

National Federation of Municipal Analysts
Recommended Best Practices in Disclosure for Local Government
General Obligation Debt



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Since its inception in 1983, the National Federation of Municipal Analysts (NFMA), has been at the forefront of efforts to improve disclosure of credit and market risks that have faced analysts and investors in the taxable and tax-exempt municipal bond markets. The NFMA's work in this regard has been recognized by other industry associations and by various regulatory bodies. The NFMA organization is composed of nearly 1,400 members, primarily research analysts, who evaluate credit and other risks of municipal securities. These individuals represent mutual funds, insurance companies, broker/dealers, bond insurers, and rating agencies, among other stakeholders.

One of the main initiatives of the NFMA is intended to promote timely and complete disclosure of the financial and operating information needed to assess the credit quality and risk of a municipal debt issue. The NFMA's efforts have ranged from broad, disclosure-related issues to more detailed, sector-specific work such as these Recommended Best Practices (RBPs) in Disclosure papers. For further information on the NFMA's continuing work in the area of disclosure, please see the "Disclosure Guidelines" and "Position Statements" pages of the organization's website at www.nfma.org.

In order to develop RBPs in Disclosure for a specific sector, NFMA analysts work with non-analyst professionals such as municipal issuers, industry groups, bond counsel, underwriters, and so on, who specialize in the particular area of the disclosure to develop best practices guidelines. RBPs are descriptions of the sector-specific financial and operating information needed to enable investors and other market participants to assess risk. The NFMA believes that the best practice in disclosure is one that provides a steady flow of timely information from borrowers to the market. Initial drafts of the RBPs in Disclosure are widely circulated, and input is then solicited from interested parties during an industry comment period. The paper is then revised to incorporate the feedback received.

This paper presents the NFMA's Recommended Best Practices in Disclosure for Local General Obligation Debt, applicable to a broad range of local governmental issuers and school districts issuing general obligation (GO) debt of various size and complexity. These guidelines are applicable to debt secured by a general obligation pledge, repaid from general fund or other local resources that may include property taxes and other non-dedicated sources of revenue. The guidelines are also applicable for local appropriation debt, moral obligation debt and local pension obligation bonds. The NFMA understands that *this RBP is not intended to be a one-size-fits-all recommendation and that all the information requested may not apply to every transaction in the sector.*

This document is intended to provide guidance for issuers in preparing initial and secondary market disclosure. Recommendations include disclosure items to help issuers comply with undertakings under SEC Rule 15c2-12 (the Rule) which relates to an issuer's commitment to provide continuing

disclosure on an annual basis of the type included in the initial offering statement (see <http://www.sec.gov/> for further information). In addition, the NFMA is providing sector-specific recommendations in the breadth, depth and frequency of secondary market disclosure that will help municipal analysts and other market participants evaluate credits more accurately. The implementation of RBPs will help improve (1) credit risk assessment; (2) transparency in pricing and valuation; (3) liquidity of outstanding bonds; and (4) market acceptance of future debt issuance.

TYPE AND FREQUENCY OF RBPs IN DISCLOSURE BY LOCAL GOVERNMENTS

Primary Market Disclosure

At the time of the initial bond offering, the offering document (official statement or OS) should include summaries of the legal documents, information on the use of the funds, the legal pledge of the issuer to repay the debt, and current economic, financial and operating data relevant to that pledge upon which credit ratings and investment decisions are based. The OS also includes a summary of the pledge by the issuer to provide Secondary Market Disclosure to the investing public, stating the frequency with which it will provide annual disclosure under the Rule as well as interim data.

Secondary Market - Annual and Interim Disclosure

The most common annual secondary disclosure document for local governments is the Comprehensive Annual Financial Report (CAFR), which includes audited financial statements and relevant statistical data, including updates on the type of key information provided in the OS. These items include such things as the annual property tax levy and collection information, assessed valuation, largest taxpayers, and largest employers.

However, the NFMA strongly urges local governments with outstanding bonds to issue secondary market updates on a more frequent basis as financial and operating information can grow stale and inaccurately represent an issuer's credit profile. *In general, interim financial disclosure is recommended on at least a quarterly basis, although a monthly basis is preferable for cash flow statements. Information to be included in an interim disclosure document need only include items which have changed since the last disclosure document (OS, annual report or last interim disclosure document) was produced. It is expected that most items recommended to be included in interim disclosure documents are already being produced, often publicly available, and understood to be unaudited.*

The NFMA's general guidelines for RBPs in Secondary Market Disclosure include the following:

1. Audited financial statements should be available to interested parties within six months of the issuer's fiscal year end;
2. Any material event notices, including those required under the Rule, released in accordance with the Rule and referenced in the interim disclosure document either immediately preceding or following the event notice;

3. All disclosures are recommended to be made through the use of the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access (EMMA) website (available at <http://emma.msrb.org/Home>);
4. The NFMA strongly encourages issuers to create investor relations sections on their web sites for the purpose of posting annual and interim financial and other disclosure information that is available in addition to the use of EMMA; and
5. The NFMA also encourages issuers and/or their representatives to respond promptly to questions from the investing public about credit matters on outstanding obligations by returning calls and emails promptly.

HOW TO USE THIS PAPER

CATEGORIES FOR RBPs

There are eight major categories of this RBP, each containing specific items deemed to be material in assessing credit risk. These sections are:

- I. General Disclosure Items
- II. Demographic/Economy
- III. Financial Statements
- IV. General Revenue Base
- V. Expenditures
- VI. Debt and Financial Obligations
- VII. Pensions and Other Postemployment Benefits (OPEBs)
- VIII. Cash Flow Financings

As previously stated, this RBP is not intended to be a one-size-fits-all recommendation. All the information requested may not apply to every transaction in the sector.

Three Columns - Description and Meaning of “X” and “*”

To the left of each item are three columns indicating whether the item should be disclosed in the Official Statement and updated in the Annual Disclosure and/or in the Interim Disclosure. Members of the NFMA who are analysts in this sector provided guidance on the type of information and frequency of updates needed to determine the creditworthiness of a local government GO bond.

An “X” in the box indicates whether the item is to be disclosed in the Official Statement, the Annual Disclosure (Audited Financial Statements), and/or in Interim Disclosure Documents. We recommend that items marked with an asterisk (*) be included in the Annual Disclosure and/or Interim Disclosure Documents when the information originally disclosed has changed. These items should be in both the official statement and updated in secondary market information or interim disclosure, but, as mentioned above, all the information should be made available on a timely and easily accessible basis.

Appendix I: Examples of Disclosure Formats for Issuers

The Appendix follows the eight major sections of this paper. It consists of 12 charts providing examples of formats for issuers to review for efficient presentation.

Appendix II: Additional Disclosure Items for School Districts

This Appendix includes additional primary and secondary disclosure items that are specific to issuers of public school district debt. Recommended Best Disclosure Practices for Charter Schools are found at www.nfma.org, under Resources/Best Practices in Disclosure.

I. GENERAL DISCLOSURE ITEMS

This first section presents items that are fundamental to providing a useful set of disclosure documents for local general obligation bond issuers regardless of size, frequency of issuance, or bond structure.

Official Statement	Annual Disclosure	Interim Disclosure	
X			<i>Index or table of contents:</i> Include an index or table of contents that lists each substantive item in the offering.
X	*	*	<i>Ratings:</i> Include ratings and outlooks on both identified bond insurer/credit enhancer (e.g., letter of credit/standby bond purchase agreement, or LOC/SBPA, provider), if applicable, and underlying issuer. Material events notices and secondary market disclosure should include any known rating and/or outlook changes.
X			<i>Introduction:</i> This should be an overview of the offering expressed in plain English. A brief discussion of security provisions, including a cross reference to market and risk factors if these appear anywhere in the document, should be provided.
X	*		<i>Description of the security and nature of the obligation:</i> A detailed recital of the security provisions of the transaction that include: (a) a clear description of the general obligation or appropriation pledge, (b) discuss if the GO is an unlimited or limited tax obligation and if there is a statutory lien, (c) if there is a full faith and credit pledge, (d) if it is self-supporting

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Statement **Disclosure** **Disclosure**

or non-self-supporting, (e) the priority of general obligation or appropriation debt service payments from the general fund, (f) mechanics of the pledge and priority of debt service in the budget, (g) appropriation and allocation of general fund or other pledged resources to the debt service funds, and (h) the legal authority to use state resources to pay debt service. If the security carries a guarantee, enhancement or bond insurance, a full description of the nature and terms of the guarantee, enhancement, or bond insurance should also be included. In this case, a sample policy or a copy of the form of enhancement or guarantee document should be included as an Exhibit.

