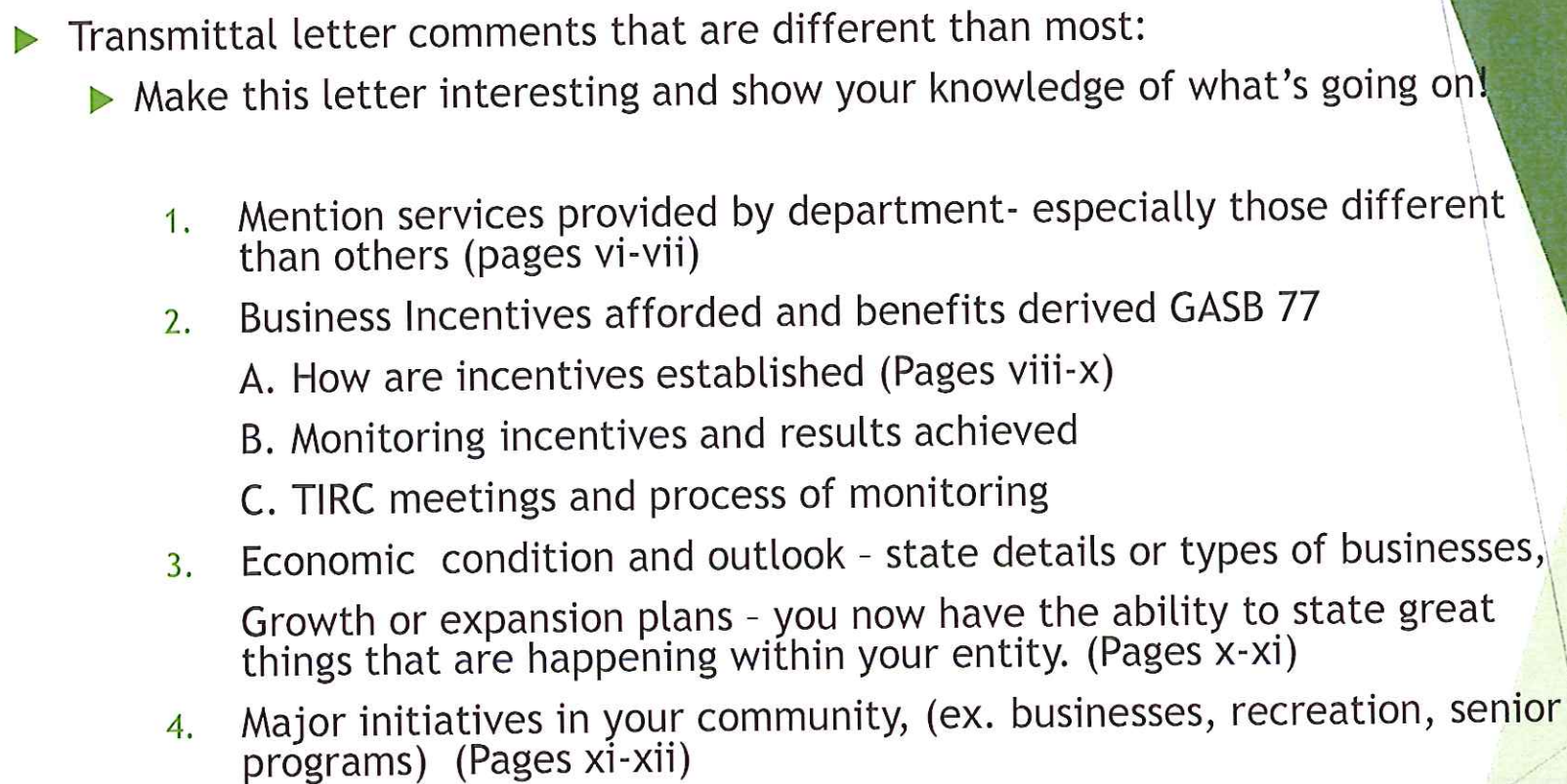




# GFOA CAFR Comments

Frank C Gambosi, CPA  
Finance Director  
City of Bedford  
September 18, 2019

- 
- ▶ Transmittal letter comments that are different than most:
    - ▶ Make this letter interesting and show your knowledge of what's going on!
      1. Mention services provided by department- especially those different than others (pages vi-vii)
      2. Business Incentives afforded and benefits derived GASB 77
        - A. How are incentives established (Pages viii-x)
        - B. Monitoring incentives and results achieved
        - C. TIRC meetings and process of monitoring
      3. Economic condition and outlook - state details or types of businesses, Growth or expansion plans - you now have the ability to state great things that are happening within your entity. (Pages x-xi)
      4. Major initiatives in your community, (ex. businesses, recreation, senior programs) (Pages xi-xii)

