revenues and expenses/expenditures. [GASB 34, par. 61 (GASB Cod. Secs. 1800.106 and 2200.146)]

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 8. Do interfund receivables equal interfund payables and do transfers in equal transfers out (unless there is a difference in fiscal year between the primary government and its blended component units)?
[Generally Accepted] | _____ | _____ | _____ |

IV. Assets, Liabilities, and Equity²

A. Cash, Investments, and Investment-Related Activity³

- | | | | |
|--|-------|-------|-------|
| 1. Does the entity not apply the provisions of GASB 31 to investments in equity securities that are accounted for under the equity method, to investments in joint ventures or component units, or to securities or other instruments not held by the entity for investment purposes, either for itself or for parties for which it serves as investment manager or other fiduciary?
[GASB 31, par. 5 (GASB Cod. Sec. I50.104)] | _____ | _____ | _____ |
| 2. Does the entity apply the equity method for reporting investments in common stock, if applicable in the circumstances?
[GASB 31, par. 5 (GASB Cod. Sec. I50.104); APB 18 (AC I82)] | _____ | _____ | _____ |
| 3. If a cash account for the entity is overdrawn in total, is the balance classified as a liability in the fund and government-wide financial statements?
[AAG-SLV, par. 5.26] | _____ | _____ | _____ |
| 4. Is the equity position of each fund or component unit in an internal investment pool (or in an external investment pool that is sponsored by the entity) reported as assets in those funds and component units?
[GASB 31, pars. 14 and 18 (GASB Cod. Sec. I50.112 and .116)] | _____ | _____ | _____ |
| a. If a fund has overdrawn its share of the pool, has that fund reported an interfund liability to the fund that the government’s management deems to have lent the cash or investments to the overdrawn fund, with the fund deemed to have lent the cash or investments reporting an interfund receivable from the borrowing fund?
[AAG-SLV, par. 5.26] | _____ | _____ | _____ |

Repurchase and Reverse Repurchase Agreements

- | | | | |
|---|-------|-------|-------|
| 5. Are yield maintenance repurchase and reverse repurchase agreements accounted for as purchases and sales of securities?
[GASB 3, par. 83 (GASB Cod. Secs. I50.114 and I55.118)] | _____ | _____ | _____ |
| 6. For reverse repurchase and fixed coupon reverse repurchase agreements: | | | |
| a. Are the assets and liabilities arising from the agreements not netted on the financial position statements? | _____ | _____ | _____ |
| b. Are the agreements reported as a liability captioned “obligations under reverse repurchase agreements,” and the underlying securities reported as “investments”?
[GASB 3, par. 81 (GASB Cod. Sec. I55.114)] | _____ | _____ | _____ |

² See also the section of this checklist titled “Specialized Topics.”

³ See also the subsections on derivatives and governmental external investment pools in the section of this checklist titled “Specialized Topics.” In addition, a separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses the reporting and disclosure of governmental pension plans, including the reporting and disclosures for investments. See the further discussion of that checklist in the subsection on pension plans—defined benefit pension plans in the section of this checklist titled “Specialized Topics.”

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. If the entity pools moneys from several funds for investment purposes, and the pool, rather than the individual funds, has the agreements, are the assets and liabilities reported in the financial position statements of the funds and activities that have the risk of loss on those assets (which may involve a pro rata allocation to the various funds and activities based on their equity in the pool)? [GASBI 3, par. 3, as amended by GASB 34, par. 15 (GASB Cod. Sec. I55.116)]	_____	_____	_____

Securities Lending Transactions

7. Are the following items reported in the financial position statements:			
a. Securities lent? [GASB 28, par. 5 (GASB Cod. Sec. I60.103)]	_____	_____	_____
b. Cash received as collateral and investments made with that cash?	_____	_____	_____
c. Securities received as collateral if the entity has the ability to pledge or sell them without a borrower default?	_____	_____	_____
d. Liabilities resulting from these transactions? [GASB 28, par. 6 (GASB Cod. Sec. I60.104)]	_____	_____	_____
8. Are securities lending transactions (SLTs) collateralized by letters of credit or by securities that the entity does not have the ability to pledge or sell unless the borrower defaults not reported as assets or liabilities? [GASB 28, par. 7 (GASB Cod. Sec. I60.105)]	_____	_____	_____
9. If the entity pools moneys from several funds for investment purposes, and the pool, rather than the individual funds, has SLTs, are the assets and liabilities reported in the financial position statements of the funds and activities that have the risk of loss on those assets (which may involve a pro rata allocation to the various funds and activities based on their equity in the pool)? [GASB 28, par. 9, and GASB 34, par. 15 (GASB Cod. Sec. I60.107)]	_____	_____	_____

B. Nonexchange Transactions

1. Are nonexchange transaction resources received or reported as receivable before revenue recognition criteria are met recorded as deferred

Practice Tip

In a nonexchange transaction, a government (including the federal government, as a provider) either gives value (benefit) to another party without directly receiving equal value in exchange, or receives value (benefit) from another party without directly giving equal value in exchange. There are four classes of nonexchange transactions: derived tax revenues; imposed nonexchange revenues; government-mandated nonexchange transactions; and voluntary nonexchange transactions. *Derived tax revenues* result from assessments imposed by governments on exchange transactions. Examples include taxes on personal income, corporate income, and retail sales of goods and services. *Imposed nonexchange revenues* result from assessments by governments on nongovernmental entities, including individuals, other than assessments on exchange transactions. Examples include property (ad valorem) taxes; fines and penalties; and property forfeitures, such as seizures and escheats. *Government-mandated nonexchange transactions* occur when a government (including the federal government) at one level provides resources to a government at another level and requires that government to use them for a specific purpose or purposes established in the provider’s enabling legislation. Examples of government-mandated nonexchange transactions include federal programs that state or local governments are mandated to perform, and state programs that local governments are mandated to perform. *Voluntary nonexchange transactions* result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. Examples of voluntary nonexchange transactions include certain grants, certain entitlements, and donations by nongovernmental entities, including individuals (private donations). [GASB 33, par. 7 (GASB Cod. Sec. N50.104)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
revenues? (For example, are property taxes or other revenues collected in advance of the fiscal year to which they apply recorded as deferred revenues?) [NCGA 1, par. 66 (GASB Cod. Sec. 1600.114); GASB 34, pars. 15–16, 18–19, and 21 (GASB Cod. Sec. N50.112–.113, .115–.116, and .118); NCGAI 3, par. 7, as amended by GASB 33, par. 18 (GASB Cod. Sec. P70.108)]	_____	_____	_____
2. Are nonexchange transaction resources transmitted before the expense/expenditure recognition criteria are met reported as advances? [GASB 33, pars. 15, 19, and 21 (GASB Cod. Sec. N50.112, .116, and .118)]	_____	_____	_____

Food Stamps

3. Are food stamp balances held by the state or by its agents at the financial statement date reported as an asset, but not classified as cash or cash equivalents? [GASB 24, par. 6 and fn. 5 (GASB Cod. Sec. F60.101 and fn. 3); GASB 34, par. 12 (GASB Cod. Sec. F60.102)]	_____	_____	_____
4. In governmental funds, are food stamp balances offset by deferred revenue? [GASB 24, par. 6 (GASB Cod. Sec. F60.101)]	_____	_____	_____

C. Inventories

1. Are significant amounts of governmental fund inventories (for example, materials and supplies) reported in the balance sheet? [NCGA 1, par. 73 (GASB Cod. Sec. 1600.127)]	_____	_____	_____
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D. Capital Assets⁴

Practice Tips

Capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and that normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, should not be considered infrastructure assets.
[GASB 34, par. 19 (GASB Cod. Sec. 1400.103)]

GASB 34 requires prospective reporting of general infrastructure assets in the statement of net assets beginning at the effective dates of the Statement. It also encourages retroactive reporting of all major general infrastructure assets at that date. Phase 1 governments should retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2005. Phase 2 governments should retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006. Phase 3 governments are encouraged but are not required to report major general infrastructure assets retroactively. Major general infrastructure assets are (1) subsystems of general infrastructure assets for which the cost or estimated cost is expected to be at least 5 percent of the total cost of all general capital assets reported in the first fiscal year ending after June 15, 1999, or (2) networks of general infrastructure assets for which the costs or estimated cost is expected to be at least 10 percent of the total cost of all general capital assets reported in the first fiscal year ending after June 15, 1999.
[GASB 34, pars. 148 and 156 (GASB Cod. Secs. 1400.125 and .133)]

⁴ See also the subsections on leases, landfill closure and postclosure care costs, and special assessments in the section of this checklist titled “Specialized Topics.”

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Are capital assets of proprietary funds reported in both the government-wide and fund financial statements? [NCGA 1, pars. 32 and 34, as amended by GASB 34, pars. 6, 30, and 92 (GASB Cod. Sec. 1400.101); GASB 34, par. 92 (GASB Cod. Sec. 1400.115)]	_____	_____	_____
2. Are capital assets of fiduciary funds (and similar component units) reported only in the statement of fiduciary net assets? [NCGA 1, pars. 32 and 34, as amended by GASB 34, pars. 6 and 108 (GASB Cod. Sec. 1400.101); GASB 34, par. 108 (GASB Cod. Sec. 1400.116)]	_____	_____	_____
3. Are all other of the entity's capital assets (general capital assets) not reported as assets in governmental funds but reported in the governmental activities column in the government-wide statement of net assets? [NCGA 1, par. 32, as amended by GASB 34, pars. 6, 30, and 80 (GASB Cod. Sec. 1400.101); GASB 34, par. 80 (GASB Cod. Sec. 1400.114)]	_____	_____	_____
4. Subject to the general rules for asset capitalization indicated above:			
a. For eligible infrastructure assets for which the entity uses the modified approach, are additions and improvements to those assets capitalized? (All other expenditures made for those assets should be expensed.) [GASB 34, par. 25 (GASB Cod. Sec. 1400.107)]	_____	_____	_____
b. Are works of art, historical treasures, and similar assets capitalized unless the collection meets all of the following—held for public exhibition, education, or research in furtherance of public service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections; and not capitalized at June 30, 1999? [GASB 34, par. 27 and fn. 22 (GASB Cod. Sec. 1400.109 and fn. 8)]	_____	_____	_____
5. In the government-wide statement of net assets:			
a. Are capital assets that are being or that have been depreciated reported net of accumulated depreciation? (Accumulated depreciation may be reported on the face of the statement or disclosed in the notes.)	_____	_____	_____
b. Are capital assets that are not being depreciated, such as land or infrastructure assets reported using the modified approach, reported in a separate line item if the entity has a significant amount of these assets? [GASB 34, par. 20 (GASB Cod. Sec. 1400.112)]	_____	_____	_____

E. Clearing Account Assets

1. If an agency fund is used as a clearing account to distribute financial resources to other funds of the government, is the portion of the clearing account balance that pertains to those other funds not reported in agency funds but rather reported as assets in the appropriate funds? [GASB 34, par. 111 (GASB Cod. Sec. 2200.176)]	_____	_____	_____
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F. Liabilities, Including Debt

1. Are long-term liabilities directly related to and expected to be paid from proprietary funds reported in the proprietary fund statement of net assets and in the government-wide statement of net assets? [NCGA 1, par. 42, as amended, and GASB 34, pars. 30 and 92 (GASB Cod. Sec. 1500.102)]	_____	_____	_____
---	-------	-------	-------

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 2. Are long-term liabilities directly related to and expected to be paid from fiduciary funds (and similar component units) reported only in the statement of fiduciary net assets?
[NCGA 1, par. 42, as amended, and GASB 34, pars. 6, 13, and 108 (GASB Cod. Sec. 1500.102)] | _____ | _____ | _____ |
| 3. Are all other reported unmatured long-term liabilities of the government (except interfund liabilities, certain long-term demand bonds, long-term tax and revenue anticipation notes, and certain principal and interest payments due early in the following year ⁵) not reported as liabilities in governmental funds but reported only in the governmental activities column in the government-wide statement of net assets?
[NCGA 1, par. 43, as amended, and GASB 34, pars. 30 and 82 (GASB Cod. Sec. 1500.103)] | _____ | _____ | _____ |
| 4. Are matured liabilities (other than those associated with proprietary or fiduciary funds) reported as governmental fund liabilities? (Matured liabilities include liabilities that normally are due and payable in full when incurred, and the matured portion of general long-term indebtedness, that is, the portion that has come due for payment.)
[GASBI 6, par. 10 (GASB Cod. Sec. 1500.107)] | _____ | _____ | _____ |

Customer Deposits

- | | | | |
|--|-------|-------|-------|
| 5. For utility services reported in enterprise funds, are customer deposits for utility services reported in the fund and government-wide financial statements as liabilities until they are applied against unpaid billings or refunded to customers?
[AAG-SLV, par. 8.54] | _____ | _____ | _____ |
|--|-------|-------|-------|

Compensated Absences Liabilities

- | | | | |
|---|-------|-------|-------|
| 6. Are accrued liabilities for compensated absences reported in the government-wide and proprietary and fiduciary fund financial statements, but only reported in the governmental fund financial statements to the extent the liabilities are “normally expected to be liquidated with expendable available financial resources”?
[GASB 16, par. 13, as amended by GASB 34, pars. 6, 79, and 82, and GASBI 6, pars. 14 and 16 (GASB Cod. Sec. C60.111); GASB 34, pars. 16, 92, and 107 (GASB Cod. Sec. C60.109 and .110)] | _____ | _____ | _____ |
|---|-------|-------|-------|

Special Termination Benefits

- | | | | |
|--|-------|-------|-------|
| 7. Are accrued liabilities for special termination benefits reported in the government-wide and proprietary and fiduciary fund financial statements, but only reported in the governmental fund financial statements to the extent the liabilities are “normally expected to be liquidated with expendable available financial resources”?
[NCGA 4, par. 16, as amended by GASB 34, par. 82, NCGAI 8, par. 12, and GASBI 6, par. 14 (GASB Cod. Sec. T25.102)] | _____ | _____ | _____ |
|--|-------|-------|-------|

Lottery Prizes

- | | | | |
|---|-------|-------|-------|
| 8. Does the entity report a liability for lottery prizes?
[AAG-SLV, pars. 12.104–12.107] | _____ | _____ | _____ |
|---|-------|-------|-------|

⁵ If debt service fund resources have been provided during the current year for payment of principal and interest due early in the following year, the expenditure and related liability may be recognized in the debt service fund. “Early in the following year” refers to a short time period—usually one to several days and not more than one month. Accumulations of financial resources that do not meet the criterion for recognition of an additional debt service fund liability and expenditure should be reported as part of fund balance. [NCGA 1, par. 72 (GASB Cod. Sec. 1500.111); GASBI 6, par. 13 and fn. 5 (GASB Cod. Sec. 1500.111 and .112 and fn. 3)]

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| a. If the entity has purchased an annuity in the name of a prize-winner, does it not report a liability or asset, but disclose in the financial statements that a contingent liability exists, if appropriate? [AAG-SLV, par. 12.105] | _____ | _____ | _____ |

Bond, Tax, and Revenue Anticipation Notes

- | | | | |
|--|-------|-------|-------|
| 9. Are proprietary fund bond, tax, and revenue anticipation notes reported as current or long-term liabilities depending on the refinancing status in accordance with the criteria in SFAS 6, <i>Classification of Short-Term Obligations Expected to Be Refinanced</i> , and reported in the business-type activities column of the government-wide statement of net assets? [NCGAI 9, par. 12 (GASB Cod. Sec. B50.101); GASB 34, par. 15 (GASB Cod. Sec. B50.103)] | _____ | _____ | _____ |
| 10. For governmental fund-related notes: | | | |
| a. If bond anticipation notes meet the criteria for reporting on a long-term basis set forth in SFAS 6, are they not reported in the governmental funds but reported only as general long-term liabilities in the governmental activities column of the government-wide statement of net assets? | _____ | _____ | _____ |
| b. If bond anticipation notes do not meet the criteria for reporting on a long-term basis, are they reported both in the governmental fund receiving the proceeds and in the governmental activities column of the government-wide statement of net assets? | _____ | _____ | _____ |
| c. Are tax and revenue anticipation notes reported as a liability in the governmental fund receiving proceeds and in the governmental activities column of the government-wide statement of net assets? [NCGAI 9, par. 12, as amended by GASB 34, par. 82 (GASB Cod. Sec. B50.102)] | _____ | _____ | _____ |

Debt Refundings

- | | | | |
|---|-------|-------|-------|
| 11. In governmental funds: ⁶ | | | |
| a. For current and advance refundings resulting in defeasance of general long-term debt, is the face amount of the new debt reported as an “other financing source—refunding bonds” in the governmental fund receiving the proceeds? | _____ | _____ | _____ |
| b. For advance refundings, are payments to the escrow agent from resources provided by the new debt reported as an “other financing use—payment to refunded bond escrow agent” and are payments to the escrow agent made from other resources of the entity reported as debt service expenditures? [GASB 7, par. 8, as amended by GASB 34, par. 82 and par. 88, and GASB 37, par. 16 (GASB Cod. Secs. 1800.109 and D20.106)] | _____ | _____ | _____ |
| 12. For current and advance refundings in proprietary funds, is the unamortized difference between the reacquisition price and the net carrying amount of the old debt deferred and reported as a deduction from or an addition to the new debt liability on the statement of net assets? (The new debt may be reported “net,” with either parenthetical or note disclosure of the deferred amount on refunding; or it may be | | | |

⁶ Because other financing sources and uses, rather than gains or losses, are reported for debt refundings in governmental funds, those transactions should not be reported as extraordinary items in governmental funds. [GASB 34, par. 89 (GASB Cod. Secs. 1800.131 and 2200.159)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
reported "gross," with both the debt liability and related deferred amount presented in the statement of net assets.) [GASB 23, par. 4, as amended by GASB 34, pars. 15 and 91 (GASB Cod. Sec. D20.108); GASB 23, fn. 5, as amended by GASB 34, par. 91 (GASB Cod. Sec. D20, fn. 6)]	_____	_____	_____
13. In the government-wide financial statements, are all current and advance refundings, including refundings of general long-term debt (which should be reported in the governmental activities column), reported in the same manner as in proprietary fund financial statements as indicated in Question 12 above? [GASB 34, pars. 16 and 82 (GASB Cod. Sec. D20.110)]	_____	_____	_____
<i>Demand Bonds</i>			
14. Are demand bonds reported as general long-term liabilities (and reported only in the government-wide statement of net assets) or excluded from current liabilities of proprietary funds if all of the following conditions are met?			
a. Before the financial statements are issued, the issuer has entered into an arm's-length financing (take out) agreement to convert bonds "put" but not resold into some other form of long-term obligation.	_____	_____	_____
b. The take out agreement does not expire within one year from the issuer's financial statement date.	_____	_____	_____
c. The take out agreement is not cancelable by the lender or the prospective lender during that year, and obligations incurred under the take out agreement are not callable by the lender during that year.	_____	_____	_____
d. The lender or the prospective lender or investor is expected to be financially capable of honoring the take out agreement. [GASBI 1, par. 10, as amended by GASB 34, pars. 12, 82, and 97 (GASB Cod. Sec. D30.108)]	_____	_____	_____
15. If the conditions listed in Question 14 above are not met, are demand bonds reported as liabilities in the governmental fund used to account for the proceeds of the bond issue or, in the case of proprietary funds, as current liabilities? [GASBI 1, par. 10 (GASB Cod. Secs. 1800.111 and D30.108); GASBI 1, par. 13 (GASB Cod. Secs. 1800.111 and D30.109)]	_____	_____	_____
16. If, because a take out agreement expires, it is necessary to report a liability in a governmental fund for demand bonds previously reported only in the government-wide statement of net assets, is the liability reported as a liability of the governmental fund in which the proceeds of the issue were initially reported with a corresponding debit to "other financing uses"? [GASBI 1, par. 13 (GASB Cod. Secs. 1800.111 and D30.109); GASB 34, par. 82 (GASB Cod. Sec. D30.109)]	_____	_____	_____
17. Are redemptions of demand bonds reported in governmental funds reported as expenditures of the fund from which debt service is normally paid and the demand bond liability reduced simultaneously by a credit to "other financing sources"? [GASBI 1, par. 13 (GASB Cod. Secs. 1800.111 and D30.109)]	_____	_____	_____

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 18. If a take out agreement has been exercised converting demand bonds to an installment loan, is the installment loan reported as general long-term debt (or as long-term debt in the proprietary funds and business-type activities) and is the payment schedule under the installment loan included as part of the schedule of debt service requirements to maturity?
[GASBI 1, par. 12 (GASB Cod. Sec. D30.112)] | _____ | _____ | _____ |

Long-Term Obligations That Are Callable Because of Covenant Violations

- | | | | |
|---|-------|-------|-------|
| 19. Are long-term obligations that are or will be callable by the creditor (because the debtor’s violation of a provision of the debt agreement at the financial statement date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable) classified as a current liability unless one of the following conditions is met? | | | |
| a. The creditor has waived or subsequently lost the right to demand repayment for more than one year (or operating cycle, if longer) from the financial statement date. | _____ | _____ | _____ |
| b. For long-term obligations containing a grace period within which the debtor may cure the violation, it is probable that the violation will be cured within that period, thus preventing the obligation from becoming callable.
[SFAS 78, par. 5 (AC B05.109A)] | _____ | _____ | _____ |
| 20. If an obligation as discussed in Question 19 above is classified as a long-term liability, are the circumstances disclosed?
[SFAS 78, par. 5 (AC B05.118)] | _____ | _____ | _____ |

Contingent Liabilities

- | | | | |
|---|-------|-------|-------|
| 21. If fund liabilities for which the entity is contingently liable (for example, through a general obligation backing on enterprise fund debt) are in default—or where for other reasons it appears probable that they will not be paid on a timely basis from the resources of these funds and default is imminent—are the liabilities reported separately from other liabilities in the financial position statements and are all significant facts with respect to the situation disclosed?
[NCGA 1, par. 46 (GASB Cod. Secs. 2300.106d and 1500.114)] | _____ | _____ | _____ |
|---|-------|-------|-------|

G. Equity

- | | | | |
|--|-------|-------|-------|
| 1. If the entity receives nonexchange transaction resources that have purpose restrictions, does it report the resulting equity as restricted or reserved, as appropriate, until the resources are used for the specified purpose or for as long as the provider requires the resources to be maintained intact?
[GASB 33, pars. 14 and 22 and fns. 9 and 13 (GASB Cod. Sec. N50.111 and .119 and fns. 8 and 12)] | _____ | _____ | _____ |
| 2. If the entity uses the purchases method to account for inventories, does it display the change in the fund balance reserve for inventories as a change to beginning fund balance?
[AAG-SLV, par. 10.14] | _____ | _____ | _____ |

V. Revenues and Expenses/Expenditures⁷

A. Income on Investments and Investment-Related Activity⁸

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 1. Is investment income, including changes in the fair value of investments, reported as revenue in the activity statements? | _____ | _____ | _____ |
| 2. If identified separately as an element of investment income, is the change in the fair value of investments captioned “net increase (decrease) in the fair value of investments”? | _____ | _____ | _____ |
| 3. Are realized gains and losses not displayed separately from the net increase (decrease) in the fair value of investments in the financial statements? (Note that in their separate reports, governmental external investment pools may elect to display realized gains and losses.) [GASB 31, par. 13 (GASB Cod. Sec. I50.111)] | _____ | _____ | _____ |
| 4. If income from investments associated with one fund is assigned to another fund because of legal or contractual provisions, is the reporting treatment based on the specific language of those provisions? | _____ | _____ | _____ |
| 5. If income from investments associated with one fund is assigned to another fund for other than legal or contractual reasons—for example, management decision—is the income reported in the fund that reports the investments with the transfer of that income to the recipient fund reported as an interfund transfer? [GASB 31, par. 14 and fn. 8, as amended by GASB 34, par. 112 (GASB Cod. Sec. I50.112 and fn. 10)] | _____ | _____ | _____ |

Repurchase and Reverse Repurchase Agreements

- | | | | |
|---|-------|-------|-------|
| 6. Is the income from repurchase and fixed coupon repurchase agreements shown as interest income? [GASB 3, par. 82 (GASB Cod. Sec. I50.113)] | _____ | _____ | _____ |
| 7. Are yield maintenance repurchase and reverse repurchase agreements accounted for as purchases and sales of securities, with gains or losses reported? [GASB 3, par. 83 (GASB Cod. Secs. I50.114 and I55.118)] | _____ | _____ | _____ |
| 8. Concerning reverse repurchase and fixed coupon reverse repurchase agreements: | | | |
| a. Is the interest cost of the agreements reported as interest expenditure/expense and not netted with interest earned on any related investments? [GASB 3, par. 82 (GASB Cod. Sec. I55.115)] | _____ | _____ | _____ |
| b. Is the income and costs arising from pooled agreements reported in the activity statements of the funds and activities that have the risk of loss on the assets (which may involve a pro rata allocation to the various funds and activities based on their equity in the pool)? [GASB 3, par. 4, as amended by GASB 34, par. 15 (GASB Cod. Sec. I55.117)] | _____ | _____ | _____ |

⁷ See also the section of this checklist titled “Specialized Topics.”

⁸ See also the subsections on derivatives and governmental external investment pools in the section of this checklist titled “Specialized Topics.” In addition, a separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses the reporting and disclosure of governmental pension plans, including the reporting and disclosures for investments. See the further discussion of that checklist in the subsection on pension plans—defined benefit pension plans in the section of this checklist titled “Specialized Topics.”

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <p>c. If income from pooled reverse repurchase agreements that represent equity associated with one fund become the assets of another fund because of legal or contractual provisions, is the reporting treatment based on the specific language of those provisions?
[GASBI 3, par. 4 and fn. 3, as amended by GASB 34, par. 112 (GASB Cod. Sec. I55.117 and fn. 7)]</p> | _____ | _____ | _____ |
| <p>d. If income from pooled agreements that represent equity associated with one fund become the assets of another fund for other than legal or contractual reasons—for example, management decision—is the income and costs reported in the fund that reports the equity with the transfer of those amounts to the recipient fund reported as an interfund transfer?
[GASBI 3, par. 4, as amended by GASB 34, par. 112 (GASB Cod. Sec. I55.117)]</p> | _____ | _____ | _____ |

Securities Lending Transactions

9. Concerning SLTs:

- | | | | |
|--|-------|-------|-------|
| <p>a. Are the costs of SLTs, including borrower rebates (which should be reported as interest expenditures or expenses) and agent fees, reported as expenditures or expenses, and not netted with interest revenue or income from the investment of cash collateral, any other related investments, or loan premiums or fees?
[GASB 28, par. 8 (GASB Cod. Sec. I60.106)]</p> | _____ | _____ | _____ |
| <p>b. Are the income and costs arising from pooled SLTs reported in the activity statements of the funds and activities that have the risk of loss on the assets (which may involve a pro rata allocation to the various funds and activities based on their equity in the pool)?
[GASB 28, par. 10, as amended by GASB 34, par. 15 (GASB Cod. Sec. I60.108)]</p> | _____ | _____ | _____ |
| <p>c. If income from pooled SLTs that represent equity associated with one fund become the assets of another fund because of legal or contractual provisions, is the reporting treatment based on the specific language of those provisions?
[GASB 28, par. 10 and fn. 9, as amended by GASB 34, par. 112 (GASB Cod. Sec. I60.108 and fn. 9)]</p> | _____ | _____ | _____ |
| <p>d. If income from pooled SLTs that represent equity associated with one fund become the assets of another fund for other than legal or contractual reasons—for example, management decision—is the income and costs reported in the fund that reports the equity with the transfer of those amounts to the recipient fund reported as an interfund transfer?
[GASB 28, par. 10, as amended by GASB 34, par. 112 (GASB Cod. Sec. I60.108)]</p> | _____ | _____ | _____ |

B. Nonexchange Transactions⁹

- | | | | |
|--|-------|-------|-------|
| <p>1. Does the entity report fees received for administering pass-through grants as revenues?
[AAG-SLV, par. 8.34]</p> | _____ | _____ | _____ |
|--|-------|-------|-------|

⁹ The Practice Tip in the subsection on nonexchange transactions in the section of this checklist titled “Assets, Liabilities, and Equity” provides definitions, classifications, and examples of nonexchange transactions.