X *Applicable to appropriation obligations:* Debt service reserve fund requirements and the authority to substitute a reserve fund credit facility should be disclosed. If a facility will be used, indicate both the type of facility and the percentage and dollar amount of the reserve fund that will be funded by the facility. Also include information on minimum ratings that must be maintained for any facility or substitute and detail the replacement of the facility as required. Identify the nature of and limitations on any obligation to appropriate any revenues that will be the source or repayment for the facility if drawn upon (e.g., abatement risk in California).

X *Authorization and purpose of the issue:* In addition to detailed information about the statutory authority for issuing the debt, important features to include in this section are (a) whether the financing is new money, a refunding, or combination thereof; (b) voter authorization—where the authorization is from voter approval, provide the total number of eligible voters or the percentage of voter turnout and the number of votes received both for and against the measure; (c) use of proceeds—provide a summary of the principal purposes for which the proceeds are to be used, being as explicit as possible about the projects to be financed; and (d) specifically mention any projects (and their cost) that involve private use or any public/private partnerships.

X *Book-entry-only system description:* Although this information is obtained from the depository trust company, it should be routinely checked for accuracy so that any changes are properly included.

Official Statement	Annual Disclosure	Interim Disclosure	
X	*		<i>Certification (if applicable):</i> Provide a representation that the obligations have full force and effect of the applicable laws; any pending litigation regarding issuance of this and/or any other debt, as well as if there is any pending litigation regarding repayment of any obligation; and provide a description of any substantive, material items not included in the offering document that will be signed and delivered at the closing and if any materials or documents are incorporated by reference.
X	X	*	<i>Events notices:</i> Issuers are encouraged to provide timely and complete ongoing information of material events and other substantive developments that will facilitate an efficient market for their debt and enhance market acceptance of future debt issuances.
X	*	*	<i>Continuing disclosure:</i> The Official Statement should include the continuing disclosure undertaking or indicate its exemption from SEC Rule 15c2-12. In addition, a statement regarding compliance with prior undertakings (that have been implemented for a minimum of five years prior to any bond offering), filings of events notices along with an explanation of any noncompliance, and details about the procedures that have been put in place to ensure future compliance with the disclosure undertakings should be included. The statement should also identify the individual or entity responsible for disclosure filings, and their contact information should be provided.
X	*		<i>Default events:</i> Identify events of default. Provide a discussion of any special provisions that may affect remedies or recovery upon default. These would include all information about the types of remedies available to bondholders, such as any limitation to <i>mandamus</i> actions or an absence of the right to accelerate payment of the debt.
X	X	*	<i>Programs and procedures to assist problematic entities:</i> Identify special state-level programs or procedures for assisting distressed municipalities, state agencies, and so on. Provide a discussion of prior and/or current assistance including subsidies, state guarantees, credit enhancement programs, and moral obligation pledges, including deficiency replenishment obligations. Discuss vulnerabilities to any off-balance sheet obligations. Identify current costs incurred, if

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any, and expected near-term costs in providing any forms of assistance. Indicate whether Chapter 9 is permitted under state law and identify the party or parties responsible for its authorization. Disclose any attempted or actual prior local municipal bankruptcies and their ultimate outcome. Discuss the financial impact of these bankruptcies to the state's economy and/or to local entities within the state.

X	X	*	<p><i>Pending referendums or other measures:</i> Include notice of any pending referendums or measures and results subsequent to election that may affect the financial future or organizational structure of the subject entity. Issuers should provide the name and reference or other identifying number(s) or character(s) and, if possible, a brief description of any pending measures or referendums.</p>
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X			<p><i>Legal matters and tax matters:</i> Include a statement that the offering is legal, valid, and binding on the issuer, as well as what, if any, tax-related issues are addressed (i.e., the issue is federally tax exempt, subject to the alternative minimum tax, state income tax exempt). The information in this section should be as complete as possible so that a user may gain a full appreciation for the tax issues involved with owning this security and that may require a consultation with their tax advisor. The name, city, and state of any lawyers or law firms that are giving the opinions described should be included.</p>
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In addition, if the obligations are being offered on the basis that interest on them will be exempt from gross income for federal income tax purposes, the projects to be financed or refinanced with the proceeds of the obligations should be reviewed with a nationally recognized bond counsel and a statement to that effect provided; this statement should include a covenant by the issuer that these projects will not be used in a manner that will adversely impact the treatment of interest on the obligations for federal income tax purposes.

	*	*	<p><i>Legal and tax status (continuing):</i> Changes in the legal or tax status of the bonds should be disclosed. The disclosure should include notice of any legal opinions regarding the validity or tax-exempt status of the transaction or any required tax call that is rendered subsequent to the initial sale of the securities.</p>
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This disclosure should be made available as soon as practical. It should indicate if bonds are currently under IRS audit or have been in past, and should indicate settlement, if any.

The following eleven questions should be asked and the responses clearly indicated for all Build America Bonds (BABs) and other direct subsidy debt issues:

X	*		1. Has there been a proper designation in the resolution or trust agreement as a BAB obligation?
X	*		2. Has the issuer established procedures for filing the necessary CP with the IRS?
X	*		3. Is the BABs subsidy pledged to repayment of bonds? If yes, to which bonds has the subsidy been pledged?
X	*		4. If pledged, declare whether the subsidy payment is being sent directly to trustee or paying agent for deposit into interest account.
X	*		5. If the BABs subsidy is not pledged to bond issue, is its use otherwise restricted?
X	*		6. Are the BABs issues classified as either direct-pay or subsidy?
	X	*	7. Has the US Treasury offset any subsidy payment?
X	X	*	8. Would any triggers result in the loss/reduction of subsidy payment?
X	X	*	9. Are there any redemption provisions, including make-whole provisions? If so, identify them.
X	X	*	10. Are there any triggers that could result in acceleration of the bonds? If so, identify them.
	X	*	11. Are there any bond calls? If so, discuss them.

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X	X	*	<p><i>Litigation and resolution:</i> Fully describe any known or pending litigation that may have a potential materially adverse financial impact on the issuer or its operations. Include actual or potential loss amount and possible impact as a percentage of the budget.</p>
X			<p><i>Risk factors/Special considerations:</i> Although not typically applicable to general obligation issues, this section of the disclosure document will be important for appropriation debt (i.e., leases in California) as well as for other special types of debt to which this RBP paper applies (i.e., limited tax debt, etc.). This section should provide a plain English explanation of the specific risks—that is, the abatement risk—inherent in the unique features of the debt. It should include a cross reference to the Market & Risk Factors section that is found in the offering statement. Risk factors should include a disclosure of an issuer’s vulnerability to natural occurrences (i.e., earthquakes, flooding, hurricanes, etc.) if such risks exist that would materially change the pledged revenues for the bonds. A discussion of mitigations in place will provide context for such occurrences.</p> <p>This section would be invaluable to retail investors who may have a more limited knowledge of the risks inherent in the transaction than an institutional investor has.</p>
X	*	*	<p><i>Contact information for outside firms involved in the financing:</i> Provide contact information for all firms that assisted in the preparation and sale of the securities. Include name of the firm, role, full address and contact information. Include website address and current contact information (email and phone number).</p> <p>Examples of the outside firms for which contact information should be provided are as follows:</p> <ul style="list-style-type: none"> • Financial advisor • Underwriter • Remarketing agent • Paying agent • Trustee • Placement agent • Credit enhancer (e.g., bond insurer or letter of credit provider)

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- Bond counsel
- Underwriter’s counsel
- Disclosure counsel
- Any other legal advisor
- Dissemination agent

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Contact information for issuer: Identify key leadership and administrative personnel with term or replacement provisions, as well as the name, title, telephone number, e-mail, and mail address of a contact person who will be able to answer questions related to the disclosure document (i.e., Investor Relations). If there are any known or potential conflicts of interest among the professionals and/or the issuer, these should be clearly described.

