

**NOTE: THIS IS ONLY AN EXAMPLE, EACH COUNTY MAY HAVE DIFFERENT SITUATIONS WHICH WOULD REQUIRE ADDITIONAL INFORMATION. PLEASE CONSULT WITH YOUR COUNTY AUDITOR.**

\_\_\_\_\_ COUNTY  
**MANAGEMENT DISCUSSION AND ANALYSIS**

This section of \_\_\_\_\_ County's financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, \_\_\_\_\_. Please read it in conjunction with the County's financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to \_\_\_\_\_ County's basic financial statements. The County's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

**Government-Wide Financial Statements.** The Statement of Net Assets - Cash Basis and the Statement of Activities – Cash Basis provide a broad overview of the County's overall financial status. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The County's financial statements are prepared on the cash basis of accounting and do not include capital assets, accounts receivable and payable, or long-term debt activity, which would need to be considered to assess the financial health of the County. Non-financial factors also need to be considered to assess the overall health of the County. Government-wide financial statements divide the County into two kinds of activities:

Governmental activities – The County's basic services are included here. These activities are generally financed through taxes, charges for services, and State and Federal grants/contributions.

Component units – [No component units for the County were identified.] [The County report does not include the financial activity of the \_\_\_\_\_ County [Nursing Home or Hospital] a separate legal entity. Although legally separate, the County is financially accountable for the "component unit".] [The County report includes the \_\_\_\_\_ County [Nursing Home or Hospital], a separate legal entity. Although legally separate, the "component unit" is important because the County is financially accountable for it.]

**Fund Financial Statements.** Fund financial statements focus on the individual parts of the County, reporting the County's operations in more detail than the government-wide statements by providing information about the County's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about financial relationships in which the County acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the government-wide statements.

**Notes to the Financial Statements.** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

**Supplementary Information.** This Management Discussion and Analysis and the Budgetary Comparison Schedules represent financial information which provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes. This report also includes optional financial information such as combining statements for non-major funds (which are shown in the fund financial statements in a single column), budgetary comparison information for non-major funds, a schedule of office activities, and a schedule of taxes certified and collected for political subdivisions in the County. This information is provided to address certain specific needs of various users of the report.

**BASIS OF ACCOUNTING**

The County’s financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment, and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Changes in Net Assets**

For the fiscal year ended June 30, \_\_\_\_\_, net assets of the County (current assets resulting from cash basis transactions) [increased] [decreased] \_\_\_\_\_percent.

	<b>Governmental Activities</b>		
	2003	2002	% Change
Restricted	_____	_____	_____
Unrestricted	_____	_____	_____
Total Net Assets	_____	_____	_____

Explain significant changes

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**Governmental Activities**

Receipts for the County's governmental activities [increased] [decreased] \_\_\_\_\_ percent, while expenses [increased] [decreased] \_\_\_\_\_ percent.

**CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		% Change
	<u>2003</u>	<u>2002</u>	
<b>RECEIPTS:</b>			
Program Receipts:			
Charges for Services	_____	_____	_____
Operating Grants & Contributions	_____	_____	_____
Capital Grants & Contributions	_____	_____	_____
General Receipts:			
Taxes	_____	_____	_____
Non-related Grants & Contributions	_____	_____	_____
Investment Interest	_____	_____	_____
Other	_____	_____	_____
Total Receipts	_____	_____	_____
<b>DISBURSEMENTS:</b>			
General Government	_____	_____	_____
Public Safety	_____	_____	_____
Public Works	_____	_____	_____
Health and Sanitation	_____	_____	_____
Public Assistance	_____	_____	_____
Culture and Recreation	_____	_____	_____
Total Disbursement	_____	_____	_____
Excess before Other Financing Sources and Uses	_____	_____	_____
<b>OTHER FINANCING SOURCES &amp; USES</b>	_____	_____	_____
Increase (Decrease) in Net Assets	_____	_____	_____
Beginning Net Assets July 1	_____	_____	_____
Ending Net Assets June 30	=====	=====	=====

Explain significant changes

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**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. [No significant changes from the prior year were noted.] [Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

{explain significant changes and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources}]

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

[No significant differences were noted between the original and final budget amounts, or between final budget amounts and actual budget results for the General Fund.]

[Differences between the original budget and the final budget can be summarized as follows:

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets or long-term debt activity.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

[No conditions were noted that would be expected to have a significant effect on the financial position or results of operations of the County.]

[describe any currently known facts or conditions expected to have a significant effect on net assets or receipts, disbursements, changes in net assets, budget and tax levies]

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