# GFOA CAFR Comments

- ▶ Transmittal letter-Different comment items again :
  - ▶ Various types of grants - How do you fund your infrastructure expenses?
  - ▶ Real estate collections estimated and percent collected
  - ▶ General Fund Balances graphs and reference to your minimum fund balance policy
  - ▶ Legal level of budgetary control (personal services and other, within a department)
  - ▶ Items effecting your budget (state cuts, real estate valuation reduction, income tax increases, levies)
  - ▶ Debt policy reference, rating agency ratings, and various bond issue savings on refunding, if material
  - ▶ Acknowledgements for work performed on CAFR

# GFOA CAFR Comments

## ▶ Management Discussion and Analysis items

- ▶ 1. Statement of Net Position analysis: explain material differences from year to year in details. What caused the changes?
  - ▶ A. Why did net assets decrease (depreciation expense vs increased assets) (Pages 5-6)
  - ▶ B. What caused revenues to increase/decrease? Details needed and maybe there was a business or a business type that may have caused these changes to occur.
  - ▶ C. Biggest issue with financial analysis is Net Pension Liability and Other Post Employment Benefits (GASB 68/71 AND GASB 75). I choose to include what the net position would have been with the General fund without these inclusions. (page 5)
  - ▶ D. I identified increase in personal service costs in 2018 due to having 27 pay periods. This occurs every 11 years due to union contracts and calendar. The new Income tax rate of YES- 3%, started in 2018. (Page 14)
  - ▶ E What's missing here: asset schedule and debt schedule (Page 18)
  - ▶ F. While the City was receiving downgrades due to lack of funding, I chose to include the comments by rating agencies and what they expected from the city, and used this plus other facts to pass the income tax issue by 81% margin. (Page 20)

# GFOA CAFR Comments

- ▶ Statistical Section of report: Different schedules
  - ▶ 1. Use graphs to when preparing report to show trends from stats-page S15
  - ▶ 2. Review your legal det margin figures with bond counsel -page S26
  - ▶ 3. Pledged revenue coverages and relationship with legal debt margin page S28
  - ▶ 4. operating indicators- try to get stats from all departments to make this complete table. pages S38-39
  - ▶ 5. Prepare a schedule of building asset valuation from annual appraisal reports
    - ▶ pages S44-47
  - ▶ 6. New major costing asset replacement schedule -keep this up to date of latest purchases to determine current FMV of large item purchases. pages S48-49
  - ▶ 7. Those entities with a water department or utilities can track consumption for verification of leaks, based upon % of billed mcf's vs. what mcf's you used, what runs through your system. Profit % or ROI can be calculated too.

a

or

5

# GFOA CAFR Comments

▶ Any Questions?

▶ Frank C Gambosi, CPA

[FGambosi@Bedfordoh.gov](mailto:FGambosi@Bedfordoh.gov)

Direct 440.735.6501

**PASADENA INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Table 9

Fiscal Year Ended	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Taxes Collected	Percent of Adjusted Tax Levy		Taxes Collected	Collected as Percent of Current Tax Levy
8/31/2018	\$ 194,042,675	\$ 190,518,402	98.2 %	\$ -	\$ 190,518,402	98.2 %
8/31/2017	166,162,593	164,258,092	98.9	287,028	164,545,120	99.0
8/31/2016	154,228,899	152,672,348	99.0	587,041	153,259,389	99.4
8/31/2015	145,740,611	143,824,978	98.7	1,195,144	145,020,122	99.5
8/31/2014	137,813,023	135,830,660	98.6	1,421,307	137,251,967	99.6
8/31/2013	129,119,661	127,592,900	98.8	1,051,228	128,644,128	99.6
8/31/2012	125,241,794	123,551,583	98.7	1,257,072	124,808,655	99.7
8/31/2011	126,806,817	123,912,114	97.7	2,485,242	126,397,356	99.7
8/31/2010	134,074,774	130,901,636	97.6	2,725,589	133,627,225	99.7
8/31/2009	139,483,262	136,528,257	97.9	2,562,594	139,090,851	99.7

