ASBO STANDARDIZED COMMENTS

SCHOOL DISTRICT, STATE

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

PAGE REFERENCE	COMMENTS
	1. The report does not contain the required sections of a Comprehensive Annual Financial Report. To be eligible for the certificate of excellence a CAFR must be submitted.
	2. The submission does not include responses to the prior year comments. This is a required part of the submission for the certificate of excellence.
	INTRODUCTORY SECTION
	3. The report cover should indicate the name of the government and the state in which it is located. (GAAFR p.214)
	4. The title page should indicate the city and state in which the school district is located.
	5. The title page should contain the school system officials/ department responsible for preparing the report.
	6. Delete all references to pages not presented and delete those pages since they are blank.
	7. The "Basic Financial Statements" caption should be indented within the financial section.
	8. On the reference to page 6, the word "principal" is misspelled.
	9. Consider adding the caption "Supplementary Information" before the reference to page.
	10 The captions relating to pages 24 – 26 should be indented under the "basis financial statements" caption.
	11. 3rd paragraph – the word "principles" is misspelled.

PAGE REFERENCE	COMMENTS
	12. 1st paragraph – the word "ending" should be changed to "ended."
	13. 6th paragraph – The reference to the Single Audit Act should be changed to the 1996 Amendments to the Single Audit Act.
	FINANCIAL SECTION
	14. General obligation long-term debt repaid from governmental funds should not be shown on the combined balance sheet in any fund types or account groups other than the general long term debt account group. (Cod.Sec.1500.104, 1600.122, ASLGU 11.30)
	15. A number of the commas on the page were cut off by the underlining and appear to be periods. The spacing should be corrected so that this does not occur to prevent any confusion for the numbers presented in the statements
	16. Expenditures on the combined operating statement should be classified by character (current operating, capital projects, debt service and intergovernmental) on the basis of the fiscal period they are presumed to benefit. (Cod.Sec.1800.120, 2200.114, .904)
	17. A Combined Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual should be presented rather than a separate budget and actual statement for each governmental fund.
	18. The character classifications should be the same as those presented on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances.
	19. 1st paragraph – the total of the non-major funds must be covered by the auditor's report per the 2002 AICPA Audit Guide.
	20. This page should be numbered.
	21. In future CAFRs, the independent auditor's report should be consistent with the AICPA's audit guide "*Audits of State and Local Governments*" issued in September 2003.

PAGE REFERENCE	COMMENTS
	22. The Notes to the Financial Statements should disclose the policy for determining which short-term, highly liquid investments that satisfy the definition of cash equivalents in GASB 2450.106 will be treated as cash equivalents on the Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Units. (Cod.Sec.2450.108) The note disclosure should define highly liquid investments.
	23. 3rd paragraph – it should be clear that the revenues presented relate to the G-W financial statements.
	24. Consider deleting the line before the total percentage change in the revenue and/or expenditure table since the amount presented is not an arithmetic total.
	25. For clarity, the sections describing each financial statement should reference the page numbers where these items are presented.
	26. Specific levy date should be disclosed in the notes to the financial statements.
	27. Normally, a portion of the compensated absence liability would be classified as current.
	29. The net asset restrictions should not be indented under the "investment in capital assets" caption.
	30. Delete the business type activities column since no data is presented.
	31. The "other outgo" caption needs more specificity.
	32. Delete the business type activities row since no data is presented.
	33. The phrase "other debits" was eliminated with the account groups in GASBS 34.
	34. The Notes to the Financial Statements could disclose the purpose for each outstanding debt issue: (GAAFR p. 249)

PAGE REFERENCE	COMMENTS
	35. The government should disclose debt service to maturity for all of its outstanding debt. At a minimum, such disclosure should report debt service for each of the succeeding five fiscal years (principal and interest), as well as the total amount of debt service (principal and interest) for all subsequent years. In practice, principal and interest payments often are disclosed in separate columns. (GAAFR p. 249)
	36. The Notes to the Financial Statements should explain the treatment accorded discounts, premiums and issuance costs, both in proprietary funds and in governmental funds. (GAAFR p. 243)
	37. A combining balance sheet should be presented for all governmental fund types where more than one individual fund of a generic fund type is reported. (Cod.Sec.2200.108b)
	38. A combining statement of revenues, expenditures and changes in fund balance should be presented for all governmental fund types where more than one individual fund of a generic fund type is reported. (Cod.Sec.2200.108b)
	39. A combining statement of changes in assets and liabilities should be presented where more than one agency fund is reported. (GASB 2200.108b)
	40. The page captions indicate fund data, rather than G-W data is presented.
	41. Although comparative information is not available, a limited discussion and analysis of the tables should have been included.
	42. GASBS 33 provides guidance regarding revenue recognition for property taxes. However, the guidance in this pronouncement for asset recognition is identical on both bases of accounting, therefore, the receivable of over $40 million should be recognized consistently.
	43. Delete the reference to the "notes to the financial statements" on this page since this statement is "continued" on the next page and the reference only needs to be presented on the last page of the statement.