Yes No N/A

On-Behalf Payments for Fringe Benefits and Salaries

2. Does a paying government classify the expenditures or expenses for the on-behalf payments for fringe benefits and salaries that it makes in the same manner that it classifies similar cash grants to other entities?
[GASB 24, par. 13, as amended by GASB 34, par. 16 (GASB Cod. Sec. N50.135)]

Food Stamps

3. If the entity is a state government, does it report distributions of food stamp benefits as revenue and expenditures in the general fund or a special revenue fund and as revenues and expenses in the governmental activities column of the government-wide financial statements?
[GASB 24, par. 6 (GASB Cod. Sec. F60.101); GASB 34, par. 12 (GASB Cod. Sec. F60.102)]

C. Capital Asset-Related Revenues and Expenses/Expenditures

1. In the government-wide, proprietary fund, and fiduciary fund activity statements:
- a. Is depreciation reported on capital assets? (Inexhaustible capital assets and infrastructure assets reported using the modified approach are not depreciated.)
[GASB 34, par. 21 (GASB Cod. Sec. 1400, 3rd principle and .104); GASB 34, pars. 22, 92, and 107 (GASB Cod. Sec. 1400, 3rd principle); GASB 34, par. 29 (GASB Cod. Sec. 1400.111)]
 - b. For eligible infrastructure assets for which the entity uses the modified approach, are expenditures made to maintain those assets expensed? (Additions and improvements to those assets should be capitalized.)
[GASB 34, par. 25 (GASB Cod. Sec. 1400.107)]
 - c. When donated collection items are added to noncapitalized collections of works of art, historical treasures, and similar assets, does the entity report offsetting revenue and expense?
[GASB 34, par. 28 (GASB Cod. Secs. 1400.110 and N50, fn. 10)]
2. In the government-wide statement of activities:
- a. If the entity uses a separate line item to report unallocated depreciation expense, does it clearly indicate on the face of the statement that this line item excludes direct depreciation expenses of the various programs?
[GASB 34, par. 44 (GASB Cod. Sec. 2200.129)]
 - b. Is depreciation expense for general infrastructure assets reported as either a direct expense of the function (for example, public works or transportation) that the entity normally associates with capital outlays for, and maintenance of, infrastructure assets or as a separate line in the statement of activities?
[GASB 34, par. 45 (GASB Cod. Sec. 2200.130)]
3. In governmental funds, are capital asset purchases reported as expenditures?
[GASB 34, par. 80 (GASB Cod. Sec. 1400.114)]

Yes No N/A

VI. Note Disclosures

Practice Tips

The notes to the financial statements, which form an integral part of the basic financial statements, should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements.

[GASB 34, par. 113 (GASB Cod. Sec. 2300.102)]

Disclosure in the notes to the financial statements is needed only when the information required to be disclosed is not displayed on the face of the financial statements.

[GASB 38, par. 5 (GASB Cod. Sec. 2300.103)]*

A. Focus of Note Disclosures

1. Do the note disclosures:

- a. Distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units?
[GASB 14, par. 62 (GASB Cod. Secs. 2300.104 and 2600.121)] _____
- b. Focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate (including blended component units)?
[GASB 14, par. 63, as amended by GASB 34, par. 113 (GASB Cod. Secs. 2300.102 and 2600.122)] _____
- c. Encompass individual discretely presented component units considering both (1) the unit’s significance relative to the total discretely presented component units and (2) the nature and significance of the unit’s relationship to the primary government?
[GASB 14, par. 63 (GASB Cod. Secs. 2300.105 and 2600.122)] _____

B. Summary of Significant Accounting Policies¹⁰

- 1. Is a summary of significant accounting policies (SSAP) included as a stand-alone summary or as the initial note to financial statements?
[NCGAI 6, par. 8 (GASB Cod. Sec. 2300.110); APB 22, par. 15 (AC A10.108)] _____
- 2. Does the SSAP include:
 - a. A description of the government-wide financial statements, noting that neither fiduciary funds nor component units that are fiduciary in nature are included?
[GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)] _____
 - b. A description of component units, their relationships to the primary government, how they are reported, the criteria for including component units, how to obtain separate financial statements for component units, and the effect of component units with differing fiscal years?
[GASB 14, par. 60 (GASB Cod. Secs. 2300.901 and 2600.119); GASB 14, par. 61 (GASB Cod. Secs. 2300.106a and .901 and 2600.120)] _____

* This provision of GASB 38 is effective when the provisions of GASB 34 are required to be implemented, but is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

¹⁰ Certain note disclosures listed elsewhere in this checklist should or may be located in the summary of significant accounting policies. See GASB Cod. Sec. 2300.106a.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. If the primary government is presented in more than a single column in the basic financial statements, a description of the activities accounted for in each major fund, the internal service funds, and the fiduciary fund types? (Except for the general fund or its equivalent, the descriptions should be specific to the entity, rather than general definitions that could describe any government.)* [GASB 38, par. 6 (GASB Cod. Secs. 1300.125 and 2300.106a)]	_____	_____	_____
d. The measurement focus and basis of accounting used in the government-wide and fund financial statements? [NCGAI 6, Appendix, as amended (GASB Cod. Sec. 2300.901); GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____
e. The revenue recognition policies used in fund financial statements, including the length of time used to define <i>available</i> for purposes of revenue recognition in the governmental fund financial statements?** [NCGA 1, par. 69 (GASB Cod. Secs. 1600.108 and 2300.106a); GASB 38, par. 7 (GASB Cod. Secs. 1600.106 and 2300.106a)]	_____	_____	_____
f. The policy for eliminating internal activity in the government-wide statement of activities, including, if applicable, that an administrative overhead component is included in direct expenses? [GASB 34, par. 43 (GASB Cod. Sec. 2200.128); GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____
g. The policy for interfund eliminations in the fund financial statements? [NCGAI 6, Appendix, as amended (GASB Cod. Sec. 2300.901)]	_____	_____	_____
h. The policy for capitalizing assets and for estimating the useful lives of those assets (used to calculate depreciation expense)?	_____	_____	_____
i. A description of the modified approach for reporting eligible infrastructure assets, if used?	_____	_____	_____
j. The types of transactions included in program revenues in the statement of activities?	_____	_____	_____
k. The policy for allocating indirect expenses to functions in the statement of activities? [GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____
l. The policy for defining operating and nonoperating revenues of proprietary funds? [GASB 34, par. 102 (GASB Cod. Secs. 2200.168, 2300.106a, and P80.118); GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____
m. The policy for applying FASB pronouncements issued after November 30, 1989, to business-type activities and to enterprise funds of the primary government? [GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____

* This provision of GASB 38 is effective when the provisions of GASB 34 are required to be implemented, but is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

** The requirement to disclose the length of time used to define *available* is a requirement from GASB 38 that is effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
n. The definition of cash and cash equivalents used in the statement of cash flows for proprietary funds? [GASB 9, par. 11 (GASB Cod. Secs. 2300.106a and 2450.108)]	_____	_____	_____
o. The government’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available? [GASB 34, par. 115 (GASB Cod. Sec. 2300.106a)]	_____	_____	_____
p. Significant or unusual accounting treatment for other material account balances or activities? [NCGAI 6, Appendix, as amended (GASB Cod. Sec. 2300.901)]	_____	_____	_____
q. The method and period of amortization for intangible assets? [APB 22, par. 13 (AC A10.106)]	_____	_____	_____
r. The basis for stating inventories, including the method of determining cost? [ARB 43, Ch. 3A, par. 9 (AC I78.120); APB 22, par. 13 (AC A10.106)]	_____	_____	_____

C. Cash, Investments, and Investment-Related Activity^{11,*}

1. For deposits with financial institutions and investments (including repurchase agreements), do note disclosures include:			
a. A brief description of the types of investments authorized by legal or contractual provisions?	_____	_____	_____
b. The differences in authorized investment types, if the types of investments authorized for different funds, fund types, blended component units, or discretely presented component units differ significantly from those authorized for the primary government, and those funds, fund types, or component units have material investment activity compared with the reporting entity’s investment activity? [GASB 3, par. 65, as amended by GASB 14 and GASB 34, par. 6 (GASB Cod. Sec. I50.122)]	_____	_____	_____
c. Significant violations during the period of legal or contractual provisions for deposits and investments and actions taken to address such violations? ^{**} [GASB 3, par. 66 (GASB Cod. Secs. C20.105 and I50.123); GASB 38, par. 9 (GASB Cod. Sec. 1200.112)]	_____	_____	_____
d. If the bank balances of deposits as of the financial statement date are entirely insured or collateralized with securities held by the entity or by its agent in the entity’s name, a statement to that effect?	_____	_____	_____

¹¹ See also the subsections on derivatives and governmental external investment pools in the section of this checklist titled “Specialized Topics.” In addition, a separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses the reporting and disclosure of governmental pension plans, including the reporting and disclosures for investments. See the further discussion of that checklist in the subsection on pension plans—defined benefit pension plans in the section of this checklist titled “Specialized Topics.”

* GASB 40 supersedes and rescinds certain of the disclosure requirements of GASB 3. Specifically, it supersedes the level of note disclosure requirement in par. 64 and the custodial credit risk disclosure requirements in pars. 67–69. In addition, it rescinds the provisions of pars. 70, 71, 73, and 74. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

** The requirement to disclose actions taken to address significant violations is a requirement from GASB 38 that is effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. If the bank balances of deposits as of the financial statement date are not entirely insured or collateralized with securities held by the entity or by its agent in the entity's name:			
(1) Reported amount of total deposits?	_____	_____	_____
(2) The amount of total bank balances classified in these three categories of credit risk:			
(a) Insured or collateralized with securities held by the entity or by its agent in the entity's name?	_____	_____	_____
(b) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name?	_____	_____	_____
(c) Uncollateralized (including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name)? [GASB 3, par. 67, as amended by GASB 31 (GASB Cod. Secs. C20.106 and I50.124)]	_____	_____	_____
f. The reported amount and fair value of investments (including repurchase agreements) as of the financial statement date in total and for each type of investment? ¹² [GASB 3, par. 68, as amended by GASB 31, par. 6 (GASB Cod. Sec. I50.125)]	_____	_____	_____
g. The reported amount of each type of investment classified in the following three categories of credit risk, except for types of investments that are not evidenced by securities that exist in physical or book entry form, such as investments in external investment pools and in open-end mutual funds, or to securities underlying reverse repurchase agreements and certain SLTs:			
(1) Insured or registered, or securities held by the entity or its agent in the entity's name?	_____	_____	_____
(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name?	_____	_____	_____
(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name? (This includes the portion of the reported amount of any repurchase agreement that exceeds the fair value of the underlying securities.) [GASB 3, par. 68, as amended by GASB 31, par. 6; (GASB Cod. Sec. I50.125); GASB 3, par. 69 (GASB Cod. Sec. I50.126); GASB 28, par. 16, as amended by GASB 31, par. 6 (GASB Cod. Sec. I60.114)]	_____	_____	_____
h. Additional or separate disclosures concerning credit risk categories for component units or funds if the credit risk to the primary government (Questions 1e and 1g) is not apparent because (a) the deposit balances of blended component units, pension (and other employee benefit) trust funds, investment trust funds, or other funds of the primary government are significant and (b) the mix of credit risk categories for those units or funds is significantly			

¹² If the government has invested in a pool managed by another government, no disclosure of the individual deposits and investments of the pool is required unless the entity owns specific, identifiable investment securities of the pool. Instead, the investment in the pool should be treated as a type of investment. [GASB 3, fn. 11, as amended by GASB 31, par. 6 (GASB Cod. Sec. I50, fn. 17)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
different from that of other funds or blended component units of the primary government? [GASB 3, par. 70, as amended by GASB 14, GASB 31, par. 18, and GASB 34, par. 70 (GASB Cod. Secs. C20.107 and I50.127)]	_____	_____	_____
i. If unrealized investment losses reported using cost based measures in one or more component units or funds are not apparent because of unrealized investment gains in the remaining funds, the reported amount and fair value of that unit's or fund's total investments? [GASB 3, par. 71, as amended by GASB 14 and GASB 31, par. 6 (GASB Cod. Sec. I50.128)]	_____	_____	_____
j. If the amount of the entity's "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amount in that category as of the financial statement date, that fact and the causes? [GASB 3, par. 73 (GASB Cod. Secs. C20.108 and I50.130)]	_____	_____	_____
k. The types of investments made during the period but not owned as of the financial statement date? [GASB 3, par. 74 (GASB Cod. Sec. I50.131)]	_____	_____	_____
l. Losses recognized during the period due to default by counterparties to deposit or investment transactions and amounts recovered from prior-period losses? [GASB 3, par. 75 (GASB Cod. Sec. C20.109 and I50.132)]	_____	_____	_____
2. For investments, do note disclosures include:			
a. The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices?	_____	_____	_____
b. The policy for determining which investments, if any, are reported at amortized cost?	_____	_____	_____
c. For any investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of the pool shares?	_____	_____	_____
d. Any involuntary participation in an external investment pool?	_____	_____	_____
e. If an entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate?	_____	_____	_____
f. Any income from investments associated with one fund that is assigned to another fund? [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____
3. If the entity discloses (or displays, if it is a governmental external investment pool) realized gains and losses, does it also disclose that:			
a. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments?	_____	_____	_____
b. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year? [GASB 31, par. 15 (GASB Cod. Sec. I50.119)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Are the following disclosures made for investments in common stock accounted for using the equity method:			
a. The name of each investee and percentage of ownership of common stock?	_____	_____	_____
b. The accounting policies relative to equity method investments?	_____	_____	_____
c. The difference, if any, between the amount at which an investment is carried and the amount of underlying equity in net assets and the accounting treatment of the difference?	_____	_____	_____
d. The aggregate fair value of each identified investment for which a quoted market price is available? [GASB 31, par. 5 (GASB Cod. Sec. I50.104); APB 18, par. 20 (AC I82.110)]	_____	_____	_____
5. If there are commitments as of the financial statement date to resell securities under yield maintenance repurchase agreements, does the entity disclose the reported amount (if applicable) and fair value as of that date of the securities to be resold and a description of the terms of the agreements (such as settlement price ranges, agreed-on yields, maturity dates, and so forth)? [GASB 3, par. 72, as amended by GASB 31, par. 6 (GASB Cod. Sec. I50.129)]	_____	_____	_____

Futures Contracts

6. If the entity enters into futures contracts that are accounted for as hedges, does it disclose:			
a. The nature of the assets, liabilities, firm commitments, or anticipated transactions that are hedged with futures contracts?	_____	_____	_____
b. Method of accounting for the futures contracts, including a description of the events or transactions that result in recognition in results of operations of changes in value of the futures contracts? [GASB 20, par. 6, as amended by GASB 34, par. 93 (GASB Cod. Sec. P80.102); GASB 34, par. 17 (GASB Cod. Sec. 1600.104); SFAS 80, par. 12 ¹³]	_____	_____	_____

Foreign Currency Translation

7. Does the entity disclose the following:			
a. The aggregate transaction gain or loss including in determining results of operations for the period?	_____	_____	_____
b. Rate changes that occur after the financial statement date and their effects on unsettled balances pertaining to foreign currency transactions, if significant?	_____	_____	_____
c. An analysis and discussion of the effect of rate changes on the reported results of operations? [GASB 20, par. 6, as amended by GASB 34, par. 93 (GASB Cod. Sec. P80.102); GASB 34, par. 17 (GASB Cod. Sec. 1600.104); SFAS 52, pars. 30, 32, 143, and 144 (AC F60.140, .142, and .143)]	_____	_____	_____

¹³ Although SFAS 80 was superseded by SFAS 133, as amended, it is not superseded for a governmental entity's funds and activities that are required to apply FASB pronouncements issued on or before November 30, 1989.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Reverse Repurchase Agreements</i>			
8. Do note disclosures include:			
a. The source of legal or contractual authorization for the use of reverse repurchase agreements, if those agreements were used during the period? [GASB 3, par. 76 (GASB Cod. Sec. I55.108)]	_____	_____	_____
b. Significant violations during the period of legal or contractual provisions for reverse repurchase agreements and actions taken to address such violations? [*] [GASB 3, par. 77 (GASB Cod. Sec. I55.109); GASB 38, par. 9 (GASB Cod. Sec. 1200.112)]	_____	_____	_____
c. For reverse repurchase agreements other than yield maintenance agreements outstanding as of the financial statement date, the credit risk related to the agreements? (Credit risk is calculated by comparing the aggregate amount of the reverse repurchase agreement obligations including accrued interest with the aggregate fair value of the securities underlying those agreements including accrued interest.) [GASB 3, par. 78, as amended by GASB 31, par. 6 (GASB Cod. Sec. I55.110)]	_____	_____	_____
d. For commitments as of the financial statement date to repurchase securities under yield maintenance agreements, the fair value as of that date of the securities to be repurchased and a description of the terms of the agreements (such as settlement price ranges, agreed-on yields, maturity dates, and so forth)? [GASB 3, par. 79, as amended by GASB 31, par. 6 (GASB Cod. Sec. I55.111)]	_____	_____	_____
e. Losses recognized during the period due to default by counterparties to reverse repurchase agreements and amounts recovered from prior-period losses? ¹⁴ [GASB 3, par. 80 (GASB Cod. Sec. I55.112)]	_____	_____	_____
f. Whether the maturities of the investments made with the proceeds of reverse repurchase and fixed-coupon reverse repurchase agreements generally are matched to the maturities of the agreements, as well as the extent of such matching at the financial statement date? [GASBI 3, par. 6 (GASB Cod. Sec. I55.113)]	_____	_____	_____

Securities Lending Transactions

9. For SLTs, are the following note disclosures included:			
a. The source of legal or contractual authorization for the use of SLTs? [GASB 28, par. 11 (GASB Cod. Sec. I60.109)]	_____	_____	_____
b. Any significant violations of those provisions that occurred during the period and actions taken to address such violations? [*] [GASB 28, par. 11 (GASB Cod. Sec. I60.109); GASB 38, par. 9 (GASB Cod. Sec. 1200.112)]	_____	_____	_____

* The requirement to disclose actions taken to address significant violations is a requirement from GASB 38 that is effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

¹⁴ Disclosure of default losses and recoveries by defined benefit pension plans does not constitute a disclosure of realized gains and losses that under GASB 25, fn. 10 (GASB Cod. Sec. Pe5, fn. 10) would require disclosure of all realized gains and losses for the period. [GASBI 3, par. 5 (GASB Cod. Sec. I55, fn. 6)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A general description of their SLTs during the period, including:			
(1) The types of securities lent?	_____	_____	_____
(2) The types of collateral received?	_____	_____	_____
(3) Whether the government has the ability to pledge or sell collateral securities without a borrower default?	_____	_____	_____
(4) The amount by which the value of the collateral provided is required to exceed the value of the underlying securities?	_____	_____	_____
(5) Any restrictions on the amount of the loans that can be made?	_____	_____	_____
(6) Any loss indemnification provided to the entity by its securities lending agents?	_____	_____	_____
(7) The fair values and reported amounts (if different) of underlying securities at the financial statement date? [GASB 28, par. 12, as amended by GASB 31, par. 6 (GASB Cod. Sec. I60.110)]	_____	_____	_____
d. Whether the maturities of the investments made with cash collateral generally match the maturities of their securities loans, as well as the extent of such matching at the financial statement date? [GASB 28, par. 13 (GASB Cod. Sec. I60.111)]	_____	_____	_____
e. The amount of credit risk, if any, related to the SLTs at the financial statement date? (Credit risk is calculated as the aggregate of the lender's exposures to individual borrowers or on individual loans, depending on whether individual loans to the same borrower can be aggregated for purposes of offset in the event of default.)	_____	_____	_____
(1) If the governmental lender has no credit risk, is that fact stated? (Disclosure of the net amounts owed to the borrowers is not required.) [GASB 28, par. 14 (GASB Cod. Sec. I60.112)]	_____	_____	_____
f. The amount of any losses on SLTs during the period resulting from the default of a borrower or lending agent and amounts recovered from prior-period losses? ¹⁵ [GASB 28, par. 15 (GASB Cod. Sec. I60.113)]	_____	_____	_____
g. Disclosures required by GASB Cod. Sec. I50 for securities lending collateral that is reported in the financial position statements and for the underlying securities, including the reported amounts and fair values of these investments by type of investment? [GASB 28, par. 16, as amended by GASB 31, par. 6 (GASB Cod. Sec. I60.114)]	_____	_____	_____

D. Nonexchange Transactions¹⁶

1. Do the notes disclose nonexchange transactions that are not recognizable because they are not measurable? [GASB 33, par. 11 (GASB Cod. Sec. N50.108)]	_____	_____	_____
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¹⁵ See footnote 14.

* GASB 40 supersedes the custodial credit risk disclosure requirements of GASB 28, par. 16. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

¹⁶ The Practice Tip in the subsection on nonexchange transactions in the section of this checklist titled "Assets, Liabilities, and Equity" discusses the definitions, classifications, and examples of nonexchange transactions.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Property Taxes</i>			
2. If, because of unusual circumstances, the facts justify an availability period greater than 60 days for the recognition of property tax revenues in governmental funds, does the entity disclose the period being used and the facts that justify it? [NCGAI 3, par. 8 (GASB Cod. Sec. P70.104)]	_____	_____	_____
3. If the entity desires to exclude some property tax revenue from appropriation to protect cash liquidity, does it report the restricted revenue in governmental funds by disclosing a designation of fund balance and an appropriate note to the financial statements? [NCGAI 3, par. 10 (GASB Cod. Sec. P70.105)]	_____	_____	_____
4. Do the notes disclose the nature and purpose of any reservation or designation of governmental fund balance relating to property taxes?	_____	_____	_____
5. Do the notes disclose details of the entity’s property tax calendar, including lien dates, levy dates, due dates, and collection dates? [NCGAI 3, par. 11 (GASB Cod. Sec. P70.109)]	_____	_____	_____
<i>On-Behalf Payments for Fringe Benefits and Salaries</i>			
6. Do the notes disclose the amount of revenue recognized for on-behalf payments for fringe benefits and salaries?	_____	_____	_____
7. If another organization makes contributions to a pension plan on behalf of the entity’s employees for which the entity is not legally responsible, do the notes disclose the name of the plan that covers the entity’s employees and the name of the other organization that makes the contributions? [GASB 24, par. 12 (GASB Cod. Sec. N50.134)]	_____	_____	_____
<i>Donor-Restricted Endowments</i>			
8. Do the notes disclose the following information about donor-restricted endowments:			
a. The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the governing board, and how those amounts are reported in net assets?	_____	_____	_____
b. The state law regarding the ability to spend net appreciation?	_____	_____	_____
c. The policy for authorizing and spending investment income, such as a spending-rate or total-return policy? [GASB 34, par. 121 (GASB Cod. Sec. 2300.117)]	_____	_____	_____
E. Capital Assets			
1. Do the notes disclose the following information about capital assets, divided into major classes of capital assets as well as between assets associated with governmental activities and those associated with business-type activities, and between assets that are not being depreciated and those that are being depreciated: [GASB 34, par. 116 (GASB Cod. Sec. 2300.111)]	_____	_____	_____
a. Beginning- and end-of-year balances, with accumulated depreciation presented separately from historical cost?	_____	_____	_____
b. Capital acquisitions?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Sales or other dispositions?	_____	_____	_____
d. Current-period depreciation expense, with the amounts charged to each of the functions in the statement of activities? [GASB 34, pars. 117 and 118 (GASB Cod. Sec. 2300.112 and .113)]	_____	_____	_____
2. Do the notes disclose the method or methods used to compute depreciation for each major class of depreciable asset? [APB 12, par. 5 (AC D40.105)]	_____	_____	_____
3. For collections that are not capitalized, do the notes describe the collection and the reasons the assets are not capitalized? [GASB 34, par. 118 (GASB Cod. Sec. 2300.113)]	_____	_____	_____
4. While the entity is applying the general infrastructure asset transition provisions of GASB 34, pars. 148–150 (GASB Cod. Secs. 1400.125–.127), do the notes disclose:			
a. A description of the infrastructure assets being reported and of those that are not?	_____	_____	_____
b. A description of any eligible infrastructure assets that the government has decided to report using the modified approach? [GASB 34, par. 151 (GASB Cod. Sec. 1400.128)]	_____	_____	_____

F. Liabilities, Including Debt

Short-Term Debt

1. Do the notes disclose details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end, including the following: [*]			
a. A schedule of changes in short-term debt, disclosing beginning- and end-of-year balances, increases, and decreases?	_____	_____	_____
b. The purpose for which the short-term debt was issued? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.107e); GASB 38, par. 12 (GASB Cod. Sec. 2300.118)]	_____	_____	_____

Long-Term Liabilities, Including Debt

2. Does the entity disclose the following information about long-term liabilities (both long-term debt, such as bonds, notes, loans, and leases payable, and other long-term liabilities, such as compensated absences and claims and judgments), divided between liabilities associated with governmental activities and those associated with business-type activities: ¹⁷ [GASB 34, par. 116 (GASB Cod. Sec. 2300.111)]	_____	_____	_____
a. Beginning- and end-of-year balances (regardless of whether prior-year data are presented on the face of the government-wide financial statements)?	_____	_____	_____
b. Increases and decreases (separately presented)?	_____	_____	_____
c. The portions of each item that are due within one year of the statement date?	_____	_____	_____

* These provisions of GASB 38 are effective when the provisions of GASB 34 are required to be implemented, but are not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A. Entities that early implement GASB 34 but that do not early implement GASB 38 have a disclosure requirement for short-term debt and liquidity from NCGAI 6, par. 4.

¹⁷ Information about net pension obligations should be reported in a separate pension note. [GASB 34, fn. 47 (GASB Cod. Sec. 2300, fn. 4)]. See the subsection on pensions—employer reporting in the section of this checklist titled “Specialized Topics.”