II. DEMOGRAPHIC/ECONOMY

Some of the following information may already be in the statistical section of the issuer’s CAFR. Where that is the case, it is preferable for the statement to include or provide a link to the CAFR. It is recognized that, depending on the size and location of the issuing entity, not all of the following statistical information may be available. However, issuers are encouraged to disclose as much of the recommended information as is reasonably available. Issuers may include substantially similar information prepared by an alternative authoritative source (e.g., the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, state agency, state economic council, or statistics that are regularly compiled and published by a university).

Official Statement	Annual Disclosure	Interim Disclosure	
X	X		<i>A concise general history of the issuer:</i> This should include the location, size, region, founding date, history, transportation access, major economic sectors, major industries, recreational opportunities, professional sports teams and demographics.
X	X	*	<i>Description of the governmental structure/organization:</i> This should include the organizational structure of the issuer’s government; the powers and sources of authority; geographical boundaries; a list of primary services that the issuer provides; and a list of principal officers and administrators. Interim market disclosures should include any significant changes to these parties.
X	X	*	<i>General description of the economic base:</i> This should include current land use (percentage of land that is designated commercial, residential, industrial, agriculture, utility, etc.), major industries, transportation, and land use limitations or similar information regarding the underlying tax base. Information on the classification methodology used should be provided.
X	X	*	<i>Discussion of the issuer’s economic development initiatives:</i> Describe efforts made at economic development and the broadening of the issuer’s tax base that can assist the issuer in weathering recessionary challenges while simultaneously meeting its service and debt payment mandates.

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X	X	*	<i>Discussion of any issuer economic reports/forecasts and/or outlooks:</i> The most recent data from the US Census Bureau or the U.S. Bureau of Labor Statistics, as applicable, should be provided for the following items: references to “region” refer to the issuer’s county, metropolitan area, Core Based Statistical Area (CBSA) or region, as applicable, depending on the availability of information.
X	X	*	1. The population data for the five decennials and previous five years, US Census data, and the most recent year’s estimate, including period percentage changes and Compound Annual Growth Rates (CAGRs). Include relevant growth rate comparisons to the county, region, state and the nation.
X	X	*	2. A breakdown of the percentage of population by age group (0–18; 19–64; 65 and older). This will be particularly important if the issuer has income tax as a revenue source. These data should be disclosed for the region, state and the nation as well to determine migration patterns, in and out.
X	X	*	3. Median age for the issuer, region, state and nation.
X	X		4. Nominal GDP for the issuer, region, state and nation, with five year trends, if available, including annual percentage changes and CAGRs.
X	X		5. Real GDP for the issuer, region, state and nation, with five year trends, if available, including annual percentage changes and CAGRs.
X	X		6. Total compensation for the issuer, region, state and nation, with five year trends, if available, including annual percentage changes and CAGRs.
X	X		7. Per capita income for the issuer, region, state and nation.
X	X		8. Median household income for the issuer, state and nation.
X	X		9. Median home value for the issuer, region, state and nation.

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X	X		10. Earnings by economic sector in the issuer and nation.
X	X		11. Civilian labor force in the issuer, region, state and nation, with five year trends, if available, including annual percentage changes and CAGRs.
X	X		12. Breakdown of wealth by income bracket in the issuer, region, state and nation (under \$50,000; \$50,000-\$100,000; over \$100,000).
X	X		13. Individual poverty rate for the issuer, region, state and nation.
X	X		14. Breakdown of population by level of education in the issuer, region, state or and nation (no high school degree; high school degree, college degree).
X	X	*	15. School enrollment for school district or a non-school district issuer if the issuer contains a contiguous school district; identify number of charter schools, if any.
X	X		16. Place of birth in issuer, region, state and nation (born in state; born in other U.S. state; foreign born).
			For years between decennial censuses, provide the following information from authoritative sources:
X	X		1. Any relevant non-US Census population data for non-decennial years for the state, region and nation.
X	X		2. Per capita income from the Bureau of Economic Analysis (BEA) or other authoritative sources.
X	X		<i>Construction statistics:</i> Ten-year history of construction statistics, if available, showing number and value of permits, preferably by type (residential, commercial, etc.), including annual percentage changes and CAGRs.
X	X		<i>Taxable sales history:</i> Ten-year history of taxable sales (dollar volume).

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X	X	*	<i>Largest employers:</i> Top ten public and private sector employers with number of employees and nature of business. Any recent or pending changes in the top ten employers should be disclosed, as well as the number of public employees.
X	X		<i>Unemployment statistics:</i> Ten years of annual unemployment statistics and statistics for the most current year on a month-by-month basis. Unemployment rates should be for the subject issuer as well as, if appropriate, the region, state and nation.
X	X		<i>Operating Data Summary:</i> Breakdown of economic and demographic Statistics. See Chart 1 in the Appendix.
X	X		<i>Employment by Industry.</i> See Chart 2 in the Appendix.
X	X		<i>Financial and Tax Base.</i> See Chart 3 in the Appendix.

III. FINANCIAL STATEMENTS

Official Statement	Annual Disclosure	Interim Disclosure	
X	X	*	<i>Audited financial statements:</i> Each offering statement should include the most recent annual audited financial statements and, if available, unaudited interim statements for the preliminary official statement (POS), with the related notes and appropriate auditors’ opinion, and Required Supplementary Information (RSI), for the most recent audit period. Financial statements should preferably be prepared in accordance with Generally Accepted Accounting Principles (GAAP) using general fund accounting for the issuer’s major governmental funds. Once the debt is in the marketplace, annual audits should be provided to investors within six months of the fiscal year end. Where available, the CAFR should be included. Any interim disclosure document (i.e., any changes in revenue consensus, economic forecast, capital plans) produced after the audited financial statements have been submitted should indicate the date on which the audit had been submitted.
	X		<i>Management discussion and analysis of financial results (MD&A):</i> This section should include a discussion of any events or situations that may have a bearing on the issuer’s ability or willingness to fulfill its responsibilities in terms of the timely repayment of the obligation. If the issuer includes an MD&A in its financial statements, it may provide a cross-reference to the MD&A therein.
X		*	<i>Management administrative policies and procedures:</i> A discussion of management and administrative policies and procedures relating to financial oversight should include the budgetary process as it may affect the repayment of debt, voter approval requirements, financial controls, and monitoring provisions.
X	X	*	<i>Continuing disclosure commitment:</i> Any disclosure commitment and the status of compliance with such commitment should be disclosed.
		*	<i>Significant events:</i> Any reporting of significant events as provided in the issuer’s Continuing Disclosure Commitments should be disclosed.

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The following additional information should be provided if not included in the annual audit:

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| X | X | | 1. <i>Programs:</i> A description of the programs that are covered by the major operating funds in the basic financial statements. |
| X | X | | 2. <i>Revenue Recognition:</i> The period of availability used for recognition of revenues in the governmental fund financial statements. Some revenues are viewed as available after the close of a fiscal year. For example, tax collections outstanding for up to 60 days after the close of the fiscal year are typically counted as available for that given fiscal year since they are considered highly collectable. |
| X | X | * | 3. <i>Summary Budgets:</i> The current year’s summary budget (both original and final) and the subsequent year’s budget, if adopted; this includes the general fund and any major operating funds, including projected general fund balance. Updated information should be included in interim disclosure statements following the adoption of the budget and including mid-year and emergency adjustments. |
| X | X | * | 4. <i>Major Revenue Sources:</i> Identify major revenue sources equal to 10% or more of general fund revenues or the top five categories of major sources of revenue. |
| X | X | | 5. <i>Total Governmental Funds Information:</i> Five-year historical total governmental funds financial information should be presented in a separate table in addition to presenting in tabular form five-year historical general fund financial information. The table should present the governmental fund statement of revenues, expenses and changes in fund balances or net position as presented in the issuer’s annual audited financial statements. This should be cross-referenced to the reconciliation in the audit. |

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X	X	
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6. *Depreciation:* Include a discussion of which capital assets are being depreciated and how they will be valued if other than on the basis of historic records. Of particular concern, would be the valuation of general infrastructure networks and sub-systems. If certain capital assets are being depreciated on differing bases, please note; note if the “modified approach” is adopted.