PAGE REFERENCE	COMMENTS
	44. The non-major special revenue funds should not be reported in a separate column, separate from the other non-major funds.
	45. Interfund receivables and payable should agree.
	46. It should be clear that designated fund balances are classified as part of the unreserved fund balances.
	47. The column captions in the table are incomplete.
	48. The governmental activities total expenses should agree with a related amount reported on page 28.
	49. Transfers should not be formatted as part of general revenues. They should be reported separately from general revenues.
	50. See page 42 - all efforts should be made to allocate depreciation expense as a direct expense to each applicable function. At a minimum, the portion of each school building should be charged to the appropriate instruction function since the major of school buildings are used for instruction. This comment should be implemented in the subsequent years' CAFR.
	51. Tuition is not a function or a program and this amount should be charged to the appropriate function, normally one or more instruction functions.
	52. The indirect cost allocation should equal zero. In other words, all costs should be reported in the expense column.
	53. The cost of services information should agree with related amounts reported on page 28.
	54. The analysis in the last paragraph should be moved near Table 1.
	55. The amount of the net capital assets should agree with a related amount reported on page 27.
	56. Last paragraph - GASB Statement No. 34 uses the terminology "capital assets" rather than "fixed assets." All references to fixed assets should be changed to the new terminology.

PAGE REFERENCE	COMMENTS
	57. The 1st letter in the 1st sentence of the last paragraph should not be capitalized.
	58. Expenditures should be classified by character (current, intergovernmental, capital outlay and debt service)(COD. SEC. 1800.119 & 2200.604).
	59. Current expenditures should be classified further by function and/or program (GASB COD. SEC. 1800.116 & .117).
	60. Transfers should be reported in the "other financing sources (uses)" section.
	61. A negative expenditure should be reported as revenue.
	62. The 4th paragraph indicates a "cash basis plus encumbrances" budgetary basis, however, page 46 indicates a modified accrual basis.
	63. A description of the "budget appeal" would have been helpful.
	64. The budget analysis should discuss variances between the original and final budget and the final budget and actual data. A discussion of the variances between prior year and current year budgets is not required.
	65. The amount of fund balance reserved for encumbrances should agree with a related amount reported on page 29 (a rounding error).
	66. Debt service principal and interest must be reported as an expenditure rather than as an other financing use.
	67. The caption "all other sources" should have been explained as the GASB limits the types of transactions that may be reported in this section.
	68. The amount of principal retirement should agree with the total of related amounts reported on page 57.

PAGE REFERENCE	COMMENTS
	69. Special schools - Expenditures should be classified by character (current, intergovernmental, capital outlay and debt service)(COD. SEC. 1800.119 & 2200.604).
	70. Since the face amount of the debt is reported as an "other financing source," the word "proceeds" should be eliminated.
	71. The amount of total capital assets should agree with a related amount reported on page 55. The 2001 data is over $35 million different.
	72. The classification "operating" or "residual equity" as they apply to transfers are no longer applicable under GASB Statement No.34. All interfund transfers should be classified as "transfers."
	73. The amount of capital outlay reported should agree with page 24. If the difference includes non-capitalized items, this fact should be added to the reconciliation explanation.
	74. In the required supplementary information, or as basic financial statements in your presentation, GASBS 34 limits the budgetary comparison statements to the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules for any non-major special revenue funds and any other governmental fund types should be presented as supplementary information in the appropriate fund type section. This comment applies not only to the RSI, but to the basic budgetary presentations if the school district has chosen to present this information as a basic statement.
	75. The 2002 compensated absence payable should agree with a related amount reported on page 56.
	76. The long-term debt discussion should reference the related note disclosures (GASBS 34, para. 11, footnote 8).
	77. The interfund balances must be eliminated and not included in the total column. The caption should be changed to "internal balances" and it should not be indented under the "other" caption.