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Which governmental funds typically have been used to liquidate other long-term liabilities (such as compensated absences and pension liabilities) in prior years? [GASB 34, par. 119 (GASB Cod. Sec. 2300.114)]	_____	_____	_____
3. Does the entity disclose the following details of debt service requirements to maturity: [*]			
a. Principal and interest requirements to maturity, presented separately, for each of the five subsequent fiscal years and in five-year increments thereafter? (Interest requirements for variable-rate debt should be determined using the rate in effect at the financial statement date.)	_____	_____	_____
b. The terms by which interest rates change for variable-rate debt? [GASB 38, par. 10 (GASB Cod. Secs. 1500.118 and 2300.106i)]	_____	_____	_____

Interest Costs

4. Does the entity disclose the following with respect to interest cost:			
a. If no interest cost is capitalized, the amount of interest cost incurred and charged to expense during the period?	_____	_____	_____
b. If some interest cost is capitalized, the total amount of interest cost incurred and the amount capitalized? [SFAS 34, par. 21 (AC I67.118)]	_____	_____	_____

Bond, Tax, and Revenue Anticipation Notes

5. If the entity excludes bond, tax, and revenue anticipation notes from fund or current liabilities because of the provisions of NCGA Interpretation 9, do the notes disclose 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? [NCGAI 9, fn. 5 (GASB Cod. Sec. B50, fn. 1)]	_____	_____	_____
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Conduit Debt

6. Do disclosures about conduit debt obligations (whether or not reported in the financial statements) include:			
a. A general description of the conduit debt transactions?	_____	_____	_____
b. The aggregate amount of all conduit debt obligations outstanding at the financial statement date?	_____	_____	_____
c. A clear indication that the issuer has no obligation for the debt beyond the resources provided by related leases or loans? [GASBI 2, par. 3 (GASB Cod. Sec. C65.102)]	_____	_____	_____

Debt Refundings

7. For debt defeased through an advance or current refunding, does the entity disclose a general description of the transaction in the year of the refunding that includes, at a minimum, the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding and the economic gain or loss resulting from the transaction? (If old fixed-rate debt is			
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^{*} These provisions of GASB 38 are effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A. Entities that early implement GASB 34 but that do not early implement GASB 38 have a disclosure requirement for debt service requirements to maturity from NCGA 1, par. 158, and NCGAI 6, par. 4.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
defeased with new variable-rate debt, additional disclosures should be made as provided in GASB 7, fn. 4 [GASB Cod. Sec. D20, fn. 7]) [GASB 7, par. 11 (GASB Cod. Sec. D20.111); GASB 23, par. 6 (GASB Cod. Sec. D20.115)]	_____	_____	_____
8. For debt defeased through an advance refunding, does the entity disclose the amount of that debt, if any, outstanding at the financial statement date? [GASB 7, par. 14 (GASB Cod. Sec. D20.114)]	_____	_____	_____

Demand Bonds

9. Do disclosures for demand bonds outstanding include:			
a. A general description of the demand bond program?	_____	_____	_____
b. Terms of any letters of credit or other standby liquidity agreements outstanding, commitment fees to obtain the letters of credit, and any amounts drawn on them outstanding as of the financial statement date?	_____	_____	_____
c. A description of the take out agreement including its expiration date, commitment fees to obtain that agreement, and the terms of any new obligation under the take out agreement?	_____	_____	_____
d. The debt service requirements that would result if the take out agreement were to be exercised? [GASBI 1, par. 11 (GASB Cod. Sec. D30.111)]	_____	_____	_____

Troubled Debt Restructuring

10. For periods after a troubled debt restructuring, do disclosures include:			
a. Extent to which amounts contingently payable are included in the carrying amount of restructured payables?	_____	_____	_____
b. Total amounts contingently payable, if applicable, and conditions under which those amounts would become payable or forgiven? [SFAS 15, par. 26 (AC D22.122)]	_____	_____	_____

G. Contingencies and Commitments

1. Do the notes disclose contingent liabilities not requiring accrual, including guarantees, such as situations in which the entity is contingently liable for proprietary fund or trust fund indebtedness (for example, through a general obligation backing on enterprise fund debt)? ¹⁸ [NCGA 1, par. 46, as amended by NCGA 4, par. 14, and GASB 10, par. 58 (GASB Cod. Secs. 1500.114 and 2600.106d); SFAS 5, par. 12 (AC C59.113); FASBI 34, pars. 2 and 3 (AC C59.114); FASBI 45, pars. 17 and 18 ¹⁹]	_____	_____	_____
2. For unconditional purchase obligations that have not been recognized on the entity's financial position statement(s), do the notes disclose:			
a. The nature and term of the obligation(s)?	_____	_____	_____
b. The amount of the fixed and determinable portion of the obligation(s) as of the date of the latest financial position statement in			

¹⁸ See also the subsection on risk financing and related financing issues—entities other than risk pools in the section of this checklist titled "Specialized Topics."

¹⁹ Although FASBI 34 was superseded by FASBI 45, it is not superseded for a governmental entity's funds and activities that are required to apply FASB pronouncements issued on or before November 30, 1989. Further, the provisions of FASBI 45, pars. 17 and 18, are substantially the same as those of FASBI 34, pars. 2 and 3. The provisions of FASBI 45 will be included in the June 1, 2003, edition of FASB Accounting Standards—Current Text.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
the aggregate and, if determinable, for each of the five succeeding fiscal years?	_____	_____	_____
c. The nature of any variable components of the obligation(s)?	_____	_____	_____
d. The amounts purchased under the obligation(s) (for example, the take-or-pay or throughput contract) for each period for which an activity statement is presented? [SFAS 47, par. 7 (AC C32.102)]	_____	_____	_____
3. Does the entity disclose unused letters of credit, assets pledged as security for loans, and construction and other significant commitments? ²⁰ [NCGA 1, par. 158, as amended by NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106k); SFAS 5, pars. 18 and 19 (AC C59.120)]	_____	_____	_____
4. Does the entity disclose conditions that raise a question about its ability to continue in existence for a reasonable period of time, and viable plans to overcome these difficulties? [SAS 59, par. 10 (AU 341.10)]	_____	_____	_____
5. Does the entity adequately disclose gain contingencies, with care to avoid any misleading implications about the likelihood of realization? [SFAS 5, par. 17 (AC C59.118)]	_____	_____	_____

H. Joint Costs That Include Fund Raising

1. If the entity allocates joint costs among fund raising and other functions, does it disclose:			
a. The types of activities for which joint costs have been incurred?	_____	_____	_____
b. A statement that such costs have been allocated?	_____	_____	_____
c. The total amount allocated during the period and the portion allocated to each functional expense category?	_____	_____	_____
d. The amount of joint costs for each kind of joint activity (encouraged but not required)? [SOP 98-2, pars. 18 and 19]	_____	_____	_____

I. Segment Disclosures

1. Does the entity make segment disclosures for each identifiable activity (or grouping of activities) reported as or within an enterprise fund or an other stand-alone entity that use enterprise fund accounting and reporting standards; and that has one or more bonds or other debt instruments (such as certificates of participation) outstanding, with a revenue stream pledged in support of that debt and an externally imposed requirement to account for the activity's revenues, expenses, gains and losses, assets, and liabilities separately? ²¹	_____	_____	_____
2. Do disclosures for each segment:			
a. Identify the types of goods and services provided?	_____	_____	_____
b. Present a condensed statement of net assets, including:			
(1) Total assets, distinguishing between current assets, capital assets, and other assets (with amounts receivable from other funds or component units reported separately)?	_____	_____	_____

²⁰ Commitments are existing arrangements to enter into future transactions or events. [AAG-SLV, par. 8.82]

²¹ Segment disclosures are not required for an activity whose only outstanding debt is conduit debt for which the government has no obligation beyond the resources provided by related leases or loans. In addition, segment reporting is not required when an individual fund both is a segment and is reported as a major fund. [GASB Cod. Sec. 2500, fn. 1 (GASB 34, fn. 48)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Total liabilities, distinguishing between current and long-term amounts (with amounts payable to other funds or component units reported separately)?	_____	_____	_____
(3) Total net assets, distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt?	_____	_____	_____
c. Present a condensed statement of revenues, expenses, and changes in net assets, including:			
(1) Operating revenues (by major source)?	_____	_____	_____
(2) Operating expenses, with depreciation, including any amortization, identified separately?	_____	_____	_____
(3) Operating income (loss)?	_____	_____	_____
(4) Nonoperating revenues (expenses), with separate reporting of major revenues and expenses?	_____	_____	_____
(5) Capital contributions and additions to permanent and term endowments?	_____	_____	_____
(6) Special and extraordinary items?	_____	_____	_____
(7) Transfers?	_____	_____	_____
(8) Change in net assets?	_____	_____	_____
(9) Beginning net assets?	_____	_____	_____
(10) Ending net assets?	_____	_____	_____
d. Present a condensed statement of cash flows, including:			
(1) Net cash provided (used) by:			
(a) Operating activities?	_____	_____	_____
(b) Noncapital financing activities?	_____	_____	_____
(c) Capital and related financing activities?	_____	_____	_____
(d) Investing activities?	_____	_____	_____
(2) Beginning cash and cash equivalent balances?	_____	_____	_____
(3) Ending cash and cash equivalent balances? [GASB 34, par. 122, as amended by GASB 37, par. 17 (GASB Cod. Sec. 2500.101)]	_____	_____	_____

J. Subsequent Events

1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provide additional information about conditions that existed at the financial statement date?
[NCGA 4, pars. 9 and 14, as amended by GASB 10 (GASB Cod. Sec. C50.149); GASB 10, par. 53 (GASB Cod. Sec. C50.110); SFAS 5, par. 8 (AC C59.105); SAS 1, sec. 560, pars. 3, 4, and 7 (AU 560.03, .04, and .07)]
2. If after the financial statement date but before the financial statements are issued, information becomes available indicating that an asset was impaired or a liability was incurred after the financial statement date (or that there is at least a reasonable possibility that an asset was impaired or a liability was incurred after that date), does the entity disclose the nature of the loss or loss contingency and give an estimate of the amount or range of loss or possible loss or state that such an estimate cannot be made? (In some cases, disclosure may best be made by presenting pro

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
forma financial data giving effect to the loss as if it had occurred at the financial statement date.) [GASB 10, par. 80 (GASB Cod. Secs. 2300.106f and C50.148); SFAS 5, par. 11 (AC C59.112); SAS 1, sec. 560, pars. 5–7 and 9 (AU 560.05–.07 and .09)]	_____	_____	_____

K. Related Parties, Including Component Units

- | | | | |
|--|-------|-------|-------|
| 1. For the separately issued financial statements of a component unit, do the financial statements: | | | |
| <i>a.</i> Acknowledge that it is a component unit of another government? | _____ | _____ | _____ |
| <i>b.</i> Identify in the notes to the financial statements the primary government in whose financial reporting entity it is included and describe its relationship with the primary government?
[GASB 14, par. 65 (GASB Cod. Sec. 2600.124)] | _____ | _____ | _____ |
| 2. If a voting majority of the governing board of a stand-alone government is appointed by a primary government, does the stand-alone government disclose that accountability relationship in its financial statements?
[GASB 14, par. 66 (GASB Cod. Sec. 2600.125)] | _____ | _____ | _____ |
| 3. Does the primary government disclose in the notes to the financial statements the nature of its accountability for related organizations? (Groups of related organizations with similar relationships with the primary government may be summarized for purposes of the disclosure.) | _____ | _____ | _____ |
| 4. Do the financial statements of a related governmental organization disclose the primary government that is accountable for it and describe its relationship with that primary government?
[GASB 14, par. 68 (GASB Cod. Sec. 2600.127)] | _____ | _____ | _____ |
| 5. Do the notes disclose, for each major component unit, the nature and amount of significant transactions with the primary government and other component units?
[GASB 34, par. 128 (GASB Cod. Sec. 2600.110)] | _____ | _____ | _____ |
| 6. Do the notes disclose the following information about related-party transactions? | | | |
| <i>a.</i> The nature of the relationship(s)? | _____ | _____ | _____ |
| <i>b.</i> A description of the transactions, including transactions to which no amount or nominal amounts were ascribed, and such other information deemed necessary to understand the effects of the transactions on the financial statements? | _____ | _____ | _____ |
| <i>c.</i> The dollar amounts of transactions for each of the periods for which results of operations are presented and the effects of any change in the method of establishing the terms from that used in the preceding period? | _____ | _____ | _____ |
| <i>d.</i> Amounts due from or to related parties as of the date of each financial position statement presented and, if not otherwise apparent, the terms and manner of settlement?
[NCGAI 6, par. 5 (GASB Cod. Sec. 2300.107f); SFAS 57, par. 2 (AC R36.102); SAS 45, pars. 11 and 12 (AU 334.11 and .12); AAG-SLV, par. 13.12] | _____ | _____ | _____ |
| <i>e.</i> The nature and extent of leasing transactions with related parties?
[NCGA 5, par. 27 (GASB Cod. Sec. L20.125); SFAS 13, par. 29 (AC L10.125)] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
L. Other Disclosures			
1. Do the notes disclose: [*]			
<i>a.</i> Details about balances of receivables and payable when significant components of those accounts have been obscured by the aggregation of those accounts in the financial position statements?	_____	_____	_____
<i>b.</i> Significant receivable balances not expected to be collected within one year of the financial statement date? [GASB 38, par. 13 (GASB Cod. Sec. 2300.119)]	_____	_____	_____
<i>c.</i> The following details about interfund balances reported in the fund financial statements:			
(1) Amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type?	_____	_____	_____
(2) The purpose for interfund balances?	_____	_____	_____
(3) Interfund balances that are not expected to be repaid within one year from the financial statement date? [NCGA1, par. 158, as amended by NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106o); GASB 38, par. 14 (GASB Cod. Sec. 2300.120)]	_____	_____	_____
<i>d.</i> The following details about interfund transfers reported in the fund financial statements:			
(1) Amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type?	_____	_____	_____
(2) A general description of the principal purposes of the government's interfund transfers?	_____	_____	_____
(3) The intended purpose and the amount of significant transfers that do not occur on a routine basis or that are inconsistent with the activities of the fund making the transfer? [NCGA1, par. 158, as amended by NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106o); GASB 38, par. 15 (GASB Cod. Sec. 2300.121)]	_____	_____	_____
<i>e.</i> Significant violations of finance-related legal or contractual provisions and actions taken to address such violations? ^{**} [NCGA 1, par. 11, as amended by GASB 38, par. 9 (GASB Cod. Sec. 1200.112)]	_____	_____	_____
<i>f.</i> Detailed explanations if aggregated information in the summary reconciliation between the fund and government-wide financial statements obscures the nature of the individual elements of a particular reconciling item? [GASB 34, par. 77 (GASB Cod. Secs. 2200.151 and P80.109)]	_____	_____	_____

^{*} The provisions of GASB 38 in items *a* through *d* are effective when the provisions of GASB 34 are required to be implemented, but are not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A. Entities that early implement GASB 34 but that do not early implement GASB 38 have a disclosure requirement for interfund receivables and payables from NCGA 1, par. 158, and NCGAI 6, par. 4.

^{**} The requirement to disclose actions taken to address significant violations is a requirement from GASB 38 that is effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
g. Any significant transactions or other events that are either unusual or infrequent but not within the control of management? In the governmental funds, such transactions or events alternatively may be separately identified within the appropriate revenue or expenditure category in the statement of revenues, expenditures, and changes in fund balances. [GASB 34, par. 56 (GASB Cod. Secs. 1800.130 and 2200.141); GASB 34, par. 89 (GASB Cod. Sec. 1800.131)]	_____	_____	_____
h. Deficit fund balance or net assets of individual nonmajor funds? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106n)]	_____	_____	_____

VII. Specialized Topics

A. Organizational Relationships, Including Component Units and Joint Ventures Component Units²²

1. If the financial statements present only the data of the primary government, do they acknowledge that they do not include the data of the component units necessary for reporting in conformity with GAAP? [GASB 14, par. 64 (GASB Cod. Sec. 2600.123)]	_____	_____	_____
2. Does the government’s intent in owning a majority of the voting stock of a for-profit corporation determine whether the corporation is presented as a component unit or an investment of the primary government? [GASB 14, pars. 55 and 73 (GASB Cod. Sec. 2600.115)]	_____	_____	_____
3. Is certain information about each major component units, except for those that are fiduciary in nature, and the aggregate of nonmajor component units provided by presenting one of the following:			
a. Presenting each major component unit in a separate column in the reporting entity’s government-wide financial statements, with nonmajor component units aggregated in a single column?	_____	_____	_____
b. Including combining statements of major component units in the reporting entity’s basic statements after the fund financial statements, with nonmajor component units aggregated in a single column?	_____	_____	_____
c. Presenting condensed financial statements in the notes to the reporting entity’s financial statements? [GASB 14, par. 51, as amended by GASB 34, par. 126 and fns. 49 and 50 (GASB Cod. Sec. 2600.108)]	_____	_____	_____
4. If the entity chooses to present component unit information in the notes (Step 3c), are these details presented, at a minimum, for each major component units and the aggregate of nonmajor component units:			
a. Condensed statement of net assets:			
(1) Total assets—distinguishing between capital assets and other assets (with amounts receivable from the primary government or from other component units reported separately)?	_____	_____	_____
(2) Total liabilities—distinguishing between long-term debt outstanding and other liabilities (with amounts payable to the primary government or to other component units reported separately)?	_____	_____	_____
(3) Total net assets—distinguishing between restricted, unrestricted, and amounts invested in capital assets, net of related debt?	_____	_____	_____

²² The requirements of GASB 14 should be applied in the separately issued financial statements of governmental component units and stand-alone governments as if they were primary governments. [GASB 14, pars. 65 and 66 (GASB Cod. Secs. 2600.124 and .125)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Condensed statement of activities:			
(1) Expenses (by major functions and for depreciation expense, if separately reported)?	_____	_____	_____
(2) Program revenues (by type)?	_____	_____	_____
(3) Net program (expense) revenue?	_____	_____	_____
(4) Tax revenues?	_____	_____	_____
(5) Other nontax general revenues?	_____	_____	_____
(6) Contributions to endowments and permanent fund principal?	_____	_____	_____
(7) Special and extraordinary items?	_____	_____	_____
(8) Change in net assets?	_____	_____	_____
(9) Beginning net assets?	_____	_____	_____
(10) Ending net assets? [GASB 34, par. 127 and fn. 50 (GASB Cod. Sec. 2600.108 and .109)]	_____	_____	_____
5. If transactions between component units that have different fiscal years result in inconsistencies in amounts reported as due to or due from, and so forth, are the nature and amount of those transactions disclosed in the notes to the financial statements? [GASB 14, par. 60, as amended by GASB 34, par. 61 (GASB Cod. Sec. 2600.119)]	_____	_____	_____
6. If the fiscal year of the component units included in the reporting entity are not consistent from year to year, are changes in fiscal years disclosed? [GASB 14, par. 60 (GASB Cod. Sec. 2600.119)]	_____	_____	_____

Joint Ventures and Jointly Governed Organizations

Practice Tip

These questions apply to an entity’s participation in a joint venture or jointly controlled organization as defined in GASB 14, par. 69 (GASB Cod. Sec. J50.102). If an organization has several participants, but one participating government appoints a voting majority of the organization’s governing body (and joint control is precluded because that participant has the power to make decisions unilaterally), the organization is either a component unit or a related organization of that participating government and should be reported in that participating government’s financial statements as such. However, the other (minority) participants should report their participation in the organization as indicated in Questions 7 through 12 below.
[GASB 14, par. 78 (GASB Cod. Sec. J50.112)]

7. In proprietary funds that participate in joint ventures in which there is an equity interest:			
a. Is the “investment in joint venture” account, representing the proprietary fund’s equity interest, reported in the proprietary fund’s statement of net assets as a single amount?	_____	_____	_____
b. Is the fund’s share of the joint venture’s change in net assets reported in its statement of revenues, expenses, and changes in fund net assets as a single amount? [GASB 14, par. 73, as amended by GASB 34, par. 91 (GASB Cod. Sec. J50.106)]	_____	_____	_____
8. In governmental funds that participate in joint ventures in which there is an equity interest:			
a. Are amounts reported in the balance sheet limited to amounts appropriately reported under the current financial resources measurement focus (and thus not include equity in capital assets)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> Are amounts reported in the statement of revenues, expenditures, and changes in fund balances limited to amounts received or receivable from or paid or payable to the joint venture and that satisfy the revenue or expenditure recognition criteria for governmental funds? [GASB 14, par. 74 (GASB Cod. Sec. J50.107)]</p>	_____	_____	_____
<p>9. In the government-wide financial statements, are equity interests in joint ventures reported in the same manner as in proprietary funds? (See Step 7.) [GASB 34, par. 16 (GASB Cod. Sec. J50.108)]</p>	_____	_____	_____
<p>10. For all joint ventures (regardless of whether there is an equity interest), does the entity disclose a general description, including:</p>			
<p><i>a.</i> A description of the participating government’s ongoing financial interest (including its equity interest, if applicable) or ongoing financial responsibility?</p>	_____	_____	_____
<p><i>b.</i> Enough information 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 or burden on the participating government in the future?</p>	_____	_____	_____
<p><i>c.</i> Information about the availability of separate financial statements of the joint venture?</p>	_____	_____	_____
<p><i>d.</i> Required information about related-party transactions? [GASB 14, par. 75 (GASB Cod. Sec. J50.109)]</p>	_____	_____	_____
<p>11. For jointly governed organizations, has the entity disclosed required information about related-party transactions? [GASB 14, par. 77 (GASB Cod. Sec. J50.111)]</p>	_____	_____	_____
<p>12. For joint building or finance authorities, if the capital assets are leased back to the participating government, does the government report its respective shares of the assets, liabilities, and operations of the joint venture by using capital lease accounting and disclosures rather than by reporting a participant’s equity interest (if any) in the joint authority or by making joint venture disclosures? [GASB 14, par. 76 (GASB Cod. Sec. J50.110)]</p>	_____	_____	_____
<p>13. When a joint venture or jointly governed organization is included as a component unit in the majority participant’s financial reporting entity, does the joint venture or jointly governed organization report any equity interests of the minority participants as “reserved for minority interests”? [GASB 14, par. 78 (GASB Cod. Sec. J50.112)]</p>	_____	_____	_____

Undivided Interests

<p>14. Does an entity that participates in an undivided interest (no entity or organization is created by the participants and two or more parties own property in which title is held individually to the extent of each party’s interest) report its assets, liabilities, expenditures/expenses, and revenues that are associated with the joint operation?</p>	_____	_____	_____
<p>15. If a separate organization is created in which there is both an undivided interest in specific assets and liabilities and equity interests in the other net resources of the organization (a hybrid arrangement), does the participant report using the guidance for both undivided interests and joint ventures? [GASB 14, par. 80 (GASB Cod. Sec. J50.114)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
B. Derivatives²³			
1. Are the following disclosures made for derivatives that are not reported at fair value on the statement of net assets? (Disclosure information for similar derivative types may be aggregated.) [GTB 03-1, par. 5 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
a. The entity’s objective for entering into the derivative, the context needed to understand that objective, and its strategies for achieving the objective, indicating the types of derivatives used? [GTB 03-1, par. 6 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
b. The significant terms of the transaction, including notional, face, or contract amount; underlying indexes or interest rates, including terms such as caps, floors, or collars; options embedded in the derivatives; the date when the derivative became effective and when it is scheduled to terminate or mature; and the amount of cash paid or received when the derivative was initiated? [GTB 03-1, par. 7 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
c. The fair value of the derivative as of the financial statement date and, if that fair value is based on other than quoted market prices, the method and significant assumptions used to estimate the fair value of the derivative unless the fair value is developed by a pricing service that considers the assumptions to be proprietary? [GTB 03-1, par. 8 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
d. If the derivative is entered into with the intention of effectively making the entity’s debt obligation carry a synthetic interest rate, the derivative’s net cash flow and the debt service requirements of the associated debt? [GTB 03-1, par. 9 (GASB Cod. Sec. 2300.601)]	_____	_____	_____
e. Details about the entity’s exposure, where applicable, to credit risk, interest rate risk, basis risk, termination risk, rollover risk, and market-access risk as of the financial reporting date, as GTB 03-1, par. 10, defines those risks and discusses the required details? [GTB 03-1, par. 6 (GASB Cod. Sec. 2300.601)]	_____	_____	_____

C. Escheat Property

1. Is escheat property generally reported as an asset in the governmental or proprietary fund to which the property ultimately escheats? (Escheat property held for individuals, private organizations, or another government should be reported in a private-purpose trust fund or an agency fund, as appropriate, or in the governmental or proprietary fund in which escheat property is otherwise reported.) [GASB 34, par. 72, and GASB 37, par. 3 (GASB Cod. Sec. E70.102)]	_____	_____	_____
2. When escheat property is reported in governmental or proprietary funds, is escheat revenue reduced and a governmental or proprietary fund liability reported to the extent that it is probable that escheat property will be reclaimed and paid to claimants? [GASB 37, par. 3 (GASB Cod. Sec. E70.103)]	_____	_____	_____

²³ GTB 03-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, supersedes GTB 94-1, *Disclosures about Derivatives and Similar Debt and Investment Transactions*, for financial statements for periods ending after June 15, 2003. GTB 03-1 adopts the definition of *derivative* from SFAS 133, par. 6, as amended. This checklist shows the section of the *GASB Codification* as of June 30, 2003, that will include the disclosure requirements of GTB 03-1.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
D. Governmental External Investment Pools			
<i>Separate or Stand-Alone Financial Reports</i>			
1. Does the pool report include an MD&A, a statement of net assets, a statement of changes in net assets, notes to the financial statements, and RSI other than MD&A, as applicable? (A statement of cash flows is not required.) [GASB 31, par. 17, and GASB 34, par. 139 (GASB Cod. Sec. In5.103)]	_____	_____	_____
2. Does the report apply all applicable GASB pronouncements? ²⁴	_____	_____	_____
3. Do the report's notes to the financial statements disclose:			
a. A brief description of any regulatory oversight (including whether the pool is registered with the SEC as an investment company)?	_____	_____	_____
b. The frequency of determining the fair value of investments?	_____	_____	_____
c. The method used to determine participants' shares sold and redeemed and whether that method differs from the method used to report investments?	_____	_____	_____
d. Whether the pool sponsor has provided or obtained any legally binding guarantees during the period to support the value of shares?	_____	_____	_____
e. The extent of involuntary participation in the pool, if any?	_____	_____	_____
f. A summary of the fair value, the carrying amount (if different from fair value), the number of shares or the principal amount, ranges of interest rates, and maturity dates of each major investment classification?	_____	_____	_____
g. The accounting policy for defining each component of investment income if the report distinguishes among different components (for example, interest, dividend, and other income versus the net increase or decrease in the fair value of investments)? [GASB 31, par. 17 (GASB Cod. Sec. In5.103)]	_____	_____	_____
<i>Sponsoring Government's Financial Report</i>			
4. Is the external portion of each sponsored pool reported as a separate investment trust fund? [GASB 31, par. 18, as amended by GASB 34, par. 71 (GASB Cod. Sec. I50.116)]	_____	_____	_____
5. Is the equity position of each of the sponsor's funds or component units (the internal portion) reported as assets in those funds and component units? [GASB 31, pars. 14 and 18 (GASB Cod. Sec. I50.112 and .116)]	_____	_____	_____
6. Is the difference between the external pool assets and liabilities captioned "net assets held in trust for pool participants"? [GASB 31, par. 18 (GASB Cod. Sec. I50.116)]	_____	_____	_____
7. Do the notes disclose how to obtain the pool's separate report, if one is issued?	_____	_____	_____
8. If the pool does not issue a separate report, does the sponsoring government's report disclose:			
a. The disclosures required for a separate or stand-alone pool report indicated in Question 3 above?	_____	_____	_____

²⁴ See, in particular, the subsections on cash, investments, and investment-related activity in the sections of this checklist titled "Assets, Liabilities, and Equity" and "Note Disclosures."