Source: District records

**PASADENA INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

*Table 11*

<u>Fiscal Year Ended</u>	<u>General Bonded Debt (1)</u>	<u>Less Amounts Available in Debt Service Fund (4)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Total Actual Taxable Value (2)</u>	<u>Net Bonded Debt per Student (3)</u>
8/31/2018	\$ 847,256,260	\$ 32,717,437	\$ 814,538,823	6.94%	\$ 15,701
8/31/2017	754,910,583	51,602,157	703,308,426	5.59%	13,596
8/31/2016	773,880,747	45,200,646	728,680,101	6.28%	14,083
8/31/2015	802,405,911	49,557,927	752,847,984	6.93%	14,647
8/31/2014	642,359,180	47,938,360	594,420,820	5.79%	11,782
8/31/2013	661,471,965	44,411,225	617,060,740	6.40%	12,461
8/31/2012	503,747,381	61,963,266	441,784,115	4.70%	9,009
8/31/2011	420,461,615	52,594,921	367,866,694	3.90%	7,610
8/31/2010	437,107,814	44,834,851	392,272,963	3.86%	8,140
8/31/2009	454,645,264	35,129,164	419,516,100	4.04%	8,821

Source of data - District records

(1) Details regarding the District's outstanding debt, net of premiums, discounts and adjustments may be found in the Notes to the Financial Statements which includes general obligation bonds

(2) See Table 6 for taxable assessed value data.

(3) See Table 16 for average daily attendance data.

(4) This is the amount restricted for debt service payments on general bonded debt.

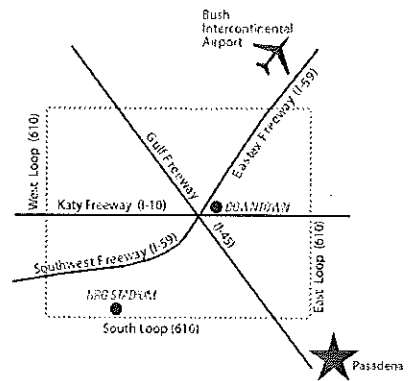
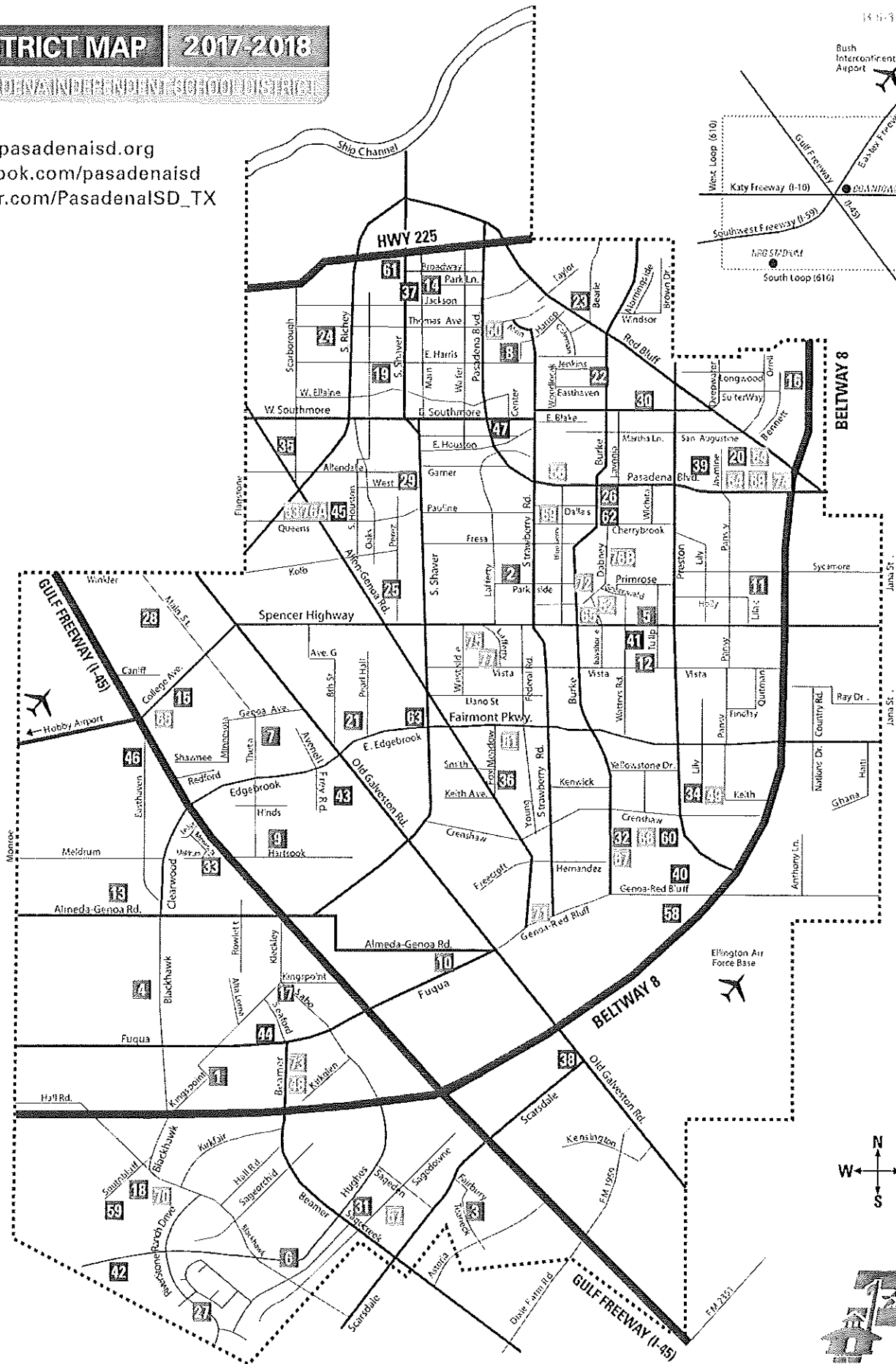


