

## General Discussion – Preparing to Write Your MD&A

To assist finance officers and other unit officials in preparation of the MD&A, the Fiscal Management staff has prepared several instructional documents. They are as follows:

- **Document G.2 - “Writing Your MD&A”** addresses each section of the MD&A, giving the reader insight into what is required for each section, and how to obtain the necessary data. Where possible, it is cross-referenced to the next two documents on this list, the Illustrative, Cross-Referenced MD&A for Dogwood and the Illustrative, Cross-Referenced Basic Financial Statements for Dogwood. The numbering system used for the reference tags is **(number.letter)** in which the number is the number of the financial exhibit (1 through 8) and the letter is the sequential reference within each exhibit.
- **Document G.3 - “Illustrative, Cross-Referenced MD&A for Dogwood”**. This document is an enhanced version of the illustrative MD&A that appears on our department website and in the audit manual. The data in the MD&A is cross-referenced, to the extent possible, to the Basic Financial Statements.
- **Document G.4 - “Illustrative, Cross-Referenced Basic Financial Statements for Dogwood”**. Again, this is an enhanced version of the statements that appear on our website and in the audit manual. It includes only the basic financial statements themselves, without the opinion or the notes.
- **Document G.5 - “Illustrative Blank MD&A”**. This is the illustrative MD&A for Dogwood with the data fields left blank. Please take care when you are using this document that you modify it to meet the needs for your unit of government.

Wherever possible, we have indicated sources for data that is obtain from a source other than the financial statements of the unit. We have also included formulas to calculate some analytical data that is part of the MD&A.

Regarding the timeline for preparation of the MD&A, a majority of it cannot be completed until a mostly complete draft of the financial statements is available. The two primary exceptions to this are the *Economic Outlook* and the *Next Year’s Budget* sections. Each of these can be prepared prior to year-end, assuming the unit of government has adopted its budget for the coming fiscal year. Also, once the final capital asset and debt schedules are complete, those sections of the MD&A can be written as well. The remainder of it can be roughed out prior to having final numbers, but cannot be completed until the financial statements are complete.

Once the MD&A is in its final form, please be sure to verify that the financial data matches the basic financial statements.

As a final step in completing the MD&A, have someone that has not been involved in the creation of the document to read it. It should be written in such a way that someone that does not have an accounting or financial background can understand the message.

***The first two pages of each of the above handouts are included in this packet. Please refer to our website as referenced in the presentation for complete copies of each handout.***