IV. GENERAL REVENUE BASE

Disclosure should focus on the resources that support the debt being offered. The debt service for most local general obligation bonds and appropriation debt is funded from resources available to repay the debt. If there is a specific pledged revenue supporting a general obligation bond or appropriation debt program, information on that revenue source should also be disclosed. With a double-barreled bond, secured by a dedicated tax such as a sales tax but ultimately secured by the full faith and credit of the entity, disclose both the general/operating funds and the dedicated tax as is appropriate.

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A. Major Revenue Sources

After the appropriate revenue sources have been determined, the following should be disclosed:

X	X	*	<i>Revenue categories:</i> Identify any category of revenue that represents more than 10% of general fund or operating fund revenues, or the top five revenue sources, whichever is larger in terms of dollar contribution. To the extent that a category of revenues encompasses several distinct sources of revenue, they should each be disclosed separately. For example, taxes may be consolidated as a single line item in the financial statements. To the extent that the entity collects a variety of taxes or other revenue (such as property tax, income tax, sales tax, etc.), disclosure of each tax source that meets the above-sized criterion would be appropriate.
	*	*	<i>Change in legal basis for revenue:</i> Identify any and all changes in the legal basis for revenue.
X	X	*	<i>Method of assessing the revenue:</i> Items such as tax rates, tax base, assessment, and other relevant valuation practices should be identified, as well as equalization or other adjustments to the method of levy. For specific disclosure recommendations, see the specific sections below. Audit programs and remedies for under-collection should also be discussed.
		X	<i>Current versus budget and prior amounts:</i> Year-to-date major revenues versus the budget and prior year amounts should be included in interim disclosure statements.

Official Statement	Annual Disclosure	Interim Disclosure	
X	X		<i>Historical data:</i> Ten years of historical data for all relevant revenue sources should be made available. This can be accomplished by providing, on a single page, a chart of all the revenues and expenses for each of the last ten years. Note significant changes in the rate or base on which the tax is levied.
X	*	*	<i>Major changes:</i> To the extent that there is a change of $\pm 5\%$ in annual revenues from any one major revenue source, that is not explainable from normal economic cycles or a previously disclosed rate change, a discussion of the leading factors behind such changes should be included.
X	X		<i>The top ten payers for major revenue sources:</i> To the extent that information about the top ten payers is not available because of laws protecting taxpayer confidentiality, a statement to that effect should be made to indicate that this is the case and an identification of the top payers by sector type should be made if applicable.
X		*	<i>Distribution of taxes:</i> Describe how the various taxes are distributed to the entity and what governmental entity collects the taxes. Indicate whether the distribution is prorated or guaranteed, the timing of collection, and who is responsible for collecting delinquencies. Indicate whether that entity fronts for collections for the entity or other entities.
X	X	*	<i>Specific tax collection:</i> If there is any legal or practical distinction made in the way a specific tax is allocated, show the breakdown of such for each year as the percentage allocation of taxes and any year-over-year changes in allocation percentages.
X	X	*	<i>Tax appeals information:</i> Provide an explanation of any tax appeals process and a discussion of substantive pending appeals. Discuss potential liability. Identify reserves and indicate whether or not the entity has the ability to issue debt to satisfy any claims. Where the entity has financed tax refunds, a schedule of the amounts of such financings should be disclosed.

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B. Property Tax

X	X	*	<p><i>Derivation of property tax revenues:</i> In addition to the discussion above, provide assessed and market valuations and any state equalized valuations, home price, and construction permit trends. Provide a breakdown of residential, commercial, industrial, utility and agricultural assessed and market valuation trends for the most recent five years. Identify valuations as real or personal property. Provide a breakout of jurisdictional and overlapping tax rates. Describe any levy rate limitations as to rate and amount, and discuss any voter overrides. Discuss property tax assessment procedures and schedule; delinquency/foreclosure procedures including lien sales (identify as recourse or non-recourse sales); discuss differences between assessed and market values; and provide the value of non-taxable property and the value of any PILOT programs.</p>
X	X	*	<p><i>Tax collection:</i> Identify who levies and collects the tax and who is responsible for delinquencies. Specify current and total tax collection rates over the past ten years.</p>

C. State Aid and Revenue Sharing

X	*	*	<p><i>Legal basis and type:</i> Identify the legal basis for the distribution of state funding and whether it is contingent on certain actions of the local government, such as taxing effort.</p>
X	*	*	<p><i>Source of funding:</i> Discuss whether it is from a specific source of state revenue, such as a state-wide sales tax, is based on a formula, or is at the annual discretion of the state. Specify whether the source is subject to state appropriation or is distributed by statute.</p>
X	X	*	<p><i>Restrictions on use:</i> Discuss any restrictions.</p>
X	*	*	<p><i>Distribution:</i> Identify the manner in which the revenue is distributed, such as by local population, student counts, local taxing effort, geographic size, etc.</p>
X	X		<p><i>Performance:</i> Indicate the trend in each major (greater than 5% of total governmental revenues) source of state funding.</p>

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D. Federal Grants

	*	*	<i>Grant value and recipients:</i> For any grant that constitutes more than 5% of total governmental revenue. Identify the dollar value of federal grants and broadly identify the purposes for which federal grants may be used (i.e., health, income security, education, housing, etc.).
X	*	*	<i>Grant restrictions and possible loss:</i> Discuss restrictions on the use of grants and identify circumstances under which grant revenues may be reduced or removed entirely. Discuss alternatives that can be used to replace any reduced or lost grants. Discuss any matching funds requirements.
X	X		<i>Grant receipt history:</i> If material, provide the ten-year history, if available, of grant receipts and the percentage of total operating revenues.
X	X		<i>Grant use controls:</i> Disclose the internal controls of the state that are in place to ensure accountability for grant use. Disclose whether the state, its agencies, and its institutions meet the requirements of the Single Audit Act and Circular A-133. If not, explain the applied remedy.

E. Other Revenues and Financing Sources

If inter-fund transfers are a significant source of revenues to a general fund and the financial statements consolidate all transfers into a single item, are made outside the normal course of business, or are not paid within one year, the disclosure document should provide additional information on significant transfers, if relevant, such as:

X	X		1. An analysis of inter-fund payables and receivables by individual major fund, non-major funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type.
X	X		2. Description of the purpose for inter-fund balances that are not expected to be repaid within one year from the date of the financial statements.

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X	X		3. Identification of the amounts transferred from other funds by individual major fund, non-major funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type.
X	X		4. Description of the principal purposes of the inter-fund transfers.
X	X		5. Description of the amount of significant transfers that are not expected to occur on a routine and recurring basis.
	X	*	6. Description of the intent and amount of inter-fund transfers when the purpose of the transfer is inconsistent with the activity of the fund making the transfer.

F. Investments

X	*		<i>Investment methods:</i> Discuss the entity's methods for handling the investment of both its short-term operating cash and its longer-term holdings.
X	*	*	<i>Investment policy:</i> Provide the permitted investment policy with details of the various investment options, including whether or not the entity is authorized to hold derivatives.
X	X	*	<i>Asset classes:</i> Specify permitted asset classes and liquidity.
X	*		<i>Investment holdings:</i> Identify the method and frequency of valuing investment holdings. Indicate whether marked to market accounting is employed.
X	X		<i>Asset class deletion:</i> Where investments are material relative to the size of operating revenues, identify and quantify specifically any class of investments held during the fiscal year but not at year-end (e.g., derivatives).