# DISTRICT MAP 2017-2018

PASADENA INDEPENDENT SCHOOL DISTRICT

www.pasadenaisd.org  
facebook.com/pasadenaisd  
twitter.com/PasadenaISD\_TX

A  
B  
C  
D  
E  
F  
G  
H  
I  
J  
K  
L  
M  
N  
O  
P  
Q  
R  
S  
T  
U  
V  
W  
X  
Y  
Z



AA BB CC DD EE FF GG

13-0-3 | Update 6/2017

**PASADENA INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**

*Table 18*  
*Page 1 of 2*

CAMPUS	YEAR CONSTRUCTED	BLDG AGE (YEARS)	BLDG CAPACITY	# OF PORTABLE CLASSROOMS	PORTABLE CAPACITY (# of rooms*25)	Total Capacity	2017/2018 Enrollment	% of Capacity Used
<b><u>HIGH SCHOOL</u></b>								
Dobie	2003	14	3,500	44	1,100	4,600	3,875	84%
Dr. Lewis CTHS	2014	3	1,500	-	-	1,500	1,387	92%
Pasadena	2001	16	3,024	-	-	3,024	2,425	80%
Pasadena Memorial	2003	14	3,000	28	700	3,700	3,068	83%
Sam Rayburn	2002	15	2,528	31	775	3,303	2,680	81%
South Houston	2001	16	2,450	28	700	3,150	2,503	79%
<b><u>INTERMEDIATE</u></b>								
Beverly Hills	2004	13	1,501	2	50	1,551	1,034	67%
Bondy	1993	24	1,144	2	50	1,194	975	82%
Jackson	2002	15	1,384	-	-	1,384	705	51%
Miller	1968	49	982	8	200	1,182	775	66%
Park View	1966	51	963	9	225	1,188	652	55%
Queens	2014	3	925	-	-	925	641	69%
San Jacinto	2008	9	850	-	-	850	684	80%
South Houston	1989	28	1,058	4	100	1,158	713	62%
Southmore	2008	9	850	2	50	900	778	86%
Thompson	1972	45	995	14	350	1,345	916	68%
<b><u>MIDDLE SCHOOLS</u></b>								
DeZavala	2002	15	845	6	132	977	717	73%
Keller	2014	3	889	2	44	933	704	75%
Kendrick	2015	2	889	-	-	889	786	88%
Lomax	2007	10	925	6	132	1,057	660	62%
Melillo	2008	9	850	6	132	982	705	72%
Milstead	2007	10	925	6	132	1,057	795	75%
Morris	2004	13	873	12	264	1,137	895	79%
Roberts	2015	2	889	-	-	889	608	68%
Schneider	2006	11	878	-	-	878	758	86%
Shaw	2008	9	925	2	44	969	782	81%
Sullivan	2015	2	850	-	-	850	637	75%
<b><u>ALTERNATIVE</u></b>								
College Readiness Ctr	2010	7	800	-	-	800		0%
Community School	2003	14	107	-	-	107	101	94%
Guidance Center	2005	12	200	-	-	200		0%
Summit	2004	13	175	-	-	175	157	90%
Tegeler	2013	4	400	8	120	520	436	84%

