Management's Discussion & Analysis (MD&A)

The MD&A is considered Required Supplementary Information (RSI) and introduces the basic financial statements and notes. The MD&A is the responsibility of the school district and may be partially prepared using data contained in the district's budget message. The district should discuss the current year data as compared to the prior year data, with the emphasis on the current year, noting both positive and negative aspects. (Obviously, in the first year of the new reporting format, certain comparisons will not be possible. The district should indicate when this is the case and note that such comparisons will be made in subsequent years.)

The MD&A is to be completed based on facts, conditions and decisions known as of the date of the auditor's report and is to include:

a. A brief discussion of the basic financial statements.
b. Condensed financial information derived from the government-wide financials comparing the current and prior years. (See these requirements outlined below.)
c. An analysis of the government's overall financial position and results of operations.
d. An analysis of the balances and transactions of the individual funds.
e. An analysis of the significant variances between the original and final budgets and between the final budget and actual data.
f. A description of significant capital asset and long-term debt activity during the year.

Districts should refrain from discussing items in the MD&A that are not specifically required by GASB 34. The use of charts and graphs is encouraged to facilitate the reader's understanding of the data presented. Projections of future events or planned future events (e.g., the district plans to seek voter approval for a bond issue to make facility upgrades) should be avoided. If the district has obtained voter approval for a new bond issue, but has yet to actually issue the bonds, the district could briefly discuss the new bond issue and information related to the uses thereof in general. Keep in mind that the emphasis of the MD&A is to be on current year events and transactions affecting the district's financial condition.

Condensed Financial Information

The fourteen items required for item b above are:

1. Total assets (distinguished between capital and other)
2. Total liabilities (distinguished between long-term and other)
3. Total net assets (distinguished between amounts invested in capital assets, restricted 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 or deficiency before certain contributions, special and extraordinary items and transfers
10. Contributions
11. Special and extraordinary items
12. Transfers
13. Change in net assets
14. Ending net assets