V. EXPENDITURES

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X	X		<i>Expenditure items:</i> For each major category of expenditure (top 5 or any that exceed 10% of spending, whichever is a larger dollar amount) on the statement of revenues and expenditures (such as police, parks and recreation, public works) -- provide a short explanation of its composition as well as information about any expected trends. The trend information should include only that which is known and publicly available, such as changes to staffing levels, newly adopted changes in salaries for a class of employee or a change in the amount of pension contributions made.
X	X		<i>Interest and principal expenditures:</i> Identify annual interest and principal expenditures for prior and current year for each type of general fund-backed bond (i.e., GO, appropriation, etc.).
X	X	*	<i>Legal basis of expenditures:</i> Provide evidence of the legal or statutory basis for any expenditure that is specifically driven by changes in revenue. For example, a social program that generally relies on state funding should be disclosed. Expenditures related to dedicated revenue programs should also be discussed. Discuss mandated programs that would need to continue to be funded even in the absence of state or federal support.
X	X	*	<i>Expenditure flexibility:</i> How much could each major item be reduced without affecting core services or risking violation of legal or practical requirements, such as health and safety regulations, collective bargaining rules, or state laws such as educational class size minimums?
		X	<i>Current versus budget and prior amounts:</i> Year-to-date major expenditures versus budget and prior year amounts should be included in interim disclosure statements. Discuss remedies for significant over-expenditures, if any.
X	*	*	<i>Performance:</i> Provide indicators of expenditure performance through recessionary times. Identify percentage drop in revenues that would lead to a reduction in or postponement of expenditure categories. Identify legislative mechanisms that require automatic changes in expenditures. Specify current examples of these mechanisms.

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X	X		<p><i>Expense funding:</i> Provide identification of any of the expense categories that are funded from sources other than general revenues and specify those funding sources. Also, if appropriate, there should be a cross-reference to the statement of activities in the audit. Historical data that depicts spending and funding should be provided so that trends in expenses can be seen as changes occur in revenues. For instance, if a portion of the cost associated with public safety expenses in a given year is expected to be covered from a multi-year grant from the federal government, the dollar amount and length of the funding should be disclosed. Also, any public information regarding future funding of the expense should be presented.</p>
X	X		<p><i>Issues regarding public employees:</i> Where there are public employees of the subject entity, a discussion of union membership, any salary increases or benefits provided for in adopted agreements, contract termination dates, status of expired contracts (negotiation, arbitration, etc.) and history of work stoppages, if any, should be included. Identify special pension provisions such as extraordinary cost of living adjustments (COLAs; see the discussion of Pensions and OPEBs in Section VII).</p>

VI. DEBT AND OTHER FINANCIAL OBLIGATIONS

The debt section of the disclosure should describe all types of debt obligations that may have recourse to the general fund. Generally, this will include all revenue from taxes that is not legally dedicated and committed to other specific purposes. In addition to debt with a direct legal claim on the general fund as security, disclosure should also include financial obligations with a less direct claim on the general fund such as capital or operating leases (including any capital leases that are subject to annual appropriation), moral obligations (where the entity promises, subject to appropriation, to replenish the debt service reserve funds), and major contingent liabilities (i.e., guarantees of debt of other entities or component units). The intention is to present information that will give the reader a full appreciation of the scope and magnitude of the debt and any indirect debt obligations owed by the issuer, and to allow for a full evaluation of the debt burden facing the issuer’s constituents. Pensions and OPEB obligations are specifically addressed in Section VII and are not covered here.

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X	X	*	<i>Long-Term General Fund Debt:</i> Itemize all outstanding long-term debt and other capital financial obligations that are secured by general fund revenues (see Chart 4 in the Appendix). If this information is in the CAFR or the audited financial statements, an issuer may provide a cross-reference rather than fill out a separate chart.
X	X	*	<i>Short-Term General Fund Debt:</i> Itemize all outstanding short-term obligations (both fixed and variable rate) that are secured by general fund revenues. For continuing disclosure, information going back at least five years from the date of the disclosure document should be provided, including the size and frequency of issuances. Issuance of cash flow notes should be accompanied by at least five years of historical data (actual versus projections) and current estimates. See Chart 5 in the Appendix.
X	X	*	<i>Other Debt Outstanding:</i> Separately, identify other forms of debt outstanding that are not necessarily backed by the general fund. Clearly identify instances where the debt carries a secondary pledge of payment from the general fund in addition to a separate revenue pledge (a “double- barreled” bond). These additional obligations can be disclosed in a chart form. See Chart 6 in the Appendix.

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X	X		<i>Temporary “Loans”</i> : Provide information about any "loans" to related governmental agencies, (i.e., a general fund "loan" to its economic development agency).
X	X	*	<i>Debt Limitations</i> : Provide a statement of legal or voter-approved debt limitations, and also a description of any formal debt policies or limits.
X	X		<i>Guaranteed Amounts</i> : Disclose contingent or guaranteed debt dollar amounts and the nature of such guarantees.
X	X	*	<i>Debt Burden</i> : Total tax-supported debt as a percentage of total property value, and on a per capita basis.
X	X	*	<i>Capital Plan</i> : Provide a discussion of the issuer’s capital plan to be supported by general fund resources. Identify the portion of the plan that is to be funded through debt issuance as well as the pay-go funded portion. See Chart 9 in the Appendix.
X	X	*	<i>Defaults and Their Remedy</i> : Identify any monetary defaults and remedies, if any, that currently exist or have occurred within the past five years. Identify events that would accelerate the payment of the entire amount of outstanding debt, if any.
X	X		<i>Unissued Debt</i> : Indicate the amount of authorized but unissued debt and its purpose. Identify the dollar limit of additional debt and expectations regarding use of additional debt.
X	X	*	<i>IRS Audits</i> : Discuss any current random IRS audits, or targeted IRS audits within the past five years, and their outcome. If an issuer is subject to audits by a State Comptroller or Attorney General, or any other state or local entities or agencies, acknowledge the presence of these entities and if possible, identify where these independent reports can be located.

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X	X	*	<p><i>Variable Rate Obligations:</i> For variable rate obligations with recourse to the general fund, identify the type of liquidity support, if any (LOC; SBPA; self-liquidity), including the liquidity provider and credit rating and the expiration date of the credit or liquidity facility. Indicate the length of the term out period (the period of time over which an issuer must repay its LOC in order to retire bonds when there has been a failed remarketing) for potential bank bonds, the maximum interest rate during reimbursement period for bank bonds, and the events of immediate termination and suspension. Also describe any put features, such as daily or weekly puts and the terms by which interest rates change. Refer to NFMA’s <i>Recommended Best Practices in Disclosure for Variable Rate Demand and Short-Term Securities</i> (available at www.nfma.org under Resources/Best Practices in Disclosure for additional details.</p>

The following nine items are additional elements that should be disclosed for variable rate obligations:

X		*	<p>1. Sources of payment of tender price and the priority in which funds may be used should be disclosed. Legal provisions should be provided.</p>
X	X	*	<p>2. Indicate if failure of the credit or liquidity provider to pay tender bonds is an event of default. Means of recourse against the bank for non-payment should be described. Describe the method of determining a default rate if a new one is not established or if the tender price is not paid by the obligor or liquidity provider.</p>
X		*	<p>3. Identify terms and conditions under which the bondholders must be notified regarding the substitution or release of the credit enhancer or liquidity provider for a tender or put feature.</p>

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X	X		4. Report the creation of or change in a control relationship between a credit facility or liquidity facility provider and the obligor. Identify and provide background on the ultimate obligor. Disclose if the credit enhancer or bondholders control remedies and whether bondholders are authorized to control if the enhancer is in default.
		*	5. Identify variable rate debt that has been changed into long-term debt.
X		*	6. Discuss appropriate structural requirements that will enable the investor to continue to be paid by the third-party LOC even while the obligor is in bankruptcy proceedings.
X		*	7. Disclose any conditions or terms of the LOC that would affect the investor’s security.
X		*	8. Terms of the LOC should include expiration date; renewal or extension provisions; circumstances that permit termination of the LOC such as mode changes or defeasance of the bonds; the type and timing of payments to be made by the LOC; principal coverage; and both the number of days and the maximum interest rate at which interest payments would be covered. Reinstatement provisions should be disclosed. The remedy for any notice of non-reinstatement by the Trustee and the period during which the remedy can be implemented should also be disclosed.
X	X	*	9. If multiple providers are involved, each provider should be identified along with its degree of participation on both a dollar and a percentage basis, as well as if the third-party obligations are joint or joint and several. The mechanics of adding or substituting providers should be discussed, along with any such change that would lead to a mandatory tender.