Source: District records

**PASADENA INDEPENDENT SCHOOL DISTRICT**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**

*Table 17*

<u>Fiscal Year Ended</u>	<u>District Average Salary (1)</u>	<u>Region IV Average Salary (2)</u>	<u>Statewide Average Salary (1)</u>
8/31/2018	\$ 54,646 ✓	\$ 57,600 ✓	\$ 52,363
8/31/2017	54,351	55,992	52,525
8/31/2016	54,877	55,580	51,891
8/31/2015	53,652	54,157	50,715
8/31/2014	52,509	52,222	49,692
8/31/2013	51,331	50,968	48,821
8/31/2012	49,746	50,383	48,375
8/31/2011	49,694	50,616	48,638
8/31/2010	48,436	50,129	48,263
8/31/2009	47,648	50,561	47,159

Source (1): Texas Education Agency website, Texas Academic Performance Report

Source (2): Region IV Education Service Center

# Common CAFR Comments

- **GFOA Comments:**
  - Help improve financial reporting
  - Provide references to specific underlying guidance related to the reporting issue

# Common CAFR Comments

- **Transmittal Letter:**

- Should contain information designed to assist users in assessing the government's economic condition.
  - Information on the local economy, information associated with a government's long-term financial planning, financial policies that affected the financial position in the current year, and major initiatives that are expected to affect future financial position.

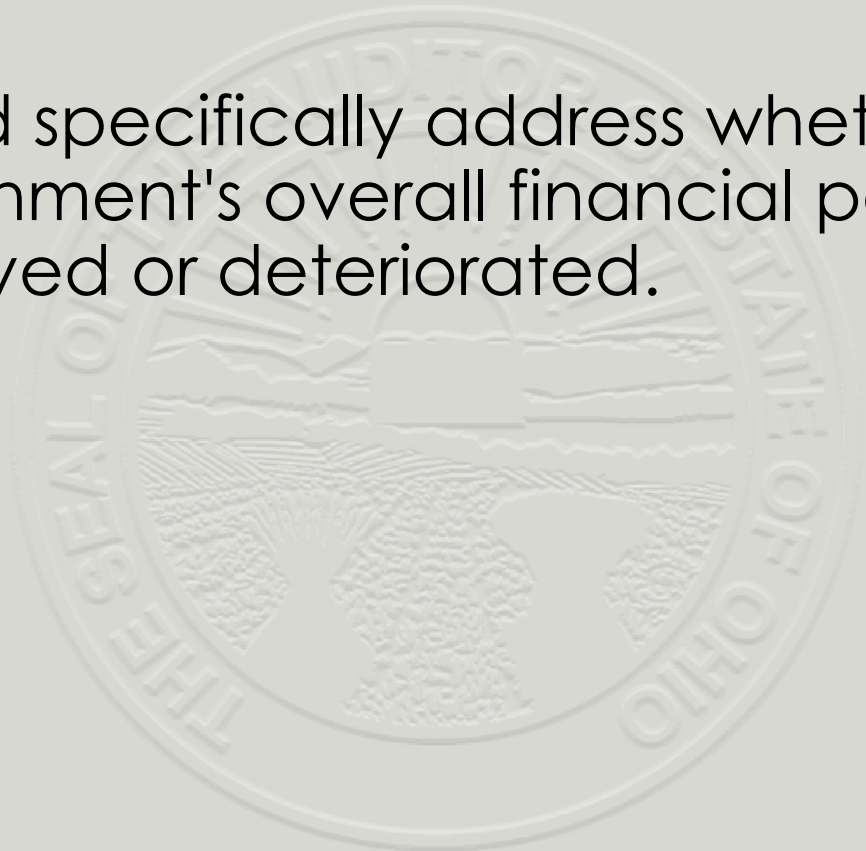
# Common CAFR Comments

- **104 - Management's discussion and analysis (MD&A):**
  - Checklist Question: 4. 1f
  - Page 15 - For the Developmental Disabilities Fund.
  - In Management's Discussion and Analysis, the discussion should explain the underlying reasons for the significant changes in fund balances /fund net position rather than focusing solely on the size of the changes (amount or percentage of change). [GASB-S34: 11d; GAAFR. page 569]