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| b. The disclosures required by GASB Cod. Secs. C20, I50, I55, and I60, and other cash and investment standards? (See the subsection on cash, investments, and investment-related activity in the section of this checklist titled "Note Disclosures" and the subsection on derivatives in this section of this checklist.)
[GASB 31, par. 19 (GASB Cod. Sec. I50.117)] | _____ | _____ | _____ |
| c. Condensed statements of fiduciary net assets and changes in fiduciary net assets? (If a pool includes both internal and external investors, those condensed financial statements should include, in total, the net assets held in trust for all pool participants, and the equity of participants should distinguish between internal and external portions.)
[GASB 31, par. 19, as amended by GASB 34, par. 106 (GASB Cod. Sec. I50.117)] | _____ | _____ | _____ |

E. Landfill Closure and Postclosure Care Costs

- | | | | |
|--|-------|-------|-------|
| 1. Are assets, liabilities, revenues, and expenses related to municipal solid waste landfills (MSWLFs) reported in the government-wide financial statements?
[GASB 34, par. 16 (GASB Cod. Sec. L10.110)] | _____ | _____ | _____ |
| 2. Are assets, liabilities, revenues, and expenses related to MSWLFs reported in the proprietary fund financial statements?
[GASB 18, par. 7, as amended by GASB 34, par. 6 (GASB Cod. Sec. L10.106); GASB 18, pars. 8 and 9 (GASB Cod. Sec. L10.107 and .108)] | _____ | _____ | _____ |
| 3. For MSWLF activities reported in governmental funds, are long-term liabilities for closure and postclosure care costs not reported as expenditures and liabilities in the governmental funds but only as expenses and liabilities in the governmental activities column in the government-wide statement of net assets? (Liabilities for landfill closure and postclosure care costs are normally liquidated with expendable available financial resources, and a governmental fund liability and expenditure should be recognized, as payments come due each period upon receipt of goods and services used in the closing and postclosure care processes.)
[GASB 18, par. 10, as amended by GASB 34, par. 82, and GASBI 6, par. 14 (GASB Cod. Sec. L10.109)] | _____ | _____ | _____ |
| 4. In the proprietary fund and government-wide financial statements, are equipment and facilities included in the estimated total current cost of closure and postclosure care not reported as capital assets? (Those costs and the final cover should be reported as a reduction of the accrued liability for MSWLF closure and postclosure care.)
[GASB 18, par. 8 (GASB Cod. Sec. L10.107); GASB 34, par. 16 (GASB Cod. Sec. L10.110)] | _____ | _____ | _____ |
| 5. In the governmental fund financial statements, are acquisitions of equipment and facilities included in the estimated total current cost of closure and postclosure care reported as closure and postclosure care expenditures?
[GASB 18, par. 11 (GASB Cod. Sec. L10.109)] | _____ | _____ | _____ |
| 6. Are amounts placed with a third-party trustee or in a surety standby trust for MSWLF closure, postclosure care, and remediation reported in the fund used to report landfill operations and identified by a description such as "amounts held by trustee"? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Are investment earnings on amounts set aside to finance closure and postclosure care reported as revenue, not as reductions of the estimated total current cost of MSWLF closure and postclosure care and related accrued liability? [GASB 18, par. 15 (GASB Cod. Sec. L10.113)]	_____	_____	_____
8. If the government has transferred its responsibility for MSWLF closure and postclosure care to another entity but remains contingently liable for that care under applicable federal, state, or local laws or regulations, and it appears that the assuming entity will not be able to meet its obligations and it is probable that the government will be required to pay closure and postclosure care costs, does the government report the obligation as provided above? [GASB 18, par. 16, as amended by GASB 34, par. 82, and GASB 35, par. 5 (GASB Cod. Sec. L10.114)]	_____	_____	_____
9. Do the notes to the financial statements disclose:			
a. The nature and source of landfill closure and postclosure care requirements (federal, state, or local laws or regulations)?	_____	_____	_____
b. That recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date?	_____	_____	_____
c. The reported liability for closure and postclosure care at the financial statement date and the estimated total current cost of closure and postclosure care remaining to be recognized?	_____	_____	_____
d. The percentage of landfill capacity used to date and estimated remaining landfill life in years?	_____	_____	_____
e. How closure and postclosure care financial assurance requirements, if any, are being met and any assets restricted for payment of closure and postclosure care costs?	_____	_____	_____
f. The nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations? [GASB 18, par. 17 (GASB Cod. Sec. L10.115)]	_____	_____	_____

F. Leases

1. Does the entity apply the criteria of SFAS 13, <i>Accounting for Leases</i> , as amended and interpreted, to its lease agreements (except for operating leases with scheduled rent increases and leases between governments and public authorities that are part of the primary government for financial reporting purposes [see Question 2 below]), subject to the accounting and financial reporting distinctions of governmental funds? [NCGA 5, par. 11, as amended by GASB 13, pars. 5 and 6, and GASB 34, par. 69 (GASB Cod. Sec. L20.103); NCGA 5, par. 24 (GASB Cod. Sec. L20.121); GASB 14, par. 58 (GASB Cod. Secs. 2600.117 and L20.121)]	_____	_____	_____
2. If a public authority is part of a primary government for financial reporting purposes (because it has no separate legal standing or because it is a blended component unit), and there is a lease agreement between the primary government and the authority, is the authority's debt and assets reported as a form of the primary government's debt and assets? (For example, the leased assets should be reported as general capital assets in the government-wide statement of net assets, related debt should be reported as a general long-term liability in the government-wide statement of net assets, and the debt service activity of the public authority should be reported as a debt service activity of the primary government.)	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
[NCGA 5, par. 23, as amended by GASB 14 (GASB Cod. Sec. L20.120); NCGA 5, par. 24, and GASB 34, pars. 80 and 82 (GASB Cod. Sec. L20.121); GASB 14, par. 58 (GASB Cod. Secs. 2600.117 and L20.121)]			
3. Are lease receivables and payables associated with capital lease arrangements between the primary government and public authorities reported as discretely presented component units (or between those component units) not combined with other amounts due to/from component units or with capital lease receivables and payables with organizations outside the reporting entity? [GASB 14, par. 58 (GASB Cod. Secs. 2600.117 and L20.122)]	_____	_____	_____

Lessors

4. If a capital lease is accounted for in a governmental fund, is an other financing source reported for the portion of the lease receivable that is measurable and available and is the noncurrent receivable reported in the fund, offset by deferred revenue? [NCGA 5, pars. 10 and 15, as amended by GASB 34, par. 88 (GASB Cod. Sec. L20.114)]	_____	_____	_____
5. If an operating lease with scheduled rent increases is accounted for in a governmental fund, is the accrued receivable in the fund offset by deferred revenue for the portion not yet recognized as revenue? [GASB 13, par. 9 (GASB Cod. Sec. L20.108)]	_____	_____	_____
6. Does the entity make the disclosures required by SFAS 13, as amended and interpreted, including: ²⁵ [NCGA 5, par. 27 (GASB Cod. Sec. L20.125)]			
a. For all leases, a general description of the lessor’s leasing arrangements? [SFAS 13, par. 23 (AC L10.119c)]	_____	_____	_____
b. For sales-type and direct financing leases:			
(1) Specific components of the net investment in the leases as of the date of each financial position statement presented?	_____	_____	_____
(2) Future minimum lease payments to be received for each of the five succeeding fiscal years as of the date of the latest financial position statement presented?	_____	_____	_____
(3) Total contingent rentals included in operations for each period for which an activity statement is presented? [SFAS 13, par. 23, as amended by SFAS 91, par. 25 (AC L10.119a)]	_____	_____	_____
c. For operating leases:			
(1) The cost and carrying amount, if different, of property on lease or held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total as of the date of the latest financial position statement presented?	_____	_____	_____
(2) Minimum future rentals on noncancelable leases as of the date of the latest financial position statement presented, in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____

²⁵ Disclosures required by SFAS 13 are required when leasing, exclusive of leveraged leasing, is a significant part of the lessor’s business activities in terms of revenue, net income, or assets. [SFAS 13, par. 23 (AC L10.119)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(3) Total contingent rentals included in operations for each period for which an activity statement is presented? [SFAS 13, par. 23 (AC L10.119b)]	_____	_____	_____
d. For leveraged leases, the disclosures provided for in SFAS 13, paragraph 47? [SFAS 13, par. 47 (AC L10.149)]	_____	_____	_____
<i>Lessees</i> ²⁶			
7. Are capital leases that represent the acquisition or construction of a general capital asset reported as expenditures and other financing sources in a governmental fund? (General capital assets and general long-term liabilities arising from governmental fund capital leases should be reported only in the governmental activities column in the government-wide statement of net assets.) [NCGA 5, par. 14, as amended by GASB 34, pars. 80 and 82 (GASB Cod. Secs. 1800.112 and L20.113)]	_____	_____	_____
a. Are subsequent governmental fund lease payments accounted for consistently with GASB Cod. Sec. 1600.120 and .121 standards for general obligation debt? [NCGA 5, par. 14 (GASB Cod. Sec. L20.113)]	_____	_____	_____
8. Are capital lease obligations separately identified in the applicable financial position statements and subject to the same considerations as other obligations in classifying them with current and noncurrent liabilities in classified financial position statements? [SFAS 13, par. 13 (AC L10.112a(5))]	_____	_____	_____
9. Are accrued liabilities for operating leases with scheduled rent increases reported in the government-wide and proprietary and fiduciary fund financial statements, but only reported in the governmental fund financial statements to the extent the liabilities are “normally expected to be liquidated with expendable available financial resources”? [GASB 13, pars. 7 and 9, as amended by GASB 34 (GASB Cod. Sec. L20.107 and .108)]	_____	_____	_____
10. Does the entity disclose the future minimum payments for each of the five subsequent fiscal years and in five-year increments thereafter for its obligations under capital and noncancelable operating leases? [*] [NCGA 5, par. 27, as amended by GASB 38, par. 11 (GASB Cod. Sec. L20.125)]	_____	_____	_____
11. Does the entity make the disclosures required by SFAS 13, as amended and interpreted, including: [NCGA 5, par. 27 (GASB Cod. Sec. L20.125)]			
a. For all leases, a general description of the lessee’s leasing arrangements including, but not limited to:			

²⁶ Governments also are required to disclose information about changes in long-term liabilities, including leases payable, as indicated in a question in the subsection on liabilities, including debt, in the section of this checklist titled “Note Disclosures.”

^{*} This provision of GASB 38 is effective when the provisions of GASB 34 are required to be implemented. However, this provision is not required to be implemented at the same time as GASB 34 if GASB 34 is early implemented. See the further discussion of the effective dates for GASB 34 and GASB 38 in FSP section 13,000A. Entities that early implement GASB 34 but that do not early implement GASB 38 have a disclosure requirement for future minimum payments for its obligations under capital and noncancelable operating leases from NCGA 5, par. 27, and SFAS 13, pars. 16a and 16b.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) The basis on which contingent rental payments are determined?	_____	_____	_____
(2) The existence and terms of renewal or purchase options and escalation clauses?	_____	_____	_____
(3) Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing? [SFAS 13, par. 16 (AC L10.112d)]	_____	_____	_____
<i>b. For capital leases:</i>			
(1) The gross amount of assets recorded as of each financial position statement date presented by major classes according to nature or function? (This information may be combined with the comparable information for owned assets.)	_____	_____	_____
(2) The total of minimum sublease rentals to be received in the future under noncancelable subleases as of the latest financial position statement date?	_____	_____	_____
(3) Total contingent rentals actually incurred for each period for which an activity statement is presented?	_____	_____	_____
(4) Assets recorded under capital leases and the accumulated amortization thereon, unless separately identified in the applicable financial position statements?	_____	_____	_____
(5) The amortization charge on assets recorded under capital leases, unless the charge is included with depreciation expense (with the fact that it is so disclosed) or unless it is separately identified in the financial statements? [SFAS 13, pars. 13 and 16 (AC L10.112a)]	_____	_____	_____
<i>c. For operating leases, rental expense for each period for which an activity statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals? [SFAS 13, par. 16 (AC L10.112c)]</i>	_____	_____	_____
<i>d. For operating leases having initial or remaining noncancelable lease terms in excess of one year, future minimum rental payments required as of the date of the latest financial position statement presented, in the aggregate and for each of the five succeeding fiscal years? [SFAS 13, par. 16 (AC L10.112b)]</i>	_____	_____	_____

G. Noninterest-Bearing Receivables and Payables

1. If a note is noninterest-bearing or has an inappropriate stated interest rate:			
<i>a. Is the discount or premium presented as a deduction from or addition to the face amount of the asset or liability? (The face amount of the note should be disclosed in the financial statements or in the notes to the financial statements.)</i>	_____	_____	_____
<i>b. Is the amortization of the discount or premium reported as interest expense in the activity statements?</i>	_____	_____	_____
<i>c. Is the effective interest rate disclosed? [APB 21, par. 16 (AC I69.109)]</i>	_____	_____	_____

H. Pension Plans**Practice Tips**

The provisions of GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, apply whether a defined benefit pension plan is a single-employer, agent multiple-employer, or cost-sharing multiple-employer plan, and regardless of how or when the plan's pension benefits are financed.

[GASB 25, par. 13 (GASB Cod. Sec. Pe5.105)]

A separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses stand-alone financial reports for governmental pension plans.

When GASB 25 and GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, require similar information about defined benefit and defined contribution pension plans in the employer's notes to the financial statements and RSI, the employer should present the information in a manner that avoids unnecessary duplication.²⁷

[GASB 27, fns.15 and 19 (GASB Cod. Sec. P20, fns. 16 and 19)]

Defined Benefit Pension Plans—Sponsor and Employer Reporting**Practice Tips**

A defined benefit pension plan provides retirement income and also may provide other types of postemployment benefits, including disability benefits, death benefits, life insurance, healthcare benefits, and other ancillary benefits. As used in GASB standards, the term *pension benefits* includes retirement income and all other types of benefits provided through a defined benefit pension plan, except postemployment healthcare benefits. For financial reporting purposes, postemployment healthcare benefits, including medical, dental, vision, and other health-related benefits, provided through a defined benefit pension plan, and the assets accumulated by the plan for the payment of postemployment healthcare benefits, are considered, in substance, a postemployment healthcare plan administered by but not part of the pension plan.²⁸

[GASB 25, par. 12 (GASB Cod. Sec. Pe5.104)]

The provisions of GASB 25 apply whether (a) a defined benefit pension plan's financial statements are included in a separate financial report issued by the plan or by the public employee retirement system that administers the plan (stand-alone plan financial report) or (b) the plan is included as a pension trust fund or fiduciary component unit in the fiduciary fund financial statements of the plan sponsor or employer.

[GASB 25, par. 13, as amended by GASB 34, par. 106 (GASB Cod. Sec. Pe5.105)]

The questions in the separate checklist for stand-alone plan financial reports, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, generally also can be applied when a plan is included as a pension trust fund or fiduciary component unit in the sponsor's or employer's financial statements. This section includes questions that address additional financial reporting and disclosure requirements when pension plans are included in a sponsor's or employer's financial statements.

If a defined benefit plan's financial statements are presented in both an employer's report and a publicly available GAAP financial report, and the employer discloses information about how to obtain the stand-alone plan financial report, the employer may limit its pension trust fund disclosures. Specifically, it need not include certain disclosures listed in *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans* about classes of employees covered and the current membership, benefit provisions, contributions and reserves.

[GASB 25, par. 32 (GASB Cod. Sec. Pe5.124)].

²⁷ See also the subsection on pensions—employer reporting in this section of this checklist.

²⁸ See the separate subsection on postemployment healthcare plans administered by defined benefit pension plans—sponsor and employer reporting in this section of this checklist.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Are defined benefit pension plans reported in the entity’s financial statements as pension trust funds? [GASB 25, par. 13, as amended by GASB 34, par. 106 (GASB Cod. Sec. Pe5.105)]	_____	_____	_____
2. Is each plan considered a separate pension trust fund? [GASB 25, pars. 15 and 17 (GASB Cod. Sec. Pe5.107 and .109)]	_____	_____	_____
3. Are financial statements for individual defined benefit pension plans presented in the notes to the sponsor’s or employer’s financial statements if the plans have not issued separate, GAAP financial reports?	_____	_____	_____
4. If the plans have issued separate, GAAP financial reports, do the notes instead include information about how to obtain those separate reports? [GASB 34, par. 106 (GASB Cod. Secs. 2200.172 and Pe5.109)]	_____	_____	_____

Defined Benefit Pension Plans—Sponsor and Employer Required Supplementary Information

5. For each plan, are schedules of funding progress and employer contributions and notes to RSI as required by GASB 25, pars. 37, 38, and 40 (GASB Cod. Sec. Pe5.129, .130, and .132) included as RSI in the employer’s financial report unless (a) the required schedules are included with the plan’s financial statements in a publicly available, stand-alone plan financial report and (b) the employer discloses in its notes to the financial statements information about how to obtain the stand-alone plan financial report?	_____	_____	_____
6. For each single employer plan for which (a) the required schedules are included with the plan’s financial statements in a publicly available, stand-alone plan financial report and (b) the employer includes in its notes to the financial statements information about how to obtain the stand-alone plan financial report, is a schedule of funding progress and notes to RSI presented as required by GASB 25, pars. 37, 38, and 40 (GASB Cod. Sec. Pe5.129, .130, and .132) for the three most recent actuarial valuations? [GASB 25, par. 34 (GASB Cod. Sec. Pe5.126)]	_____	_____	_____

Defined Contribution Pension Plans—Employer Reporting

7. Are defined contribution pension plans reported in the entity’s financial statements as pension trust funds? [GASB 25, fn. 2 (GASB Cod. Sec. Pe6, fn. 2); GASB 34, par. 70 (GASB Cod. Sec. 1300.111)]	_____	_____	_____
8. Is each plan considered a separate pension trust fund? [Generally Accepted]	_____	_____	_____
9. Do the notes to the financial statements of the plan include the following disclosures when the financial statements are presented in a stand-alone report or solely in the financial report of an employer:			
a. A plan description, including:			
(1) Identification of the plan as a defined contribution plan and disclosure of the number of participating employers and other contributing entities?	_____	_____	_____
(2) Classes of employees covered (for example, general employees, public safety employees) and the total current membership?	_____	_____	_____
(3) Brief description of plan provisions and the authority under which they are established or may be amended?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(4) Contribution requirements (for example, the contribution rates in dollars or as a percentage of salary) of the plan members, employers), and other contributing entities and the authority under which the requirements are established or may be amended?	_____	_____	_____
b. A summary of significant accounting policies, including the basis of accounting, fair value of plan assets (unless plan assets are reported at fair value), and a brief description of how the fair value is determined?	_____	_____	_____
c. Identification of concentrations in investments (other than those issued or guaranteed by the U.S. government or those in mutual funds) in any one organization that represent 5 percent or more of plan net assets?*	_____	_____	_____
10. When a plan's financial statements are presented in both an employer's report and a publicly available stand-alone plan financial report that includes all disclosures indicated in Question 9 above, and the employer limits its plan disclosures to those in Questions 9a(1), 9b, and 9c above, has the employer disclosed information about how to obtain the stand-alone plan financial report? [GASB 25, par. 41 (GASB Cod. Sec. Pe6.104); Q&A, item 5.79]	_____	_____	_____

I. Pensions—Employer Reporting

Practice Tips

The pension plans to which employers contribute may be defined benefit or defined contribution plans. Defined benefit plans may be single-employer (sole), agent multiple-employer (agent), cost-sharing, or insured plans. Those types of plans are defined in GASB 27.

[GASB 27 (GASB Cod. Sec. P20)]

Some governments are legally responsible for contributions to pension plans that cover the employees of another entity. In those cases, the entity that is legally responsible for the contributions should comply with all applicable provisions of GASB 27 for recognition, measurement, display, note disclosures, and RSI. If the plan is a defined benefit pension plan and the entity with legal responsibility for contributions is the only contributing entity, the requirements of GASB 27 for sole employers apply, regardless of the number of entities whose employees are covered by the plan.

[GASB 27, par. 28 (GASB Cod. Sec. P20.125)]

GASB 25 requires that certain note disclosures for pension trust funds be included in the employer's financial reports. When similar disclosures are made for the employer and the pension trust fund, the employer should present the disclosures in a manner that avoids unnecessary duplication.

[GASB 27, fns. 15 and 19 (GASB Cod. Sec. P20, fns. 16 and 19)]²⁹

Assets and Liabilities

- Are pension liabilities and assets to different plans not offset in the financial statements?

[GASB 27, pars. 17, 19, and 25 (GASB Cod. Sec. P20.114, .116, and .121)]

Assets and Liabilities—Sole and Agent Defined Benefit Plans

- For pensions relating to governmental funds, is a positive (negative) year-end balance in the net pension obligation (NPO) not reported in

* GASB 40 supersedes GASB 25, par. 41c, to clarify that this disclosure requirement does not apply to investments in mutual funds, external investment pools, and other pooled investments. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. See the further discussion and questions about GASB 40 in Appendix B.

²⁹ See also the subsection on pension plans in this section of this checklist.

the governmental funds but as a general long-term liability (asset) only in the governmental activities column in the government-wide statement of net assets?
 [GASB 27, pars. 16, as amended by GASB 34, pars. 16 and 82 (GASB Cod. Sec. P20.113)]

Yes No N/A

3. For pensions relating to proprietary funds, is a positive (negative) year-end balance in the NPO reported as a year-end liability (asset) in the proprietary fund and government-wide financial statements?
 [GASB 27, par. 17 (GASB Cod. Sec. P20.114); GASB 34, par. 16 (GASB Cod. Sec. P20.115)]

Assets and Liabilities—Cost-Sharing and Insured Defined Benefit Plans and Defined Contribution Plans

4. Are pension assets and liabilities reported in the governmental fund, proprietary fund, and government-wide financial statements, as applicable?
 [GASB 27, pars. 19, 23, and 25, as amended by GASB 34, par. 16 (GASB Cod. Sec. P20.116, .120, and .121)]

Disclosures

5. Are disclosures made for each defined benefit pension plan, with disclosures for more than one plan combined in a manner that avoids unnecessary duplication?
 [GASB 27, par. 20 (GASB Cod. Sec. P20.117)]

Disclosures—Defined Benefit Plans, Except Insured Plans

6. Is the following information disclosed:

a. A plan description, including

(1) Name of the plan, identification of the public employee retirement system or other entity that administers the plan, and identification of the plan as a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit pension plan?

(2) Brief description of the types of benefits and the authority under which benefit provisions are established or may be amended?

(3) Whether the pension plan issues a stand-alone financial report, or is included in the report of a public employee retirement system or another entity, and, if so, how to obtain the report?

b. The funding policy, as follows:

(1) Authority under which the obligations to contribute to the plan of the plan members, employer(s), and other contributing entities (for example, state contributions to local government plans) are established or may be amended?

(2) Required contribution rate(s) of active plan members?

(3) Required contribution rate(s) of the employer in accordance with the funding policy, in dollars or as a percentage of current-year covered payroll?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(a) If the plan is a sole or agent plan and the rate differs significantly from the annual required contribution (ARC), does the entity disclose how the rate is determined (for example, by statute or contract, or the plan is financed on a pay-as-you-go basis)?	_____	_____	_____
(b) If the plan is a cost-sharing plan, does the entity disclose the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years? [GASB 27, par. 20 (GASB Cod. Sec. P20.117)]	_____	_____	_____
c. Additionally, for sole and agent plans:			
(1) For the current year, annual pension cost and the dollar amount of contributions made?	_____	_____	_____
(2) If the employer has a net pension obligation (NPO), the components of annual pension cost (ARC, interest on the NPO, and adjustment to the ARC), the increase or decrease in the NPO, and the NPO at the end of the year?	_____	_____	_____
(3) For the current year and each of the two preceding years, annual pension cost, percentage of annual pension cost contributed that year, and NPO at the end of the year?	_____	_____	_____
(4) Date of the actuarial valuation and identification of the actuarial methods and significant assumptions used to determine the ARC for the current year, including:			
(a) The actuarial cost method?	_____	_____	_____
(b) The method(s) used to determine the actuarial value of assets?	_____	_____	_____
(c) The assumptions with respect to the inflation rate, investment return, projected salary increases, and postretirement benefit increases?	_____	_____	_____
(d) The amortization method (level dollar or level percentage of projected payroll)?	_____	_____	_____
(e) The amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open?	_____	_____	_____
(f) If the aggregate actuarial cost method is used, a statement that the method does not identify or separately amortize unfunded actuarial liabilities? [GASB 27, par. 21 (GASB Cod. Sec. P20.118)]	_____	_____	_____

Disclosures—Insured Defined Benefit Plans³⁰

7. Do the notes to the financial statements disclose:

a. A brief description of the insured plan, including the benefit provisions and the authority under which benefit provisions are established or may be amended?

³⁰ An insured plan is a pension financing arrangement whereby an employer accumulates funds with an insurance company, while employees are in active service, in return for which the insurance company unconditionally undertakes a legal obligation to pay the pension benefits of those employees or their beneficiaries, as defined in the employer’s plan. [GASB 27, par. 23 (GASB Cod. Sec. P20.120)]

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| b. The fact that the obligation for the payment of benefits has been effectively transferred from the employer to one or more insurance companies and whether the employer has guaranteed benefits in the event of the insurance company's insolvency? | _____ | _____ | _____ |
| c. The current-year pension expenditures/expense and contributions or premiums paid?
[GASB 27, par. 23 (GASB Cod. Sec. P20.120)] | _____ | _____ | _____ |

Disclosures—Defined Contribution Plans

- | | | | |
|--|-------|-------|-------|
| 8. Is the following information disclosed for each plan to which the employer is required to contribute: | | | |
| a. Name of the plan, identification of the public employee retirement system or other entity that administers the plan, and identification of the plan as a defined contribution plan? | _____ | _____ | _____ |
| b. Brief description of the plan provisions and the authority under which they are established or may be amended? | _____ | _____ | _____ |
| c. Contribution requirements (for example, the contribution rate in dollars or as a percentage of salary) of the plan members, employer, and other contributing entities and the authority under which the requirements are established or may be amended? | _____ | _____ | _____ |
| d. The contributions actually made by plan members and the employer?
[GASB 27, par. 27 (GASB Cod. Sec. P20.123)] | _____ | _____ | _____ |

Required Supplementary Information

Practice Tips

Presentation of the schedule of funding progress as RSI is not required if the employer elects to disclose the required information for all three valuations in the notes to the financial statements. If a sole employer includes the plan in its financial statements and presents the RSI required for that plan by GASB 25, the following RSI for the employer is not also required. For agent employers, the following RSI should be presented only for the employer's individual plan, even if the aggregate multiple-employer plan (all employers) is included in the employer's report and the RSI required for the aggregate plan is presented. However, when similar RSI is required for the employer and the plan, the employer should present it in a manner that avoids unnecessary duplication.
[GASB 27, fns.15 and 17 (GASB Cod. Sec. P20, fns. 16 and 18)]

For RSI required for plans presented in an employer's report, see the separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, that addresses stand-alone plan financial reports.

- | | | | |
|--|-------|-------|-------|
| 1. Do sole and agent employers present as RSI the following for the most recent actuarial valuation and the two preceding valuations, unless the aggregate actuarial cost method was used: | | | |
| a. A schedule of funding progress, including | | | |
| (1) The actuarial valuation date? | _____ | _____ | _____ |
| (2) The actuarial value of plan assets? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(3) The actuarial accrued liability?	_____	_____	_____
(4) The total unfunded actuarial liability or funding excess?	_____	_____	_____
(5) The actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio)?	_____	_____	_____
(6) The annual covered payroll?	_____	_____	_____
(7) The ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll?	_____	_____	_____
b. Factors that significantly affect the identification of trends in the amounts reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. [GASB 27, par. 22 (GASB Cod. Sec. P20.119)]	_____	_____	_____

J. Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans—Sponsor and Employer Reporting

Practice Tips

The provisions of GASB 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*, apply whether a postemployment healthcare plan is a single-employer, agent multiple-employer, or cost-sharing multiple-employer plan and regardless of whether it is funded on an actuarially determined basis or in some other manner. GASB 26 applies whether the defined benefit pension plan (a) issues a separate financial report or is included in the financial report of the public employee retirement system that administers the pension plan (stand-alone plan financial report) or (b) is included as a pension trust fund or fiduciary component unit in the statement of fiduciary net assets and statement of changes in fiduciary net assets of the plan sponsor or employer.
[GASB 26, par. 4, as amended by GASB 34, par. 106 (GASB Cod. Sec. Po50.102)]

A separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses stand-alone financial reports when defined benefit pension plans administer postemployment healthcare plans. The questions in that checklist also can be applied when such a plan is included as a pension trust fund or fiduciary component unit in the sponsor’s or employer’s financial statements. This section includes questions that address additional financial reporting and disclosure requirements when such plans are included in a sponsor’s or employer’s financial statements.