PAGE REFERENCE	COMMENTS
	78. Normally, net assets would not be restricted for the amount of encumbrances, based upon the GASBS 34 definition of restrictions.
	79. A statement schedule, which includes only one fund/account group and two years data, should be captioned as "comparative.
	80. Unallocated benefits should be allocated to the appropriate function.
	81. The total expenses for the business type activities should agree with a related amount reported on page 34.
	82. The total caption should not reference special and extraordinary items since none are presented.
	83. The total net assets for governmental activities and business type activities should agree with related amounts reported on page 27.
	84. All efforts should be made to allocate depreciation expense as a direct expense to each applicable function. At a minimum, the portion of each school building should be charged to the appropriate instruction function since the major of school buildings are used for instruction. This comment should be implemented in the subsequent years' CAFR.
	85. A balance sheet should be dated "as of" rather than "for the year ended."
	86. The unreserved caption should be extended to the left.
	87. Page 47 indicates there are outstanding encumbrances for the special revenue fund, however, none are presented.
	88. Last reconciling item – why does this item reference an "illustrative note?"
	89. Why is the debt service expenditures formatted as part of a transfer to charter school?

PAGE REFERENCE	COMMENTS
	90. Per page 56 - subsequent payments reducing capital lease liabilities should be reported as a "debt service expenditure" from the fund that made the payment (COD. SEC. L20.114 & L20.115).
	91. It would appear that the unemployment compensation fund should not be reported as a private purpose trust fund. It probably should be classified as a special revenue fund.
	92. Any portion of an agency fund that is due to another of the school district's funds should not be reported in an agency fund. Rather, it should be reported as assets of the appropriate fund. (GASBS 34, para. 111)
	93. 3rd reconciling item – under GASBS 34 and GASBI 6, the use of current financial resources is not applicable to expenditure recognition.
	94. The change in net assets should agree with a related amount reported on page 28. The difference is over $800,000.
	95. 3rd reconciling item – the font in this item should be consistent with the balance of the reconciliation.
	96. This reconciliation should follow page 29. Also, it is not clear why two reconcilations are presented, one on page 29 and one on page 32.
	97. The entity note should reference the financial accountability criteria since it is the primary GASBS 14 entity criteria.
	98. Statement caption – the word "asset" should have been plural.
	99. Delete the phrase "net of related debt" as no debt is presented.
	100. The caption "cash and cash equivalents" should have been indented.

PAGE REFERENCE	COMMENTS
	101. The caption "depreciation on contributed capital" should be eliminated as GASBS 34 eliminates contributed capital.
	102. The total net assets should agree with a related amount reported on page 33.
	103. Since Agency Funds do not report net assets, the caption on this statement should be changed to "statement of assets and liabilities."
	104. The amount of unused commodities at balance sheet date should be reported as deferred revenue since title does not pass to the school district until the commodities are used.
	105. The measurement focus for each fund type should be disclosed.
	106. The operating income should agree with a related amount reported on page 34. The difference is over $3 million.
	107. The classification of the unemployment compensation trust appears incorrect. Is this fund classified as a private purpose trust fund?
	108. 4th paragraph - consider deleting the reference to GASB Statement No. 16 since the school district implemented this statement a number of years ago. Normally, GASB pronouncements are referenced only in the year of implementation.
	109. 7th paragraph – delete the phrase "in accordance with GAAP" as most of the note disclosures are required by GAAP.
	110. 1st paragraph - consider deleting the reference to GASB Statement No. 14 since the school district implemented this statement a number of years ago. Normally, GASB pronouncements are referenced only in the year of implementation.
	111. 2nd paragraph – delete this paragraph as negative assurance is not required or suggested.

PAGE REFERENCE	COMMENTS
	112. The scope of public service criteria was eliminated with the implementation of GASBS 14.
	113. 4th paragraph – GASBS 34 eliminated account groups therefore this policy is not consistent with the presentation.
	114. The criteria for revenue recognition under the modified accrual basis should be consistent with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. For sales taxes, reference the underlying event, for property taxes, reference the period when the use of the property taxes is required or first permitted and for grants, **reference the eligibility requirements criteria.**
	115. 1st paragraph – the policy for expenditure recognition is not consistent with GASBI 6.
	116. 1st paragraph - The amount of unused commodities at balance sheet date should be reported as deferred revenue since title does not pass to the school district until the commodities are used.
	117. A row should be added between the 2nd and 3rd paragraphs.
	118. Last paragraph - GASBS 34 eliminated the fund classification "expendable trust funds." Also, last paragraph, page 44.
	119. 1st paragraph - GASBS 34 eliminated the fund classification "nonexpendable trust funds." Also, last paragraph, page 44.