# Common CAFR Comments

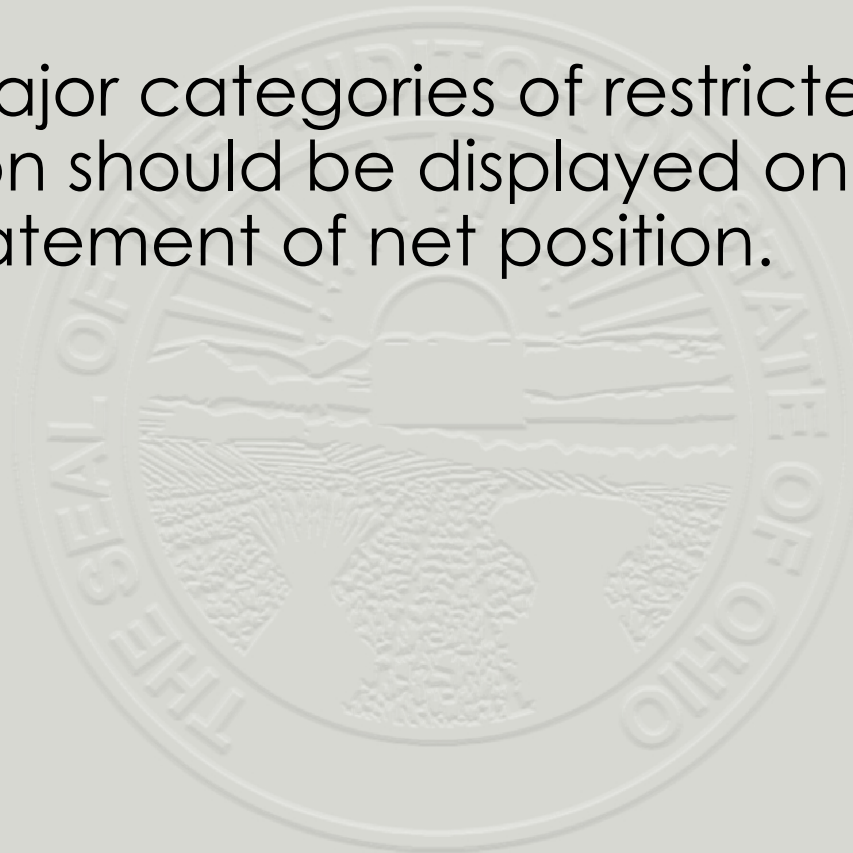
- **MDNA:**

- Should specifically address whether the government's overall financial position has improved or deteriorated.



# Common CAFR Comments

- **Government-wide financial statements:**
  - The major categories of restricted net position should be displayed on the face of the statement of net position.





# Common CAFR Comments

- **Government-wide financial statements:**
  - *Calculation of Net Investment in Capital Assets:*
    - **Components of:**
      - Contracts/Retainage Payable related to CIP
      - Outstanding capital debt – including fund liabilities for capital purposes (BANs)
      - Discounts, **Premiums on Refunding Debt Only**, Deferred Charges on Refunding, Deferred Bond Insurance Premiums.
    - **Excluded from:**
      - Unspent Debt Proceeds (RNP Capital Purposes)
      - Premiums on Original Issue Debt (RNP Debt Service)
      - Non Capital Debt (NP of fund where held)

# Common CAFR Comments

- **Fund Financial Statements:**

- *Transfers of assets between BTA and Governmental Activities.*
  - Not reported as a transfer on the BTA fund statements (reported as gain/loss), but reclassified as a transfer on entity-wide statements.
    - Transfers In/Out should balance on fund statements.
    - GAAFR page 52 provides guidance as to how to report.

# Common CAFR Comments

- **Fund Financial Statements:**

- *Major funds*

- Governmental major fund calculation **excludes** other financing sources/use and extraordinary items.
- Enterprise major fund calculation **excludes** transfers and extraordinary items.