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Refer to the NFMA’s *Recommended Best Practices in Disclosure for Variable Rate and Short-Term Securities*, dated August 8, 2012 for more details.

X	X	*
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Direct Bank Loans and Bonds: For direct bank loans and direct purchase bonds, private placements of general obligation or appropriation debt, the purpose of the loan and bonds, and the security for and source of repayment, identifying third-party guarantees, if any. Include the tax status of any interest paid. Indicate whether each is issued on parity with outstanding debt or senior to outstanding general obligation or appropriation debt or debt with a claim on or secured by general fund revenues. Provide copies of loan agreements or private placement documents on EMMA. Discuss covenants, and the maturity and amortization schedule. Indicate any “most favored nation” or similar clause. Identify interest rate(s) and index rate(s) used (such as SIFMA, LIBOR, Bank Rate), fixed or floating, interest rate cap(s), term and structure (short amortization period or hard put), participating banks, administrative details, and up-front fees. The circumstances of acceleration, default triggers, triggers to increase interest rates, performance covenants, and remedies should be provided. Identify cross-default provisions, terms of future agreements, and extraordinary calls on liquidity (such as mandatory purchase).

The above-mentioned items aid in the facilitation of a fair and efficient market by disclosing material information to existing bondholders that may impact security, ratings and pricing. Disclosures would apply whether a bank loan is treated as a “loan” or a “security” under federal securities law. Refer to the *Recommended Best Practices in Disclosure for Direct Purchase Bonds, Bank Loans, and Other Bank-Borrower Agreements, Dated June 2015*. If an issuer has entered into bank agreements that certain information will not be disclosed, then redacted forms of the agreements may be posted on EMMA.

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The following two items aid in the facilitation of a fair and efficient market:

- | | | | |
|---|---|---|--|
| X | X | * | <p>1. Provide the dollar amount and percentage of direct placements to total debt portfolio, including the dollar amount and percentage of expiring bank facilities, or bank financial support agreements, by year, for at least the past five years. Provide information regarding changes, additions to, or reductions in direct bank loans and direct purchase bonds.</p> |
| X | X | * | <p>2. Provide management disclosure describing the source of liquidity in the event of an acceleration or non-extension. Provide pro forma coverage and liquidity (number of days of cash on hand) calculations assuming an acceleration or non-extension upon the maturity of the loan. Refer to the <i>Recommended Best Practices in Disclosure for Direct Purchase Bonds, Bank Loans, and Other Bank-Borrower Agreements</i>, dated June 2015, at www.nfma.org, under Resources, Best Practices in Disclosure.</p> |
| X | X | * | <p><i>Swaps And Derivatives:</i> Provide information regarding existing and forward starting swaps and all other derivatives including, for each identified bond issue: the counterparty, the liquidity provider and credit rating, the swap terms (synthetic floating rate or synthetic fixed rate), the current notional amount, the swap execution date/start date/termination date, the floating rate index and percent, termination and default events, collateral posting requirements by rating levels, the amount of collateral currently posted, and the current swap market value. Provide information if the counterparty has been replaced or been downgraded below investment grade or any other changes in terms or conditions. See also the NFMA’s <i>Recommended Best Practices in Disclosure for Variable Rate Demand and Short-Term Securities</i> dated August 8, 2012.</p> |

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X	X		1. Describe the capacity, power, and legal authority of the issuing entity to engage in swap transactions. Describe the process by which swap contracts are evaluated, approved, and monitored, and include any formal swaps policy. Identify the lien status of particular swap transactions within the structure of the governmental entity’s financings. Discuss any legal issues arising under municipal swap market documentation.
X	X	*	2. Provide a comprehensive disclosure of swap transactions identifying both transactions entered into to modify the risk of future interest rate changes on a series of bonds and those entered into for balance sheet management reasons. This will assist in evaluating the entity’s asset-liability management philosophy.
X	X	*	3. Provide cash flows related to the swaps and the impact those payments may have on financial results. Disclose how any up-front payment received by the issuer through a swap or in exchange for a swaption has been used to meet the issuer’s budgetary or cash flow needs or in the funding of capital projects.
X	X	*	4. Discuss the mechanism for any termination payment that might ultimately be due from the issuer.

VII. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEBS)

Issuers may find that some of the following recommended pension and OPEB disclosures are similar to those provided in GASB Statements. Issuers are encouraged to continue to disclose many of the important elements of funding-based approach reporting, especially actuarially determined liabilities and required contributions as well as funded levels of all local pension and OPEB obligations. The issuer should also provide information related to state-sponsored pensions in which their employees participate. The NFMA also recommends displaying historic data for a ten-year period. Issuers need only provide reference to the applicable disclosure in its audit, CAFR, or other documentation, including actuarial studies (these can be cross-referenced, or a link may be provided). Examples of existing and alternative presentation formats that attempt to capture the relevant data are provided in the charts in the Appendices.

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X	X	*	<i>Pension plans and benefits:</i> The pension discussion should include a brief description of the pension plans and benefit levels, including information about defined benefit and defined contribution plans. Describe the plan’s legal status and priority of payment compared with that of other obligations such as debt service. Identify the authority under which benefit provisions are established or may be amended. Any statutory or constitutional protection of the benefit provisions should be indicated.
X	X	*	<i>Pension plan funding:</i> Discuss funding policy and annual costs. Identify the authority under which funding requirements are established or may be amended. Any statutory or constitutional protection of the funding policy should be indicated. Include 10-year histories of the following: actuarially determined contribution, contributions made, funded ratio, covered payroll, and the unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll. See <i>Chart 10</i> in the Appendix for a brief example of basic actuarial methods and assumptions including the assumed discount rate and amortization period. See <i>Chart 11</i> for a concise method of presenting historical funded status information. See <i>Chart 12</i> for an example of a comparison of historical contributions and contribution requirements. Also, describe recent plan changes and changes in assumptions that may affect the size of the unfunded liability. Describe investment policy, asset allocation, and liquidity and investment rate (actual versus budget).

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X	X	*	Describe the excess earnings policy, if any. Discuss any pension plan reserves and their use. If there is an actuarial report under separate cover, it can be incorporated by reference as well as other third-party reports. To facilitate access to the document, include contact name and phone number or provide the link.
X	X	*	<i>Additional pension data:</i> Some of the following information is not always available in the CAFR or with issuer-specific details. It would be helpful to include the following items in the official statement and continuing disclosure document. If applicable, provide information by plan, and separated between primary government and component units if possible. If, in GASB 67/68 terminology, the plan is a single employer or agent multiple employer plan, the requested data should be presented specifically for the local employer. If the plan is a cost-sharing multiple employer plan, the requested data should be shown for the plan. If available, reference to an attached document is sufficient:
X	X	*	<ol style="list-style-type: none"> 1. Significant assumptions used in the measurement of the net pension liability. These include assumptions related to the discount rate and the impact of 1% increase or decrease in the discount rate on net pension liability; net pension liability and deferred outflows of resources and deferred inflows of resources; and net pension liability as a percentage of the covered-employee payroll.
X	X	*	<ol style="list-style-type: none"> 2. Reconciliation of net pension liability from beginning to end of the most recent fiscal year. If, in GASB 67/68 terminology, the plan is a single employer or agent multiple employer plan, the reconciliation should be presented specifically for the local employer. If the plan is a cost-sharing multiple employer plan, the reconciliation should be shown for the plan, and the local employer's proportionate share factor should be specified.

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X	X	*	3. Identify the year in which the plan’s net assets (net plan position) no longer cover total pension liabilities on a currently projected basis. Identify the average remaining years of employment of employees (active and inactive) plus retirees. If asset depletion is projected to occur before satisfaction of all plan liabilities, include a description of efforts, both completed or planned, by the employer that are expected to avoid such depletion. If such disclosure is confidential or speculative, so state.
X	X		4. Ten-year projection of the actuarially determined contributions and benefit costs.
X	X	*	5. Description of recent plan changes that may affect the size of the net pension liability, future actuarially determined contributions, or asset values. Changes in the investment assumptions; changes in professional management, if any; and changes in actuarial rates should be duly noted. Any eligibility changes should be highlighted. Any provision for COLAs should be disclosed. Whether said COLAs are ad hoc or are by formula should also be disclosed.
X	X	*	6. Describe the basis upon which annual pension contributions may be amortized as opposed to paid in the current fiscal year. Identify the allowable amortization period. Discuss the ten-year history of any amortizations, identifying dollar amounts and fiscal years. Discuss any payment defaults and the remedy.
X	*		7. Describe any taxes or other assessments that are dedicated toward the payment of pension contributions.