1. Are postemployment healthcare plans administered by defined benefit pension plans reported in the entity’s financial statements as pension (and other employee benefit) trust funds? [GASB 26, par. 4, as amended by GASB 34, par. 106 (GASB Cod. Sec. Po50.102)]	_____	_____	_____
2. Is each postemployment healthcare plan considered a separate pension (and other employee benefit) trust fund? [GASB 26, par. 7 (GASB Cod. Sec. Po50.105)]	_____	_____	_____
3. Are the net assets in the combined statement of fiduciary net assets subdivided and reported as, respectively, net assets held in trust for employees’ pension benefits and net assets held in trust for employees’ postemployment healthcare benefits?	_____	_____	_____
4. Is the net increase or decrease for the year in net assets similarly subdivided in the statement of changes in fiduciary net assets?	_____	_____	_____

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 5. Are the financial statements for individual postemployment health-care plans presented in the notes to the financial statements of the primary government if separate, GAAP financial reports have not been issued? | _____ | _____ | _____ |
| 6. If separate, GAAP financial reports have been issued, do the notes include information about how to obtain those reports?
[GASB 26, fn. 4, as amended by GASB 34, par. 70 (GASB Cod. Sec. Po50, fn. 4); GASB 34, par. 106 (GASB Cod. Secs. 2200.712 and Po50, fn. 4)] | _____ | _____ | _____ |

K. Postemployment Benefits Other Than Pensions—Employer Reporting

Practice Tips

Ordinarily, postemployment benefits other than pensions (OPEB) are postemployment benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income. However, GASB standards provide that OPEB also include postemployment healthcare benefits provided through a defined benefit pension plan. In addition to postemployment healthcare benefits (such as illness, dental, vision, and hearing), OPEB may include, for example, life insurance, disability income, tuition assistance, legal services, and other assistance programs. Except for postemployment healthcare (always OPEB), whether a particular type of benefits should be considered pension benefits or OPEB depends on how the benefits are provided. That is, if the postemployment benefits (other than postemployment healthcare) are provided through a defined benefit pension plan, those benefits are pension benefits rather than OPEB.³¹
[GASB 12, par. 3 (GASB Cod. Sec. P50.103)]

- | | | | |
|--|-------|-------|-------|
| 1. If the entity is a sole or agent employer that has elected to apply the measurement and recognition requirements of GASB 27 to postemployment healthcare benefits, has it: | | | |
| a. Provided the notes to the financial statements required by GASB 27 (see the subsection on pensions—employer reporting in this section of this checklist) instead of the note disclosures required by GASB 12 (as provided in Question 2 below)? | _____ | _____ | _____ |
| b. Disclosed the healthcare inflation assumption? | _____ | _____ | _____ |
| c. Disclosed all information provided on postemployment health-care benefits separately from information on pension benefits?
[GASB 27, par. 24 (GASB Cod. Sec. P50.106)] | _____ | _____ | _____ |
| 2. Except as addressed in Question 1 above, does the entity disclose, at a minimum, the following information, either separately for one or more types of benefits or in the aggregate for all OPEB provided: | | | |
| a. A description of the OPEB provided; employee groups covered; eligibility requirements; and the employer and participant obligations to contribute, quantified in some manner (such as the approximate percentage of the total obligation to contribute that is borne by the employer and the participants, respectively, or the dollar or percentage contribution rates)? | _____ | _____ | _____ |
| b. A description of the statutory, contractual, or other authority under which OPEB provisions and obligations to contribute are established? | _____ | _____ | _____ |

³¹ For postemployment benefits that are not OPEB, see the separate subsection on pensions—employer reporting in this section of this checklist.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A description of the accounting and financing or funding policies followed (such as a statement that the employer’s contributions are financed on a pay-as-you-go basis or are advance-funded on an actuarially determined basis)?	_____	_____	_____
d. If OPEB are advance-funded on an actuarially determined basis:			
(1) The actuarial cost method and significant actuarial assumptions (including the interest rate and, if applicable, the projected salary increase and health inflation assumptions) used to determine funding requirements?	_____	_____	_____
(2) The method used to value plan assets?	_____	_____	_____
e. The following expenditure/expense information, depending on how OPEB are financed:			
(1) If OPEB are financed on a pay-as-you-go basis or if the employer sets aside assets for future OPEB payments but does not advance-fund OPEB on an actuarially determined basis:			
(a) The amount of OPEB expenditures/expenses recognized during the period by the employer (net of participant contributions)?	_____	_____	_____
(b) The number of participants currently eligible to receive benefits?	_____	_____	_____
(c) If expenditures/expenses for OPEB cannot readily be separated from expenditures/expenses for similar types of benefits provided to active employees and their dependents, and a reasonable approximation cannot be made, is it stated that OPEB expenditures/expenses cannot be reasonably estimated?	_____	_____	_____
(d) The amount of net assets available for future benefit payments?	_____	_____	_____
(2) If OPEB are advance-funded on an actuarially determined basis:			
(a) The number of active plan participants?	_____	_____	_____
(b) The employer’s actuarially required and actual contributions for the period (net of participant contributions)?	_____	_____	_____
(c) The amount of net assets available for future benefit payments?	_____	_____	_____
(d) The actuarial accrued liability and unfunded actuarial accrued liability for OPEB according to the actuarial cost method in use?	_____	_____	_____
f. A description (and the dollar effect, if measurable) of any significant matters that affect the comparability of these disclosures with those for the previous period (for example, a change in benefit provisions)?	_____	_____	_____
g. Any additional information that the employer believes will help users assess the nature and magnitude of the cost of the employer’s commitment to provide OPEB? [GASB 12, par. 10 and fn. 4 (GASB Cod. Sec. P50.105 and fn. 4)]	_____	_____	_____

Yes No N/A

L. Public Entity Risk Pools

Practice Tips

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. A pool may be a stand-alone entity or part of a larger governmental entity that acts as the pool’s sponsor. If a government provides insurance or risk management coverage separate from its own risk management activities to individuals or organizations outside its reporting entity and there is material transfer or pooling of risk among the participants, it should report that activity as a public entity risk pool. A governmental entity that is a pool’s sponsor also may participate in the pool for its own risk management function. If a government provides risk transfer or pooling coverage combined with its own risk management activities to individuals or organizations outside its reporting entity, those activities should be reported as a public entity risk pool if the sponsoring government is not the predominant participant in the activity.

[GASB 10, pars. 10, 11, and 76 (GASB Cod. Secs. Po20.109 and .110)]

Basic Financial Statements

- | | | | |
|---|--------------|--------------|--------------|
| <p>1. Does the public entity risk pool account for its activities in an enterprise fund, regardless of whether there is a transfer or pooling of risk? [GASB 10, par. 18 (GASB Cod. Sec. Po20.115)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>2. Do the pool’s financial statements apply all applicable GASB pronouncements as well as private-sector standards as provided in GASB 20, as amended? [GASB 20, pars. 6 and 7, as amended (GASB Cod. Sec. Po20.115)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>3. Does the pool report include an MD&A; a statement of net assets; a statement of revenues, expenses, and changes in net assets; a statement of cash flows; notes to the financial statements; and RSI other than MD&A, as applicable? [GASB 34, par. 138 (GASB Cod. Sec. Po20.114)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>4. If a portion of premiums is specifically identified as being collected for future catastrophe losses, is that amount separately identified as a reservation of pool equity if it is contractually restricted for that specific future use or if it is legally restricted for that specific use by an organization or individual outside the entity?³² [GASB 10, par. 21 (GASB Cod. Sec. Po20.118)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>5. If the pool purchases annuity contracts in the claimant’s name to satisfy a claim liability, and the likelihood that the pool will be required to make future payments on the claim is remote, are the contracts not reported in, and the related liability removed from, the pool’s statement of net assets? [GASB 10, par. 26 (GASB Cod. Sec. Po20.123)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>6. If no accrual is made for an insured event, or if an exposure to loss exists in excess of the accrual, is a loss contingency disclosed if there is at least a reasonable possibility that a loss or an additional loss may have been incurred?</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p> a. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made?</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |

³² This question and the remaining questions in this subsection do not apply to a public entity risk pool that does not involve any transfer or pooling of risk among pool participants. In those situations, the pool is acting as a claims servicer, not as an insurer. Instead, the activity statement of this type of pool should report claims-servicing revenue and administrative costs. Amounts collected or due from pool participants, including capitalization contributions, and paid or to be paid to settle claims should be netted and reported as an asset or a liability, as appropriate. [GASB 10, par. 51, and GASBI 4, par. 13 (GASB Cod. Sec. Po20.149)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable, is disclosure of the possible claim made? [GASB 10, par. 27 (GASB Cod. Sec. Po20.124)]	_____	_____	_____
7. Are unamortized acquisition costs classified as an asset, and do proceeds from reinsurance transactions that represent recovery of acquisition costs reduce applicable unamortized acquisition costs? [GASB 10, pars. 29 and 38 (GASB Cod. Sec. Po20.126 and .135)]	_____	_____	_____
8. Are policyholder dividends that are used to reduce premiums reported as dividend expense and premium income? [GASB 10, par. 32 (GASB Cod. Sec. Po20.129)]	_____	_____	_____
9. If experience refund arrangements exist under experience-rated contracts, is a separate liability accrued for those amounts, with those amounts reducing revenue? [GASB 10, par. 33 (GASB Cod. Sec. Po20.130)]	_____	_____	_____
10. Are premium deficiencies in excess of unamortized acquisition costs reported as a premium deficiency liability and as a premium deficiency expense?	_____	_____	_____
11. Are premium deficiencies resulting from risk-sharing pool participation contracts reported as revenue and assessments receivable? [GASB 30, par. 5 (GASB Cod. Sec. Po20.133)]	_____	_____	_____
12. Are amounts that are recoverable from reinsurers or excess insurers and that relate to paid claims and claim adjustment expenses classified as assets (with an allowance for estimated uncollectible amounts) and as reductions of expenses?	_____	_____	_____
13. Are estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claim adjustment expenses deducted from those liabilities rather than reported as assets?	_____	_____	_____
14. Are unearned premiums on contracts ceded to a reinsurer by a pool netted with related premiums paid to but not yet earned by the reinsurer?	_____	_____	_____
15. Are receivables and payables from the same reinsurer, including amounts withheld, netted? [GASB 10, par. 37 (GASB Cod. Sec. Po20.134)]	_____	_____	_____
16. Does the pool report a liability if it has agreed to service ceded insurance contracts without reasonable compensation? [GASB 10, par. 38 (GASB Cod. Sec. Po20.135)]	_____	_____	_____
17. To the extent that a reinsurance or excess insurance contract does not, despite its form, provide for indemnification of the pool by the reinsurer against loss or liability, is the premium paid less the premium to be retained by the reinsurer reported as a deposit (or as a liability, if a net credit)? [GASB 10, par. 39 (GASB Cod. Sec. Po20.136)]	_____	_____	_____
18. Does the pool report capitalization contributions to another public entity risk pool as provided for proprietary funds in GASB Cod. Sec. C50.133, .134, and .136, and not as an equity interest in a joint venture? (See the subsection on risk financing and related financing issues—entities other than risk pools in this section of this checklist.) [GASBI 4, pars. 3 and 10 (GASB Cod. Secs. J50.113) and Po20.137]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
19. Are capitalization contributions received reported as a liability or as unearned premiums, depending on the probability that the contributions will be returned? [GASBI 4, pars. 11 and 12 (GASB Cod. Sec. Po20.138 and .139)]	_____	_____	_____
20. Concerning investments:			
a. Does the pool apply the accounting and financial reporting standards for debt securities, marketable equity securities, and certain other, similar investments provided in GASB Cod. Sec. I50? [GASB Cod. Sec. Po20.140]	_____	_____	_____
b. Is the amortization of purchased premiums or discounts on mortgage loans, and other related charges or credits, charged or credited to investment income?	_____	_____	_____
c. Are changes in the allowance for estimated uncollectible amounts relating to mortgage loans included in realized gains and losses? [GASB 10, par. 42 (GASB Cod. Sec. Po20.141)]	_____	_____	_____
d. Is depreciation and other related charges or credits on real estate investments charged or credited to investment income?	_____	_____	_____
e. Are changes in the allowance for any impairment in value relating to real estate investments included in realized gains and losses? [GASB 10, par. 43 (GASB Cod. Sec. Po20.142)]	_____	_____	_____
f. Are other-than-temporary declines in the fair value of other investments below their carrying amounts reported as a realized loss and a reduction of the carrying amount of the investment? [GASB 10, par. 44, as amended by GASB 31, par. 6 (GASB Cod. Sec. Po20.143)]	_____	_____	_____
g. Are loan origination and commitment fees and direct loan origination costs accounted for as prescribed in SFAS 91, <i>Accounting for Nonrefundable Fees and Costs Associated With Originating or Acquiring Loans and Initial Direct Costs of Leases</i> ? [GASB 10, par. 45 (GASB Cod. Sec. Po20.144)]	_____	_____	_____
h. Is all investment income, including changes in the fair value of investments (except those that are accounted for as foreign currency or futures contract hedges as required by SFAS 52, <i>Foreign Currency Translation</i> , and SFAS 80, <i>Accounting for Futures Contracts</i>), reported in the statement of revenues, expenses, and changes in net assets as a component of other income? [GASB 10, par. 46, as amended by GASB 31, par. 13 (GASB Cod. Sec. Po20.145); GASB 10, fn. 7 (GASB Cod. Sec. Po20, fn. 7)]	_____	_____	_____
21. Concerning real estate:			
a. Is such real estate classified either as an investment or as real estate used in the pool's operations, depending on its predominant use?	_____	_____	_____
b. Are depreciation and other real estate operating costs classified as investment expenses or operating expenses consistent with the classification in the statement of net assets of the related asset?	_____	_____	_____
c. Is imputed investment income and rental expense not reported for real estate used in the pool's operations? [GASB 10, par. 48 (GASB Cod. Sec. Po20.146)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
22. Does the pool disclose the following matters in the notes to the financial statements:			
<i>a.</i> A description of the risk transfer or pooling agreement, including the rights and responsibilities of the pool and the pool participants?	_____	_____	_____
<i>b.</i> A brief description of the number and types of entities participating in the pool?	_____	_____	_____
<i>c.</i> The basis for estimating the liabilities for unpaid claims and claim adjustment expenses?	_____	_____	_____
<i>d.</i> A statement that the liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors?	_____	_____	_____
<i>e.</i> The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period?	_____	_____	_____
<i>f.</i> The face amount and carrying amount of liabilities for unpaid claims and claim adjustment expenses that are presented at present value in the financial statements and the range of annual interest rates used to discount those liabilities? [GASB 10, par. 49 (GASB Cod. Sec. Po20.147)]	_____	_____	_____
<i>g.</i> Whether the pool considers anticipated investment income in determining if a premium deficiency exists? [GASB 10, par. 49 and fn. 6 (GASB Cod. Sec. Po20.147 and fn. 5)]	_____	_____	_____
<i>h.</i> The nature and significance of excess insurance or reinsurance transactions to the pool's operations, including the type of coverage, reinsurance premiums ceded, and estimated amounts that are recoverable from excess insurers and reinsurers and that reduce the liabilities as of the financial statement date for unpaid claims and claim adjustment expenses? [GASB 30, par. 6 (GASB Cod. Sec. Po20.147)]	_____	_____	_____
<i>i.</i> A reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior fiscal year, in this tabular format:			
(1) Amount of liabilities for unpaid claims and claim adjustment expenses at the beginning of each fiscal year?	_____	_____	_____
(2) Incurred claims and claim adjustment expenses, including the provision for insured events of the current fiscal year and the increase (decrease) in the provision for insured events of prior fiscal years?	_____	_____	_____
(3) Payments for claims and claim adjustment expenses attributable to insured events of the current fiscal year and claims and claim adjustment expenses attributable to insured events of prior fiscal years?	_____	_____	_____
(4) Other items, with an explanation of each material item?	_____	_____	_____
(5) Amount of liabilities for unpaid claims and claim adjustment expenses at the end of each fiscal year? [GASB 10, par. 49 (GASB Cod. Sec. Po20.147)]	_____	_____	_____

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p>j. The aggregate outstanding amount of liabilities for which annuity contracts have been purchased from third parties in the claimants' names and for which the related liabilities have been removed from the statement of net assets. (Annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure.)
[GASB 10, pars. 26 and 49 (GASB Cod. Sec. Po20.123 and 147)]</p> | _____ | _____ | _____ |

Required Supplementary Information

Practice Tips

In separate pool financial reports, the following RSI should be presented immediately after the notes to the financial statements. Pools that are included as part of a governmental reporting entity and that do not issue separate financial reports also should present the following RSI after the notes to the reporting entity's financial statements. However, if such a reporting entity issues a comprehensive annual financial report (CAFR), the entity may present the RSI for the pool with the statistical information.
[GASB 30, par. 7 (GASB Cod. Sec. Po20.148 and fn. 10)]

If the ten years of information about claims liabilities and claim adjustment expenses is not available (see Question 23a below), all required information should be presented only for as many years as that information is available.

If changes in a pool's loss, expense, reinsurance, excess insurance, or other transactions materially affect pool revenue, expenses, or liabilities in a manner not fairly disclosed or presented in the RSI tables, the pool should expand the information to show additional detail (such as separate information for each type of contract) to keep the schedules from being misleading or to keep trends from becoming obscured.
[GASB 30, par. 7 (GASB Cod. Sec. Po20.148)]

23. Is the following claims development information presented as RSI:

a. A table that presents:

- | | | | |
|---|-------|-------|-------|
| <p>(1) Amount of gross premium (or required contribution) revenue and reported investment revenue, amount of premium (or required contribution) revenue ceded, and amount of net reported premium (or required contribution) revenue (net of excess insurance or reinsurance) and reported investment revenue for each of the past ten fiscal years including the latest fiscal year?</p> | _____ | _____ | _____ |
| <p>(2) Amount of reported unallocated claim adjustment expenses and reported other costs for each of the past ten fiscal years including the latest fiscal year?</p> | _____ | _____ | _____ |
| <p>(3) Total gross amount of incurred claims and allocated claim adjustment expenses (both paid and accrued before the effect of loss assumed by excess insurers or reinsurers), loss assumed by excess insurers or reinsurers (both paid and accrued), and total net amount of incurred claims and allocated claim adjustment expenses (both paid and accrued)?</p> | _____ | _____ | _____ |
| <p>(4) The cumulative net amount paid as of the end of the accident year, report year, or policy year (as appropriate) and each succeeding year for each of the incurred claims and allocated expense amounts presented in Question (3) above?</p> | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(5) The reestimated amount for loss assumed by excess insurers or reinsurers as of the end of the current year for each of the accident years, report years, or policy years (as appropriate) presented in Question (3) above?	_____	_____	_____
(6) The reestimated amount for net incurred claims and claim adjustment expenses as of the end of each succeeding year for each of the accident years, report years, or policy years (as appropriate) presented in Question (3) above?	_____	_____	_____
(7) The change in net incurred claims and claim adjustment expenses from the original estimate, based on the difference between the latest reestimated amount presented in Question (6) above for each of the accident years, report years, or policy years (as appropriate) and the original net incurred claims and claim adjustment amounts reported in Question (3) above?	_____	_____	_____
b. A table that reconciles claims liabilities by type of contract, including an analysis of changes in liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year, in the same tabular format required by Question 22i? [GASB 30, par. 7 (GASB Cod. Sec. Po20.148)]	_____	_____	_____

M. Risk Financing and Related Financing Issues—Entities Other Than Risk Pools³³

1. Are accrued liabilities for claims and judgments reported in the government-wide and proprietary and fiduciary fund financial statements, but only reported in the governmental fund financial statements to the extent the liabilities are “normally expected to be liquidated with expendable available financial resources”? [GASB 34, pars. 16, 82, 92, and 107 (GASB Cod. Sec. C50.120 and 124); GASBI 6, par. 14 (GASB Cod. Sec. C50.124)]	_____	_____	_____
2. If a single fund is used in the fund financial statements to account for the entity’s risk financing activities, is that fund either the general fund or an internal service fund? ³⁴ [GASB 10, par. 63 (GASB Cod. Sec. C50.124)]	_____	_____	_____
3. If the entity uses the general fund to account for its risk financing activities and allocates loss expenditures/expenses to the other funds of the entity:			
a. Are amounts charged to other funds from the general fund reported as interfund reimbursements (that is, as expenditures or expenses in the paying fund and as reductions of the expenditure or expense in the general fund)?	_____	_____	_____
b. If the total amounts charged to the other funds (including the general fund itself) exceed total expenditures and liabilities determined in accordance with Cod. Sec. C50.110–.118, are the excess amounts reported as transfers? [GASB 10, par. 64, as amended by GASB 34, par. 112 (GASB Cod. Sec. C50.125)]	_____	_____	_____

³³ The practice tip in the subsection on public entity risk pools in this section of this checklist discusses how an entity that provides insurance or risk management coverage to individuals or organizations outside the governmental reporting entity should report that activity.

³⁴ Stand-alone entities that engage only in business-type activities or fiduciary activities and that are not considered to be a part of another financial reporting entity should not use an internal service fund to report their own risk-financing activities. [GASB 10, fn. 12, as amended by GASB 14, par. 66 and GASB 34, pars. 138 and 139 (GASB Cod. Sec. 50, fn. 8)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. If the entity uses an internal service fund to account for its risk financing activities:			
a. Are charges made by the internal service fund to the other funds calculated in accordance with the provisions of GASB Cod. Sec. C50.127 reported as revenue by the internal service fund and as expenditures or expenses in the paying funds?	_____	_____	_____
b. Is the excess of charges greater than the amount resulting from the application of GASB Cod. Sec. C50.127 reported in both the internal service fund and the paying funds as a transfer?	_____	_____	_____
c. If the charge by the internal service fund to the other funds fails to recover the full cost of claims over a reasonable period of time, is any deficit fund balance in the internal service fund charged back to the other funds and reported as an expenditure or expense of those funds?	_____	_____	_____
d. Do the notes to the financial statements disclose a deficit net asset balance in the internal service fund?	_____	_____	_____
e. Are net assets in the internal service fund resulting from a charge by the internal service fund to the other funds for a reasonable provision for expected future catastrophe losses disclosed in the notes to the financial statements as equity designated for future catastrophe losses? [GASB 10, pars. 67, as amended by GASB 34, par. 98 (GASB Cod. Sec. C50.125); GASB 10, par. 68, as amended by GASB 34, par. 112 (GASB Cod. Sec. C50.125)]	_____	_____	_____
5. Are risk financing internal service fund asset and liability balances that are not eliminated in the statement of net assets reported in the governmental activities column unless enterprise funds are the predominant or only participants in the risk financing internal service fund? [GASB 34, par. 62 (GASB Cod. Sec. C50.122)]	_____	_____	_____
6. Are eliminations made in the government-wide statement of activities to remove the “doubling-up” effect of risk financing internal service fund activity? [GASB 34, par. 59 (GASB Cod. Sec. C50.123)]	_____	_____	_____
7. If no accrual is made for a loss contingency, or if an exposure to loss exists in excess of the accrual, is a loss contingency disclosed if there is at least a reasonable possibility that a loss or an additional loss may occur?	_____	_____	_____
a. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made? [GASB 10, par. 58 (GASB Cod. Sec. C50.115)]	_____	_____	_____
8. If the entity purchases an annuity contract in a claimant’s name to satisfy a claim liability and the likelihood that the entity will be required to make future payments on the claim is remote, is the annuity contract not reported in, and the related liability removed from, the entity’s government-wide and proprietary fund financial statements, as appropriate? (If it is later determined that the primary liability will revert back to the entity, the liability should be reinstated on the entity’s financial statements.) [GASB 10, par. 61, as amended by GASB 34, par. 6 (GASB Cod. Sec. C50.118)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Participation in Risk Pools</i>			
9. If the entity participates in a pool in which there is a transfer or pooling (sharing) of risks among the participants of that pool, does the entity:			
a. Report its premium or required contribution (as well as additional assessments and obligations that meet the recognition criteria in Cod. Secs. C50.131 and .132) in the government-wide and fund financial statements as insurance expenditures or expenses?	_____	_____	_____
b. Does the entity disclose assessment and obligation amounts that are probable but not reasonably estimable as well as those that are reasonably possible? [GASB 10, pars. 69 and 70, as amended by GASB 34, par. 6 (GASB Cod. Sec. C50.131 and .132)]	_____	_____	_____
c. Are capitalization contributions reported as a deposit if it is probable that the contribution will be returned to the entity upon either the dissolution of or the approved withdrawal from the pool?	_____	_____	_____
(1) In governmental funds, is fund balance reserved to indicate that the deposit is not appropriable for expenditure? [GASBI 4, par. 4 (GASB Cod. Sec. C50.133)]	_____	_____	_____
d. If it is not probable that a capitalization contribution will be returned:			
(1) In governmental funds, is the entire amount of the contribution reported as an expenditure in the period of the contribution; or reported initially as prepaid insurance (an asset), and reported as expenditures over the periods for which the pool is expected to provide coverage and fund balance reserved to indicate that the amount is not appropriable for expenditure?	_____	_____	_____
(2) In the government-wide and proprietary fund financial statements, is the contribution reported initially as prepaid insurance (an asset), and reported as expenses over the periods for which the pool is expected to provide coverage? [GASBI 4, pars. 5–7, as amended by GASB 34, par. 6 (GASB Cod. Sec. C50.134–.137)]	_____	_____	_____
10. If the entity participates in a pool without transfer or pooling of risks, is a capitalization contribution reported as a deposit or a reduction of claims liabilities, as appropriate? [GASB 10, par. 71, and GASBI 4, par. 9 (GASB Cod. Sec. C50.138)]	_____	_____	_____

Retrospectively Rated Insurance Policies

11. If the entity is insured under a retrospectively rated insurance policy whose ultimate premium or required contribution is based primarily on the entity’s loss experience, does it disclose in the notes to the financial statements a contingency if it cannot estimate losses from reported and unreported claims? [GASB 10, par. 73 (GASB Cod. Sec. C50.140)]	_____	_____	_____
12. If the entity is insured under a retrospectively rated insurance policy with premiums or required contributions that are based primarily on the experience of a group of entities, does it disclose in the notes to the financial statements:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The fact that it is insured under a retrospectively rated insurance policy?	_____	_____	_____
b. That premiums are accrued based on the ultimate cost of the experience to date of a group of entities?	_____	_____	_____
c. A contingency if it cannot estimate losses from reported and unreported claims? [GASB 10, par. 74 (GASB Cod. Sec. C50.141)]	_____	_____	_____

Other Disclosures

13. Is disclosure made if claims liabilities include allocated or unallocated claims adjustment expenditures or expenses other than specific, incremental claims adjustment expenditures or expenses? [GASB 30, par. 9 (GASB Cod. Sec. C50, fn. 6)]	_____	_____	_____
14. Are the following disclosed in the notes to the financial statements, if applicable, including in the separately issued financial statements of component units that participate in their primary government's risk management internal service fund:			
a. A description of the risks of loss to which the entity is exposed and the way(s) in which those risks of loss are handled (for example, purchase of commercial insurance, participation in a public entity risk pool, risk retention)?	_____	_____	_____
b. A description of significant reductions in insurance coverage from coverage in the prior year by major categories of risk, and an indication whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years?	_____	_____	_____
c. If an entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibilities of both the entity and the pool? [GASB 10, par. 77 and par. 79, as amended by GASB 14, par. 65 (GASB Cod. Sec. C50.144 and .147)]	_____	_____	_____
15. If an entity retains the risk of loss, does it disclose:			
a. The basis for estimating the liabilities for unpaid claims, including the effects of specific, incremental claim adjustment expenditures or expenses, salvage, and subrogation, and whether other allocated or unallocated claim adjustment expenditures or expenses are included?	_____	_____	_____
b. The carrying amount of liabilities for unpaid claims that are presented at present value in the financial statements and the range of discount rates used to discount those liabilities?	_____	_____	_____
c. The aggregate outstanding amount of claims liabilities for which annuity contracts have been purchased in the claimants' names and for which the related liabilities have been removed from the statement of net assets? (Annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure.)	_____	_____	_____
d. A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year, in the following tabular format:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) Amount of claims liabilities at the beginning of each fiscal year?	_____	_____	_____
(2) Incurred claims, representing the total of a provision for events of the current fiscal year and any change (increase or decrease) in the provision for events of prior fiscal years?	_____	_____	_____
(3) Payments on claims attributable to events of both the current fiscal year and prior fiscal years?	_____	_____	_____
(4) Other items and explanations of each material item?	_____	_____	_____
(5) Amount of claims liabilities at the end of each fiscal year? [GASB 10, par. 77, as amended by GASB 30, par. 10 (GASB Cod. Sec. C50.144)]	_____	_____	_____