PAGE REFERENCE	COMMENTS

120. School districts should disclose in the notes to the basic financial statements the following details about interfund transfers reported in the fund financial statements:

- Amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type
- A general description of the principal purposes of the school district's interfund transfers
- The intended purpose and the amount of significant transfers that meet either or both of the following criteria:
  - Do not occur on a routine basis
  - Are inconsistent with the activities of the fund making the transfer

(GASBS 38, paragraph 15)

121. School districts should disclose in the notes to the basic financial statements the following details about interfund balances reported in the basic financial statements:

- Amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type
- The purpose for interfund balances
- Interfund balances that are not expected to be repaid within one year from the date of the financial statements.

122. Last paragraph – reporting tax revenues on the cash basis is not consistent with GAAP (See GASBS 33).

123. The special revenue funds discussion infers that the district maintains more than one special revenue fund, however, only one fund is presented.

124. 2nd paragraph – the phrase "capital maintenance" measurement focus was replaced with "economic resources" a number of years ago.

125. Delete the last sentence in note C as negative assurance is not required or suggested.

PAGE REFERENCE	COMMENTS
	126. The last sentence needs further clarity.
	127. Much of the 3rd paragraph is redundant to page 42.
	128. 6th paragraph – program revenues are described on page 40.
	129. The 2001 reconciliation should not be presented since the 2001 statement is not presented.
	130. Delete the accounting policy regarding prepaid expenses since none are presented.
	131. School districts should disclose in the notes to the basic financial statements the following details about interfund balances reported in the basic financial statements: • Amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type • The purpose for interfund balances • Interfund balances that are not expected to be repaid within one year from the date of the financial statements.
	132. School districts should disclose in the notes to the basic financial statements the following details about interfund transfers reported in the fund financial statements. • Amounts transferred from other funds by individual major fund, non-major governmental funds in the aggregate, non-major enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type • A general description of the principal purposes of the school district's interfund transfers • The intended purpose and the amount of significant transfers that meet either or both of the following criteria: - Do not occur on a routine basis - Are inconsistent with the activities of the fund making the transfer (GASBS 38, paragraph 15)

PAGE REFERENCE	COMMENTS
	133. 4th paragraph – GASBS 34 eliminated the reporting of "account groups."
	134. 2nd paragraph – it should be clear that fund balance is being discussed. Also, fund balances are reserved, not restricted.
	135. Note N should be deleted since GASBS 34 eliminates the "memo only" total column.
	136. 3rd paragraph – the reference to the "designation for subsequent year's expenditures" is not consistent with page 29, which does not include this designation.
	137. The notes to the basic financial statements must disclosed the amount of depreciation expense charged to each function.
	138. 2nd paragraph- consider deleting the reference to GASB Statement No. 31 since the school district implemented this statement a number of years ago. Normally, GASB pronouncements are referenced only in the year of implementation. Same issue on page 51.
	139. GASB Statement No. 38 requires the following disclosures regarding debt service requirements to maturity: • Principal and interest requirements to maturity, presented separately, for each of the five subsequent fiscal years and in five-year increments thereafter.
	140. The general fund interfund receivable should agree with a related amount reported on page 29.
	141. This detailed budget information should be presented as supplemental information and not represented as RSI.
	142. The schedule caption indicates more than one special revenue fund is presented. If so, they should be presented separately throughout the CAFR. If these are sub-funds, that fact should be clear.
	143. Delete the proprietary fund section divider page as no data is presented here.

PAGE REFERENCE	COMMENTS
	144. Information about long-term liabilities should include both long-term debt (such as bonds, notes, loans, and leases payable) and other long-term liabilities (such as **compensated absences**, and claims and judgments). Information presented about long-term liabilities should include "increases and decreases" (separately presented). (GASBS 34, para. 119b)
	145. The estimated current portion of compensated absences should be disclosed.
	146. The last sentence needs clarity.
	147. Information about long-term liabilities should include both long-term debt (such as bonds, notes, loans, and leases payable) and other long-term liabilities (such as **compensated absences**, and claims and judgments). Information presented about long-term liabilities should include "increases and decreases" (separately presented). (GASBS 34, para. 119b)
	148. 4th paragraph – change the phrase "year ending" to "year ended."
	149. There should be a balance sheet and operating statement that reports the details of the non-major funds information, which includes all fund types.
	150. Note 10A - Account captions should not be presented on financial statements or in the notes unless dollar amounts are reported for them.
	151. An "RSI" divider page should be added.
	152. Liabilities - Account captions should not be presented on financial statements unless dollar amounts are reported for them.
	153. This statement should be captioned "statement of fiduciary assets and liabilities."
	154. This statement should be dated "for the year ended."
	155. The classification "operating" or "residual equity" as they apply to transfers are no longer applicable under GASB Statement No.34. All interfund transfers should be classified as "transfers."