# Common CAFR Comments

- **Fund Financial Statements:**

- *Budget Stabilization/Minimum Fund Balance*

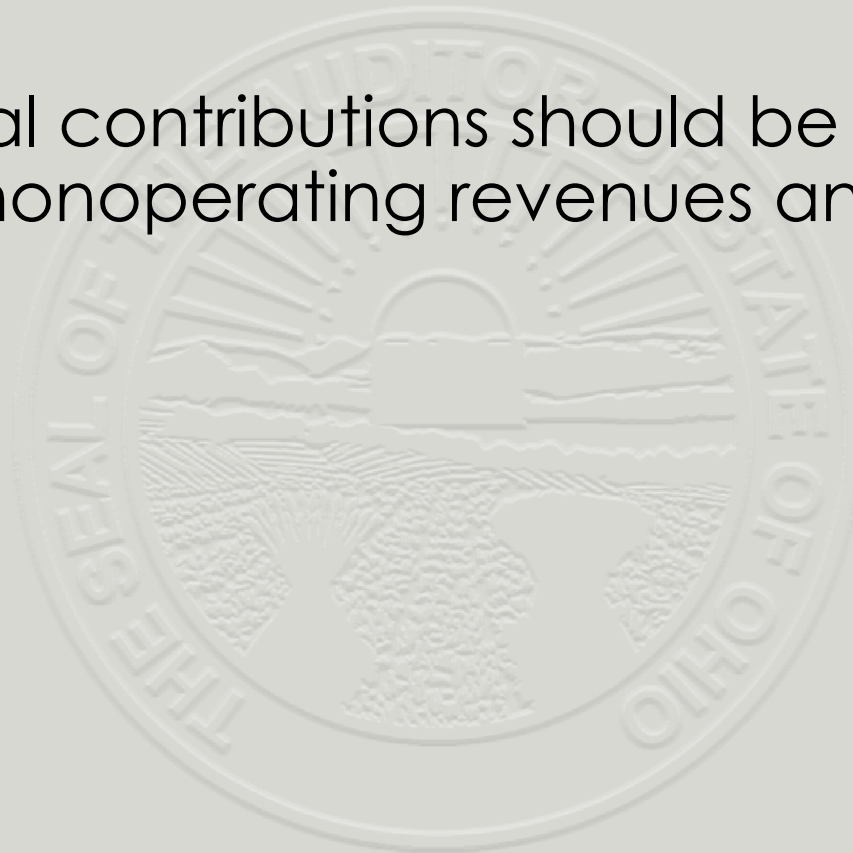
- GASB 54 requires note disclosure. If referenced in the transmittal letter and/or MDNA, include appropriate disclosure in the notes.

# Common CAFR Comments

- **Proprietary fund financial statements:**
  - The noncash portion of capital contributions should be included in the schedule of noncash investing and financing activities.

# Common CAFR Comments

- **Proprietary fund financial statements:**
  - Capital contributions should be reported after nonoperating revenues and expenses.



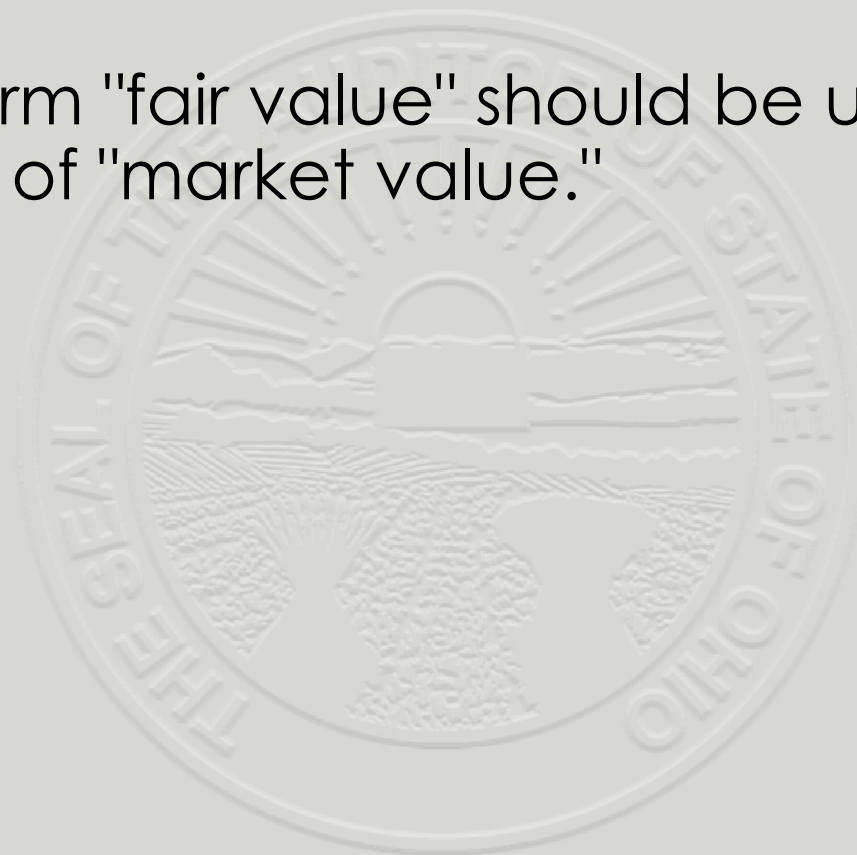
# Common CAFR Comments

- **Capital Asset Note Disclosure:**

- Classes of assets that are fully depreciated will likely receive a comment.
- Assets that are still being used should have a value.
  - If you notice a class is getting close, may need to look at value and/or useful life adjustments
    - Keep in mind those changes are **prospective**

# Common CAFR Comments

- **Deposit/Investment note disclosure:**
  - The term "fair value" should be used in place of "market value."