N. Special Assessments

1. Are the transactions of a service-type special assessment reported in the fund type that best reflects the nature of the transactions (usually the general fund, a special revenue fund, or an enterprise fund) as well as in the government-wide financial statements? [GASB 6, par. 14, as amended by GASB 34, par. 15 (GASB Cod. Sec. S40.114)]	_____	_____	_____
<i>a.</i> In the government-wide financial statements, are service-type special assessment revenues reported as charges for services, a program revenue? [GASB 37, par. 13 (GASB Cod. Sec. 2200.134)]	_____	_____	_____
2. Is general obligation debt that will be repaid, in part, from special assessments reported as general long-term liabilities only in the governmental activities column in the government-wide statement of net assets? [GASB 6, par. 17, as amended by GASB 34, par. 82 (GASB Cod. Sec. S40.116a)]	_____	_____	_____
3. Is special assessment debt for which the government <i>is not</i> obligated in any manner not displayed in the government’s financial statements? (However, if the government is liable for a portion of that debt—the public benefit portion, or as a property owner—that portion should be reported like other general long-term liabilities.) [GASB 6, par. 17 (GASB Cod. Sec. S40.116c)]	_____	_____	_____
<i>a.</i> Are the debt service transactions for this special assessment debt reported in an agency fund? [GASB 6, par. 19 (GASB Cod. Secs. 1300.107 and S40.119)]	_____	_____	_____
<i>b.</i> Is the construction phase reported in a capital projects or other appropriate fund, with the source of funds identified by a description other than “bond proceeds,” such as “contribution from property owners”? [GASB 6, par. 19 (GASB Cod. Secs. 1800.108 and S40.119)]	_____	_____	_____
<i>c.</i> Are the capital assets constructed or acquired reported only as general capital assets in the governmental activities column in the government-wide statement of net assets? [GASB 6, par. 19, as amended by GASB 34, par. 80 (GASB Cod. Sec. S40.119)]	_____	_____	_____
<i>d.</i> Is the “contribution” of the capital assets reported as program revenue with other grants or contributions restricted for capital purposes in the government-wide statement of activities? [GASB 6, par. 19, as amended by GASB 34, pars. 16 and 50 (GASB Cod. Sec. S40.125)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Do the notes to the financial statements disclose the amount of the debt and the fact that the government is in no way liable for repayment but is only acting as agent for the property owners? [GASB 6, par. 21 (GASB Cod. Sec. S40.127)]	_____	_____	_____
4. For special assessment debt for which the government <i>is</i> obligated in some manner:			
a. And that debt is <i>not</i> a direct obligation of a proprietary fund nor expected to be repaid from operating revenues of a proprietary fund:			
(1) Are all expenditures reported in the same manner as any other capital improvement and financing transaction?	_____	_____	_____
(2) Is a capital projects or other appropriate fund used to report the transactions of the construction phase?	_____	_____	_____
(3) Is a debt service fund used to report the transactions of the debt service phase if legally mandated or if financial resources are being accumulated for principal and interest payments maturing in future years? [GASB 6, par. 15 (GASB Cod. Sec. S40.118)]	_____	_____	_____
(4) Is the debt reported as general long-term liabilities only in the governmental activities column in the government-wide statement of net assets? [GASB 6, pars. 15 and 17, as amended by GASB 34, par. 82 (GASB Cod. Sec. S40.116b and 118)]	_____	_____	_____
(a) Is the portion of the debt that will be repaid from property owner assessments reported as "special assessment debt with governmental commitment"? [GASB 6, par. 17 (GASB Cod. Sec. S40.116)]	_____	_____	_____
(b) Is the portion of the debt that will be repaid from general resources of the government (the public benefit portion, or the amount assessed against government-owned property) reported like other general long-term liabilities? [GASB 6, par. 17, as amended by GASB 34, pars. 15, 30, and 82 (GASB Cod. Sec. S40.116)]	_____	_____	_____
(5) Are the capital assets constructed or acquired reported and depreciated, as appropriate, as general capital assets only in the governmental activities column in the government-wide financial statements? [GASB 6, pars. 15, 19, and 23, as amended by GASB 34, pars. 6, 22, and 80 (GASB Cod. Secs. S40.116d and .118 and 1400.120)]	_____	_____	_____
b. And that debt that <i>is</i> a direct obligation of a proprietary fund or expected to be repaid from operating revenues of a proprietary fund:			
(1) Are all transactions reported in the same manner as any other capital improvement and financing transaction reported in proprietary funds? [GASB 6, par. 15 (GASB Cod. Sec. S40.121)]	_____	_____	_____
(2) Is the debt reported as liabilities in the proprietary fund as well as in the business-type activities column in the government-wide statement of net assets? [GASB 6, par. 23, as amended by GASB 34, par. 15 (GASB Cod. Sec. S40.116b and .124)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(3) Are capital assets constructed or acquired reported and depreciated, as appropriate, in the proprietary fund and in the business-type activities column in the government-wide financial statements? [GASB 6, pars. 15, 19, and 23, as amended by GASB 34, pars. 6, 22, 80, and 92 (GASB Cod. Secs. S40.116d, .122, and .124 and 1400.120)]	_____	_____	_____
(4) Is the “contribution” of the capital assets to the proprietary fund reported in the fund as capital contributions after non-operating revenues and expenses? [GASB 6, par. 23, as amended by GASB 34, pars. 92 and 100 (GASB Cod. Secs. 1400.120 and S40.122)]	_____	_____	_____
c. Do the notes to the financial statements disclose:			
(1) Information otherwise required by GASB standards for long-term debt?	_____	_____	_____
(2) The nature of the government’s obligation, including the identification and description of any guarantee, reserve, or sinking fund established to cover defaults by property owners?	_____	_____	_____
(3) The amount of special assessment receivables that are delinquent if not separately displayed on the face of the financial statements? [GASB 6, par. 20 (GASB Cod. Sec. S40.126)]	_____	_____	_____
5. If the entity establishes a special assessment bond reserve, guarantee, or sinking fund to provide cash if the assessed property owners default, are the related transactions and balances reported in a debt service fund? [GASB 6, par. 118 (GASB Cod. Sec. S40.117)]	_____	_____	_____
6. If a special assessment district is a component unit, are the accounts of that unit, including the special assessment debt for which the component unit is obligated in some manner, included in the reporting entity financial statements in accordance with the provisions of GASB 14, even though the primary government may have no obligation for the debt? [GASB 6, par. 24, as amended by GASB 14, par. 13 (GASB Cod. Sec. S40.128)]	_____	_____	_____

VIII. Required Supplementary Information

1. Except as indicated elsewhere in this checklist, is RSI presented immediately following the notes to the financial statements? [GASB 34, par. 6 and fn. 5 (GASB Cod. Sec. 2200.102c and .178 and fns. 3 and 34)]	_____	_____	_____
2. Does RSI distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units? [GASB 14, par. 62 (GASB Cod. Sec. 2600.121)]	_____	_____	_____

A. Management’s Discussion and Analysis

1. Is MD&A presented preceding the basic financial statements? [GASB 34, par. 8 (GASB Cod. Sec. 2200.106)]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Does the MD&A:			
<i>a.</i> Discuss the current-year results in comparison with the prior year, with emphasis on the current year?	_____	_____	_____
<i>b.</i> Discuss the positive and negative aspects of the comparison with the prior year? [GASB 34, par. 9 (GASB Cod. Sec. 2200.107)]	_____	_____	_____
<i>c.</i> Focus on the primary government and distinguishes between information pertaining to the primary government and that of its component units?	_____	_____	_____
<i>d.</i> Discuss matters related to a component unit based on the individual component unit's significance to the total of all discretely presented component units and that component unit's relationship with the primary government?	_____	_____	_____
<i>e.</i> Refer readers to the component unit's separately issued financial statements, when appropriate? [GASB 34, par. 10 (GASB Cod. Sec. 2200.108)]	_____	_____	_____
3. Does the MD&A include the following topics, if relevant:			
<i>a.</i> A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide? (This discussion should include analyses that assist readers in understanding why measurements and results reported in fund financial statements either reinforce information in government-wide statements or provide additional information.)	_____	_____	_____
<i>b.</i> Condensed financial information derived from government-wide financial statements comparing the current year to the prior year, including:			
(1) Total assets, distinguishing between capital and other assets?	_____	_____	_____
(2) Total liabilities, distinguishing between long-term liabilities and other liabilities?	_____	_____	_____
(3) Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts?	_____	_____	_____
(4) Program revenues, by major source?	_____	_____	_____
(5) General revenues, by major source?	_____	_____	_____
(6) Total revenues?	_____	_____	_____
(7) Program expenses, at a minimum by function?	_____	_____	_____
(8) Total expenses?	_____	_____	_____
(9) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers?	_____	_____	_____
(10) Contributions?	_____	_____	_____
(11) Special and extraordinary items?	_____	_____	_____
(12) Transfers?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(13) Change in net assets?	_____	_____	_____
(14) Ending net assets?	_____	_____	_____
c. An analysis of the government’s overall financial position and results of operations that addresses whether financial position has improved or deteriorated as a result of the year’s operations? (The analysis should address both governmental and business-type activities and should include reasons for significant changes from the prior year and important economic factors that significantly affected operating results for the year.)	_____	_____	_____
d. An analysis of balances and transactions of individual funds, including the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use?	_____	_____	_____
e. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent), including any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity?	_____	_____	_____
f. A description of significant capital asset and long-term debt activity during the year, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services? (Alternatively, the MD&A could summarize information disclosed in the notes to the financial statements as required by GASB Cod. Sec. 2300.111–.115 and refer to it for additional details.)	_____	_____	_____
g. A discussion by governments that use the modified approach to report some or all of their infrastructure assets, including:			
(1) Significant changes in the assessed condition of eligible infrastructure assets from previous condition assessments?	_____	_____	_____
(2) How the current assessed condition compares with the condition level the government has established?	_____	_____	_____
(3) Any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period?	_____	_____	_____
h. A description of currently known (as of the date of the auditor’s report) facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations? [GASB 34, par. 11 and fns. 6 and 8, as amended by GASB 37, pars. 4 and 5 (GASB Cod. Sec. 2200.109 and fns. 6, 8, and 9)]	_____	_____	_____
4. Is MD&A confined to the topics listed in Question 3? (Governments can provide additional details about the required topics. However, information that does not relate to the required topics should not be included in MD&A, but may be provided elsewhere, such as in the letter of transmittal or in other forms of supplementary information.) [GASB 37, par. 4 (GASB Cod. Sec. 2200.109 and fn. 8)]	_____	_____	_____

Yes No N/A

B. Budgetary Comparison Schedules

Practice Tips

In general, governments may elect to report the required budgetary comparison information in budgetary comparison statements as part of the basic financial statements, rather than as RSI. (Governments that present their budgetary comparison information based on the fund, organization, or program structure that it uses for its legally adopted budget are required to present the information as RSI and can not choose to present it in the basic financial statements.) If presented in the basic financial statements, the budgetary comparison statement and notes to the financial statements should include the same items of information indicated below for RSI. [GASB 34, fn. 53, as amended by GASB 41,* par. 3 (GASB Cod. Secs. 2200, fn. 35, and 2400, fn. 1); GASB 34, fn. 56 (GASB Cod. Secs. 2200, fn. 37, and 2400, fn. 4)]

Chapter 11 of the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)* discusses the auditor’s responsibility for and procedures on budgetary comparison information, which may differ depending on whether the information is presented as RSI or as a basic financial statement.

- | | | | |
|---|--|--|--|
| <p>1. Does the entity present budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget?
[GASB 34, par. 130 (GASB Cod. Secs. 2200.179 and 2400.102)]</p> <p style="margin-left: 20px;">a. If the entity has significant budgetary perspective differences that result in its not being able to present budgetary comparisons for the general fund and each major special revenue fund, does it present budgetary comparison schedules for the activities reported in those funds based on the fund, organization, or program structure that the government uses for its legally adopted budget?
[GASB 41, par. 3 (GASB Cod. Secs. 2200.179 and fn. 36, and 2400.102 and fn. 2)]</p> <p style="margin-left: 20px;">b. If a budget is not adopted for the general or a major special revenue fund because it is not legally required and, therefore, presentation of budgetary comparison information is not required, is that situation disclosed in the notes to RSI?
[AAG-SLV, pars. 11.16 and 14.55]</p> | <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> |
| <p>2. Does the budgetary comparison schedule present:</p> <p style="margin-left: 20px;">a. The original appropriated budgets for the reporting period?</p> <p style="margin-left: 20px;">b. The final appropriated budgets for the reporting period?</p> <p style="margin-left: 20px;">c. Actual inflows, outflows, and balances, stated on the government’s budgetary basis?
[GASB 34, par. 130 (GASB Cod. Secs. 2200.179 and 2400.102)]</p> | <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> |
| <p>3. Is the budgetary comparison schedule presented either using the same format, terminology, and classifications as the budget document, or using the format, terminology, and classifications in a statement of revenues, expenditures, and changes in fund balances?
[GASB 34, par. 131 (GASB Cod. Secs. 2200.180 and 2400.103)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |
| <p>4. Is the schedule accompanied by information (either in a separate schedule or in notes to RSI) that reconciles budgetary information to GAAP information?
[NCGAI 10, par. 25, as amended by GASB 34, par. 131 (GASB Cod. Secs. 2200.180 and 2400.103 and .119)]</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |

* This checklist shows the section of the GASB *Codification* as of June 30, 2003, that will include the disclosure requirements of GASB 41.

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 5. Do notes to RSI disclose excesses of expenditures over appropriations in individual funds presented in the budgetary comparison? [GASB 37, par. 19 (GASB Cod. Secs. 2200.180 and 2400.103)] | _____ | _____ | _____ |
| 6. Do notes to RSI refer to a separate budgetary report, if one is prepared? [NCGAI 10, par. 14, as amended by GASB 34, par. 131 (GASB Cod. Sec. 2400.121)] | _____ | _____ | _____ |

C. Modified Approach for Eligible Infrastructure Assets

- | | | | |
|---|-------|-------|-------|
| 1. Does the entity present the following schedules, derived from asset management systems, for all eligible infrastructure assets that are reported using the modified approach: ³⁵ | | | |
| a. The assessed condition, performed at least every three years, for at least the three most recent complete condition assessments, indicating the dates of the assessments? | _____ | _____ | _____ |
| b. The estimated annual amount calculated at the beginning of the fiscal year to maintain and preserve at (or above) the condition level established and disclosed by the government compared with the amounts actually expensed for each of the past five reporting periods? [GASB 34, par. 132 (GASB Cod. Sec. 1400.118)] | _____ | _____ | _____ |
| c. If a government applies the modified approach to subsystems of infrastructure assets (rather than at the network level), is the information in these schedules by subsystem? [GASB 34, fn. 57 (GASB Cod. Sec. 1400, fn. 11)] | _____ | _____ | _____ |
| 2. Do the following disclosures accompany the schedules: | | | |
| a. The basis for the condition measurement and the measurement scale used to assess and report condition? | _____ | _____ | _____ |
| b. The condition level at which the government intends to preserve its eligible infrastructure assets reported using the modified approach? | _____ | _____ | _____ |
| c. Factors that significantly affect trends in the information reported in the required schedules, including any changes in the measurement scale, the basis for the condition measurement, or the condition assessment methods used during the periods covered by the schedules? | _____ | _____ | _____ |
| d. If there is a change in the condition level at which the government intends to preserve eligible infrastructure assets, an estimate of the effect of the change on the estimated annual amount to maintain and preserve those assets for the current period? [GASB 34, par. 133 (GASB Cod. Sec. 1400.119)] | _____ | _____ | _____ |

D. Pension Plans (Defined Benefit)

The separate checklist, *Checklists and Illustrative Financial Statements for Governmental Employee Benefit Plans*, addresses RSI in the stand-alone financial reports for governmental defined benefit pension plans. The subsection on pension plans in the section of this checklist titled "Specialized Topics" addresses RSI when the plan is included in the financial statements of the plan sponsor or employer.

³⁵ The three most recent complete condition assessments and the estimated and actual amounts to maintain and preserve the infrastructure assets for the previous five reporting periods may not be available initially. In these cases, the required information should be presented for as many complete condition assessments and years of estimated and actual expenses as are available. [GASB 34, par. 153 (GASB Cod. Sec. 1400.130)]

E. Pensions—Employer Reporting

See the subsection on pensions—employer reporting in the section of this checklist titled “Specialized Topics.”

F. Public Entity Risk Pools

See the subsection on public entity risk pools in the section of this checklist titled “Specialized Topics.”

Appendix A: Applying Post-November 30, 1989 FASB and AICPA Pronouncements to Enterprise Funds and Business-Type Activities

GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended by GASB 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, provides guidance on the applicability of FASB pronouncements in government-wide and proprietary fund financial statements. It provides that those financial statements should apply FASB pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. GASB 20, paragraph 7, also provides that enterprise funds and the resulting reporting as business-type activities in the government-wide financial statements may elect to apply *all* FASB pronouncements issued after November 30, 1989, *except for* those that conflict with or contradict GASB pronouncements. The following chart lists FASB pronouncements issued after November 30, 1989, and, for those issued through June 2001, indicates their applicability to governments that apply paragraph 7 of GASB 20, as amended. This chart is adapted from the nonauthoritative chart that is available on the GASB Web site at www.gasb.org, which is periodically updated for new FASB pronouncements. Check the GASB Web site for updated information about the applicability of FASB pronouncements issued after June 2001 as well as for any changes to the following guidance.

Applicability of FASB Pronouncements Issued after November 30, 1989 under GASB 20, paragraph 7

FASB Statements	Apply?
SFAS 103, <i>Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96</i>	Not applicable to governments.
SFAS 104, <i>Statement of Cash Flows—Net Reporting of Certain Cash Receipts and Cash Payments and Classification of Cash Flows From Hedging Transactions</i>	Yes—See par. 74 of GASB 9.
SFAS 105, <i>Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk</i>	No—Superseded by SFAS 133.
SFAS 106, <i>Employers’ Accounting for Postretirement Benefits Other Than Pensions</i>	Optional based on GASB 12. Entities <i>may</i> apply the provisions of GASB 27.
SFAS 107, <i>Disclosures About Fair Value of Financial Instruments</i>	Yes—However, many investments are reported at fair value based on GASB 31.
SFAS 108, <i>Accounting for Income Taxes—Deferral of the Effective Date of FASB Statement No. 96</i> , and SFAS 109, <i>Accounting for Income Taxes</i>	Not applicable to governments.
SFAS 110, <i>Reporting by Defined Benefit Pension Plans of Investment Contracts</i>	No—Apply GASB 25.

FASB Statements	Apply?
SFAS 111, <i>Rescission of FASB Statement No. 32 and Technical Corrections</i>	Yes
SFAS 112, <i>Employers' Accounting for Postemployment Benefits</i>	Optional based on GASB 12.
SFAS 113, <i>Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts</i>	No—Apply GASB 10.
SFAS 114, <i>Accounting by Creditors for Impairment of a Loan</i>	Yes
SFAS 115, <i>Accounting for Certain Investments in Debt and Equity Securities</i>	No—Apply GASB 31.
SFAS 116, <i>Accounting for Contributions Received and Contributions Made</i>	No ³⁶
SFAS 117, <i>Financial Statements of Not-for-Profit Organizations</i>	No ³⁷
SFAS 118, <i>Accounting for Creditors for Impairment of a Loan—Income Recognition and Disclosures</i>	Yes
SFAS 119, <i>Disclosures About Derivative Financial Instruments and Fair Value of Financial Instruments</i>	No—Superseded by SFAS 133.
SFAS 120, <i>Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts</i>	Yes
SFAS 121, <i>Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of</i>	Yes
SFAS 122, <i>Accounting for Mortgage Servicing Rights</i>	No—Superseded by SFAS 125.
SFAS 123, <i>Accounting for Stock-Based Compensation</i>	Not applicable to governments.
SFAS 124, <i>Accounting for Certain Investments Held by Not-for-Profit Organizations</i>	No ³⁸
SFAS 125, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>	No—Superseded by SFAS 140.
SFAS 126, <i>Exemption From Certain Required Disclosures About Financial Instruments for Certain Nonpublic Entities (an amendment of FASB Statement No. 107)</i>	Decision on whether to discontinue application of SFAS 107 should be based on the prevalent practice in the reporting entity's industry (such as healthcare, power utility, and so forth).
SFAS 127, <i>Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125</i>	No—Superseded by SFAS 140.
SFAS 128, <i>Earnings per Share</i>	Not applicable to government.

³⁶ GASB 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*, as amended by GASB 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, provides that enterprise funds and the resulting reporting as business-type activities in the government-wide financial statements should apply only those FASB Statements and Interpretations issued after November 30, 1989, that are developed for business enterprises. They should not apply FASB Statements and Interpretations whose provisions are limited to not-for-profit organizations, such as SFAS 117 and SFAS 124, or address issues concerning primarily such organizations, such as SFAS 116.

³⁷ See footnote 34.

³⁸ See footnote 36.

FASB Statements	Apply?
SFAS 129, <i>Disclosure of Information About Capital Structure</i>	Yes—Par. 4 applies to debt issued by all entities.
SFAS 130, <i>Reporting Comprehensive Income</i>	No—Separately reporting <i>other comprehensive income</i> conflicts with the reporting requirements of GASB 34.
SFAS 131, <i>Financial Reporting for Segments of a Business Enterprise</i>	No—GASB 34, as amended by GASB 37, establishes segment reporting requirements for governments.
SFAS 132, <i>Employers' Disclosures About Pensions and Other Postretirement Benefits</i>	In Part—Only for provisions that amend disclosures required by SFAS 106, which is optional for entities that adopt paragraph 7 of GASB 20. (See above.) Disclosures related to SFAS 87 and 88 do not apply.
SFAS 133, <i>Accounting for Derivative Instruments and Hedging Activities</i>	In Part—Reporting gains and losses in <i>other comprehensive income</i> conflicts (see SFAS 130 above). Because the guidance in GASB 31 for investments is similar to the investment standards for not-for-profit entities in SFAS 124, the guidance in paragraph 43 of SFAS 133 does not conflict with GASB pronouncements. GASB 31 requires all investment income, including changes in the fair value of investments, to be recognized as revenue in the statement of changes and the statement of activities. GASB 34 requires investment income to be reported with nonoperating income (or operating revenue if appropriate [fn. 34]).
SFAS 134, <i>Accounting for Mortgage-Backed Securities Retained After the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise</i>	No—Relates to classifications of securities under SFAS 115. See SFAS 115 above.
SFAS 135, <i>Rescission of FASB Statement No. 75 and Technical Corrections</i>	Yes—To the extent that it corrects currently applicable FASB pronouncements issued after November 30, 1989, and amends SFAS 35 and rescinds SFAS 75.
SFAS 136, <i>Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others</i>	No ³⁹
SFAS 137, <i>Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133</i>	Yes—See SFAS 133 above.
SFAS 138, <i>Accounting for Certain Derivative Instruments and Certain Hedging Activities</i>	Yes—See SFAS 133 above.

³⁹ See footnote 36.

FASB Statements	Apply?
SFAS 139, <i>Rescission of FASB Statement No. 53 and Amendments to FASB Statements No. 63, 89, and 121</i>	Yes
SFAS 140, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i>	In Part—Portions pertaining to reverse repurchase agreements, securities lending transactions, measurement of investments, and extinguishments of debt should not be applied. See GASB 3, 7, 23, 28, and 31.
SFAS 141, <i>Business Combinations</i>	No
SFAS 142, <i>Goodwill and Other Intangible Assets</i>	No
SFAS 143, <i>Accounting for Asset Retirement Obligations</i>	In Part—Does not apply to municipal solid waste closure and postclosure care costs (see GASB 18).
SFAS 144, <i>Accounting for the Impairment or Disposal of Long-Lived Assets</i>	Not yet addressed on the GASB website.
SFAS 145, <i>Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections</i>	Not yet addressed on the GASB website.
SFAS 146, <i>Accounting for Costs Associated With Exit or Disposal Activities</i>	Not yet addressed on the GASB website.
SFAS 147, <i>Acquisitions of Certain Financial Institutions</i>	Not yet addressed on the GASB website.
SFAS 148, <i>Accounting for Stock-Based Compensation—Transition and Disclosure</i>	Not yet addressed on the GASB website.
SFAS 149, <i>Amendment of Statement 133 on Derivative Instruments and Hedging Activities</i>	Not yet addressed on the GASB website.
SFAS 150, <i>Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity</i>	Not yet addressed on the GASB website.

FASB Interpretations	Apply?
FASBI 39, <i>Offsetting of Amounts Related to Certain Contracts</i>	Yes ⁴⁰
FASBI 40, <i>Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises</i>	Yes—However, the GASB is aware of only one governmental entity that is a mutual life insurance entity.
FASBI 41, <i>Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements</i>	No—Provisions of GASB 3, par. 81, apply.
FASBI 42, <i>Accounting for Transfers of Assets In Which a Not-for-Profit Organization is Granted Variance Power</i>	No ⁴¹
FASBI 43, <i>Real Estate Sales</i>	Yes

⁴⁰ This Interpretation does not apply to reinsurance transactions of public entity risk pools, however, which are addressed in GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

⁴¹ See footnote 34.

FASB Interpretations	Apply?
FASBI 44, <i>Accounting for Certain Transactions Involving Stock Compensation</i>	Not applicable to government.
FASBI 45, <i>Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others</i>	Not yet addressed on the GASB website.
FASBI 46, <i>Consolidation of Variable Interest Entities</i>	Not yet addressed on the GASB website.

FASB Technical Bulletins ⁴²	Apply?
FTB 94-1, <i>Application of Statement 115 to Debt Securities Restructured in a Troubled Debt Restructuring</i>	No. See SFAS 115.
FTB 97-1, <i>Accounting Under Statement 123 for Certain Employee Stock Purchase Plans With a Look-Back Option</i>	No. See SFAS 123.
FTB 01-1, <i>Effective Date for Certain Financial Institutions of Certain Provisions of Statement 140 Related to the Isolation of Transferred Financial Assets</i>	Not yet addressed on the GASB website.

Applicability of AICPA Pronouncements under GASB 20, paragraph 7

Paragraph 33 in the Basis for Conclusions of GASB 20 also provides that AICPA pronouncements issued after November 30, 1989, and not specifically made applicable to governmental entities should be applied using the same logic used in the application of FASB pronouncements. Many of the AICPA pronouncements issued after November 30, 1989, provide guidance on specialized industries. However, preparers should note these AICPA pronouncements in particular:

- Audit and Accounting Guide *Audits of Credit Unions**
- Audit and Accounting Guide *Audits of Banks and Savings Institutions*
- Statement of Position (SOP) 93-7, *Reporting on Advertising Costs*
- SOP 94-6, *Disclosure of Certain Risks and Uncertainties*
- SOP 96-1, *Environmental Remediation Liabilities*
- SOP 97-1, *Accounting by Participating Mortgage Loan Borrowers*
- SOP 97-3, *Accounting by Insurance and Other Enterprises for Insurance-Related Assessments*
- SOP 98-1, *Accounting for Computer Software Developed or Obtained for Internal Use*

⁴² GASB and FASB Technical Bulletins are issued by the GASB and FASB staff. In the hierarchy of generally accepted accounting principles (GAAP), Technical Bulletins constitute level b GAAP guidance, after Statements and Interpretations. Technical Bulletins may be issued if a majority of the Board does not object to their issuance.

* These Guides, along with the Auditing and Accounting Guide *Audits of Finance Companies*, will be replaced with the new Auditing and Accounting Guide *Depository and Lending Institutions: Banks and Savings Institutions, Credit Unions, Finance Companies and Mortgage Companies*, that is presently in production.

- SOP 98-5, *Reporting on the Costs of Start-Up Activities*

The Audit and Accounting Guides *Audits of Property and Liability Insurance Companies* and *Audits of Providers of Health Care Services*, and SOP 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising*, were cleared by the GASB and include governmental entities in their scope. For this reason, these Guides constitute level b guidance in the hierarchy of generally accepted accounting principles for all proprietary activities regardless of the provisions of GASB 20.

Transition Provisions of FASB and AICPA Pronouncements

Governments should report all changes in accounting principles to apply FASB and AICPA pronouncements as restatements of beginning net assets, not as a separately identified cumulative effect in the current-period statement of revenues, expenses, and changes in fund net assets (or statement of activities, if provided). Footnote 13 of GASB 34 codifies this approach historically used in GASB Statements.