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X	X	*	<p><i>Other postemployment plans and benefits:</i> The OPEB discussion should incorporate a brief description of all other postemployment benefit plans, Describe the plan’s legal status and priority of payment compared with that of other obligations such as debt service. Identify the authority under which benefit provisions are established or may be amended. Any statutory or constitutional protection of the benefit provisions should be indicated. Identify those liabilities outside formal written communications with employees that are understood by the employer and employee to be part of the compensation package.</p>
X	X	*	<p><i>OPEB funding and other financial information:</i> Discuss funding policy and annual costs. Identify the authority under which funding requirements are established or may be amended. Any statutory or constitutional protection of the funding policy should be indicated. Include 10-year histories of the following: annual required contribution, contributions made, funded ratio, covered payroll, and the unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll. See Chart 10 in the Appendix for a brief example of basic actuarial methods and assumptions including the assumed discount rate and amortization period. See Chart 11 for a concise method of presenting historical funded status information. See Chart 12 for an example of a comparison of historical contributions and contribution requirements. Describe investment policy, asset allocation, and liquidity and investment rate (actual versus budget). Describe the excess earnings policy, if any. Discuss any plan reserves and their use. If there is an actuarial report under separate cover, it can be incorporated by reference as well as other third-party reports. To facilitate access to the document, include contact name and phone number or provide a link.</p>
X	X	*	<p>Include a reconciliation of the net OPEB obligation from beginning to end of the current fiscal year, including the annual required contribution, the annual OPEB cost, contributions made, the increase or decrease in net OPEB obligation, the net OPEB obligation at the beginning of year, and the net OPEB obligation at the end of year. In addition, provide the actuarial accrued liability, fair market value and actuarial values of OPEB plan assets, unfunded actuarial accrued liability.</p>

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Additional OPEB data: Some of the following information is not always available in the CAFR or with issuer-specific details. It would be helpful to include the following items in the official statement and continuing disclosure document. For each of the items in the list below, provide information by plan, and separated between primary government and component units if possible. If, in GASB 74 and 75 terminology, the plan is a single employer or agent multiple employer plan, the requested data should be presented specifically for the local employer. If the plan is a cost-sharing multiple employer plan, the requested data should be shown for the plan. If available, reference to an attached document is sufficient:

X	*	*	<ol style="list-style-type: none"> 1. Significant assumptions used in the measurement of the OPEB unfunded actuarial accrued liability. These include assumptions related to the discount rate and the impact of 1% increase or decrease in the discount rate on OPEB unfunded actuarial accrued liability. Include the health care cost trend rates and the impact of a 1% increase or decrease to the rates on the OPEB UAAL.
X	X	*	<ol style="list-style-type: none"> 2. As per GASB 74 and 75, if information is available, identify year in which the plan’s net assets (net plan position) no longer cover total OPEB liabilities on a currently projected basis.
X	X	*	<ol style="list-style-type: none"> 3. Identify the average remaining years of employment of employees (active and inactive) plus retirees. Describe any plans to commence or increase funding for OPEB. Include a description of any planned efforts by the employer that are expected to decrease OPEB plan liabilities. If such disclosure is confidential or speculative, so state.
X	X	*	<ol style="list-style-type: none"> 4. Ten-year projections of the annual required contributions and benefit costs.

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X	X	*	5. Description of recent plan changes that may affect the size of the unfunded liability, future contributions or asset values, and actuarial rates should be duly noted. Indicate any changes in investment assumptions, including asset allocations or professional management.
X	X	*	6. Describe any taxes or other assessments that are dedicated toward the payment of OPEB contributions.

VIII. CASH FLOW FINANCINGS

The following are specific additional RBPs in disclosure for issuers that borrow funds on a short-term basis, generally with repayment within two years of issuance. These recommendations apply to short-term financings other than bond anticipation notes (i.e., RANS, TRANS, TANS, SANS, warrants, and other cash management notes).

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X	*	*	<i>Project cash flow:</i> Provide a detailed month by month cash flow statement for the previous fiscal year and for the fiscal year of the financing. All major categories of revenues and expenditures should be broken out, including revenues dedicated to repayment of the notes. If the notes mature in the following fiscal year, the statement should be extended to the month that the notes mature. Items representing 10% or more of total revenues and expenditures should be included or the top five categories.
X	*	*	<i>Discussion:</i> A detailed discussion should be provided that includes any major assumptions used in creating the cash flow statement. Any known risks to the assumptions should be discussed along with any contingency plans. The discussion should include, but not limited to the expected timing of receipts and expenditures, restricted versus unrestricted funds, contractual obligations and status of union contracts. Include key assumptions behind the various projections from a macro viewpoint.
X	X	*	<i>Repayment provisions.</i> Indicate provisions for repayment of the financing and describe any escrow requirements or other set asides, if any.
X	X	*	<i>Forecasted to actual comparison:</i> Provide a comparison of forecasted to actual cash flows for the prior two fiscal years; include a discussion of material variances and of the relationship between the cash flow statements, the annual audited statements, and the current budget.
X	X	*	<i>Investment decisions:</i> Provide a full description of how the cash flow receipts, balances, and any set-asides will be invested.
X	X	*	<i>Ending Deficits:</i> If the cash flow statement shows an ending cash deficit, provide a discussion of how debt service payment will be made. To the extent that the issuer has the legal ability to borrow internal or external resources to cover

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any cash flow deficit, provide a full description of the legal framework for such borrowing as well as five years of historical data indicating the amount of such available borrowable funds.

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Appendix I: Examples of Disclosure Formats for Issuers

This appendix presents examples of formats for presenting the relevant data that are needed to comply with the recommended best practices set out in this paper. Some of the charts show data that are representative only; an issuing entity would need to provide data specific to its situation. Some of the charts are blank; these are intended as format suggestions, and can be modified to adapt to particular circumstances.

Chart 1

Operating Data (\$000s):

Issuer Name							
Financial Officer Contact							
Telephone No.	()						
Fiscal Year End							
Website URL (if available)	http://www.						
	Last Five Years					Comparative Benchmarks	
Economic Data	FYE	FYE	FYE	FYE	FYE	US	State
Per capita income							
% Population below poverty level							
Median household income							
Retail sales							
Top 10 public/private employers							
• Name of employer							
• Number of employees							
Average annual unemployment rate							
Building starts by permits							
• Residential							
• Commercial							
• Industrial							
Monthly unemployment rates (seasonally adjusted or unadjusted)	Jan	Feb	Mar	Apr	May	June	
	Jul	Aug	Sep	Oct	Nov	Dec	
Decennial population data							
Population schedule by age group							
Population schedule by education							
Interim population data							

Chart 2

Employment by Industry:

	2008		2017	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Industry				
Services				
Government				
Federal				
Military				
State and Local				
Retail trade				
Manufacturing				
Information, finance, and insurance				
Construction and utilities				
Wholesale trade				
Transportation and warehousing				
Farming				
Real estate				
Natural resources and mining				
Total	-		-	

Chart 4

Long-Term Debt and Financial Obligations

Type of Obligation	Date Issued	Final Maturity	Interest Rate (%)	Amount Issued (\$ millions)	Amount Outstanding (\$ millions)
GO Bonds: Self-supporting	2/1/98	2/1/18	3.85– 5.15	\$20	\$19
GO Bonds: Non self-supporting	9/1/99	9/1/20	various	\$15	\$15
COP	6/1/10	6/1/30	3.90– 5.35	\$35	\$35
POB	7/1/11	7/1/41	5.30– 5.55	\$65	\$65

Chart 5

Short Term Debt and Financial Obligations:

Type of Obligation	Date Issued (or Incurred)	Final Maturity (or Term)	Interest Rate	Amount Issued	Amount Outstanding
TANS	7/2/15	7/30/16	3.10%	\$65 MM	0
GANS	7/5/14	6/30/17	3.05%	\$65 MM	\$65 MM
RANS	9/1/14	8/31/16	3.06%	\$30 MM	\$30 MM
ERNS	10/15/14	10/15/16	5.45%	\$5 MM	\$4.6 MM

Chart 6

Other Outstanding Debt and Contingent Liabilities:

Type of Obligation	Date Issued	Final Maturity	Interest Rate	Amount Issued	Amount Outstanding
GO Backed Revenue Bonds	10/1/11	10/1/30	5.30%	\$5 MM	\$5 MM
Guarantee/ Contingent	1/1/12	1/1/31	4.15% - 4.30%	\$65MM	\$65MM
Capital Leases	10/1/11	10/1/30	5.30%	\$5 MM	\$5 MM

Chart 7

Total Debt Service Schedule (\$000s):

Year	General Obligation		COP/Leases		Aggregate Debt Service	POB		Aggregate Debt Service
	Principal	Interest*	Principal	Interest*		Principal	Interest*	
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								

Chart 8

Total Debt Service Schedule, Con't (\$000s):

Year	Revenue Bonds - Guaranteed		Contingent/Guarantee		Aggregate Debt Service	Capital Leases		Total Aggregate Debt Service
	Principal	Interest*	Principal	Interest*		Principal	Interest*	
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								

Chart 9

Five-Year Capital Improvement Program (\$ Millions):

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Projects						
Transportation	\$1.5	\$0.5	\$2.0	\$2.0	\$2.0	\$8.0
Infrastructure Renewal	\$0.0	\$0.0	\$0.0	\$2.5	\$0.5	\$3.0
Environmental	\$0.0	\$0.0	\$5.0	\$1.0	\$1.0	\$7.0
Housing	\$0.7	\$0.3	\$1.0	\$0.0	\$0.0	\$2.0
Education	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Public Health/Safety	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Total	\$2.2	\$0.8	\$8.0	\$5.5	\$3.5	\$20.0
Funding						
GO Bonds	\$2.0	\$0.0	\$2.8	\$3.5	\$2.0	\$10.3
Appropriation Bonds	\$0.0	\$0.0	\$3.5	\$1.0	\$0.8	\$5.3
Sales Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grants	\$0.0	\$0.0	\$1.0	\$0.5	\$0.2	\$1.7
Pay As Go	<u>\$0.2</u>	<u>\$0.8</u>	<u>\$0.7</u>	<u>\$0.5</u>	<u>\$0.5</u>	<u>\$2.7</u>
Total	\$2.2	\$0.8	\$8.0	\$5.5	\$3.5	\$20.0

Chart 10

Key Actuarial Assumptions:

	Plan A	Plan B
Valuation Date	6/30/14	6/30/14
Actuarial Cost Method	Entry Age Normal	Frozen Entry Age
Amortization Method	Level Percent of Payroll	Level Dollar Amount
Amortization Period	25 year	30 year
Actuarial Asset Valuation Method	Fair Value	Fair Value
Investment Rate of Return	8%	6%
Inflation Rate	3.50%	2.50%
OPEB plans only: Initial and ultimate health care cost trend rates; effective year of ultimate rate		

Chart 11

Funded Status: Present ten years where available

Plan A					
Actuarial Valuation Date	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
Fiscal Year	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
Actuarial Value of Assets	\$3,850	\$4,081	\$4,489	\$4,938	\$4,296
Actuarial Accrued Liability	\$4,812	\$5,294	\$5,611	\$5,948	\$6,305
Unfunded Actuarial Accrued Liability	\$962	\$1,213	\$1,122	\$1,010	\$2,009
Funded Ratio	80%	77%	80%	83%	68%
Assumed Investment Rate of Return	8.50%	8.50%	8.50%	8.50%	7%
Actual Investment Rate of Return	7%	6%	12%	4%	-16%

Plan B					
Actuarial Valuation Date	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
Fiscal Year	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
Actuarial Value of Assets	\$2,259	\$2,395	\$2,635	\$2,898	\$2,522
Actuarial Accrued Liability	\$2,406	\$2,647	\$2,806	\$2,974	\$3,153
Unfunded Actuarial Accrued Liability	\$147	\$252	\$171	\$76	\$631
Funded Ratio	94%	90%	94%	97%	80%
Assumed Investment Rate of Return	8.50%	8.50%	8.50%	8.50%	7%
Actual Investment Rate of Return	7%	6%	12%	4%	-16%

Chart 12

Required Contributions (\$000s): Present ten years where available

Pension Plan	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Actuarially Determined Contribution	\$165	\$167	\$175	\$200	\$215
Total Actual Contribution	\$159	\$167	\$175	\$100	\$115
% Contributed	90%	100%	100%	50%	53%
% Covered payroll					

OPEB Plan	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Annual Required Contribution	\$81	\$84	\$88	\$111	\$121
Total Actual Contribution	\$81	\$84	\$88	\$111	\$121
% Contributed	100%	100%	100%	100%	100%
% Covered payroll					

Appendix II: Additional Disclosure Items for School Districts

Disclosures related specifically to school districts should include:

Type of School District – Elementary, Secondary, Consolidated, Regional, Charter
Urban, Suburban, Central City, Suburban Central City, Independent Town, Rural

School Attendance Boundaries

- Can students opt out of the district to attend schools in another district (as in Detroit)?
- Can students receive vouchers to attend private schools within/outside the district?
- Can students outside of the district attend other district schools? – Describe tuition/fee requirements.

Total Children – Enrolled, Not Enrolled, Public Enrollment, Private Enrollment – Five-Year Trend

- Average daily attendance should be provided for 3-5 years for each school within the district.

Educational Attainment – Drop-Out Rate – Five-Year Trend

- State oversight process – include reason for oversight such as for academic and/or financial weakness

Math and Reading Assessments – Five-Year Trend

- Language proficiency

Race, Income & Poverty levels

Salaries, Wages & Benefits – Total Compensation

- Union membership – number and specific unions by name
- Union contracts – terms and expiration date
- Mandatory arbitration requirements
- Quality of union relationships and history of strikes by teachers or other school district employees

Pension & OPEB Employer and Employee Contributions

- Identify any on-behalf of payments by the state (as in New Jersey).

State Aid Intercept – Pre-or Post-Default – Describe program including role of state, school district and Trustee/Paying Agent

- If called upon by the school district, describe if the intercept resulted in full and/or timely payment on the bonds.
- Source of funding an intercept payment – Describe any failure to fund an intercept request.

Describe Bond Guarantee Programs (such as in Michigan)

Financing Sources - Public and Charter Schools

- Property, sales and other taxes
- Grants – local, state, federal
- Issuance of SANs – state aid anticipation notes

Describe Property Tax Levy Cap, If Any

Describe Teacher Certification Levels

Describe Special Education Programs – Attendance Levels, 3-5 Years

- Annual cost per student
- Alternatives to district special education programs

Include Five Year Trends:

- Average total spending per district – by state
- Total spending – for district under analysis

- Average spent per student – by state
- Average spent per student – for district under analysis

- Average spent by classroom – by state
- Average spent by classroom – for district under analysis

Average % of Classroom Spending – By State

- % of Classroom spending – for district under analysis

Charter Schools

- Identify schools competing for district area students.
- Compare testing and performance data between competing charters and district schools.
- Compare charter school curriculum and educational programs by grade level to district schools.

Charter Schools – Explain calculation of state aid and other sources of funds

- Flow of funds – paid to school district or directly to charter school

Transportation – responsibility of charter school or home district -

- Provide revenue & expense items as applicable to the school district

Describe Charter Renewal Process and Termination/non-Renewal Disclosure for charters competing with school district

- State/Local Regulations for proposed financings, pledged revenues/state aid

Refer to *Recommended Best Practices in Disclosure for Charter School Debt Offerings*, dated March 2017, located at www.nfma.org under Resources, Best Practices in Disclosure.