PAGE REFERENCE	COMMENTS
	156. These pages are redundant to pages 30 & 31.
	157. These schedules should be presented in a combining schedule.
	158. The explanation of general government revenues presented in the statistical section should be labeled "revenues and other financing sources" since transfers are included.
	159. Consider presenting dollar signs on only the 1st amount in each column.
	160. The explanation of general government expenditures presented in the statistical section should be labeled "expenditures and other financing uses" since other uses are included.
	161. Dollar signs ($) should be included where applicable.
	162. The percentage of actual property values should be disclosed.
	163. This schedule should be dated “for the year ended” rather than “as of.”
	164. Last column – the amounts should line up vertically.
	165. The 2002 interest amount should agree with a related amount on page 25 or the difference should be explained.
	166. The total 2002 general governmental expenditures should agree with a related amount reported on page 24 or the difference should be explained.
	167. The report should indicate clearly that the unemployment rate column, presented on the demographics statistics table, is expressed as a percentage.
	168. This page should be marked “continued.”
	169. Page 33 - physically separate statements need not be presented for individual funds if data for them is fairly presented in columns on either the combined or combining statements or the notes to the financial statements.

PAGE REFERENCE	COMMENTS
	170. Account captions should not be presented on financial statements or in the notes unless dollar amounts are reported for them.

STATISTICAL SECTION

171. This schedule needs definition to be meaningful to a non-New Jersey reader.

172. Delete the line above the total percent, as this amount is not an arithmetic total.

173. It appears that gross debt, rather than net debt is presented.

174. Debt per capita - Report readability would be enhanced if amounts were rounded at least to the nearest dollar.

175. It should be clear that the average equalized value is the average of the above three amounts.

176. The interest column on the statistical table "ratio of general obligation debt service to total governmental expenditures" normally should not include fiscal charges. If fiscal charges are included, then the column should be labeled appropriately.

177. The 2002 expenditures should agree with a related amount on page 30.

178. The page should be presented consistent with page 260.

179. The 2002 total revenues should agree with a related amount reported on page 30.

180. In the table caption, the word “capital” should be changed to “capita.”

181. Delete the 2nd data column since no data is presented.

PAGE REFERENCE	COMMENTS

OTHER COMMENTS

182. The GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units* in May 2002. This statement may require some other organizations (e.g., foundations) to be included within your reporting entity. Most school districts will not be required to include PTA or PTO organizations within their reporting entity, however, a school district with related foundations may have to incorporate these organizations within the reporting entity. The effective date of this Statement is for periods beginning after June 15, 2003, with earlier application encouraged.

183. The GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures* in March 2003. This statement changes the current custodial risk required note disclosures and adds additional disclosures relating to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The effective date of this Statement is for periods beginning after June 15, 2004, with earlier application encouraged.

184. Elimination of many of the blank pages in the report would enhance its readability

185. The CAFR should have been proofread much more carefully as it contains numerous tracing and formatting problems.

186. The GASB issued Statement No.34, *Basic Financial Statements--and Management's Discussion and Analysis for State and Local Governments* in June 1999. This change will have the largest effect on school district financial reporting in more than twenty years. The Certificate of Excellence will give program participants additional information later. For those school districts that have not implemented GASBS 34, this statement is effective as follows:

    Governments with total revenues of $10 million or more, but less than $100 million - years beginning after June 15, 2002. Governments with total revenues of less than $10 million - years beginning after June 15, 2003. Earlier application is encouraged.

PAGE REFERENCE	COMMENTS
	187. The GASB issued Statement No.37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* in June 2001. This statement provides additional guidance for the implementation of GASB Statement No. 34. School Districts should implement this statement simultaneously with GASB statement No.34.
	188. The GASB issued Statement No.38, *Certain Financial Statement Note Disclosures* in June 2001. This statement changes note disclosure requirements for school districts, generally adding disclosures and eliminating a few of the currently required disclosures. The requirements of this statement are effective in three phases based on the revenues of the school district as described in paragraph 143 of statement 34: • Phase 2 governments should apply this statement for fiscal periods beginning after June 15, 2002. • Phase 3 governments should apply this statement for fiscal periods beginning after June 15, 2003.
	190. The GASB issued Interpretation No.6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements* in March 2000. This statement may change how your school district recognizes certain liabilities and expenditures under the modified accrual basis of accounting. The effective date of this Interpretation coincides with the effective date of GASB Statement No.34.