Appendix B: GASB 40

The provisions of GASB 40, *Deposit and Investment Risk Disclosures*, are effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. The disclosures in this appendix should be included in an entity’s notes to the financial statements if GASB 40 is early implemented. In addition, GASB 40 rescinds or supersedes certain disclosure requirements of GASB 3, *Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB 28, *Accounting and Financial Reporting for Securities Lending Transactions*, as noted earlier in this checklist. Note that the disclosure requirements below are not included in the June 30, 2002, *GASB Codification*. Appendix D of GASB Statement No. 40 provides instructions for codifying the pronouncement’s standards.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Are the investment disclosures organized by investment type, unless otherwise required? [GASB 40, par. 4]	_____	_____	_____
2. Are the disclosures required by GASB 40 made for the primary government, including its blended component units, with the risk disclosures also made for governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, or fiduciary funds when the risk exposures are significantly greater than the deposit and investment risks of the primary government? [GASB 40, par. 6]	_____	_____	_____
3. Do the notes briefly describe the entity’s deposit and investment policies related to the risks that GASB 40 requires to be disclosed? [GASB 40, par. 6]	_____	_____	_____
4. Are the following disclosures made:			
a. The credit quality ratings of investments in debt securities (including investments in external investment pools, money market funds,			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>bond mutual funds, and other pooled investments of fixed income securities) as described by rating agencies as of the financial statement date? (In general, obligations of the U.S. government and obligations explicitly guaranteed by the U.S. government do not require this disclosure. In addition, if a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.) [GASB 40, par. 7]</p>	_____	_____	_____
<p>b. If the entity has deposits as of the financial statement date that are exposed to custodial credit risk as defined by GASB 40, par. 8, the amount of the bank balances, the fact those balances are uninsured, and the basis on which the balances are exposed to custodial credit risk? [GASB 40, par. 8]</p>	_____	_____	_____
<p>c. If the entity has investment securities (including securities underlying repurchase agreements) as of the financial statement date that are exposed to custodial credit risk as defined by GASB 40, par. 9, the investments' type, the reported amount, and how the securities are held? (Investments in external investment pools, investments in open-end mutual funds, and securities underlying reverse repurchase agreements do not require this disclosure.) [GASB 40, par. 9]</p>	_____	_____	_____
<p>d. Custodial credit risk for collateral and underlying securities for securities lending transactions as provided by GASB 40, par. 10? [GASB 40, par. 10]</p>	_____	_____	_____
<p>e. The amount and issuer when investments in any one issuer represents 5 percent or more of total investments based on the level of detail described in GASB 40, par. 5? (Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments do not require this disclosure.) [GASB 40, pars. 11-13]</p>	_____	_____	_____
<p>f. Information about the interest rate risk of debt investments using a disclosure method described in GASB 40, par. 15, with information about assumptions regarding cash flows, interest rate factors, and other factors that affect interest rate risk? [GASB 40, pars. 14 and 15]</p>	_____	_____	_____
<p>g. The terms of investments with fair values that are highly sensitive to changes in interest rates? [GASB 40, pars. 14 and 16]</p>	_____	_____	_____
<p>h. U.S. dollar balances of deposits and investments that are exposed to foreign currency risk, organized by currency denomination and, if applicable, investment type? [GASB 40, par. 17]</p>	_____	_____	_____

FSP Section 13,200A

Auditors' Reports Checklist

.01 This checklist can be used by auditors in reporting on audits of financial statements in accordance with generally accepted auditing standards (GAAS). Illustrative auditor's reports are in the Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*. This checklist does not address:

- The requirements for reporting on audits of financial statements in accordance with *Government Auditing Standards* (also referred to as the Yellow Book), issued by the Comptroller General of the United States, or on audits performed under the Single Audit Act Amendments of 1996 in accordance with OMB Circular A-133 (See the checklist for reporting on those audits at FSP section 13,300A.)
- Restricted-use reports (See SAS 87, *Restricting the Use of an Auditor's Report* [AU 532].)
- Auditor's reports on special-purpose regulatory presentations (See AAG-SLV, par. 14.67.)
- Auditor's reports on summary financial information—*popular reports* (See AAG-SLV, pars. 14.68–14.75 and Appendix A (par. 14.78), Example A.16.)
- Auditor's reports on financial statements prepared in conformity with a comprehensive basis of accounting other than generally accepted accounting principles (GAAP), known as OCBOA financial statements (See AAG-SLV, chapter 15, and the AICPA Practice Aid *Applying OCBOA in State and Local Governmental Financial Statements* (product no. 006614).)

.02 Checklist Questionnaire:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Basic Financial Statements			
1. Does the auditor's report precede the management's discussion and analysis? [NCGA 1, par. 169, as amended (GASB Cod. Sec. 2200.105)]	_____	_____	_____

Practice Tip

The auditor's report on governmental financial statements generally is based on *opinion units*. Normally, the opinion units in a government's basic financial statements are (as applicable) the governmental activities; the business-type activities; the aggregate discretely presented component units; each major governmental and enterprise fund; and the aggregate remaining fund information (nonmajor governmental and enterprise funds, the internal service fund type, and the fiduciary fund types). In certain circumstances, auditors may choose to combine the two aggregate opinion units—the one for the aggregate discretely presented component units and the one for the aggregate remaining fund information—into a single opinion unit. The resulting combined unit is referred to as the *aggregate discretely presented component unit and remaining fund information* opinion unit. The AICPA's fourth standard of reporting requires that the auditor's report contain either an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. In reporting on a government's basic financial statements, this fourth standard generally is applied by expressing opinions on the financial statements for each opinion unit, or asserting that an opinion on one or more opinion units cannot be expressed. The auditor may express an unqualified opinion on the financial statements of one or more opinion units and modified opinions or disclaimers of opinion on one or more of the other opinion units. Further, the auditor's evaluation of the results of audit procedures that would lead to an opinion modification on one opinion unit may or may not result in an opinion modification on another opinion unit.
[AAG-SLV, pars. 14.04 and 14.06–14.08]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. If the titles of the financial statements are referred to in the introductory paragraph of the auditor’s report, do those titles match the titles of the financial statements presented? [Generally Accepted]	_____	_____	_____
3. Do the dates of the financial statements referred to in the introductory paragraph of the report match the dates of the financial statements presented? [Generally Accepted]	_____	_____	_____
4. Does the auditor’s report:			
a. Identify in the introductory paragraph each financial statement audited, which may involve reference to the table of contents or to the pages of the financial report on which the financial statements are displayed? [SAS 58, par. 6 (AU 508.06); AAG-SLV, par. 14.13]	_____	_____	_____
b. Identify in the introductory paragraph each opinion unit covered by the report? [AAG-SLV, par. 14.13]	_____	_____	_____
c. Refer in the introductory and opinion paragraphs to the government’s major funds individually or, alternatively, refer to them in a general manner if the financial statements clearly identify which governmental and enterprise funds are major? [AAG-SLV, par. 14.15]	_____	_____	_____
5. Does the report express or disclaim opinions on each opinion unit or, if the entity has a single opinion unit, on the financial statements taken as a whole? (See also Question 17.) [SAS 58, par. 4 (AU 508.04); AAG-SLV, pars. 14.04, 14.09, 14.16, fn. 4, and Appendix A (par. 14.78), Examples A.1–A.3]	_____	_____	_____
a. If prior-period financial statements include the minimum information required by GAAP for a complete set of financial statements and we audited those financial statements, have we updated the report on those prior-period financial statements? (See also Question 9d.) [SAS 58, par. 65, as amended (AU 508.65); AAG-SLV, par. 14.35]	_____	_____	_____
6. If the terms of the engagement cause us to set the scope of the audit and assess materiality at a more-detailed level than by the opinion units required for the basic financial statements (for example, at an individual fund or fund type level), does the report reflect both the “standard” opinion units for the basic financial statements and the additional opinion units resulting from the more-detailed audit scope? [AAG-SLV, pars. 14.11 and 14.45]	_____	_____	_____
a. If the financial statements that are subject to the more-detailed audit scope are reported separately in the government’s basic financial statements, does the report on that more-detailed audit scope refer to the presentation of the subject financial statements in the basic financial statements? [AAG-SLV, par. 14.46 and Appendix A (par. 14.78), Example A.12]	_____	_____	_____
b. If the financial statements that are subject to the more-detailed audit scope are not reported separately in the basic financial statements, does the report on that more-detailed audit scope refer to the presentation of the subject financial statements outside of the basic financial statements as SI, which is supplementary information other than required supplementary information (RSI)? [AAG-SLV, par. 14.47 and Appendix A (par. 14.78), Example A.13]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Does the auditor's report include:			
a. The appropriate addressee? [SAS 58, par. 9 (AU 508.09)]	_____	_____	_____
b. A title that includes the word independent? ¹ [SAS 58, par. 8a (AU 508.08a)]	_____	_____	_____
c. A statement that the financial statements identified in the report were audited? [SAS 58, par. 8b (AU 508.08b)]	_____	_____	_____
d. A statement that the financial statements are the responsibility of management and that the auditor's responsibility is to express opinion(s) on the financial statements based on his or her audit? [SAS 58, par. 8c (AU 508.08c); AAG-SLV, pars. 14.13 and 14.14]	_____	_____	_____
e. A statement that the audit was conducted in accordance with GAAS and an identification of the United States of America as the country of origin of those standards? [SAS 58, par. 8d, as amended (AU 508.08d)]	_____	_____	_____
f. A statement that those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement? [SAS 58, par. 8e (AU 508.08e)]	_____	_____	_____
g. A statement that an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation? [SAS 58, par. 8f (AU 508.08f)]	_____	_____	_____
h. A statement that the auditor believes that his or her audit provides a reasonable basis for his or her opinion(s)? [SAS 58, par. 8g (AU 508.08g); AAG-SLV, par. 14.14]	_____	_____	_____
i. An opinion as to whether the financial statements present fairly, in all material respects, the financial position as of the financial position statement date and the changes in financial position and, where applicable, cash flows ² for the period then ended of each opinion unit in the entity's financial statements in conformity with generally accepted accounting principles (GAAP), with an identification of the United States of America as the country of origin of those accounting principles? [SAS 58, par. 8h, as amended (AU 508.08h); AAG-SLV, par. 14.12]	_____	_____	_____
j. The manual or printed signature of the auditor's firm? ³ [SAS 58, par. 8i (AU 508.08i)]	_____	_____	_____
k. The date (or dual dates) of the auditor's report? [SAS 1, sec. 530, pars. 3–5, as amended (U 530.03–.05); SAS 58, par. 8j and par. 28, as amended (AU 508.08j and .28)]	_____	_____	_____

¹ If the auditor is not independent, see SAS 26, par. 10 (AU 504.10).

² If a government presents required budgetary comparison information as basic financial statements instead of as required supplementary information (RSI), the opinion paragraph(s) should refer to that budgetary comparison information. Explanatory paragraphs, if any, also may need to refer to that budgetary comparison information. [AAG-SLV, par. 14.14, Appendix A (par. 14.78), par. A.1, and Examples A.1 fn. 2, A.5 fn. 13, A.14 fn. 35, and A.15 fn. 37.]

³ When the auditor performs an audit with another auditor on a subcontract, joint audit, or joint venture basis, considerations should be given to how the report is signed. See AAG-SLV, pars. 14.29–14.31.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. If the opinion(s) is based in part on the report of another auditor and the principal auditor decides not to assume responsibility for the work of the other auditor:			
a. Do the introductory and scope paragraphs disclose this fact?	_____	_____	_____
(1) Does the reference in the introductory paragraph indicate the division of responsibility for the performance of the audit?	_____	_____	_____
b. Does the opinion paragraph(s) include a reference to the report of the other auditor? [SAS 1, sec. 543, pars. 3 and 7 (AU 543.03 and .07); SAS 58, pars. 11a, 12, and 13 (AU 508.11a, .12, and .13); AAG-SLV, par. 14.26 and Appendix A (par. 14.78), Example A.9]	_____	_____	_____
9. Certain circumstances, while not affecting the auditor’s unqualified opinion, may require that the auditor add explanatory language to the standard report. Is explanatory language added to the report if:			
a. To prevent the financial statements from being misleading because of unusual circumstances, the financial statements contain a departure from an accounting principle promulgated by a body designated by the AICPA Council to establish such principles? [SAS 58, pars. 11b, 14, and 15 (AU 508.11b, .14, and .15)]	_____	_____	_____
b. There is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time? ⁴ [SAS 58, par. 11c (AU 508.11c); SAS 59, par. 12, as amended (AU 341.12)]	_____	_____	_____
c. There is a material change between periods in accounting principles or in the method of their application, including a component unit’s change in accounting principles? ^{5,6,7} [SAS 58, pars. 11d and 16–18, as amended (AU 508.11d and .16–.18); AAG-SLV, pars. 14.32 and 14.44]	_____	_____	_____
d. In an updated report on comparative financial statements, the opinion on the prior period is different from the one previously expressed? [SAS 58, pars. 11e, 68, and 69, as amended (AU 508.11e, .68, and .69)]	_____	_____	_____
e. The financial statements of a prior period (presented for comparative purposes) have been audited by a predecessor auditor whose report is not presented? [SAS 58, pars. 11e and 74, as amended (AU 508.11e and .74)]	_____	_____	_____
f. A matter regarding the financial statements needs to be emphasized? [SAS 58, pars. 11 and 19, as amended (AU 508.11 and .19); Interpretation 3 of SAS 1, sec. 410 (AU 9410.18); Interpretation 1 of SAS 57 (AU 9342.03)]	_____	_____	_____

⁴ If the auditor concludes that the entity’s disclosures with respect to its ability to continue as a going concern for a reasonable period of time are inadequate, this represents a departure from generally accepted accounting principles that may result in either a qualified or an adverse opinion. Reporting guidance for such situations is provided in AU 508. [SAS 59, par. 14 (AU 341.14)]

⁵ The auditor should express a qualified or an adverse opinion on the financial statements of the affected opinion unit(s) (a) if a newly adopted accounting principle is not a generally accepted accounting principle (GAAP), (b) the method of accounting for the effect of the change is not in conformity with GAAP, or (c) management has not provided reasonable justification for the change in accounting principle [SAS 58, pars. 50–57, as amended and as affected by AAG-SLV, par. 14.04 (AU 508.50–.57)]

⁶ The standards for selecting major funds could result in different funds being reported as major each year. Such changes should not be considered a change in accounting principles affecting consistency, and thus no modification to the auditor’s report is needed. [AAG-SLV, par. 14.39]

⁷ The adoption of GASB 34 constitutes a change in accounting principles that, unless immaterial, will require the auditor’s report to include an explanatory paragraph regarding consistency. [AAG-SLV, par. 14.76]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
g. The auditor uses the work of a specialist in performing the audit and decides to add an explanatory paragraph? [SAS 73, par. 16 (AU 336.16)]	_____	_____	_____
10. If prior-period financial information presented with the current-period financial statements is a partial or summarized presentation:			
a. Does the continuing auditor's report not mention the prior-period information in the description of the financial statements audited or in the opinion paragraph(s)?	_____	_____	_____
b. Does the auditor's report include an explanatory paragraph following the opinion paragraph(s) if note disclosure about the nature of the information presented is omitted or incomplete?	_____	_____	_____
c. Does the continuing auditor's report make clear the degree of responsibility that he or she is assuming in relation to the prior-period information by stating in the introductory paragraph that the partial or summarized information has been derived from a complete set of financial statements; the date of the auditor's report on the complete financial statements; and the type of opinions expressed?	_____	_____	_____
d. If prior-period partial or summarized information has been derived from financial statements that were audited by another auditor, does the report state that fact and not express an opinion on that information? [AAG-SLV, pars. 14.37, 14.38, and fn. 12]	_____	_____	_____

Practice Tip

Scope limitations are restrictions on the scope of the audit, whether imposed by the client or by circumstances, such as the timing of the auditor's work, the inability to obtain sufficient competent evidential matter, or an inadequacy in the accounting records. Scope limitations include situations in which the auditor is unable to obtain sufficient evidential matter to support management's assertions about the nature of a matter involving an uncertainty and its presentation or disclosure in the financial statements. Scope limitations should be differentiated from situations in which the auditor concludes that the financial statements are materially misstated due to departures from GAAP.

[SAS 58, pars. 22, 31, and 32, as amended (AU 508.22, .31, and .32); AAG-SLV, par. 14.18]

11. Is a qualified opinion or disclaimer of opinion considered if scope limitations preclude application of one or more auditing procedures considered necessary in the circumstances? [SAS 31, par. 25, as amended (AU 326.25); SAS 58, pars. 22–34 and 61–63, as amended (AU 508.22–.34 and .61–.63)]	_____	_____	_____
12. If a qualified opinion is expressed because of a scope limitation:			
a. Are all of the substantive reasons for the qualification disclosed in one or more explanatory paragraphs preceding the opinion paragraph(s)?	_____	_____	_____
b. Is the situation described and referred to in both the scope and opinion paragraphs?	_____	_____	_____
c. Does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> ?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>d. Does the wording in the opinion paragraph indicate that the qualification pertains to the possible effects on the financial statements of the affected opinion unit(s) and not to the scope limitation itself? (That is, the qualification should indicate that the auditor is unable to reach a conclusion on one or more matters material to the financial statements of the affected opinion unit(s), rather than that the auditor’s procedures were restricted.) [SAS 58, pars. 21, 25, and 26, as amended (AU 508.21, .25, and .26); AAG-SLV, par. 14.19 and Appendix A (par. 14.78), Example A.4]</p>	_____	_____	_____
13. If an opinion is disclaimed because of a scope limitation:			
<p>a. Is the introductory paragraph modified to state that “we were engaged to audit” rather than “we have audited” the affected opinion unit(s) and to indicate, in the last sentence, the extent of the auditor’s responsibility to express opinions on the financial statements? [SAS 58, fn. 21, as amended and as affected by AAG-SLV, par. 14.04 (AU 508, fn. 21)]</p>	_____	_____	_____
<p>b. Are all of the substantive reasons for the disclaimer stated in a separate paragraph(s)?</p>	_____	_____	_____
<p>c. Does the report state that the scope of the audit was not sufficient to warrant the expression of an opinion?</p>	_____	_____	_____
<p>d. Does the report avoid identifying procedures that were performed?</p>	_____	_____	_____
<p>e. Is the scope paragraph omitted if the disclaimer is on the financial statements taken as a whole? (See Question 17.)</p>	_____	_____	_____
<p>f. Does the report describe the auditor’s reservations about fair presentation in conformity with GAAP? [SAS 58, pars. 62 and 63, as amended (AU 508.62 and .63); AAG-SLV, pars. 14.20, 14.21, and Appendix A (par. 14.78), Example A.4]</p>	_____	_____	_____

Practice Tip

Consult the AU Topical Index to the AICPA *Professional Standards*, under “Departures From Established Principles,” “Adverse Opinions,” and “Qualified Opinions,” for additional references to specific types of GAAP departures that could result in qualified or adverse opinions. See also chapter 14 of AAG-SLV, especially par. 14.22, for descriptions of GAAP departures in governmental financial statements.

14. Is a qualified or an adverse opinion considered in the following circumstances:			
<p>a. The financial statements contain a material departure from GAAP, including inadequate disclosure, inappropriate accounting principles, or unreasonable accounting estimates? [SAS 58, pars. 35–60, as amended (AU 508.35–.60); AAG-SLV, par. 14.22]</p>	_____	_____	_____
<p>(1) If the fund financial statements do not report one or more governmental or enterprise funds as major in conformity with the quantitative criteria of GASB 34, does the report express adverse opinions on the “missing” major fund opinion units because of the omitted display and modify the opinion on the aggregate remaining fund information opinion unit if the missing major fund is contained therein? [AAG-SLV, par. 14.40 and Appendix A (par. 14.78), Example A.10]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. Essential data concerning an impending change in GAAP and the future resulting restatement are not disclosed? [Interpretation 3 of SAS 1, sec. 410 (AU 9410.15)]</p>	_____	_____	_____
<p>c. The auditor concludes that an illegal act has a material effect on the financial statements, and the act has not been properly accounted for or disclosed? [SAS 54, par. 18 (AU 317.18)]</p>	_____	_____	_____
<p>15. If a qualified opinion is expressed because of a GAAP departure:</p>			
<p>a. Are all of the substantive reasons for the qualified opinion disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph(s)?</p>	_____	_____	_____
<p>b. Does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and, where applicable, cash flows,⁸ if practicable, or state that the effects are not reasonably determinable, if not practicable to do so?</p>	_____	_____	_____
<p>c. Does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> and a reference to the explanatory paragraph? [SAS 58, pars. 21, 37–44, and 52, as amended (AU 508.21, .37–.44, and .52); AAG-SLV, par. 14.23 and Appendix A (par. 14.78), Examples A.5 and A.10]</p>	_____	_____	_____
<p>16. If an adverse opinion is expressed because of a GAAP departure:</p>			
<p>a. Are all of the substantive reasons for the adverse opinion disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph(s)?</p>	_____	_____	_____
<p>b. Does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and, where applicable, cash flows,⁹ if practicable, or state that the effects are not reasonably determinable, if not practicable to do so?</p>	_____	_____	_____
<p>c. State that the financial statements do not present fairly the financial position, changes in financial position, or, where applicable, cash flows¹⁰ in conformity with GAAP? [SAS 58, pars. 58–60, as amended (AU 508.58–.60); AAG-SLV, pars. 14.24 and 14.25 and Appendix A (par. 14.78), Examples A.6 and A.7]</p>	_____	_____	_____
<p>17. Does the report render an adverse opinion or a disclaimer of opinion on the financial statements taken as a whole when:</p>			
<p>a. The required government-wide or fund financial statements are not presented?</p>	_____	_____	_____
<p>b. Adverse opinions or disclaimers of opinion are appropriate for both the governmental activities and business-type activities opinion units (or for only the governmental activities opinion unit if that is the only required presentation for the primary government in the reporting entity's government-wide financial statements)?</p>	_____	_____	_____

⁸ See footnote 2.

⁹ See footnote 2.

¹⁰ See footnote 2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. In the auditor’s judgment the financial statements, taken as a whole, are not presented fairly in conformity with GAAP or it is appropriate to disclaim an opinion on the financial statements taken as a whole? [AAG-SLV, pars. 14.10, 14.21, 14.25, and Appendix A (par. 14.78), Example A.8]	_____	_____	_____

Practice Tip

Consult the AU Topical Index to the AICPA *Professional Standards*, under “Departures From Standard Report,” for additional references to specific auditor’s report modifications.

Financial Statements That Include Only Part of the Reporting Entity

18. Does the auditor’s report on separate primary government financial statements:			
a. Indicate that the financial statements are those of the primary government and not of the financial reporting entity?	_____	_____	_____
b. Define the term <i>primary government</i> ?	_____	_____	_____
c. Indicate that the primary government’s financial statements do not purport to, and do not, fairly present financial position, changes in financial position, and, where applicable, cash flows ¹¹ of the financial reporting entity in conformity with GAAP?	_____	_____	_____
d. Give opinions or disclaimers of opinion on the opinion units in the primary government’s financial statements? [AAG-SLV, par. 14.41 and Appendix A (par. 14.78), Example A.11]	_____	_____	_____
19. If the financial statements omit the financial information of one or more (but not all) component units, is the effect of the GAAP departure on the auditor’s report considered in relation to the relevant opinion unit(s)? [AAG-SLV, par. 14.42]	_____	_____	_____
20. Does the auditors’ report disclose that the entity is a component unit of a financial reporting entity, if applicable? [AAG-SLV, par. 14.43 and Appendix A (par. 14.78), Example A.2]	_____	_____	_____

Other Financial Statement Presentations

21. Does the auditor’s report on GAAP-basis financial statements for one or more individual funds:			
a. Report on the audit based on each fund as a separate opinion unit?	_____	_____	_____
b. Indicate in the introductory and opinion paragraphs the specific fund(s)?	_____	_____	_____
c. Include an explanatory paragraph after the scope paragraph indicating that the financial statements do not purport to, and do not, present the government’s financial position, changes in financial position, and, where applicable, cash flows? ¹²	_____	_____	_____

¹¹ See footnote 2.

¹² See footnote 2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>d. Consider the extent to which the financial statement presentation may be misleading to financial statement users who might misunderstand that the financial statements are meant to represent the overall government? (For example, if a government presents a complete set of fund financial statements, that results in a misleading presentation that should result in the auditor expressing an adverse opinion on the financial statements taken as a whole. See Question 17.) [AAG-SLV, pars. 14.62, 14.63, 14.65, and Appendix A (par. 14.78), Example A.14]</p>	_____	_____	_____
<p>22. Does the auditor's report on GAAP-basis financial statements for governmental departments, agencies, or programs:¹³</p> <p>a. Report on the audit based on the involved opinion units?</p> <p>b. Include an explanatory paragraph after the scope paragraph indicating that the financial statements do not purport to, and do not, present the government's financial position, changes in financial position, and, where applicable, cash flows?¹⁴ [AAG-SLV, par. 14.66 and Appendix A (par. 14.78), Example A.15]</p>	_____	_____	_____
<p>Required Supplementary Information and Supplementary Information Other Than Required Supplementary Information</p>			
<p>23. If the auditor is so engaged, does the report render an opinion on whether either or both RSI and SI are fairly presented, in all material respects, in conformity with GAAP?¹⁵ [SAS 8, par. 3 (AU 550.03); SAS 52, par. 2, as amended (AU 558.02); AAG-SLV, par. 14.51]</p> <p>a. Is the reporting on the results of the audit based on the terms of the engagement? [AAG-SLV, par. 14.51]</p>	_____	_____	_____
<p>24. For unaudited RSI:</p> <p>a. Does the report include an explanatory paragraph if:</p> <p>(1) Applicable RSI is omitted?¹⁶</p> <p>(2) The measurement or presentation of such information departs materially from prescribed guidelines?</p> <p>(3) The auditor is unable to complete the prescribed procedures with respect to such information?</p> <p>(4) The auditor is unable to remove substantial doubts about whether such information conforms to prescribed guidelines? [SAS 52, par. 8, as amended (AU 558.08); SAS 29, par. 16, as amended (AU 551.16); AAG-SLV, par. 14.54]</p>	_____	_____	_____

¹³ When an organizational unit is coterminous with a single fund, it is appropriate for the government to issue a fund financial statement, rather than a departmental financial statement. [AAG-SLV, par. 14.66, fn. 23]

¹⁴ See footnote 2.

¹⁵ Unless the auditor is engaged to express an opinion whether RSI or SI is fairly presented in conformity with GAAP, this checklist refers to the information as *unaudited*, even though GAAS require the auditor to perform specific procedures and perhaps to report on the information.