# Common CAFR Comments

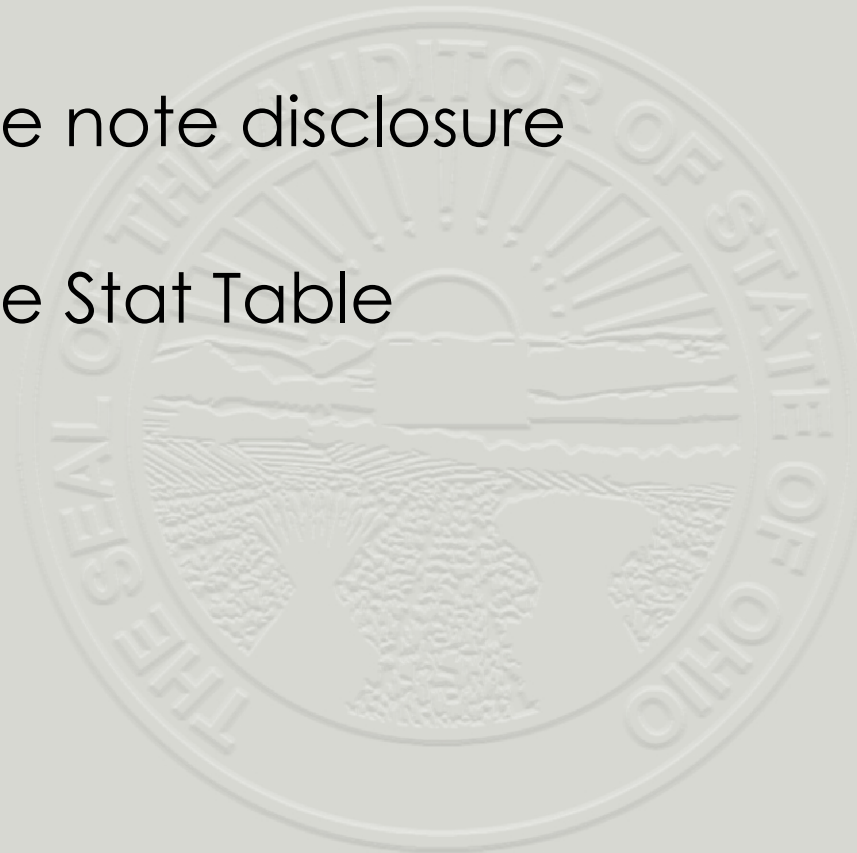
- *Stat Tables:*

- *What is considered “Debt” for Stat Tables?*
  - For the purposes of the statistical section, **debt is limited to long-term debt instruments, including (but not limited to) bonds, notes, certificates of participation, loans, and capital leases.**

# Common CAFR Comments

- **Pledged Revenues:**

- Include note disclosure
- Include Stat Table



# Common CAFR Comments

- **Note disclosure:**

- The notes should disclose which governmental funds typically have been used in prior years to liquidate the liability for compensated absences.

# Common CAFR Comments

- **Statistical section:**

- Only the principal and interest components of debt service expenditures should be included in the calculation of the ratio of total debt service expenditures to noncapital expenditures.
  - ***See next slide for details***

# Common CAFR Comments

- *Stat Table calculation of the ratio of total debt service expenditures to noncapital expenditures:*
  - *Only the principal and interest components of debt service expenditures included:*
    - Bond Issuance costs should be **excluded** from the calculation (not considered a component of interest)
    - Payment to refunding bond escrow agent, from the entities ***own resources*** (included as a component of DS) should be **included**, they are considered part of debt service principal and interest.

OHIO AUDITOR OF STATE  
**KEITH FABER**



Local Government Services

88 E. Broad St.

Columbus, Ohio 43215

Denise R. Wiethe

Presenter phone: (800) 345-2519

# OHIO AUDITOR OF STATE KEITH FABER



88 E. Broad St.  
Columbus, Ohio 43215  
Phone: (800) 282-0370

[www.OhioAuditor.gov](http://www.OhioAuditor.gov)