¹⁶ This includes situations in which all of the required budgetary comparison information is omitted or if only part of the required budgetary comparison information is presented as RSI. If, however, the government chooses to present required budgetary comparison information as a basic financial statement and presents only part of the required information, the omission constitutes a departure from GAAP in the basic financial statements that the auditor should consider in evaluating his or her opinions on the opinion units for which budgetary presentations are required but not made. [AAG-SLV, par. 14.54, fn. 19]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If the RSI is presented in an auditor-submitted document, or if the auditor chooses to or is engaged to report on the RSI in a client-prepared document, does the report:			
(1) State that the audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the entity's basic financial statements?	_____	_____	_____
(2) Specifically identify the RSI?	_____	_____	_____
(3) State that the RSI is presented for purposes of additional analysis and is not a required part of the basic financial statements?	_____	_____	_____
(4) Include either or both an opinion on whether the RSI is fairly stated in all material respects in relation to the basic financial statements taken as a whole or a disclaimer of opinion?	_____	_____	_____
(5) Consider the effect of any modifications in the report on the basic financial statements? [SAS 8, par. 7, as amended (AU 550.07); SAS 29, pars. 6, 10, and 12-14, and par. 15, as amended (AU 551.06, .10, and .12-.15); SAS 52, par. 9, as amended (AU 558.09); AAG-SLV, pars. 14.58-14.60 and Appendix A (par. 14.78), Example A.1]	_____	_____	_____
25. For unaudited SI:			
a. If the SI is materially inconsistent with information appearing in the financial statements, has it been determined whether the financial statements, the auditor's report, or both require revision? [SAS 8, par. 4 (AU 550.04); SAS 58, par. 11h (AU 508.11h); AAG-SLV, par. 14.57]	_____	_____	_____
b. If the SI is presented in an auditor-submitted document, or if the auditor chooses to or is engaged to report on the SI in a client-prepared document, does the report:			
(1) State that the audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the entity's basic financial statements?	_____	_____	_____
(2) Specifically identify the SI?	_____	_____	_____
(3) State that the SI is presented for purposes of additional analysis and is not a required part of the basic financial statements?	_____	_____	_____
(4) Include either or both an opinion on whether the SI is fairly stated in all material respects in relation to the basic financial statements taken as a whole or a disclaimer of opinion?	_____	_____	_____
(5) Consider the effect of any modifications in the report on the basic financial statements? [SAS 8, par. 7, as amended (AU 550.07); SAS 29, pars. 6, 10, and 12-14 (AU 551.06, .10, and .12-.14); AAG-SLV, pars. 14.58-14.60 and Appendix A (par. 14.78), Example A.1]	_____	_____	_____
26. If the auditor is relying on another auditor's work on RSI or SI, is the report modified to refer to the work of the other auditor? [AAG-SLV, par. 14.61 and Appendix A (par. 14.78), Example A.9]	_____	_____	_____

Other Auditor Communications

27. Does the auditor follow the reporting requirements of SAS 60, paragraphs 9-19, when communicating internal control-related matters noted in an audit? (The auditor must communicate reportable conditions in internal control, preferably in writing, to the audit committee)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>or to individuals with a level of authority and responsibility equivalent to an audit committee in organizations that do not have one. The auditor also may identify matters that, in his or her judgment, are not reportable conditions and choose to communicate such matters for the benefit of management and other recipients, as appropriate.) [SAS 60, pars. 1–3 and 9–19, as amended (AU 325.01–.03 and .09–.19); AAG-SLV, par. 4.60]</p>	_____	_____	_____
<p>28. Does the auditor follow the reporting requirements of SAS 61, as amended, when communicating specific matters related to the conduct of an audit to the entity's audit committee or other formally designated group equivalent to an audit committee, such as a finance committee or a budget committee. (If there is no such committee, the auditor could consider making the required communication to the entity's governing board.) [SAS 61, pars. 3 and 6–16, as amended (AU 380.03 and .06–.16); AAG-SLV, par. 13.24]</p>	_____	_____	_____
<p>29. If the auditor has determined that there is evidence that fraud may exist, has the auditor complied with the reporting requirements of SAS 99, paragraphs 79–82? [SAS 99, pars. 79–82 (AU 316.79–.82)]</p>	_____	_____	_____
<p>30. Has the auditor adequately informed the audit committee, or others with equivalent authority and responsibility, with respect to illegal acts that come to the auditor's attention? [SAS 54, par. 17 (AU 317.17)]</p>	_____	_____	_____
<p>31. If during a GAAS audit of the financial statements the auditor becomes aware that the entity is subject to an audit requirement that may not be encompassed in the terms of the engagement, has the auditor communicated to management and the audit committee, or to others with equivalent authority and responsibility, that an audit in accordance with GAAS may not satisfy the relevant legal, regulatory, or contractual requirements?</p>	_____	_____	_____
<p><i>a.</i> Does the auditor consider how the client's actions in response to such communication relate to other aspects of the audit, including the potential effect on the financial statements and on the auditor's report on those financial statements? [SAS 74, pars. 22 and 23 (AU 801.22 and .23)]</p>	_____	_____	_____

FSP Section 13,300A

Auditors' Reports on Audits Performed Under Government Auditing Standards and OMB Circular A-133 Checklist

.01 The General Accounting Office's (GAO's) *Government Auditing Standards** (GAS, which is also referred to as the Yellow Book), issued by the Comptroller General of the United States, are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. The Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* (June 1997 Revision), require a single or program-specific audit for governments that expend \$300,000** or more of federal awards in a fiscal year. The Single Audit Act requires single audits and program-specific audits of federal awards to be performed in accordance with GAS.

.02 This checklist has two parts: Part I is for auditor's reports on financial audits performed under GAS. (This checklist does not address the performance auditing or attestation standards of GAS.) Part II contains the additional requirements for auditors' reports on audits performed under the Single Audit Act Amendments of 1996 and OMB Circular A-133. For audits performed under Circular A-133, both Parts I and II of this checklist must be completed. Illustrative auditor's reports on financial audits performed under GAS and illustrative auditor's reports and an illustrative schedule of findings and questioned costs for OMB Circular A-133 audits are in Appendixes D and E of the AICPA Audit Guide, *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*.

.03 The OMB issues an annual compliance supplement for conducting single audits under OMB Circular A-133. The AICPA issues an annual Audit Risk Alert, *Single Audits*, as a complement to the Audit Guide *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*. The AICPA also has issued a related practice aid, *Auditing Recipients of Federal Awards: Practical Guidance for applying OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations—Second Edition* (product no. 006607).

.04 As explained in chapter 14 of the AICPA Audit and Accounting Guide *Audits of State and Local Governments (GASB 34 Edition)*, and the first Practice Tip in FSP section 13,200A, the auditor generally expresses or disclaims an opinion on a government's basic financial statements by providing an opinion or disclaimer of opinion on each opinion unit in those financial statements. This checklist's use of the singular terms *opinion* and *disclaimer of opinion* encompasses the multiple opinions and disclaimers of opinions that generally will be provided on a government's financial statements.

.05 Checklist Questionnaire:

* In June 2003, the Comptroller General of the United States issued a comprehensive revision to *Government Auditing Standards*. The 2003 revision supersedes the 1994 revision, including its amendments. (Note that the content of the amendments are incorporated into the revision.) The 2003 revision to *Government Auditing Standards* is effective for financial audits of periods ending on or after January 1, 2004. This checklist will be updated in the future for the 2003 revision to *Government Auditing Standards*.

** In the June 27, 2003, *Federal Register* (68 F. R. 38401), the OMB issued a revision to Circular A-133 that raises to \$500,000 the threshold that triggers a single audit. That change is effective for fiscal years ending after December 31, 2003, and early implementation is not permitted.

Yes No N/A

**Part I—Reports on Audits Performed in Accordance With
Government Auditing Standards**

1. In a financial audit performed in accordance with GAS, are the following reports issued:
 - a. A report on the entity’s financial statements?¹
 - b. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with GAS?
[GAS, Ch. 5, pars. 2 and 15; AAG-SLA, par. 10.15]

_____ _____ _____
_____ _____ _____

Report on the Financial Statements

2. Does the auditor’s report on the financial statements:
 - a. Contain a statement that the audit was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards) and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States?²
[GAS, Ch. 5, par. 11; AAG-SLA, pars. 10.16a, 10.35, and App. D, Example 1]
 - b. Either describe the scope of the auditors’ testing of compliance with laws and regulations and internal controls and present the results of these tests or refer to separate reports containing that information?
[GAS, Ch. 5, par. 15; AAG-SLA, pars. 10.16b, 10.35, and App. D, Example 1]
3. If a component unit or fund that is material to an opinion unit is not required to have a GAS audit, has the scope paragraph of the report on the financial statements been modified to indicate the portion of the opinion unit that was not audited in accordance with GAS?
[AAG-SLA, par. 10.32, as affected by AAG-SLV, par. 14.04]

_____ _____ _____
_____ _____ _____
_____ _____ _____

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With GAS

4. Does the report on compliance and on internal control over financial reporting conform to the standard reports illustrated in Examples 2 and 2a in AAG-SLA?
[AAG-SLA, App. D]
5. Does the report contain the following elements:
 - a. A statement that the auditor has audited the financial statements of the auditee and a reference to the auditor’s report on the financial

_____ _____ _____

¹ See the checklist for auditor’s reports on the financial statements at FSP section 13,200A.

² *Government Auditing Standards* Amendment No. 3, *Independence*, par. 3.13, states that when personal, external, or organizational independence is impaired, a government auditor who cannot decline to perform the work because of a legislative requirement or other reasons should report the impairment in the scope section of the auditor’s report. Amendment No. 3, as affected by *Government Auditing Standards: Answers to Independence Questions*, applies to all audits of financial statements performed in accordance with GAS for periods beginning on or after January 1, 2003. GAO encourages early implementation of the provisions of the amendment.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
statements, including a description of any departure from the standard report (for example, a qualified opinion, a modification as to consistency because of a change in accounting principle, or a reference to the report of other auditors)? [AAG-SLA, par. 10.39 and App. D, Example 2, fn. 23]	_____	_____	_____
b. A statement that the audit was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards) and with the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States? ³	_____	_____	_____
c. A statement that as part of obtaining reasonable assurance about whether the auditee's financial statements are free of material misstatement, the auditor performed tests of the auditee's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts?	_____	_____	_____
d. A statement that providing an opinion on compliance with those provisions was not an objective of the audit and that, accordingly, the auditor does not express such an opinion?	_____	_____	_____
e. A statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under GAS and, if they are, describes the instances of noncompliance or refers to the schedule of findings and questioned costs in which they are described? ⁴	_____	_____	_____
f. If applicable, a statement that certain immaterial instances of non-compliance were communicated to management in a separate letter?	_____	_____	_____
g. A statement that in planning and performing the audit, the auditor considered the auditee's internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting?	_____	_____	_____
h. If applicable, a statement that reportable conditions were noted and the definition of a reportable condition?	_____	_____	_____
i. If no reportable conditions are noted, a statement that the auditor's consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses; if reportable conditions are noted, a statement that the auditor's consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses?	_____	_____	_____

³ *Government Auditing Standards* Amendment No. 3, *Independence*, par. 3.13, states that when personal, external, or organizational independence is impaired, a government auditor who cannot decline to perform the work because of a legislative requirement or other reasons should report the impairment in the scope section of the auditor's report. Amendment No. 3, as affected by *Government Auditing Standards: Answers to Independence Questions*, applies to all audits of financial statements performed in accordance with GAS for periods beginning on or after January 1, 2003. GAO encourages early implementation of the provisions of the amendment.

⁴ For an audit that is not subject to Circular A-133 (that is, in accordance with GAS only), any reportable instances of noncompliance, reportable conditions, and material weaknesses can either be described in the body of the report or the report can refer to a separate schedule that summarizes the findings noted. This statement should be modified accordingly. For an audit in accordance with Circular A-133, all findings, including those required to be reported under GAS, must be included in the schedule of findings and questioned costs. [AAG-SLA, par. 10.39e, fn. 22]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
j. If applicable, a description of reportable conditions noted or a reference to the schedule of findings and questioned costs in which the reportable conditions are described? ⁵	_____	_____	_____
k. The definition of a material weakness?	_____	_____	_____
l. If applicable, a statement about whether the auditor believes any of the reportable conditions noted are material weaknesses, and, if they are, describes the material weaknesses noted or refers to the schedule of findings and questioned costs in which they are described? ⁶ (If there are no reportable conditions, a statement should be made that no material weaknesses were noted.)	_____	_____	_____
m. If applicable, a statement that other matters involving the internal control over financial reporting were communicated to management in a separate letter?	_____	_____	_____
n. A separate paragraph at the end of the report stating that the report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies, and (if applicable) pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. ^{7,8}	_____	_____	_____
o. The manual or printed signature of the auditor’s firm?	_____	_____	_____
p. The date of the auditor’s report? [AAG-SLA, par. 10.39]	_____	_____	_____
6. If a component unit or fund that is material to an opinion unit is not required to have a GAS audit, has the scope paragraph of the report on compliance and on internal control been modified to indicate the portion of the opinion unit that was not audited in accordance with GAS? [AAG-SLA, par. 10.33, as affected by AAG-SLV, par. 14.04]	_____	_____	_____
7. Do the reported instances of noncompliance include all instances of fraud and illegal acts (unless clearly inconsequential) and other non-compliance that is material to the financial statements? [GAS, Ch. 5, par. 18; AAG-SLA, par. 10.21]	_____	_____	_____
8. If the report contains material instances of noncompliance or fraud and illegal acts that are not clearly inconsequential, is the effect of such instances on the auditor’s report on the financial statements considered? [AAG-SLV, pars. 4.39–4.48]	_____	_____	_____
9. Do the findings presented in or referred to from the report include all essential elements, including information to place the finding in proper perspective, condition, cause, criteria, effect, and the views of responsible officials? [GAS, Ch. 5, par. 19 and fn. 5; AAG-SLA, pars. 10.58–10.61]	_____	_____	_____
10. Does the report disclose the status of uncorrected material findings and recommendations from prior audits that affect the current financial statement audit? [GAS, Ch. 4, par. 10; AAG-SLA, par. 10.62]	_____	_____	_____

⁵ See footnote 4.

⁶ See footnote 4.

⁷ For an audit that is not subject to Circular A-133 (that is, in accordance with GAS only), the reference to federal awarding agencies and pass-through entities should be deleted. [AAG-SLA, par. 10.39n, fn. 27]

⁸ This paragraph conforms to SAS 87, *Restricting the Use of an Auditor’s Report* (AU 532). See SAS 87 for additional guidance on restricted-use reports.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. Does the report carry the same date as the report on the financial statements? [AAG-SLA, par. 10.50]	_____	_____	_____
Other Matters			
12. Are instances of fraud and illegal acts communicated directly to outside parties if such reporting is required by law or regulation or involves financial assistance received directly or indirectly from a government agency? [GAS, Ch. 5, pars. 21–25; AAG-SLA, pars. 10.23–10.25]	_____	_____	_____
13. If the audit disclosed immaterial instances of noncompliance or deficiencies in internal control were not considered reportable conditions (referred to as “nonreportable conditions”), are those matters communicated to the entity in writing (or orally, with audit documentation)? [GAS, Ch. 5, pars. 20 and 28; AAG-SLA, pars. 10.22 and 10.29]	_____	_____	_____
14. Has the auditor communicated the following information—in writing or orally (with audit documentation)—to the organization or entity being audited (the auditee), the individuals contracting for or requesting audit services, and the audit committee during the planning stages of an audit:			
<i>a.</i> The auditor’s responsibilities in a financial statement audit, including his or her responsibilities for testing and reporting on compliance with laws and regulations and internal control over financial reporting?	_____	_____	_____
<i>b.</i> The nature of any additional testing of compliance and internal control required by laws and regulations or otherwise requested, and whether the auditor is planning or providing an opinion with laws and regulations and internal control over financial reporting?	_____	_____	_____
<i>c.</i> A contrasting of the information in Questions <i>a.</i> and <i>b.</i> above with other financial related audits of compliance and controls? [GAS, Ch. 4, pars. 4.6.3–4.6.7; AAG-SLA, pars. 3.18 and 3.19]	_____	_____	_____

Part II—Reports on Audits Performed Under OMB Circular A-133

1. If the entity is subject to the requirements of Circular A-133, are the following reports (in addition to those in Part I of this checklist) issued:			
<i>a.</i> A report on the supplementary schedule of federal financial assistance?	_____	_____	_____
<i>b.</i> A report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133?	_____	_____	_____
<i>c.</i> A schedule of findings and questioned costs? [AAG-SLA, par. 10.08]	_____	_____	_____

Report on the Supplementary Schedule of Expenditures of Federal Awards (“Schedule”)

2. Is the report on the Schedule (<i>a</i>) included in the auditors’ report on the financial statements, (<i>b</i>) included in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133, or (<i>c</i>) issued as a stand-alone report? [AAG-SLA, pars. 10.36, 10.47, and 10.52]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. If the report on the financial statements refers to the work of other auditors, has the auditor considered the need to refer to the major federal programs audited by other auditors in the report on the Schedule? [AAG-SLA, par. 3.51]	_____	_____	_____
4. If the report on the Schedule is issued as a stand-alone report, is the guidance of SAS 58 (AU 508) followed in issuing that report? [AAG-SLA, par. 10.52]	_____	_____	_____
5. If the report on the Schedule is included in the auditors' report on the financial statements or in the report on compliance and on internal control over compliance, does it:			
a. Conform to the standard reports illustrated in Example 1, Example 3 (footnote 34), or Example 3a (footnote 48) of AAG-SLA? [AAG-SLA, pars. 10.36 and 10.37 and App. D]	_____	_____	_____
b. Contain a statement that the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements?	_____	_____	_____
c. Contain an opinion on whether the Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole? [AAG-SLA, par. 10.35]	_____	_____	_____
d. Carry the same date as the report on the financial statements, even if that requires a dual date on the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Circular A-133? [AAG-SLA, pars. 10.50 and 10.52]	_____	_____	_____

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With Circular A-133

6. Does the report conform to the standard reports illustrated in Examples 3–5 of AAG-SLA? [AAG-SLA, App. D]	_____	_____	_____
7. Does the report contain the following elements:			
a. A statement that the auditor has audited the compliance of the auditee with the types of compliance requirements described in the <i>OMB Circular A-133 Compliance Supplement</i> that are applicable to each of its major programs?	_____	_____	_____
b. A statement that the auditee's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs?	_____	_____	_____
c. A statement that compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the auditee's major federal programs is the responsibility of the auditee's management, and that the auditor's responsibility is to express an opinion on the auditee's compliance based on the audit?	_____	_____	_____
d. A statement that the audit of compliance was conducted in accordance with GAAS (with an identification of the United States of America as the country of origin of those standards), the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, and A-133?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. A statement that those standards and A-133 require that the auditor plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred?	_____	_____	_____
f. A statement that an audit includes the examining, on a test basis, evidence about the auditee's compliance with those requirements and performing such other procedures as the auditor considered necessary in the circumstances?	_____	_____	_____
g. A statement that the auditor believes that the audit provides a reasonable basis for the auditor's opinion?	_____	_____	_____
h. A statement that the audit does not provide a legal determination on the auditee's compliance with those requirements?	_____	_____	_____
i. If instances of noncompliance are noted that result in an opinion modification, a reference to a description in the accompanying schedule of findings and questioned costs, including:			
(1) The reference number(s) of the finding(s)?	_____	_____	_____
(2) An identification of the type(s) of compliance requirements and related major program(s)?	_____	_____	_____
(3) A statement that compliance with such requirements is necessary, in the auditor's opinion, for the auditee to comply with requirements applicable to the program(s)?	_____	_____	_____
j. An opinion on whether the auditee complied, in all material respects, with the types of compliance requirements that are applicable to each of its major federal programs?	_____	_____	_____
k. If applicable, a statement that the results of the auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with A-133 and a reference to the schedule of findings and questioned costs in which they are described?	_____	_____	_____
l. A statement that the auditee's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs?	_____	_____	_____
m. A statement that in planning and performing the audit, the auditor considered the auditee's internal control over compliance with requirements that could have a direct and material effect on a major federal program, to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with A-133?	_____	_____	_____
n. If applicable, a statement that reportable conditions were noted and the definition of a reportable condition?	_____	_____	_____
o. If applicable, a reference to a description of reportable conditions noted in the accompanying schedule of findings and questioned costs, including the reference number of the finding(s)?	_____	_____	_____
p. If no reportable conditions are noted, a statement that the auditor's consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses; if reportable conditions are noted, a statement that the auditor's consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
q. The definition of a material weakness?	_____	_____	_____
r. If applicable, a statement about whether the auditor believes any of the reportable conditions noted are material weaknesses and, if they are, a reference to a description of the material weaknesses in the schedule of findings and questioned costs, including the reference number of the finding(s). If there are no reportable conditions, a statement is made that no material weaknesses were noted?	_____	_____	_____
s. A separate paragraph at the end of the report stating that the report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies, and (if applicable) pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. ⁹	_____	_____	_____
t. The manual or printed signature of the auditor’s firm?	_____	_____	_____
u. The date of the auditor’s report? [AAG-SLA, par. 10.46]	_____	_____	_____
8. If the audit of the entity’s compliance with requirements applicable to major programs detects material instances of noncompliance with those requirements, does the auditors’ report express a qualified or adverse opinion? [AAG-SLA, par. 10.42]	_____	_____	_____
9. Have scope limitations on the auditor’s testing of an auditee’s compliance with laws, regulations, and the provisions of contracts or grant agreements been considered in the opinion on compliance with requirements applicable to each major program? [AAG-SLA, pars. 10.43–10.45]	_____	_____	_____
10. Have the cumulative effects of all instances of noncompliance with federal programs and scope limitations been considered in the opinion on the financial statements? [AAG-SLA, pars. 10.42 and 10.43]	_____	_____	_____
11. Does the report <i>not</i> refer to a management letter with findings that are not required to be reported in the schedule of findings and questioned costs? [AAG-SLA, par. 10.48]	_____	_____	_____
12. Is the report dated the same as or later than the date of the auditors’ report on the financial statements?	_____	_____	_____
13. If the report is dated later than the date of the auditors’ reports on the financial statements, have appropriate subsequent events procedures been performed? [AAG-SLA, par. 10.51]	_____	_____	_____
14. If the audit of federal awards did not encompass the entirety of the auditee’s operations expending federal awards, are the operations that are not included identified in a separate paragraph following the first paragraph of the report? [AAG-SLA, par. 10.54]	_____	_____	_____

⁹ This paragraph conforms to SAS 87, *Restricting the Use of an Auditor’s Report* (AU 532). See SAS 87 for additional guidance on restricted-use reports.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. If the report on the financial statements refers to the work of other auditors, has the auditor considered the need to refer to the major federal programs audited by other auditors in this report on compliance and on internal control over compliance? [AAG-SLA, par. 3.51]	_____	_____	_____
Schedule of Findings and Questioned Costs			
16. Does the report conform to the standard report illustrated in Appendix E of AAG-SLA? [AAG-SLA, App. E]	_____	_____	_____
17. Is the report presented even if there are no findings to report? [AAG-SLA, par. 10.66]	_____	_____	_____
18. Does the report contain the following three sections:			
a. A summary of the auditor's results?	_____	_____	_____
b. Findings related to the financial statements that are required to be reported in accordance with GAS?	_____	_____	_____
c. Findings and questioned costs for federal awards? [AAG-SLA, par. 10.55]	_____	_____	_____
19. Does the summary of auditor's result include:			
a. The type of report the auditor issued on the financial statements (that is, unqualified opinions, qualified opinions, adverse opinions, or disclaimers of opinion)? [AAG-SLA, par. 10.56a, as affected by AAG-SLV, par. 14.04]	_____	_____	_____
b. Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses?	_____	_____	_____
c. A statement on whether the audit disclosed any noncompliance that is material to the financial statements?	_____	_____	_____
d. Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses relative to internal control over major programs?	_____	_____	_____
e. The type of report the auditor issued on compliance for major programs (that is, unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion)?	_____	_____	_____
f. A statement as to whether the audit disclosed any audit findings that the auditor is required to report under A-133? (See Question 23 below.)	_____	_____	_____
g. An identification of major programs?	_____	_____	_____
h. The dollar threshold used to distinguish between Type A and Type B programs?	_____	_____	_____
i. A statement as to whether the auditee qualified as a low-risk auditee? [AAG-SLA, par. 10.56a]	_____	_____	_____
20. Are audit findings that relate to the same issue presented as a single audit finding?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
21. If audit findings relate to both the financial statements and the federal awards, are they reported in both sections of the schedule (one in summary form with a reference to the detailed finding in the other section)? [AAG-SLA, par. 10.56c]	_____	_____	_____
22. Are the following reported as audit findings related to federal awards: including:			
a. Reportable conditions and material weaknesses in internal control over major programs?	_____	_____	_____
b. Material noncompliance relating to a major program?	_____	_____	_____
c. Known and likely questioned costs that are greater than \$10,000 for a type of compliance requirement for a major program?	_____	_____	_____
d. Known questioned costs that are greater than \$10,000 for a federal program that is not audited as a major program?	_____	_____	_____
e. The circumstances concerning why the report on compliance for major programs is other than an unqualified opinion?	_____	_____	_____
f. Known fraud affecting a federal award? (An audit finding is not required if the fraud was reported outside the entity as required by GAS.)	_____	_____	_____
g. Instances of material misrepresentation by the auditee of the status of any prior audit findings? [AAG-SLA, par. 10.63]	_____	_____	_____
23. Does the audit finding detail include, as applicable:			
a. A reference number?	_____	_____	_____
b. Identification of the federal program and award, including CFDA title and number, federal award number and year, name of federal agency, and name of pass-through entity? ¹⁰	_____	_____	_____
c. The criteria or specific requirement upon which the audit finding is based, including the statutory, regulatory, or other citation?	_____	_____	_____
d. The condition found, including facts that support the deficiency identified?	_____	_____	_____
e. Identification of questioned costs and how they were computed?	_____	_____	_____
f. Information to put the finding in proper perspective for judging the prevalence and consequences of audit findings? ¹¹	_____	_____	_____
g. The possible asserted effect of the condition?	_____	_____	_____
h. Recommendations to prevent future occurrence of the deficiency?	_____	_____	_____
i. Views of responsible officials of the auditee when there is disagreement with the audit finding, to the extent practical? ¹²	_____	_____	_____
j. If the auditor disagrees with the auditees position concerning a finding, a statement of his or her reasons for rejecting it? [AAG-SLA, pars. 10.64 and 10.65]	_____	_____	_____

¹⁰ When information such as the CFDA title and number or federal award number is not available, the auditor should indicate that fact and should include the program's name and, if available, other identifying number. [AAG-SLA, par. 10.64a]

¹¹ Where appropriate the instances identified should be related to the universe and the number of cases examined and be quantified in terms of the dollar value. [AAG-SLA, par. 10.64e]

¹² If the auditee's corrective action plan is available and contains the views of the responsible officials, the auditor can indicate in the finding that the auditee disagreed with the finding and refer to the details of the auditee's position in the plan. [AAG-SLA, par. 10.64h]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Data Collection Form¹³			
24. Has the auditor completed the appropriate parts of the data collection form?	_____	_____	_____
25. Has the auditor signed the form and dated it as of the date on which he or she completes and signs the form? [AAG-SLA, par. 10.72]	_____	_____	_____
26. Does the information on the data collection form agree to the information in the auditor's reports and the summary of auditor's results in the schedule of findings and questioned costs? [Federal Audit Clearinghouse, Data Collection Form, No. SF-SAC]	_____	_____	_____
Program-Specific Audits			
27. In a program-specific audit performed in accordance with A-133, are the following reports issued: ¹⁴			
<i>a.</i> A report on the financial statement(s) of the federal program?	_____	_____	_____
<i>b.</i> A report on compliance with requirements applicable to the federal program and on the internal control over compliance in accordance with the program-specific audit option under Circular A-133?	_____	_____	_____
<i>c.</i> A schedule of findings and questions costs for the federal program? [AAG-SLA, pars. 11.08 and 11.09]	_____	_____	_____
28. Do the reports on the financial statements and on compliance and on internal control over compliance for a program-specific audit conform to the standard reports illustrated in Examples 6 and 6a in AAG-SLA? [AAG-SLA, par. 11.10 and App. D]	_____	_____	_____

¹³ The Federal Audit Clearinghouse accepts on-line submissions of all data collection forms at <http://harvester.census.gov/sac>. The data collection form and related instructions can be obtained from the Clearinghouse's Web site or by calling (888) 222-9907.

¹⁴ If the financial statement(s) of the program only present the activity of the federal program, the auditor is not required to issue a separate report to meet the financial reporting requirements of GAS. This is because, in many cases, by definition the financial statements of the program consist only of the schedule of expenditures of federal awards. See the further discussion in paragraph 11.10 of AAG-SLA.

FSP Section 13,400A

References to Illustrative Financial Statements

.01 This publication does not incorporate illustrative basic financial statements, notes to the financial statements, or required supplementary information (RSI) for governmental financial reports prepared in conformity with the financial reporting model and note disclosures prescribed by GASB 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, or other effective GASB pronouncements, such as GASB 38, *Certain Financial Statement Note Disclosures*. Such illustrative material can be found in nonauthoritative appendixes to various GASB pronouncements, including GASB 34 and 38, and the GASB staff’s *Comprehensive Implementation Guide*.

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